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Beyond Gravity Holding Sweden AB
Org nr 556759-2513

Årsredovisning för räkenskapsåret 2022

Styrelsen avger följande årsredovisning.

Innehåll Sida

- förvaltningsberättelse 2
- resultaträkning 4
- balansräkning 5
- förändringar i eget kapital 7
- noter 8

Om inte annat särskilt anges, redovisas alla belopp i tusental kronor. Uppgifter inom parentes avser föregående år.

Undertecknad styrelseledamot i Beyond Gravity Holding Sweden AB intygar härmed att resultaträkningen och balansräkningen i årsredovisningen fastställts på årsstämma den 2023-06-09.

Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Göteborg den 2023-06-09

Per Lovatt

20230614226O8

Beyond Gravity Holding Sweden AB
Org nr 556759-2513

Årsredovisning för räkenskapsåret 2022

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Förvaltningsberättelse

Viktiga förhållanden och väsentliga händelser

Bolaget har sitt säte i Göteborg och har till föremål för sin verksamhet att förvalta och äga aktier och andra värdepapper i svenska eller utländska företag och därmed förenlig verksamhet.

Beyond Gravity Holding Sweden AB ägs till 100% av RUAG International Holding AG med säte i Bern. RUAG International Holding AG ägs i sin tur av Swiss Confederation.

Beyond Gravity Holding Sweden AB upprättar ej någon koncernredovisning i enlighet med ÅRL 7:2. Moderbolaget i den koncern där Beyond Gravity Holding Sweden AB är dotterbolag och koncernredovisning upprättas är RUAG International Holding AG, Bern Schweiz.

Koncernredovisning publiceras och kan laddas ner från www.ruag.com.

Ingen personal är anställd i bolaget.

Inga övriga väsentliga händelser utöver bolagets normala verksamhet har skett.

Förväntad framtida utveckling och väsentliga riskfaktorer

Utgångsläget för bolagets dotterbolag Beyond Gravity Sweden AB och Beyond Gravity Finland Oy präglas av en stabil orderstock. Fullföljandet av befintliga projekt i orderstocken är viktiga faktorer för bolagens finansiella utveckling. En stor del av bolagens verksamhet har hög teknisk risknivå, i synnerhet rörande tekniska utvecklingsrisker men även risker för fel vid uppskjutande av rymdfarkoster och funktion av rymdfarkoster i bana.

Under 2022 har det genomförts ett ministerrådsmöte där ländernas finansiering av ESA tydliggjorts för de kommande 3-5 åren. Resultatet innebär en i stort sett oförändrad svensk medverkan i ESA. Denna verksamhet är en viktig och stabil del av företagets verksamhet.

Det är fortsatt stort fokus på lönsamhet inom koncernen. Det ekonomiska läget på världsmarknaden är fortsatt utmanande med hög inflation som påverkar kostnadsnivån för komponenter på världsmarknaden.

Det svenska bolaget är i sin affärsverksamhet exponerad mot valutakursförändringar främst avseende EUR och USD.

Flerårsjämförelse

Bolagets ekonomiska utveckling i sammandrag.

		2022	2021	2020	2019	2018
Resultat efter finansiella poster	tkr	117 906	983	299 782	100 914	31 316
Soliditet	%	37,3	37,4	62,4	36,6	34,4

Nyckeltalsdefinitioner framgår av not 1

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Dotterbolag

Bolaget har två dotterbolag. Beyond Gravity Sweden AB (556134-2204) har sitt säte i Göteborg. Medelantalet anställda uppgick till 337 (337) personer. Företaget utvecklar och tillverkar datorer, antenner, mikrovågselektronik och mekaniska system till rymdindustrin. Bolagets verksamhet bedrivs i Göteborg och Linköping. 80 procent av verksamheten avser kommersiella projekt och övrig verksamhet avser offentligt finansierade projekt inom bland annat European Space Agency, ESA samt bilaterala och nationella program.

Beyond Gravity Finland Oy (2672508-5) har sitt säte i Tammerfors Finland där också verksamheten bedrivs. Medelantalet anställda uppgick till 27 (26) personer. Företaget utvecklar och tillverkar gränssnitts-, driv-, samt testelektronik till rymdindustrin. Verksamheten avser till största delen projekt finansierade av European Space Agency, ESA.

Förslag till vinstdisposition

Till årsstämmans förfogande står följande vinstmedel:

Balanserade vinstmedel		54 865 282
Årets resultat		115 000 000
	kronor	169 865 282

Styrelsen föreslår att vinstmedlen disponeras så att

till aktieägarna utdelas 30 000 kr per aktie, totalt		30 000 000
i ny räkning överförs		139 865 282
	kronor	169 865 282

Styrelsens yttrande över den föreslagna vinstutdelningen
Under förutsättning av årsstämmans godkännande har den föreslagna utdelningen reducerat bolagets soliditet från 37,3% till 30,7%. Soliditeten är tillfredställande mot bakgrund av att bolagets verksamhet fortsatt bedrivs med betryggande lönsamhet. Likviditeten i bolaget bedöms kunna upprätthållas på en likaledes betryggande nivå.

Styrelsens uppfattning är att den föreslagna värdeöverföringen ej hindrar bolaget från att fullgöra sina förpliktelser på kort och lång sikt, ej heller att fullgöra erforderliga investeringar. Den föreslagna värdeöverföringen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 kap 3 § 2-3 st. (försiktighetsregeln).

Beträffande bolagets resultat och ställning i övrigt hänvisas till nedanstående resultat- och balansräkningar samt tilläggsupplysningar.

Resultaträkning	**Not**	**2022**	**2021**
		—	—
Bruttoresultat		0	0
Övriga rörelsekostnader		-	-
		—	—
Rörelseresultat		0	0
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		115 000	-
- Ränteintäkter		2 916	1 112
- Räntekostnader		-10	-129
		———	———
Summa resultat från finansiella poster	2	117 906	983
Resultat efter finansiella poster		117 906	983
Bokslutsdispositioner	3	-2 906	-983
Skatt på årets resultat		-	-
		———	———
Årets vinst		115 000	0

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Balansräkning	**Not**	**2022-12-31**	**2021-12-31**
Tillgångar			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4	426 356	426 356
Fordringar hos koncernföretag	5	28 920	26 678
		455 276	453 034
Summa anläggningstillgångar		455 276	453 034
Omsättningstillgångar			
Kortfristiga fordringar		–	–
Kassa och bank		763	1 082
Summa omsättningstillgångar		763	1 082
Summa tillgångar		456 039	454 116

Balansräkning	**Not**	**2022-12-31**	**2021-12-31**
Eget kapital och skulder			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100	100
Fritt eget kapital			
Balanserad vinst		54 865	169 865
Årets vinst		115 000	-
		169 865	169 865
Summa eget kapital		169 965	169 965
Långfristiga skulder			
Skulder till koncernföretag	6	267 200	267 200
Summa långfristiga skulder		267 200	267 200
Kortfristiga skulder			
Skulder till koncernföretag	6	18 874	16 951
Summa kortfristiga skulder		18 874	16 951
Summa eget kapital och skulder		456 039	454 116

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Förändringar i eget kapital

	Aktie-kapital	Övrigt fritt eget kapital	Summa eget kapital
Eget kapital 2020-12-31	**100**	**469 865**	**469 965**
Årets resultat	-	-	-
Utdelning		-300 000	-300 000
Eget kapital 2021-12-31	**100**	**169 865**	**169 965**
Årets resultat		115 000	115 000
Utdelning		-115 000	-115 000
Eget kapital 2022-12-31	**100**	**169 865**	**169 965**

Aktiekapitalet består av 1.000 st aktier.
Företaget innehar inga egna aktier.

Noter

Not 1 Redovisnings- och värderingsprinciper

Bolaget upprättar årsredovisningen med tillämpning av årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Intäkter
Intäkt redovisas när de ekonomiska fördelarna som är förknippade med transaktionen sannolikt kommer att tillfalla bolaget samt när inkomsten kan beräknas på ett tillförlitiligt sätt. Utdelning redovisas när rätten att erhålla utdelningen är säkerställd.

Inkomstskatter
Aktuella skatter värderas utifrån de skattesatser och skatteregler som gäller på balansdagen. Uppskjutna skatter värderas utifrån de skattesatser och skatteregler som är beslutade före balansdagen.
Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den utsträckning det är sannolikt att avdraget kan avräknas mot överskott vid framtida beskattning.
Fordringar och skulder nettoredovisas endast när det finns en legal rätt till kvittning. Aktuell skatt, liksom förändring i uppskjuten skatt, redovisas i resultaträkningen.
På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Finansiella instrument
Finansiella instrument som redovisas i balansräkningen inkluderar övriga fordringar och låneskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten.

Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Övriga fordringar
Fordringar redovisas som omsättningstillgångar med undantag för poster med förfallodag mer än 12 månader efter balansdagen, vilka klassificeras som anläggningstillgångar. Fordringar tas upp till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar. Räntebärande finansiella tillgångar värderas till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden.

Låneskulder
Låneskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Räntebärande finansiella skulder värderas till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden.

Kvittning av finansiell fordran och finansiell skuld
En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger samt då en reglering med ett nettobelopp avses ske eller då en samtida avyttring av tillgången och reglering av skulden avses ske.

Aktier och andelar i dotterföretag
Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de uppkommer. Utdelning från dotterföretag redovisas som intäkt.

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Nyckeltalsdefinitioner

Soliditet
Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

Not 2 Finansiella intäkter och kostnader

	2022	2021
Resultat från andelar i koncernföretag		
Utdelning från dotterföretag	115 000	-
Ränteintäkter		
Ränteintäkter koncernföretag	628	535
Övrigt	2 288	577
Summa	2 916	1 112
Räntekostnader		
Räntekostnader koncernföretag	-	-27
Övrigt	-10	-103
Summa	-10	-130
Summa resultat från finansiella poster	117 906	982

Not 3 Bokslutsdispositioner

	2022	2021
Lämnade koncernbidrag	-2 906	-983
Summa	-2 906	-983

Not 4 Andelar i koncernföretag

	2022	2021
Ingående anskaffningsvärde	426 356	426 356
Utgående ackumulerat anskaffningsvärde	426 356	426 356
Utgående restvärde enligt plan	426 356	426 356

	Org nr	Säte
Beyond Gravity Sweden AB	556134-2204	Göteborg
Beyond Gravity Finland Oy	2672508-5	Tammerfors

	Kapital-andel %	Rösträtts-andel %	Antal aktier	Bokfört värde 22-12-31	Bokfört värde 21-12-31
Beyond Gravity Sweden AB	100	100	150 000	401 092	401 092
Beyond Gravity Finland Oy	100	100	1 000	25 264	25 264
Summa				426 356	426 356

Not 5 Fordringar hos koncernföretag

	2022	2021
Långfristiga lån till koncernföretag	28 920	26 678
Summa	28 920	26 678

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Not 6 Skulder till koncernföretag

	2022	2021
Långfristigt lån från koncernföretag	267 200	267 200
Kortfristigt lån från koncernföretag	15 968	15 968
Övriga skulder koncernföretag	2 906	983
Summa	286 074	284 151

Det långfristiga lånet beräknas återbetalas senare än 5 år efter balansdagen.

Not 7 Händelser efter balansdagen

Inga väsentliga händelser har inträffat, utöver den ordinarie verksamheten, efter räkenskapsårets utgång.

Resultat- och balansräkningen kommer att föreläggas årsstämman 2023-06-09 för fastställelse.

Göteborg 2023-05-30

Angelo Quabba
Ordförande

Per Lovatt

Erika Hult

Vår revisionsberättelse har lämnats 2023-06-07.

Ernst & Young AB

Mattias Olofson
Auktoriserad revisor

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Building a better working world

Revisionsberättelse

Till bolagsstämman i Beyond Gravity Holding Sweden AB, org.nr 556759-2513

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Beyond Gravity Holding Sweden AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Beyond Gravity Holding Sweden ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Beyond Gravity Holding Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Building a better working world

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av Beyond Gravity Holding Sweden AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Beyond Gravity Holding Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Göteborg den 7 juni 2023

Ernst & Young AB

Mattias Olofson
Auktoriserad revisor

A member firm of Ernst & Young Global Limited

2022

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第五百八章	1532–1534
第五百九章	1535–1537
第五百十章	1538–1540
第五百十一章	1541–1543
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第五百十三章	1547–1549
第五百十四章	1550–1552
第五百十五章	1553–1555
第五百十六章	1556–1558
第五百十七章	1559–1561
第五百十八章	1562–1564
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第五百二十章	1568–1570
第五百二十一章	1571–1573
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第五百二十九章	1595–1597
第五百三十章	1598–1600
第五百三十一章	1601–1603
第五百三十二章	1604–1606
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第五百四十三章	1637–1639
第五百四十四章	1640–1642
第五百四十五章	1643–1645
第五百四十六章	1646–1648
第五百四十七章	1649–1651
第五百四十八章	1652–1654
第五百四十九章	1655–1657
第五百五十章	1658–1660
第五百五十一章	1661–1663
第五百五十二章	1664–1666
第五百五十三章	1667–1669
第五百五十四章	1670–1672
第五百五十五章	1673–1675
第五百五十六章	1676–1678
第五百五十七章	1679–1681
第五百五十八章	1682–1684
第五百五十九章	1685–1687
第五百六十章	1688–1690
第五百六十一章	1691–1693
第五百六十二章	1694–1696
第五百六十三章	1697–1699
第五百六十四章	1700–1702
第五百六十五章	1703–1705
第五百六十六章	1706–1708
第五百六十七章	1709–1711
第五百六十八章	1712–1714
第五百六十九章	1715–1717
第五百七十章	1718–1720
第五百七十一章	1721–1723
第五百七十二章	1724–1726
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第六百三十六章	1916–1918
第六百三十七章	1919–1921
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第六百三十九章	1925–1927
第六百四十章	1928–1930
第六百四十一章	1931–1933
第六百四十二章	1934–1936
第六百四十三章	1937–1939
第六百四十四章	1940–1942
第六百四十五章	1943–1945
第六百四十六章	1946–1948
第六百四十七章	1949–1951
第六百四十八章	1952–1954
第六百四十九章	1955–1957
第六百五十章	1958–1960
第六百五十一章	1961–1963
第六百五十二章	1964–1966
第六百五十三章	1967–1969
第六百五十四章	1970–1972
第六百五十五章	1973–1975
第六百五十六章	1976–1978
第六百五十七章	1979–1981
第六百五十八章	1982–1984
第六百五十九章	1985–1987
第六百六十章	1988–1990
第六百六十一章	1991–1993
第六百六十二章	1994–1996
第六百六十三章	1997–1999
第六百六十四章	2000–2002
第六百六十五章	2003–2005
第六百六十六章	2006–2008
第六百六十七章	2009–2011
第六百六十八章	2012–2014
第六百六十九章	2015–2017
第六百七十章	2018–2020
第六百七十一章	2021–2023
第六百七十二章	2024–2026
第六百七十三章	2027–2029
第六百七十四章	2030–2032
第六百七十五章	2033–2035
第六百七十六章	2036–2038
第六百七十七章	2039–2041
第六百七十八章	2042–2044
第六百七十九章	2045–2047
第六百八十章	2048–2050
第六百八十一章	2051–2053
第六百八十二章	2054–2056
第六百八十三章	2057–2059
第六百八十四章	2060–2062
第六百八十五章	2063–2065
第六百八十六章	2066–2068
第六百八十七章	2069–2071
第六百八十八章	2072–2074
第六百八十九章	2075–2077
第六百九十章	2078–2080
第六百九十一章	2081–2083
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第六百九十三章	2087–2089
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第六百九十五章	2093–2095
第六百九十六章	2096–2098
第六百九十七章	2099–2101
第六百九十八章	2102–2104
第六百九十九章	2105–2107
第七百章	2108–2110
第七百一章	2111–2113
第七百二章	2114–2116
第七百三章	2117–2119
第七百四章	2120–2122
第七百五章	2123–2125
第七百六章	2126–2128
第七百七章	2129–2131
第七百八章	2132–2134
第七百九章	2135–2137
第七百十章	2138–2140
第七百十一章	2141–2143
第七百十二章	2144–2146
第七百十三章	2147–2149
第七百十四章	2150–2152
第七百十五章	2153–2155
第七百十六章	2156–2158
第七百十七章	2159–2161
第七百十八章	2162–2164
第七百十九章	2165–2167
第七百二十章	2168–2170
第七百二十一章	2171–2173
第七百二十二章	2174–2176
第七百二十三章	2177–2179
第七百二十四章	2180–2182
第七百二十五章	2183–2185
第七百二十六章	2186–2188
第七百二十七章	2189–2191
第七百二十八章	2192–2194
第七百二十九章	2195–2197
第七百三十章	2198–2200
第七百三十一章	2201–2203
第七百三十二章	2204–2206
第七百三十三章	2207–2209
第七百三十四章	2210–2212
第七百三十五章	2213–2215
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第七百四十章	2228–2230
第七百四十一章	2231–2233
第七百四十二章	2234–2236
第七百四十三章	2237–2239
第七百四十四章	2240–2242
第七百四十五章	2243–2245
第七百四十六章	2246–2248
第七百四十七章	2249–2251
第七百四十八章	2252–2254
第七百四十九章	2255–2257
第七百五十章	2258–2260
第七百五十一章	2261–2263
第七百五十二章	2264–2266
第七百五十三章	2267–2269
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第七百七十章	2318–2320
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第七百七十二章	2324–2326
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第七百七十四章	2330–2332
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第七百九十五章	2393–2395
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第八百十三章	2447–2449
第八百十四章	2450–2452
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第八百十九章	2465–2467
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第八百二十三章	2477–2479
第八百二十四章	2480–2482
第八百二十五章	2483–2485
第八百二十六章	2486–2488
第八百二十七章	2489–2491
第八百二十八章	2492–2494
第八百二十九章	2495–2497
第八百三十章	2498–2500
第八百三十一章	2501–2503
第八百三十二章	2504–2506
第八百三十三章	2507–2509
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第八百五十一章	2561–2563
第八百五十二章	2564–2566
第八百五十三章	2567–2569
第八百五十四章	2570–2572
第八百五十五章

2022 financial year

In a challenging market environment, aerospace company RUAG International achieved earnings before interest and taxes (EBIT) of CHF 178 million in 2022 (previous year CHF 70 million) – thanks to three successfully divested business areas. The Space business, rebranded as Beyond Gravity since March 2022, secured important orders in connection with the Amazon-Kuiper satellite constellation and further expanded its business. The aerostructures business stabilised and once again recorded more orders from the main customer Airbus. In 2023 Beyond Gravity will focus on implementing the restructuring, optimisation and investment projects already launched. Further investments are also planned to handle the expected volume growth.

Overview of key figures in CHF million

	2022	2021	Change in %
Incoming orders	1043	1424	–26.8%
Order backlog	1013	1191	–14.9%
Net Sales	945	1240	–23.8%
Operating income	991	1277	–22.4%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	199	116	72.0%
Earnings before interest and taxes (EBIT)	178	70	153.4%
Net profit	154	58	164.5%
Cash flow from operating activities	(64)	85	—
Free cash flow	472	8	5652.7%
Net financial position	570	106	440.3%
Research and development expenses	18	28	–34.3%
Employees as at 31 December incl. apprentices	2963	6145	–51.8%

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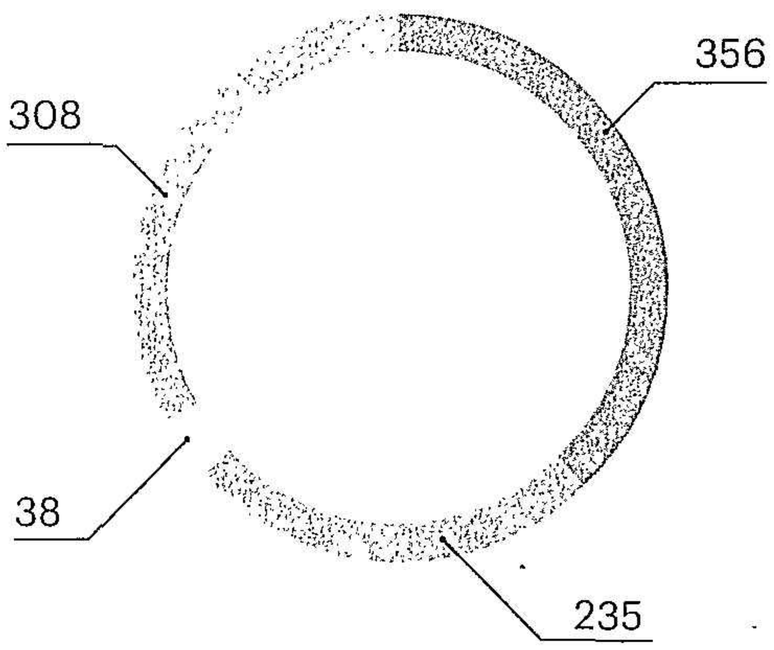
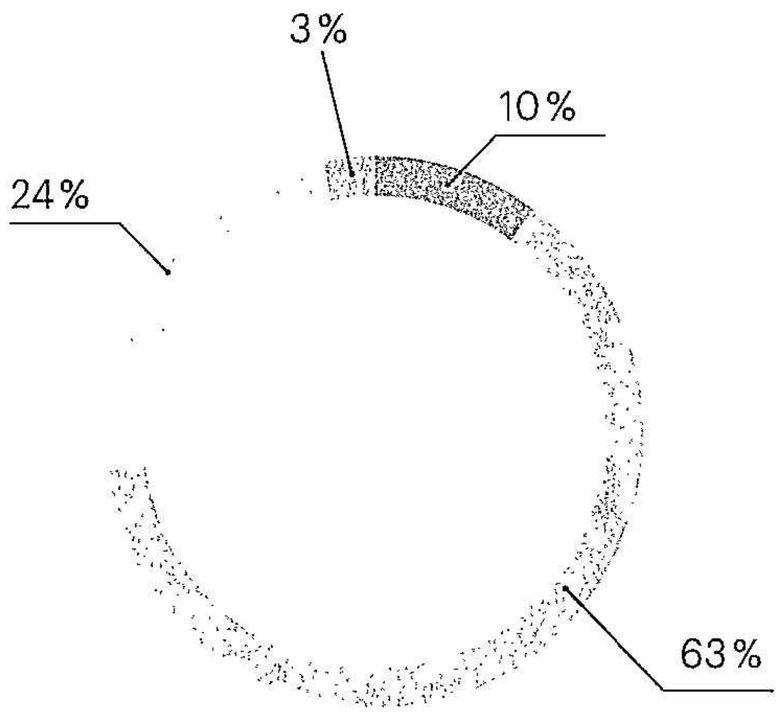
Net sales 2022 by segments in CHF m



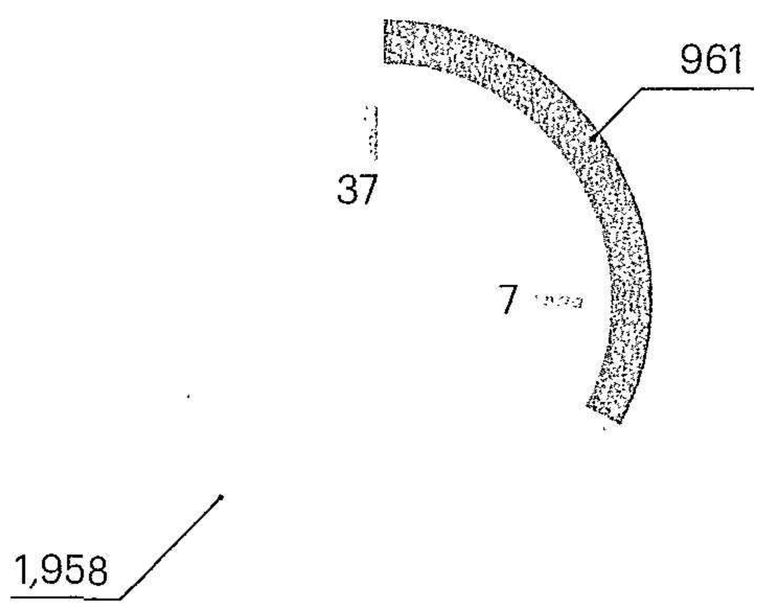
Space Aerostructures
MRO International Ammotec

Net sales 2022 by market in %



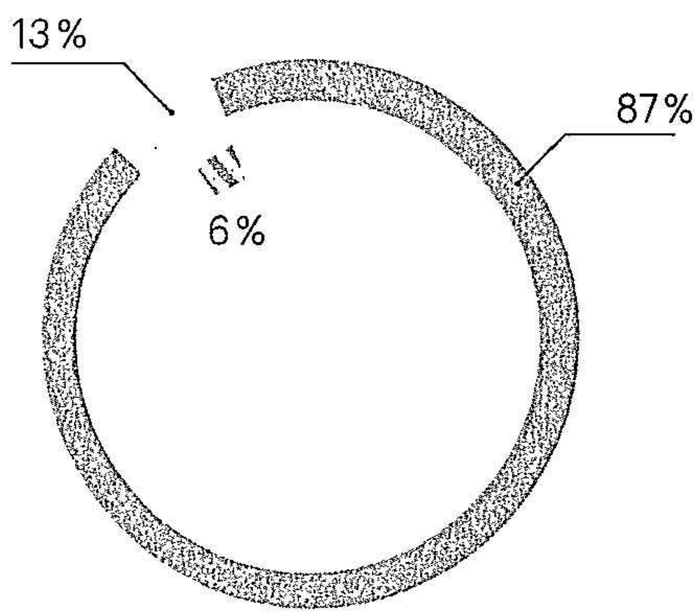
Switzerland Europe North America
Asia/Pacific

Employees (FTE) in Switzerland and abroad 2022 (FTE)



Employees Switzerland Apprentices in Switzerland
Employees abroad Apprentices abroad

Net sales 2022 by application in %



Civil Military DDPS

Key events in 2022

March

From RUAG Space to Beyond Gravity

RUAG Space becomes Beyond Gravity. With the name change, the largest Swiss space company is positioning itself even more consistently as a global player in the international space market. The new, innovative name is a perfect fit for the rapidly changing space market.

May

2,000th Horizontal Stabilizer for Pilatus

Numerous components are produced and assembled at the RUAG Aerostructures plant in Emmen for the Swiss aircraft manufacturer Pilatus. At the beginning of May, the 2,000th horizontal stabilizer for the PC-12 was delivered. The horizontal stabilizer is the horizontal surface of the tail unit at the rear of an aircraft.

July

Sale of Ammotec

The ammunition segment of RUAG International was sold to Beretta Holding. The new owner took on all 2,700 employees at all production and sales sites. Ammotec is the leading European supplier of small-calibre ammunition. Ammotec generates about two-thirds of its total turnover from hunting and sporting ammunition.

April

Large orders secured for Amazon's satellite constellation

Amazon will soon begin deploying its first satellites constellation and has contracted space technology provider Beyond Gravity to manufacture the bespoke, scalable dispenser systems. This is the largest single order in Beyond Gravity's history. Beyond Gravity is expanding production in Linköping for this purpose.

Simulation & Training successfully divested

At the end of April, RUAG sold all its Simulation & Training (RUAG S&T) business activities to the French company Thales. With 500 employees, RUAG S&T is a leading provider of simulation and training systems for security organisations and armed forces. As part of its restructuring, the Group decided to sell RUAG S&T.

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Vega-C

Vega-C is a four-stage rocket with a height of about 35 metres and a launch mass of 210 tonnes. To launch large single satellites into space, Vega-C uses payload fairings called "Vampires" from Beyond Gravity. The fairing, which is 9 metres high and 3.3 metres in diameter, was manufactured in Switzerland and used for the first time in mid-July.

October

Laying the foundation stone at Decatur

United Launch Alliance (ULA) awarded Beyond Gravity a contract to supply 38 rocket nose cones (payload fairings) for its new Vulcan rocket. To deal with the volume, Beyond Gravity doubled its capacity in the US and is building a new production facility in Decatur (Alabama) together with ULA.

September

Sale of RUAG Australia

The Australian industrial company ASDAM (Australian Sovereign Defence and Advanced Manufacturing) took over all business activities and employees of RUAG Australia at the beginning of September. With over 150 employees and modern production sites throughout Australia, the company is active in the field of maintenance, repair and overhaul (MRO) of military aircraft.

Beyond Gravity gets a new organisational structure

Beyond Gravity's organisation has been restructured in view of the scheduled privatisation. In addition to "Launchers" and "Satellites", the "Lithography" division was established as a third business unit. This is because the business, which concerns apertures and actuators for the production of microchips, is showing promising development.

November

Launch of the Artemis missions

For the first time since 1972, humans will land on the moon again. Closely associated with the Artemis missions is the new and most powerful US launch vehicle ever: SLS or Space Launch System. Beyond Gravity provides important elements for both SLS and the Orion spacecraft, for example mechanisms that continuously align the solar sails with the sun.

Successful sale of three business areas and full order books thanks to major orders in the Space segment

Dear Shareholders,
Dear Customers,
Dear Readers,

RUAG International is looking back on a successful financial year. We have achieved or exceeded all the targets set for the privatisation of the business areas. While on the one hand EBIT rose strongly due to the divestments, on the other hand turnover fell due to the discontinuation of the businesses. The economic performance of the two remaining segments, RUAG Aerostructures and Space (Beyond Gravity), was mixed. While both segments recorded a significant increase in net sales, this also led to a sharp rise in profit (EBIT) in the Aerostructures area. In contrast, profit (EBIT) in the Space segment suffered from the structural adjustments as well as the investments with regard to the expansion of production capacities and closed in slightly negative territory. The bottom line for 2022 was CHF 945 million in net sales (previous year CHF 1,240 million) and EBIT of CHF 178 million (previous year CHF 70 million). Adjusted for divestment and currency effects, net sales increased by 7% compared to the previous year. The order backlog of the Space segment reached a record level of CHF 744 million (previous year CHF 675 million), thanks in particular to the large orders secured in the reporting year, allowing us to look to the future with confidence. (For detailed information, see page 64/65.)

Global inflation and supply chain disruptions

The global economic environment in 2022 was characterised by the gradual end to most of the pandemic measures and the impact of the war in Ukraine. The effects of the pandemic included ongoing disruptions in global supply chains; limited availability of materials and components affected the entire industry. Additional pressure on all activities in the reporting year came from inflation, which rose sharply across the world as a result of the war in Ukraine and the sometimes massive increases in the price of energy and raw materials. Thanks to targeted measures such as the specific stockpiling of critical materials and components, the expansion and extension of strategic partnerships, the reduction of "single-source" materials and regular monitoring, we managed to minimise negative effects on the result.

Investing in the future of Beyond Gravity

The business performance of the two segments that will remain under the RUAG International umbrella for the time being, Space (Beyond Gravity) and Aerostructures, was generally positive. In the Space business, order backlog in particular grew very strongly thanks to large new orders, including that of the Amazon Kuiper satellite constellation. To handle the considerable additional volume, we have, among other things, invested in new production facilities at the US site in Decatur and in Linköping, Sweden. In Decatur, production capacity for payload fairings and other launcher structures is actually being doubled, as is that for satellite dispensers in Linköping. These investments are part of a consistent optimisation of the product portfolio. Promising, profitable activities are being expanded in a targeted manner and areas which are economically less attractive are being reduced.

With the Space segment, we have set ourselves the target of becoming a "start-up with decades of experience". In 2022, we invested in the digitalisation of products and manufacturing processes. Among other things, the legacy IT systems will be replaced by modern, company-wide uniform platforms in the coming years. By increasing our own agility and consistently aligning all activities to the respective customers, we are laying the groundwork for the profitable use of the ever faster innovation cycles in the satellite business.

A new name, customer focus and large orders

The new dynamic is underlined by the new brand launched in March. As Beyond Gravity, we have been positioning the Space segment and thus the former RUAG Space as an agile and innovative partner to the global space industry since March 2022. The dynamic brand identity has met with a positive response from customers and has significantly increased the attractiveness for existing and new employees.

In the reporting year, we continued to push ahead with our consistent focus on customers. To this end, Beyond Gravity has combined its business activities with apertures and special actuators for laser optics in semiconductor production in a new Lithography division, alongside the

Leadership event of Beyond Gravity on the company values "Together", "Passionate", "Curious". Zurich, December 2022.

two previously existing divisions Launchers and Satellites. Furthermore, the previously centrally managed support functions of Sales, Engineering and Operations were integrated directly into the divisions, which are now fully equipped to deliver best-in-class solutions focused on their customers.

In 2022, Beyond Gravity won several significant contracts. Among other things, the company will develop and manufacture dispenser systems for Amazon's Kuiper constellation. A contract has also been secured for 38 payload fairings for the United Launch Alliance (ULA) Vulcan rockets, which will be used to launch the first Amazon satellites into orbit. When completed, the Kuiper constellation is expected to include several thousand satellites. (For more information on Beyond Gravity, see page 12.)

Airbus business and Emmen ready for privatisation

In Aerostructures, the restructuring programmes initiated in previous years paid off in 2022. The Airbus business succeeded in sustainably increasing productivity through improvements in productivity management and optimisation of production systems. In parallel, the business area benefited from increased demand for passenger aircraft following the lifting of many global pandemic measures. We were also able to improve the cost structure in Emmen, thus preparing the ground for sustainable profitability. Both Aerostructures Germany/Hungary as well as Aerostructures Switzerland are therefore ready for a long-term value-retaining divestment. (For further information on RUAG Aerostructures, see page 14.)

Successful sale of three business areas

We made significant further progress in 2022 on the path decided by the Swiss Federal Council towards complete privatisation of all activities by the end of 2025 at the latest. The sales preparations of the past years bore fruit in several respects. The sale of the three business areas, RUAG Ammotec (ammunition), RUAG Simulation&Training and RUAG Australia, was very successful both in terms

of the revenue generated and in ensuring the continued successful development of the units sold. We were able to find reputable buyers for all three areas who are pursuing long-term goals with the former RUAG activities. The Simulation&Training unit was taken over by Thales at the end of April with all its business activities and some 500 employees. The small-calibre ammunition segment RUAG Ammotec, including all 2,700 employees, was transferred to Beretta Holding at the beginning of August. And in early September, RUAG Australia with all its employees was transferred to the Australian ASDAM Group. (For further information, see the section on divestments, page 15.)

In addition, the unbundling of RUAG into RUAG MRO Switzerland and RUAG International was successfully completed. As a result, the Group structure was simplified once more and BGRB Holding, which was established for this purpose, was merged with RUAG International. RUAG International and RUAG MRO Switzerland are thus once again directly owned by the Swiss Confederation.

Organisation ready for future challenges

On 1 May, the CEO of RUAG International, André Wall, also took over the operational management of Beyond Gravity. With the organisational structure communicated at the end of September and already operationally implemented, we have further streamlined Beyond Gravity's business and redistributed resources – in terms of locations, products and functions. The focus is on clear responsibilities for profits and losses in the Launchers and Satellites divisions and the newly established Lithography division. The divisions are supported by three lean support units – Finance/Legal/M&A/Information Security, HR and Corporate Strategy&Transformation.

The new organisational structure, which finally became active at the beginning of 2023, comes alongside changes in Beyond Gravity's seven-member Executive Board. Paul Horstink, who previously managed the Aerostructures site in Emmen and successfully returned the business to profitability, will head up the Launchers division. Satellites will be managed by Anders Linder, who already knows the business and will drive a fundamental review of the project portfolio. Lithography was established as a separate division under the leadership of Dr. Oliver Kunz. In the Support units, Finance/Legal/M&A/Information Security continues to be headed up by CFO Angelo Quabba. Oliver Grassmann joined the Executive Board as Head of Corporate Strategy&Transformation. Laura-Katrin Seitz was recruited for the position of the CPO (Chief People Officer) starting her position in March 2023.

Further enhancing responsibility and sustainability

Beyond Gravity wants to contribute to the positive development of humanity and improve life on earth with its products and innovations. We anchored this aspiration in our vision when we launched the new brand. We are already well positioned in many ESG (Environment, Social, Governance) topics in the areas of Health&Safety, Compliance, Risk Management and Cyber Security. In 2022, we launched a comprehensive ESG project with the aim of publishing a far-reaching ESG report for the first time in the 2023 reporting year.

Positive outlook for all activities

2023 RUAG International will focus on the preparation and sale of the two aerostructures businesses. For both the Airbus business and the activities in Emmen, we are looking for buyers with long-term plans. In order to achieve an optimal sales result, we will continue to optimise cost structures and processes, among other things, in 2023. The economic environment should continue to improve in global aviation in the coming year and thus help us find an optimal succession solution. The sale should take place before the end of 2023.

In 2023, Beyond Gravity's management will focus entirely on implementing the restructuring and optimisation projects that have been launched. This will lay the foundation for finding an attractive buyer for Beyond Gravity by the end of 2025 at the latest. Further investments are also planned in order to handle the expected volume growth. Among other things, 2023 will see the completion of the new production capacities in the US plant in Decatur and in Linköping. In parallel, the product portfolio will be further streamlined.

The digital transformation of the company will be central to Beyond Gravity in the coming years. In addition to the skilful use of digitalisation technologies – both in the products themselves, in automation and in production – this also includes the development of new types of business models based on digital technologies and data.

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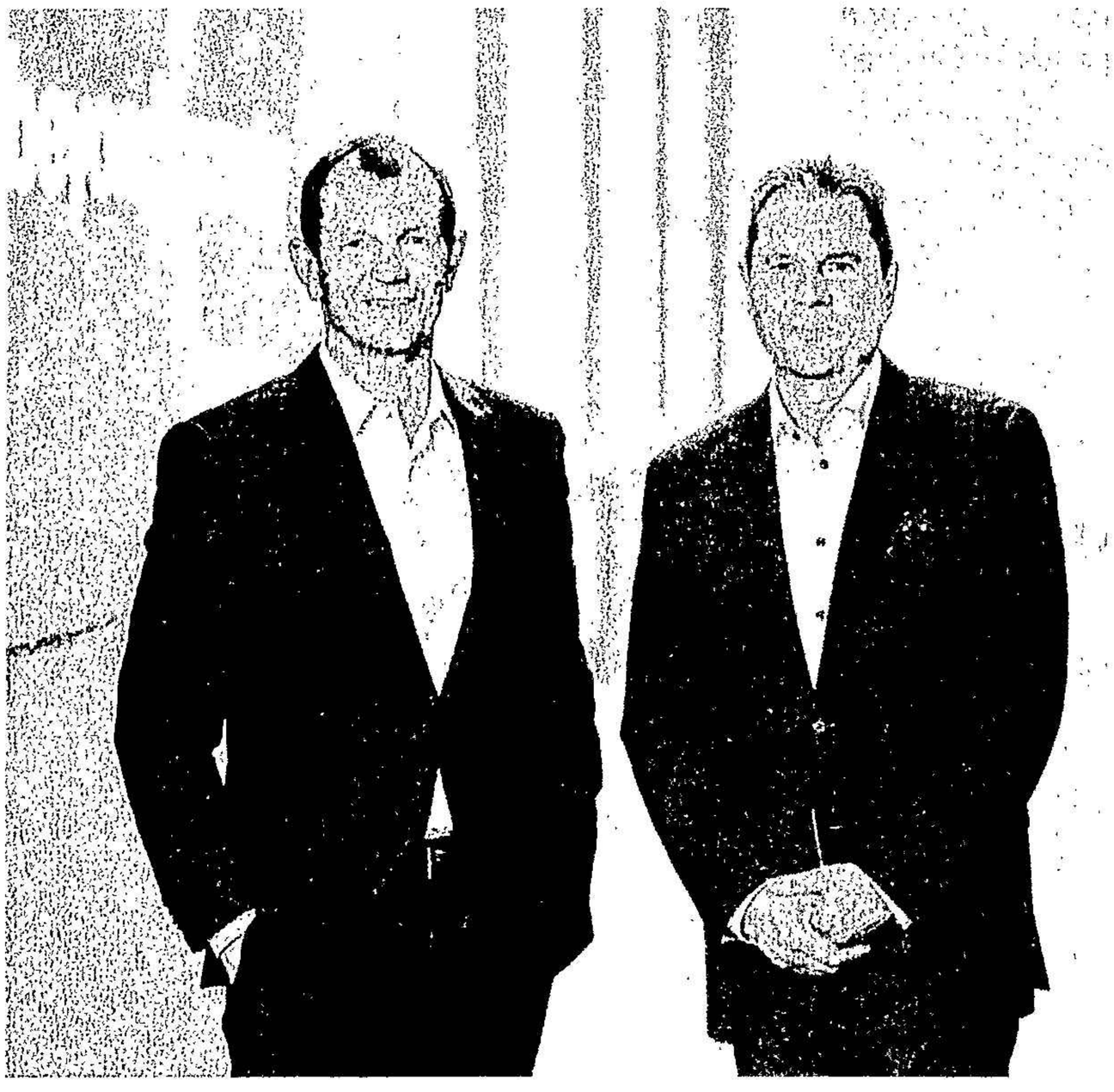

RUAG International Holding AG

André Wall
CEO

Dr. Remo Lütolf
Chairman of the Board of Directors

In addition, the start-up incubator, which was launched in 2022, successfully supported four young companies in their projects during the first cycle, which ended in December, and generated interesting impetus for Beyond Gravity's business, particularly in the area of digitalisation.

Together in the future

We are confident that we will be able to successfully implement the divestment of the aerostructures business and the privatisation of Beyond Gravity in the coming years. The focus at Beyond Gravity for the coming year, especially against the backdrop of the record order volume, is on the profitable completion of projects in all divisions, the consistent quality assurance and adherence to deadlines for our customers, and the profitable implementation of the investments initiated in the reporting year.

We would like to thank our customers, partners, employees and the owner for their trust in RUAG International and look forward to the continued successful implementation of our goals.

Beyond Gravity

2022 Management Report

Beyond Gravity won important contracts for the Amazon satellite project in 2022 and was part of major space missions.

RUAG International's Space segment looks back over a mixed year in 2022. The business unit saw sales rise 11.6% from CHF 319 million to CHF 356 million. However, earnings before interest and taxes (EBIT) fell from CHF 14 million to CHF –5 million. Additional costs for the capacity expansion in the Launchers division and lower margins in the Satellite business led to the lower-than-expected result. As in the previous year, new orders from large commercial space providers – such as Amazon – led to a robust order intake at Beyond Gravity as well as a considerable increase of CHF 69 million in the order backlog (CHF 744 million), allowing us to look to the future with confidence.

From RUAG Space to Beyond Gravity

Since spring 2022, the Space segment has no longer been operating as RUAG Space, but as Beyond Gravity. The new name and brand identity position the company even more consistently as a global player in the international space market. As of 1 May 2022, André Wall has taken over the operational management of Beyond Gravity. In the course of his 100-day programme, Beyond Gravity's organisational structure was expanded in October to include the Lithography division. The previously independent functions of Sales, Engineering and Operations were integrated into the three divisions. In addition, the support functions were split into Finance/Legal/M&A/IT Security, HR and Corporate Strategy&Transformation. In the summer, Beyond Gravity also launched a space incubator. The cooperation with start-ups ensures the early identification of promising ideas and concepts as well as their acceleration.

Launchers division

The Launchers division, with around 660 employees and business units in Switzerland, the USA and Sweden, focused on further development with a view to profitable growth. Alongside organisational adjustments, the business unit concentrated heavily on the development and expansion of the two sites in Decatur and Linköping, which will manufacture payload fairings and satellite dispensers for Amazon's Kuiper satellite project. The orders secured in this context in the reporting year are among the largest in Beyond Gravity's corporate history and offer the opportunity for new jobs and further orders. Beyond Gravity's payload fairings are used not only on the American Vulcan launch vehicles, but also on the European Ariane 5 and 6 and the Japanese H3. Since autumn 2022, the division has been headed up by Paul Horstink, who was previously responsible for RUAG Aerostructures Switzerland.

Satellites division

In the booming market for new space products, the Satellites division, with 750 employees and sites in Switzerland, Sweden, Austria, the USA and Finland, won significant orders from new and established customers and was able to support important projects. For NASA's Gateway space station, the division will supply drive alignment mechanisms and network electronics. NASA's Artemis missions will also use solar array drive mechanisms, structures and slip rings from the Satellites division. Investments in new product developments such as the OnBoard computers for satellite constellations and a family of modular mechanisms are paying off, particularly

Figures at a glance
Sales: CHF 356 m (previous year CHF 319 m) **EBIT:** CHF –5 m (previous year CHF 14 m)
Employees (FTE): 1,638 (previous year 1,455)
Countries: Switzerland, Sweden, USA, Austria, Germany, Finland
Customers: Airbus Defence&Space, Amazon, Ariane Group, Avio, Ball Aerospace, ESA, Maxar, Mitsubishi, NASA, Rocket Lab, Thales Alenia Space, ULA

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because several leading satellite companies are choosing these products as the standard for all future missions. The Satellites division is headed up by Anders Linder.

Lithography division

In October 2022, the new Lithography division was established within Beyond Gravity. The business area, with 185 employees and departments at the two sites in Zurich (CH) and Coswig (DE), develops and produces special actuators as well as apertures required for nanometre-precise semiconductor production. The mechanisms that support laser optics and other optical systems are used worldwide in machines for the production of microchips and form the basis for a variety of high-tech applications such as smartphones or artificial intelligence. Dr. Oliver Kunz, who was previously responsible for global engineering at Beyond Gravity, manages the division.

Outlook

The market for space products is growing and demand for microchips remains high. An important focus for Beyond Gravity in the coming years will be the profitable completion of the major projects secured, the consistent quality assurance and adherence to deadlines for the customers and the profitable implementation of the investments initiated in the reporting year. Additional orders can also be expected due to the increase in the ESA budget for the planning period 2023-2025.

In future, the Space segment will focus even more clearly on strategic customer partnerships, profitable projects and new areas of business. Investments are also flowing into the expansion of digital platforms, increased production and enhancing the attractiveness of the working environment. As already communicated, the privatisation of the Space business area should take place by end of 2025 at the latest.

RUAG Aerostructures

2022 Management Report

Aerostructures showed a significant stabilisation in 2022 with positive signs for a longer-term recovery.

In the aftermath of the pandemic, RUAG Aerostructures succeeded in stabilising its business performance, increasing sales and operating in the black. Net sales rose year-on-year from CHF 209 million to CHF 235 million. EBIT increased from CHF 5 million to CHF 43 million. A significant share of the positive result is attributable to the reversal of provisions and value adjustments created in 2020 and which were no longer required.

While higher Covid sickness rates were observed in the first months of 2022, the after-effects of the global lock-down made their mark in subsequent months through delays within supply chains. These supply difficulties intensified again with the start of the Ukraine war. Not only did suppliers experience volatility, but incoming orders also suffered from this uncertainty. The focus was on increasing profitability to a sustainable level through improved productivity, quality and increased cost flexibility.

RUAG Aerostructures Oberpfaffenhofen and Hungary

The Oberpfaffenhofen (DE) and Eger (HU) sites, with around 750 and 250 employees respectively, work primarily for the customer Airbus and produce various sections (assemblies) for the A320 families. In 2022, production rates increased from initially around 35 to a good 50 aircraft units per month. During the year, the two sites focused on stabilising production, expanding production capacities and optimising production processes. In addition, significant productivity improvements were made at both sites, simultaneously improving quality. Investments were also made in two automatic riveting machine at the Oberpfaffenhofen site and in a new logistics centre in Eger. Both the Oberpfaffenhofen and Eger sites continue to be managed by Clemens Friedl.

RUAG Aerostructures Switzerland

The Emmen (CH) site, with its 220 employees, also focused on increasing profitability and securing internal and external supply chains in the 2022 operating year. The areas of machining and logistics at the Emmen site, which had been outsourced to external partners, were integrated back into the internal process. Business with the main customers SAAB (payload suspensions and drop tanks for Gripen fighter aircraft), Boeing (trailing edge flaps (TEF) for F/A-18) and Pilatus (aerostructure parts for PC-12 and PC-21) performed well. The Emmen site is researching and developing the "Wing of Tomorrow" for Airbus, and was able to deliver the first prototypes to the customer during the year. In organisational terms, RUAG Aerostructures Emmen has been headed up since mid-September by Simon Hächler, who took over from Paul Horstink. The latter has moved to the Space segment, where he now heads up the Launchers division.

Outlook

In Aerostructures, we expect production rates to continue to increase with the main customer Airbus. An increase of around 10% is expected for the coming year. At the Emmen site, positive performance is expected thanks to newly negotiated contracts. In line with the owner's implementation plan, the entire RUAG Aerostructures business area is to be divested by the end of 2023 at the latest.

Figures at a glance
Sales: CHF 235 m (previous year CHF 209 m) **EBIT:** CHF 43 m (previous year CHF 5 m)
Employees (FTE): 1,220 (previous year 1,155)
Countries: Germany, Switzerland, Hungary
Customers: Airbus, Boeing, Pilatus, SAAB, GE

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Divestments

2022 Management Report

With the sale of RUAG Ammotec, RUAG Simulation & Training and RUAG Australia, RUAG International is making significant progress in implementing its divestment strategy.

The Swiss Federal Council's decisions of 2018 and 2020 to unbundle the former RUAG Holding Ltd were also accompanied by numerous divestment decisions. Over the past few years, RUAG International has sold numerous companies – for example, in 2019 it sold the IT security company Clearswift and the two business jet sites in Geneva and Lugano, and in 2021 it sold the entire Dornier-228 programme as well as shares in RUAG Malaysia. This was followed in 2022 by the sale of RUAG Simulation & Training, RUAG Ammotec and RUAG Australia. All divestments were made within the framework of the divestment strategy defined by the Swiss Federal Council.

Thales takes over RUAG Simulation & Training

Following exclusive negotiations between RUAG International and Thales back in November 2021 on the sale of the Simulation & Training business activities (RUAG S&T), Thales took over all business activities and all 500 or so employees in four countries (Switzerland, France, Germany and the United Arab Emirates), with the final transfer of ownership at the end of April 2022. RUAG S&T is a leading provider of simulation and training systems for security organisations and armed forces.

Beretta takes over RUAG Ammotec

As of the end of July 2022, all shares in RUAG Ammotec were transferred to Beretta Holding. RUAG Ammotec is a leading European supplier of small-calibre ammunition and employs some 2,700 people. Ammotec generates around two-thirds of its total turnover in the civilian sector. This includes hunting and sporting ammunition as well as components for the industrial sector. Ammotec also supplies small-calibre ammunition for the defence and law enforcement sectors. Beretta Holding is the market leader in light firearms for hunting, sport and defence and is family-owned. It will also take on all employees at all Ammotec production and sales sites.

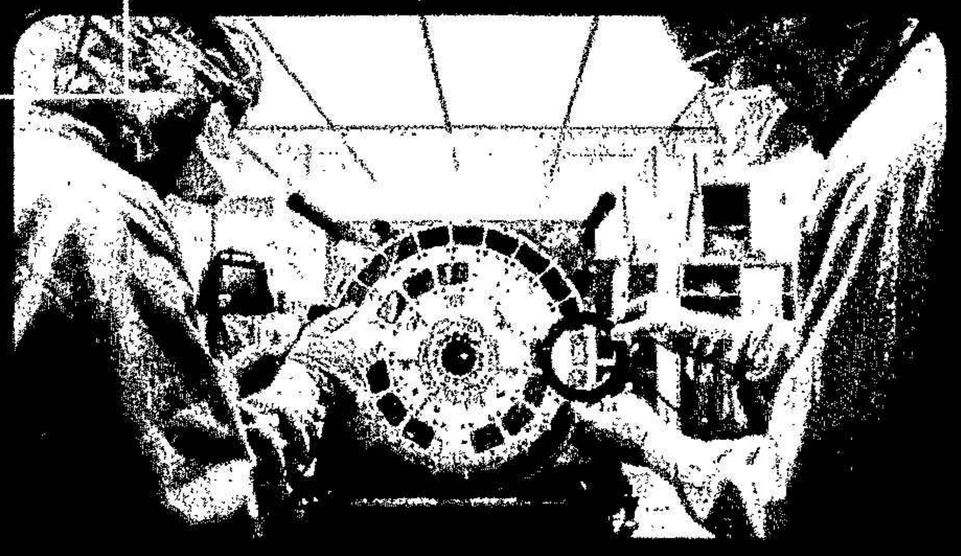
ASDAM takes over RUAG Australia

All shares in RUAG Australia were transferred to the Australian ASDAM Group at the end of August. RUAG Australia specialises in maintenance, repair and overhaul (MRO), repairs using additive manufacturing technology and surface treatment. The ASDAM Group (Australian Sovereign Defence and Advanced Manufacturing) is Australia's largest supplier for the F-35 Joint Strike Fighter programme and manages a number of defence and non-defence programmes. ASDAM acquired all of RUAG Australia's business activities and all of its approximately 150 employees.

Outlook

With the sale of RUAG Ammotec, RUAG S&T and RUAG Australia, the two former segments RUAG Ammotec and RUAG MRO International were dissolved. RUAG International now consists of the two segments RUAG Aerostructures and Beyond Gravity. These two segments are also to be divested: RUAG Aerostructures by the end of 2023 at the latest and Beyond Gravity by the end of 2025 at the latest.

3D Printed Microgravity



Beyond Gravity at a glance

We help humanity explore the world and beyond.

Beyond Gravity has been supplying products for hundreds of space missions for over 40 years. They all ultimately serve one goal: advancing humanity. We do this by working in the areas of satellite positioning and communications, providing instruments to collect satellite data that helps manage natural hazards, or working on satellites for better weather forecasting. We also help discover space, explore planets and countless other scientific missions. With our solutions we help our customers around the world make the impossible possible.

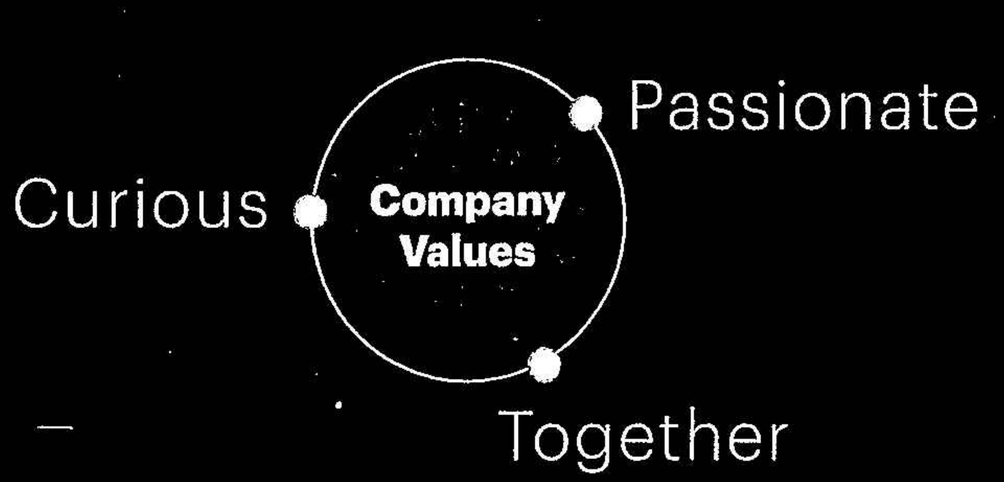
Headquartered in Zurich, Switzerland, Beyond Gravity is the first start-up to combine agility, speed and innovation with decades of experience and proven quality. Beyond Gravity is the preferred supplier of structures for all types of launch vehicles – including the European Ariane and Vega rockets. Beyond Gravity is also a leader in selected satellite products as well as satellite constellations. The company is also a longstanding supplier of the lithography market.

From RUAG Space to Beyond Gravity
In 2022, the company changed its name from RUAG Space to Beyond Gravity. The new name and brand identity position the company more clearly in international markets and make our range of services even better known. In 2009, the former RUAG Space took over the space activities of Saab Space, Austrian Aerospace and Oerlikon Space AG (formerly Contraves Space). Beyond Gravity is part of RUAG International Holding AG. All shares in the company are held by the Swiss Confederation.

Three divisions
Beyond Gravity consists of three divisions. The Launchers division manufactures payload fairings for various European, American and Japanese launch vehicles, amongst other things. The Satellites division supplies almost all the core elements of a satellite – from the structure to the computer and the antenna. And the Lithography division manufactures special actuators and apertures which are used for the nanometre-precise exposure of wafers (semiconductor silicon substrate).

Six countries, 12 locations
Around 1,600 employees at 12 locations in six countries (Switzerland, Sweden, Austria, Germany, USA and Finland) generate turnover of around CHF 365 million (2022).

beyond gravity



Our Story as a video.

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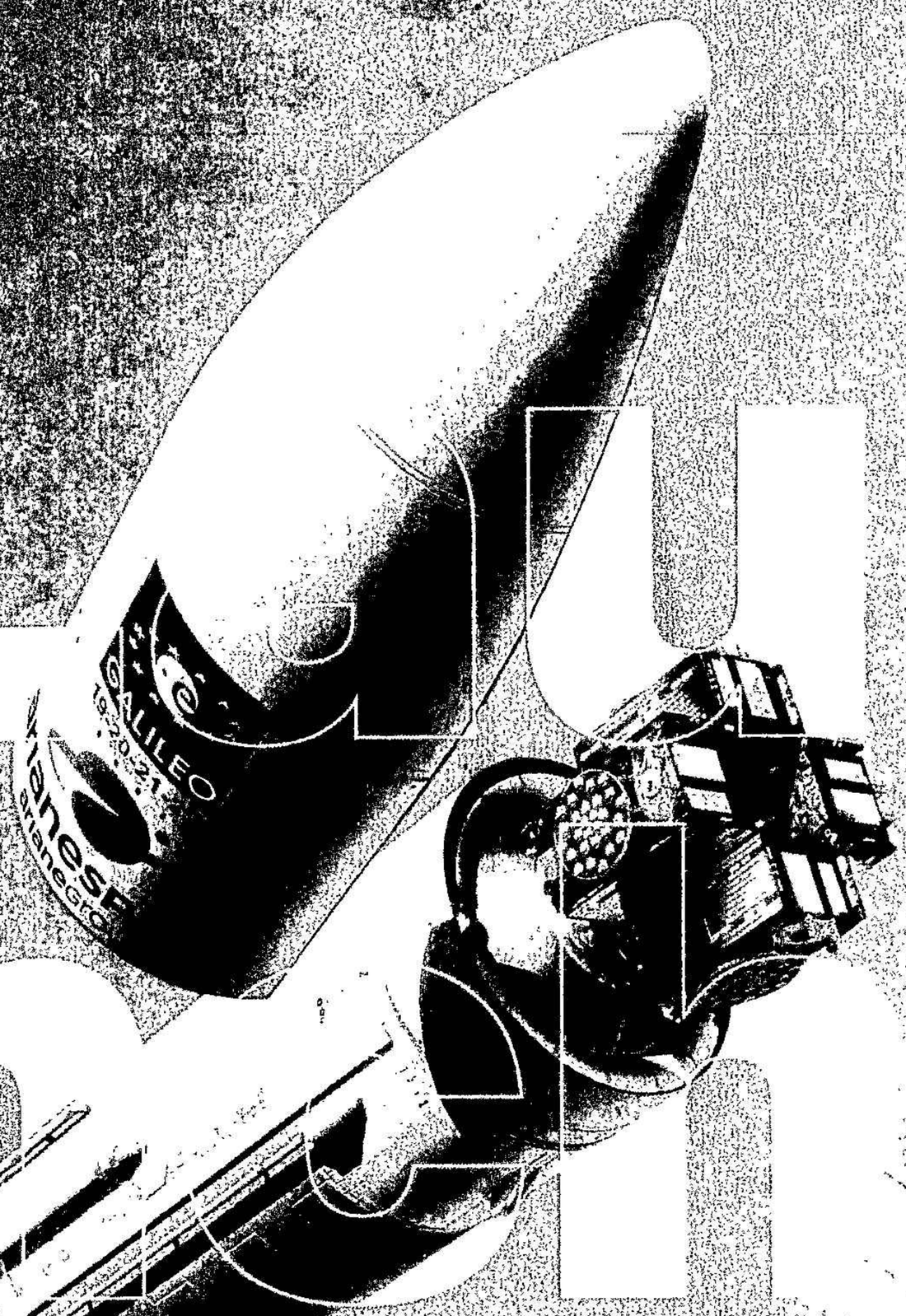

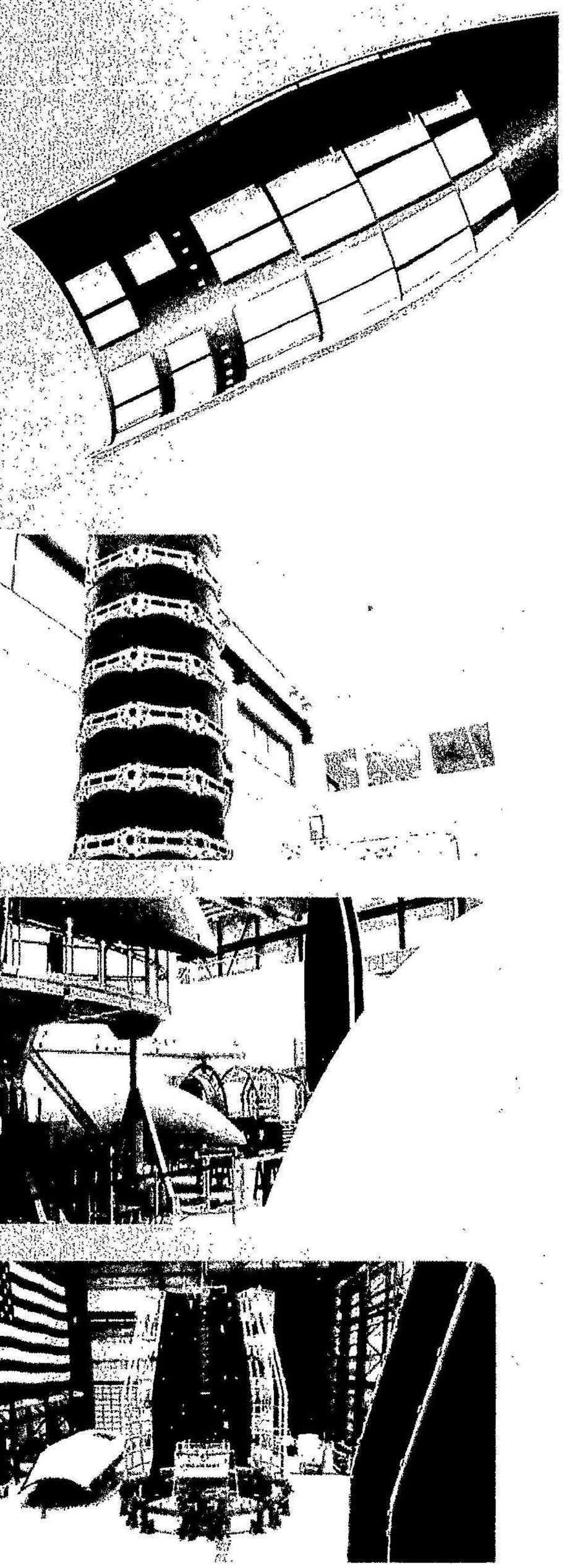

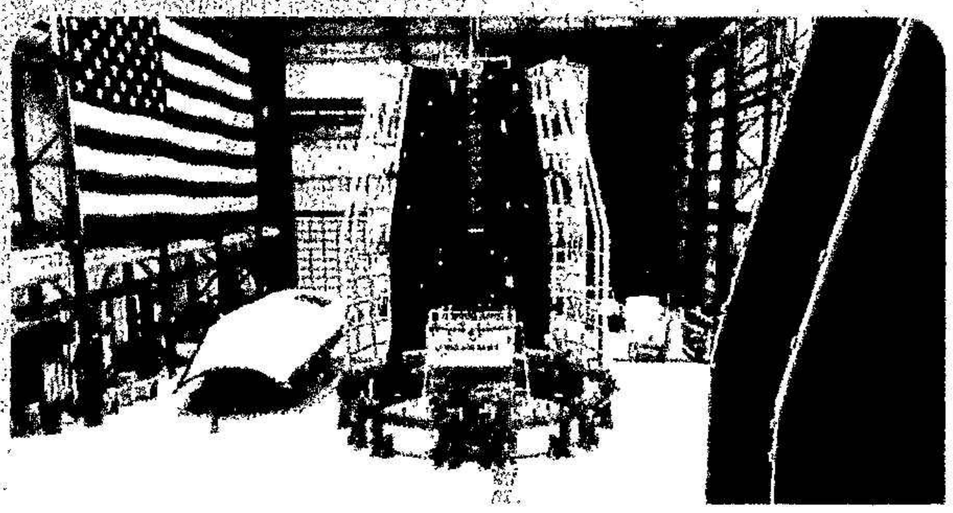

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Launchers Division

At Beyond Gravity, the Launchers Division covers composite structures for rockets, which have been successfully used in over 400 launches to date. Our separation systems ensure that the satellite and rocket remain securely connected and that the payload is precisely placed in orbit. For decades, our payload fairings, interstage adapters, dispensers, payload adapters and separation systems have been the first choice for launch service providers in the space industry.

Fast internet thanks to Amazon

Beyond Gravity is a world leader in the manufacture of satellite dispensers (image 1). The cylindrically shaped carbon fibre structures make it possible to attach numerous small satellites to them and then deploy them in space with pinpoint accuracy. The dispensers have been used successfully for many years, for example for the OneWeb satellite network. Beyond Gravity will also manufacture numerous dispensers for Amazon's new Kuiper satellite project, which will safely accompany the satellites into space and ensure fast, reliable Internet.

Japan's new emblem

The H3 launch vehicle is Japan's new emblem for transport into space. Back in 2019, Beyond Gravity and Mitsubishi Heavy Industries signed a contract for payload fairings. Soon, the new rocket will be equipped with the rocket nose cones (image 2) manufactured by Beyond Gravity in Emmen (CH), which will protect the precious cargo on its way into space. In terms of size and payload, the H3 is comparable to the Ariane 6.

To the moon – and beyond

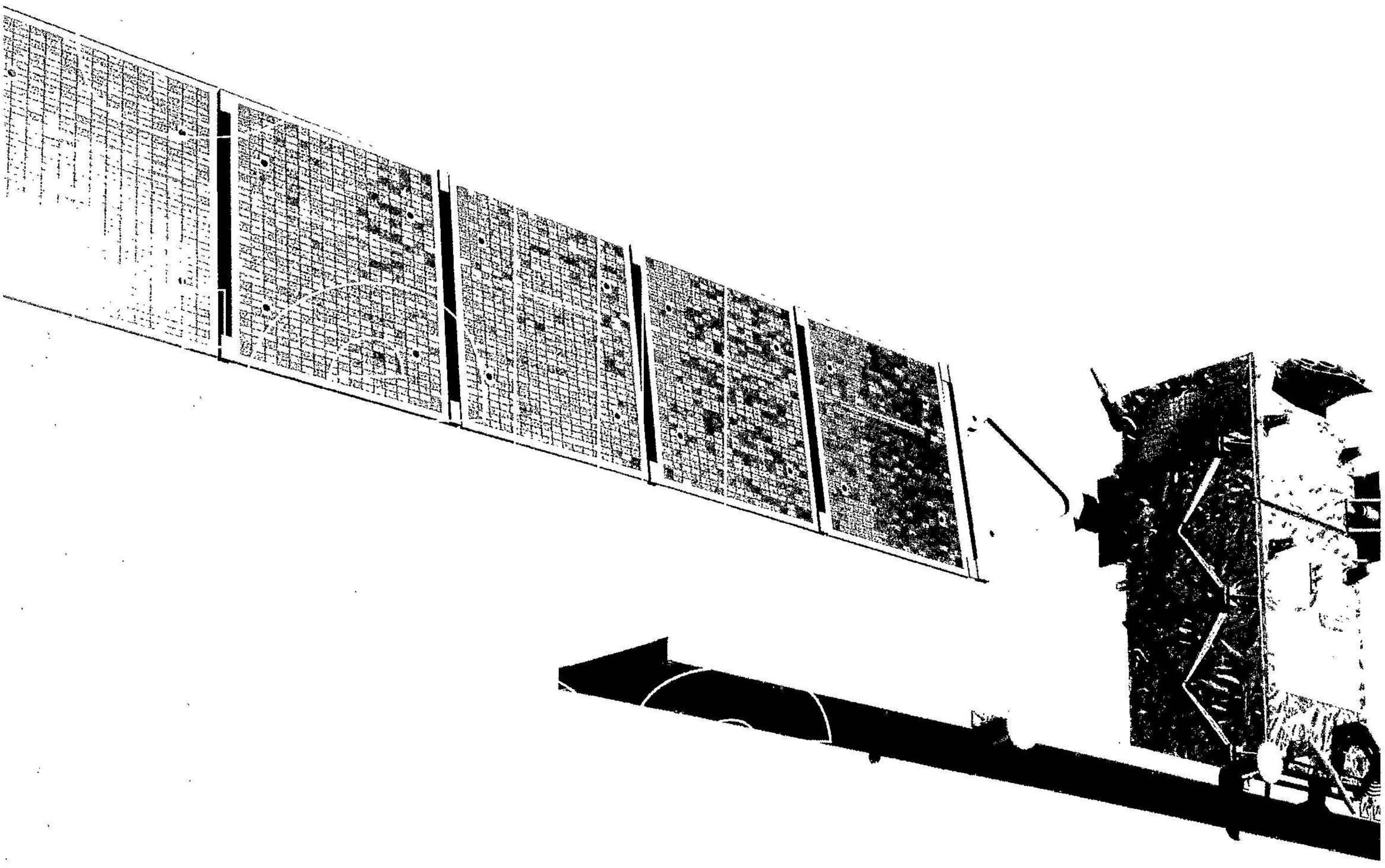
With the Artemis missions still to come, ever larger loads will be transported into space and to the Moon, and with ever larger launch vehicles. For the largest American launch vehicle of all time – the SLS 1B – Beyond Gravity is building an important element together with its partner Dynamics: the Universal Stage Adapter (image 3). This connects the Orion spacecraft, in which the astronauts will be staying, with the upper stage of the SLS Block 1B rocket and at the same time protects the precious cargo. The adapter has a height of some 10 metres and measures just under 8.5 metres in diameter at its widest point.

Key customers: Amazon, United Launch Alliance (ULA), Ariane Group, NASA, ESA, Avio, Mitsubishi

Locations: Emmen, Zurich, Linköping, Huntsville*, Decatur

Employees in 2022: 660

*To focus capacities, the Huntsville and Decatur sites will be combined.



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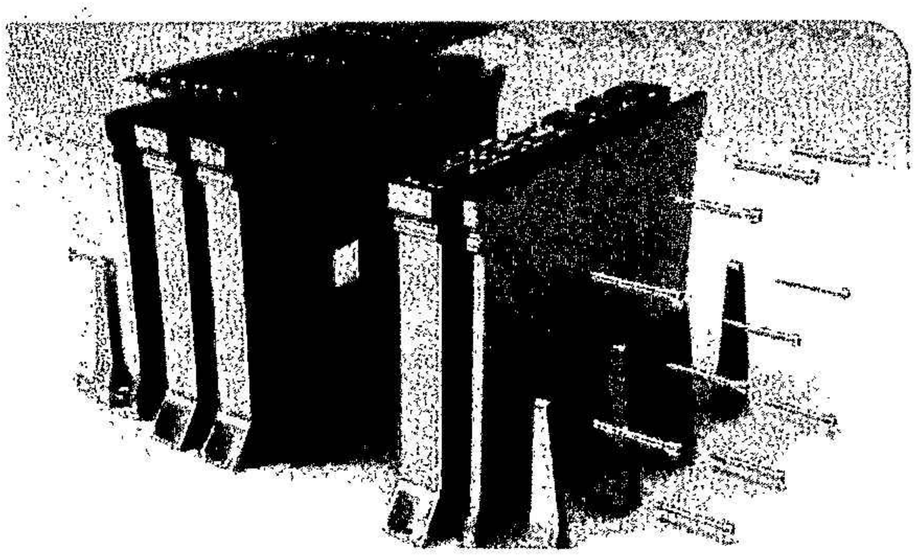

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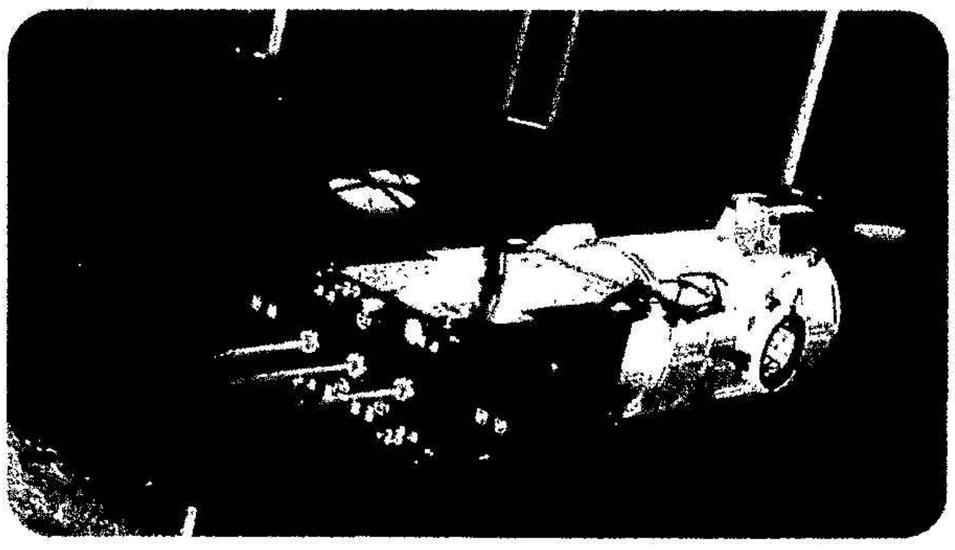

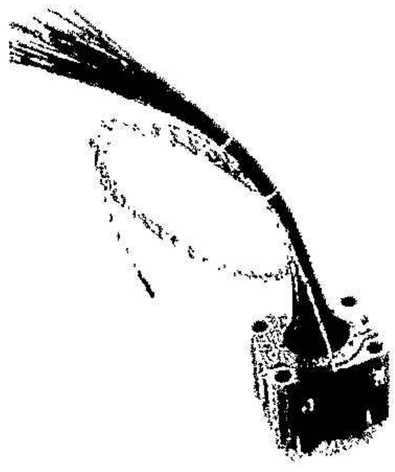

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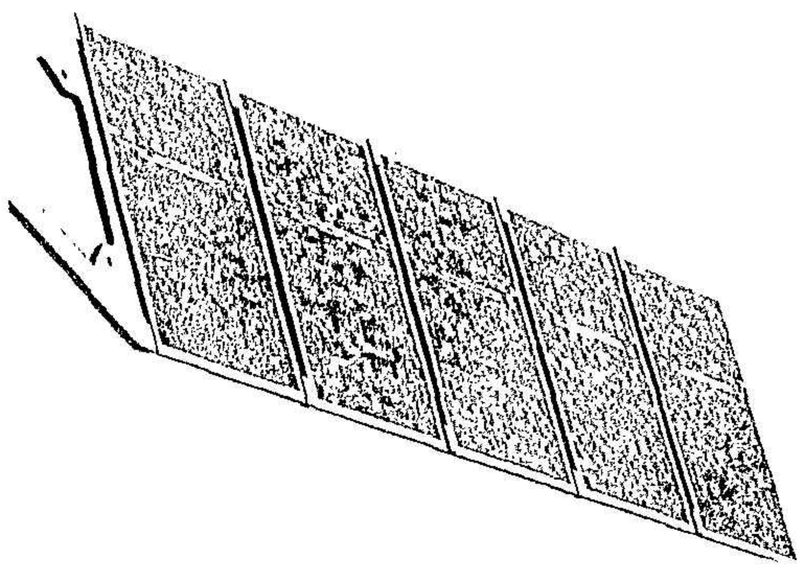
Satellites Division

The Satellites Division brings together all of Beyond Gravity's satellite activities and supplies mission-critical products for a wide range of satellite missions for commercial and institutional customers. With the exception of engines, all core elements of a satellite are offered: from the satellite structure, the computer and other electronics to thermal protection, a wide variety of mechanisms and slip rings.

Computers for satellite constellations

For hundreds of small satellites, forming a satellite network, Beyond Gravity has developed the Constellation On Board Computer (COBC, image 1) – a computer based entirely on commercial components, offering high performance, short delivery times, competitive pricing and high reliability. After many years of development and investment, it is already used in over 50 models.

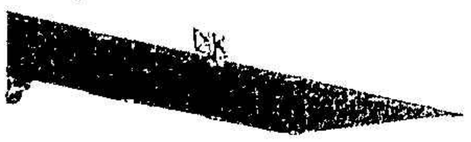


Mechanisms for electric engines

Satellites are increasingly using electric ion engines. Beyond Gravity provides important control mechanisms for the ion engines of NASA's new Gateway space station (image 2). These mechanisms allow the thrust direction of the electric engines to be correctly aligned for both precise manoeuvres and long range orbit changes around the Moon during Gateway's lifetime. Beyond Gravity has more than 20 years' experience in building control mechanisms – including for the European satellite navigation system Galileo and for commercial satellites.

Slip rings for satellites

Slip rings (image 3) are necessary to enable uninterrupted rotation and to continuously transmit data and electricity. Slip rings are used, for example, in mechanisms that continuously align satellites' solar panels with the sun in order to provide the greatest possible power supply for the satellites' systems. Beyond Gravity is the European leader in the field of space applications and can look back on many years of experience.



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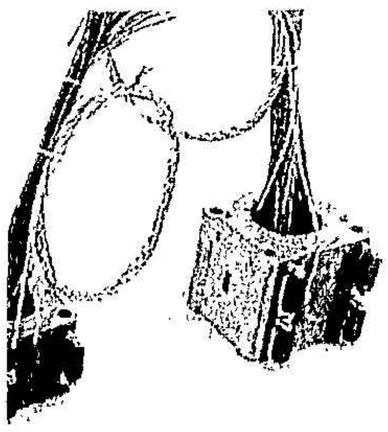
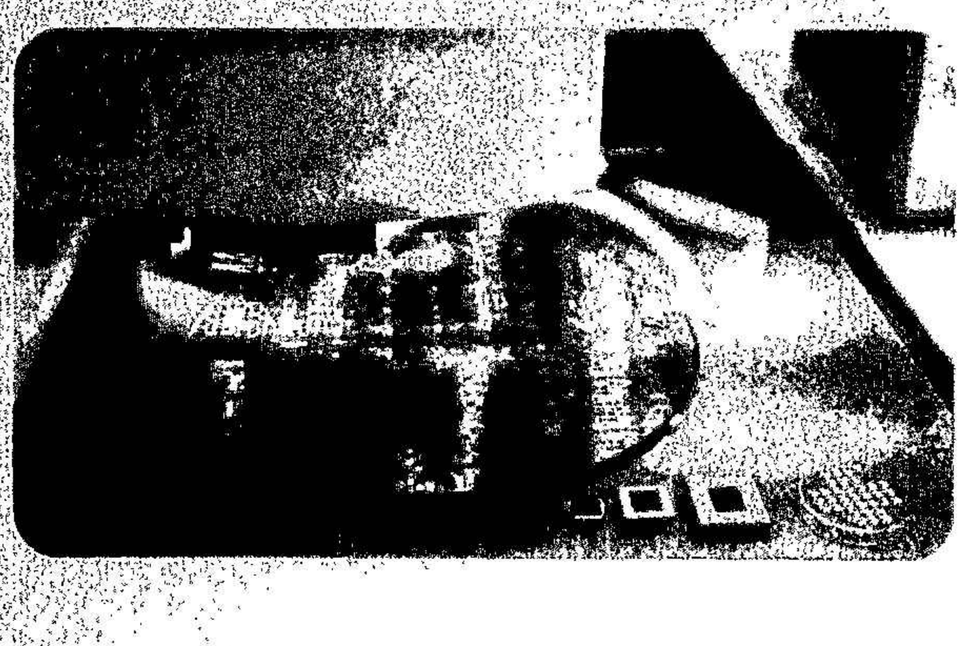


Key customers: ESA, NASA, Maxar, Rocketlab, Ball Aerospace, Airbus Defence & Space, Thales Alenia Space

Locations: Gothenburg, Nyon, Tampere, Titusville, Vienna/Berndorf, Zurich

Employees in 2022: 750

Physics



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Lithography Division

Beyond Gravity has been active in the field of lithography for over 20 years and is a key player in the semiconductor industry supply chain. In October 2022, the new Lithography division was launched to further strengthen its position as a key partner in the market. The division produces special actuators and special mechanical assemblies for ZEISS, which are required for the nanometre-precise exposure of wafers (semiconductor silicon substrate). The optical systems from ZEISS are used worldwide in machines that manufacture microchips and form the basis for numerous high-tech applications such as smartphones or artificial intelligence.

1,000 mechanical assemblies manufactured

More than 1,000 special mechanical assemblies have already been manufactured with high production reliability and are in use in the semiconductor industry. The assemblies help provide sharp and precise exposure in lithography machines. The business unit will be further expanded in the coming years to meet increasing demand.

Goniometer developed

The goniometer, an element of a measuring and testing system for the quality control of mirror units for lithography systems, is currently being developed in a cross-site collaboration between the teams in Zurich and Dresden. Delivery of the goniometer is scheduled for autumn 2023.

Actuators for extreme requirements

At the physical limit of feasibility: the actuators, which Beyond Gravity manufactures for the semiconductor industry, operate in a vacuum and have to fulfil extreme requirements. We meet these requirements thanks to our expertise, the purity of our materials and our cleaning processes, throughout our supply chain.

Customer: ZEISS Semiconductor Manufacturing Technology (SMT)

Locations: Coswig, Zurich

Employees: 185

Platform for innovation

At Beyond Gravity, innovation has many faces and very different origins. For example, in the "Launchpad", the company's own incubator programme for start-ups. But also internally: with the Space Race competition for engineers. And last but not least, in cooperation with students and universities.

Launchpad – the platform for start-ups

In October 2022, Beyond Gravity launched its own start-up programme called "Launchpad" (image 1). The incubator supports start-ups and their promising space technology ideas. The incubator's three focal points are space technology itself, the optimisation of value chains, and the human factor in general. In an eight-week programme, Beyond Gravity offers exclusive contacts in the international space environment as well as access to highly-specialised engineers, leading technologies and varied production resources.

Coordinated innovation

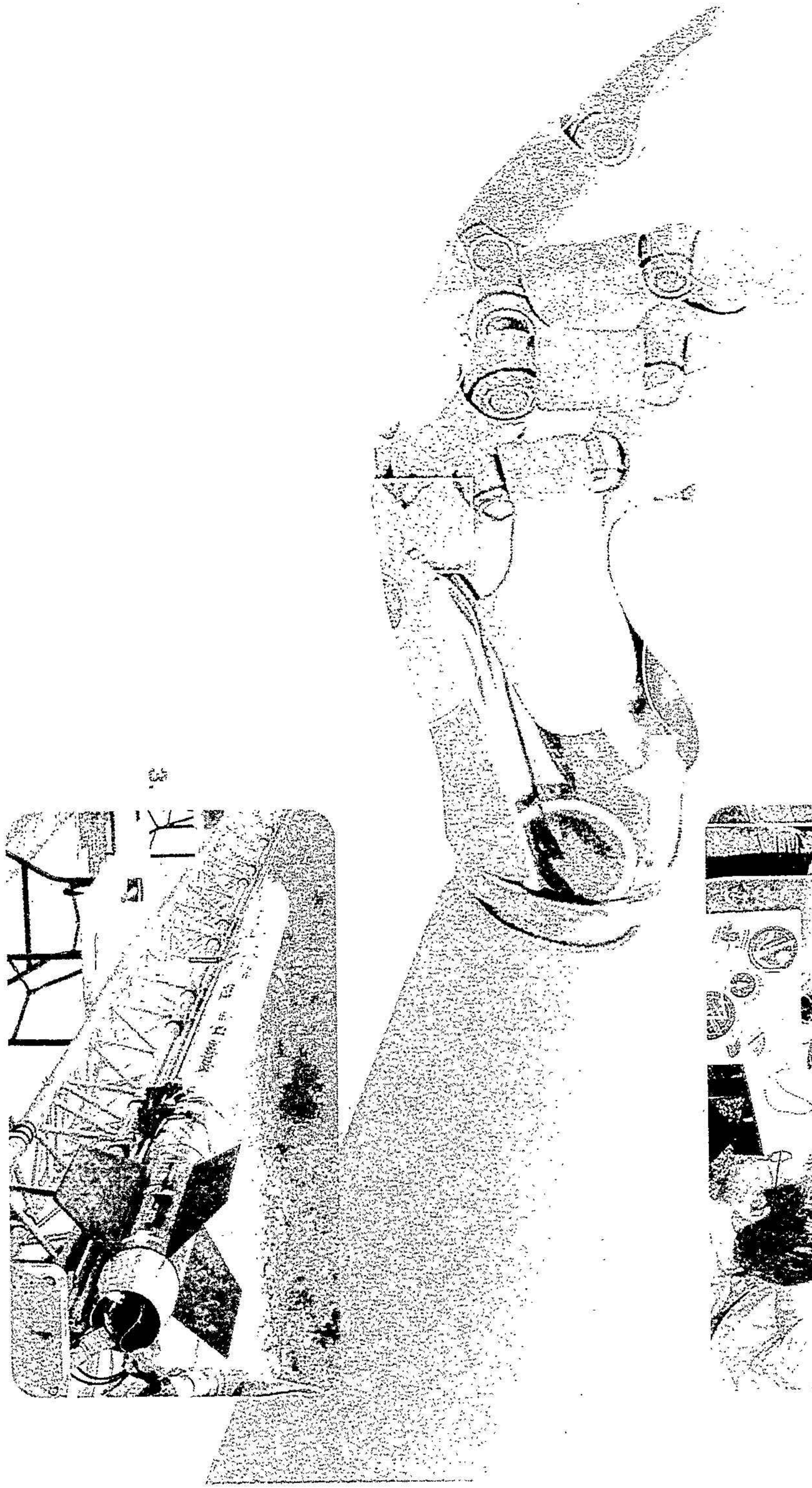
Everything to do with innovation comes together in the innovation team. It launches collaboration training, maintains the internal innovation channel on Yammer and helps organise the internal Space Race competition (image 2). Different teams of engineers each take on a special challenge: in 2022, the focus was on new ways of transmitting power from rotating parts to fixed parts and how these are used for motors to control solar panels on satellites. In addition, a three-month project started with a group of students from the University of St. Gallen to successfully implement business model innovations related to the collection of data from the atmosphere, which is used in meteorology or climate change research, for example.

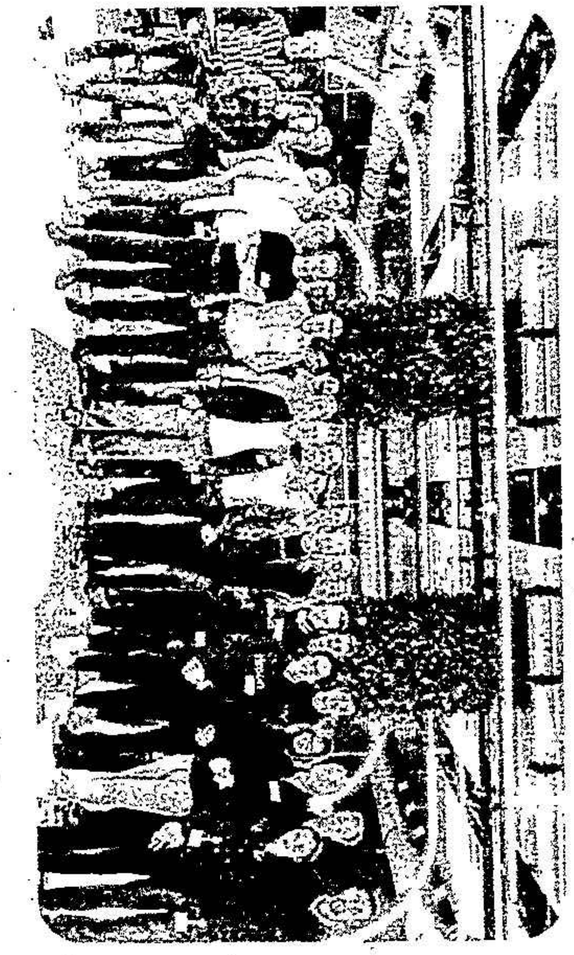
The STARS are the employees

The stars are the employees at Beyond Gravity who have the courage to challenge and improve the status quo. They are the people who contribute to the company's success. But STARS is also an element of new culture, curiosity and performance. Various initiatives have emerged from the internal STARS programme, such as the Woman Alliance Community, which offers events, workshops and other networking opportunities for women at different locations, and the Work out Loud platform with a 12-week personal development programme.

Student rocket launches

The student-run association ARIS (Akademische Raumfahrt Initiative Schweiz – English: Academic Space Initiative Switzerland) or the EPFL Rocket Team bring together students from various Swiss universities who are passionate about space exploration. In addition to two competitions with successful rocket launches in Portugal and the USA, ARIS was also able to carry out the first launch here in Switzerland in 2022 (image 3). In around 10 years, ARIS then wants to break through the Kármán Line with a self-engineered rocket and launch its self-developed satellite into space. Beyond Gravity supports ARIS and the EPFL Rocket Team both financially and with technical know-how as an initiative partner.





Space is the future

The importance of space as an economic factor is growing strongly. Lower launch costs promise continued growth. As a supplier, Beyond Gravity is well positioned with expertise in many fields.

The global space industry is in the midst of a major change and transformation. The scientific exploration of space has recently celebrated great successes, most notably with the successful launch and commissioning of the James Webb Space Telescope. The Artemis missions are an equally exciting and comprehensive project, which, with the return to the Moon, will form the basis for a journey to Mars, but at the same time also include economic interests. In addition, large commercial satellite constellations by Amazon, SpaceX and OneWeb are shaping events in space. And, not least, space tourism is also gaining momentum, for example with Virgin Galactic or Blue Origin.

Launch costs will fall massively

The many governmental players and commercial providers are stimulating the space market to an unprecedented degree. A study (2022) by Citibank predicts that the space industry will generate an annual turnover of more than USD 1 trillion by 2040, up from around USD 370 billion in 2020 and an annual growth rate of five percent. The main driver of space industry growth is lower launch costs. The study predicts that launch costs could fall from USD 1,500 today to USD 100 per kilogram by 2040.

Climate and space debris as drivers

According to a study by Morgan Stanley (2022), important drivers for the growth of the space industry include, on the one hand, the climate crisis and the resulting increased demand for data (e.g. satellite imagery), major private investments in the new space sector, the increasingly acute issue of space debris, but also the security needs of states, which are expanding into the space sector. And last but not least, there is the telecommunications industry and its needs for connectivity, navigation and communication.

Important contracts won

Beyond Gravity has won important contracts and prestigious customers in both the launch vehicle and satellite sectors, and is working with them at the forefront of further space exploration. In 2022, for example, Beyond Gravity received the largest order in the company's history and will supply products – including dispensers and payload fairings – for the launch of Amazon's Kuiper satellite network. Beyond Gravity also works with renowned organisations such as ESA and NASA in the institutional sector, for example on the James Webb Space Telescope, the Artemis missions and the latest generation of Galileo navigation satellites.

For Beyond Gravity, "Realising what's next" also means that the company is working on innovative projects that are changing the space industry. Beyond Gravity's powerful and space-qualified computers will be used in the field of deorbiting (the collection of space debris) as well as in the small- and mini-rocket sector, where the company is delivering compact and innovative solutions in the field of rocket nose cones.

future

"Even though missions such as Artemis are working on getting to Mars in the near future, one thing is certain. For the time being, Earth will remain humanity's only home. We want to assume our responsibility and contribute to making sure that our planet is preserved for future generations by using resources wisely. At Beyond Gravity, we are convinced that it is important to combine economic success and growth with environmental and social responsibility. We understand sustainability comprehensively, in the sense of ESG (Environment, Social, Governance): our goal is to minimise negative impacts on our planet and to promote the well-being of our employees and the communities in which we operate. We are therefore committed to transparency and will communicate our ESG efforts through a comprehensive annual ESG report. We will also continue to ensure seamless compliance and proactively integrate the increasing regulations and investor requirements regarding ESG into our thinking and actions. Not least, we see sustainability as an opportunity for new products and services, markets and revenue streams."

Dr. Remo Lütolf
Chairman of the Board of Directors

André Wall
CEO Beyond Gravity & RUAG International

Turning the blue dot green.

"We have to take care of the planet, because if we don't, we're not going to be able to go anywhere else."

NASA astronaut and environmental advocate **Piers Sellers**

A word from André Wall

Interview with the CEO

Global crises such as the climate crisis, the Covid-19 crisis or the war in Ukraine and the associated challenges such as the energy shortage and supply bottlenecks show that globally active companies in particular are exposed to many external influences. But companies can also contribute to solving global challenges and exploit the opportunities offered by ESG (Environment, Social, Governance). For Beyond Gravity, too, the topic of sustainability is moving into the focus of all our thinking and actions. CEO André Wall explains the background in an interview.

André, compared to other industries, ESG became an issue in the aerospace industry relatively late. Why now of all times?

André Wall: The space industry is central to solving many of the challenges facing mankind, such as telecommunications, satellite-based navigation or climate monitoring and forecasting. Whether it is climate protection, the deorbiting of space debris, sustainable forms of propulsion or reuse concepts for launch vehicles: ESG has gained in importance for the entire industry, especially in recent months and years, and has thus also become the driving force for numerous innovations, changes and also new business fields for the industry.

Hand on your heart: Why is sustainability important to you as CEO, but also personally?

When we launched our new brand Beyond Gravity at the beginning of 2022, we consciously communicated a new corporate vision: For the benefit of mankind. It is clear that we also put ESG at the top of the agenda. My goal as CEO of this company is to contribute to the positive development of mankind and improve life on earth with our products and innovations. As a leading aerospace supplier, we are already at the forefront. This also includes making our contribution to overcoming the climate crisis. And not least, I am a father, which raises my awareness of leaving the planet intact for our children and future generations.

Beyond Gravity is to be privatised by 2025 at the latest. Do potential investors also play a role here?

The fact is that more and more investors are paying very close attention to how responsibly and sustainably a company conducts itself when making investment decisions. A company that addresses ESG issues can increase its interest among potential investors and thus raise capital more easily.

Where do you see Beyond Gravity's contribution to a more sustainable industry?

With our leading market position in many of the industry's key products, we can positively influence the sustainable development of the space industry by promoting sustainable practices across our operations – including working closely with our customers and partners who pursue similar goals. My goal for Beyond Gravity is that, in addition to consistent customer focus and economic success, we make sustainability an integral part of our DNA. Last year, we therefore launched a comprehensive ESG project to obtain a systematic overview of where we are and how we can address the issues even more strategically in the future. Because a lot is already happening at Beyond Gravity. For reporting year 2023, we will publish our first comprehensive ESG report, which will appear in the first half of 2024.

"I want sustainability to be an integral part of our DNA."

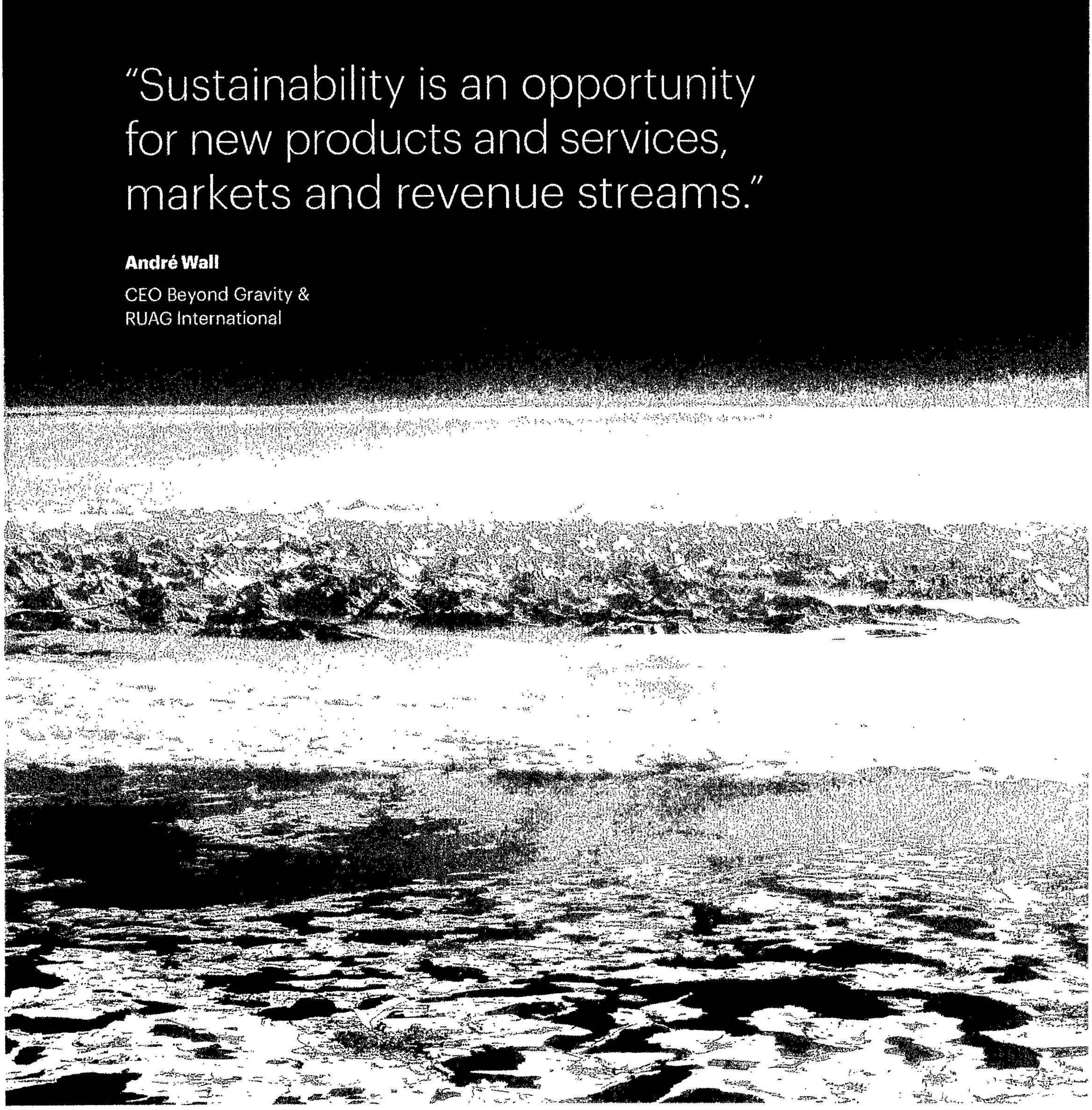
André Wall

CEO Beyond Gravity &
RUAG International

"Sustainability is an opportunity for new products and services, markets and revenue streams."

André Wall

CEO Beyond Gravity &
RUAG International



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When you say that a lot is already happening, in which areas specifically and where do you see a need to catch up?
We are already well positioned in many areas. For example, we meet the benchmarks in health & safety, compliance, risk management and cyber security. We also have comprehensive KPIs that we regularly evaluate and that guide us in our daily work. We have some catching up to do in the areas of environment and diversity. Specifically, regarding the representation of women in our company, we are not yet where we want to be. And in the area of the environment we now want to step up our efforts and become more energy efficient – be it through the consistent use of LED light bulbs at our sites, the optimisation of air-conditioning systems or the use of energy-saving devices and equipment. When constructing new buildings, as is currently the case in Linköping, for example, we also pay attention to the energy sustainability of the building. In the future we will focus even more on sustainability in our supply chain.

You hear it all the time: "Sustainability is like drilling through hard boards". How do you want to make ESG part of your company's DNA and where do you see resistance?
ESG will be on the agenda everywhere in the future. When we start a project, we will not only consider quality and profitability, but we will also ask: How sustainable is the project? What can we do to minimise the impact on the environment? That is the first step. I want every employee to think about ESG as well. This requires conviction, perseverance and leadership so that we can slowly change our culture towards a more sustainable use of resources.

Does sustainability have a cost?
Of course, investments are also necessary. For example, last year we created a position to coordinate and drive our ESG efforts. But I don't want it to be understood as an issue that can be delegated to a central office. Sustainability concerns all of us at Beyond Gravity. We will only make progress if we start at the core of our business. I am also convinced that ESG is ultimately a good business case and can also generate a good return on investment and perhaps even open up new areas of business. Last but not least, I see sustainability as a great opportunity for new products and services, markets and revenue streams.

Can you give us some examples?
Even today, many missions and products in which we are involved – such as the Arctic Weather Satellite, the NASA's climate satellites, the Copernicus Earth observation programme or the weather satellites of the MetOp program – contribute to a better understanding of the environment. We are examining which business models will offer opportunities in the sustainability sector in the future and will be able to actively address them.

André Wall, thanks for talking to us.

Our sustainability strategy

As a technology company with a global presence, we pursue a strategy that creates value for all stakeholders along the entire value chain - taking into account economic, environmental and social aspects in all our activities.

Definition of the strategy

Last year, for the first time, we conducted a consolidated assessment in a framework across all ESG topics. In doing so, we analysed all topics and identified those that were most relevant to us. Risks and opportunities, the influence beyond our company (double materiality), the relevance for international standards, and the potential for improvement were taken into account.

The identification of material ESG issues for Beyond Gravity is based on the following process, which defines the focus topics for our future reporting and also indicates which indicators will be published in the future. The process also reveals our strategic focus areas and any weaknesses; areas in which Beyond Gravity will have to invest and improve in the future.

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1 Materiality analysis

- Identification of essential topics
- Analysis of *opportunities, risks* and impacts ("greatest potential for change")

2 Strategic ESG areas defined

- Definition of focus areas for ESG
- Key issues related *to level of ambition*
- Definition of an ESG vision

3 Sustainability strategy

- *Targets and* necessary measures for material topics

Gap analysis

- Measurement of the current BG performance in key areas and quantification of the gap to the target level

4 Governance & anchoring

- Define organisational structure
- Roadmap & Measures
- Resources & Responsibilities

Start Implementation

- The implementation starts with a new organisational structure
- Communication, meeting structure and working tools in a project-like structure

5 Reporting

- Measurement of ESG performance
- *Communication of* measures
- Compliance with all external requirements

Materiality analysis: Where are the biggest levers for Beyond Gravity in terms of ESG?

An ESG (Environmental, Social and Governance) materiality analysis is a process that identifies and prioritises the most important ESG topics for a company. The criteria that are relevant for an ESG materiality analysis generally include environmental impact (e.g. greenhouse gas emissions, energy and water use, waste management), social impact (e.g. labour standards, human rights and social engagement), corporate governance impacts (e.g. composition and independence of the board of directors, executive remuneration and risk management), financial impact (e.g. sales, profit, and return on investment), reputational impact (e.g. customer satisfaction, employee engagement and stakeholder trust) and legal and regulatory impact (compliance with laws and regulations; environmental, labour and anti-corruption laws within the company).

Raising awareness and anchoring ESG in the company from the outset

Deciding which ESG topics are considered material to Beyond Gravity was based on a combination of internal and external factors. The internal input included data and information from the company's operations and management, while external input included the views of stakeholders such as investors, customers and industry experts. ESG standards and guidelines such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) were taken into account.

Under the guidance of sustainability experts, a workshop was held on August 17, 2022 with around 30 employees from all Beyond Gravity business areas and sites. In addition to providing input on the materiality analysis, another objective of the workshop was to anchor and broadly support ESG in the company from the outset. Based on the various inputs, the Board of Directors and Executive Board finally decided on the three strategic key topics "Climate change and carbon emissions", "Energy efficiency and sourcing" and "Responsible sourcing". In order to raise employee awareness of ESG, Beyond Gravity has already launched communication campaigns on various ESG topics. Last year, Beyond Gravity launched an energy saving campaign against the backdrop of the current energy crisis.

Our three strategic key topics

Our levers to turn the blue dot green

The results of our materiality analysis have shown that there is still a lot to do in the area of "Environmental" and at the same time we have a lot of potential and opportunities. We are therefore focusing on environmental topics as a first step. These topics are not only relevant for us as a company, but are also important for the industry as a whole, our stakeholders and society. The three strategic key topics are complemented by measures in the areas of social and governance topics.

Key topic 1: Climate change and carbon emissions

Careful management of our environment and climate is one of the three strategic key topics for Beyond Gravity in the coming years. We are focusing primarily (but not exclusively) on reducing carbon dioxide. We consume very few fossil fuels and already obtain most of our energy from renewable energy sources. Nevertheless, as a manufacturing company with 1,600 employees, we have a significant carbon footprint, which we want to further reduce in the years to come. The following levers will make a significant contribution to reducing our CO_2 emissions across the company:

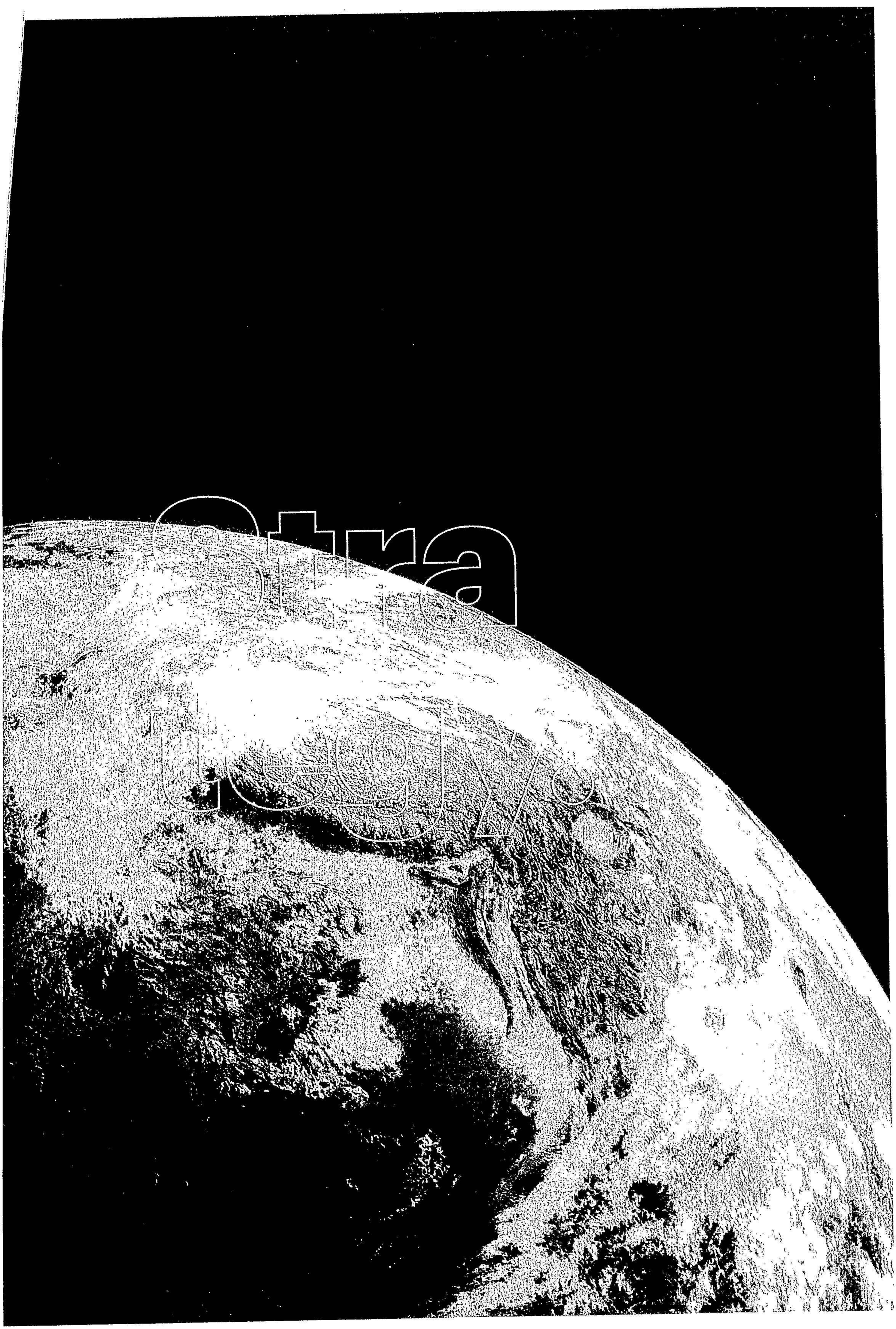
Optimising energy efficiency and sourcing: Optimisation measures in the area of energy consumption will enable us to further reduce energy consumption and thus both directly and indirectly reduce our CO_2 emissions. These can be, for example, measures to improve the building shell, the use of LED lights or the *recalibration of heating and cooling systems. However,* the day-to-day efficient use of energy by our employees also makes a significant contribution to reducing overall energy requirements.

Renewable energy: The aim is to gradually be able to cover our energy needs exclusively through renewable energy. This will enable us to reduce the use of fossil fuels and, consequently, CO_2 emissions.

Supply chain: By far the largest carbon footprint is indirectly caused by our supply chain. The aim is therefore to better monitor and evaluate our suppliers and to work with them on common goals for reducing CO_2.

Switching to public transport, cutting down on business trips, making the workplace more flexible: We want to motivate our employees and create incentives to use public transport to get to work, to reduce unnecessary business trips, to favour rail travel over air travel wherever possible, and to enable working from home wherever it makes sense.

Net Zero: Even though the path to climate neutrality will be challenging, we want to outline the way there in the coming year.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Energy

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Key topic 2: Energy efficiency and sourcing

By otimising energy consumption, we can contribute to alleviating the current energy shortage, reduce CO_2 emissions and at the same time lower our energy costs. The most important drivers in this regard are the following:

Employee behavior: Practical behavior by employees in production, when closing and opening doors and windows, using tools or electric lights, can make a significant contribution to reducing energy consumption overall. Beyond Gravity will use corporate communications and on-site training to raise awareness among employees.

Technical optimisation: Building shells, lights, door opening mechanisms, system operating times or the recalibration of air-conditioning and heating systems can make a significant contribution to reducing our energy needs.

Space optimisation: The reduction in office space through shared offices also helps to cut heating and energy costs in our premises.

Renewable energy: The aim is to gradually be able to cover our energy needs exclusively through renewable energy. This will enable us to reduce the use of fossil fuels and, consequently, CO_2 emissions.

Step by step towards modern, sustainable offices

We are currently renovating our offices in Gothenburg, Linköping and Vienna, and in Zurich we are renting additional space in the Circle at the airport from summer 2023. The result will be attractive open-space offices with flexible workstations that promote cross-functional learning, collaboration and engagement.

The modern offices will help us to reduce heating and energy costs in our premises. In some locations, such as Linköping, there are solar panels on the entire roof of the production area.

1. Visualisationof our new office in Linköping. The renovation will be completed in 2024.

2. "The Circle" building at Zurich Airport. From summer 2023, some of our employees will move into the modern open-plan office.

Key topic 3: Responsible sourcing

It is important for us to work with suppliers who share our sustainability goals. In addition to climate protection measures, we also ensure compliance with all laws and regulations affecting us within the supply chain – for example with regard to human rights, corporate integrity, and health and safety. A software-based monitoring and evaluation solution and a business code of conduct serve as tools for greater transparency.

Supplier commitment: A commitment to our business code of conduct and defined goals from our suppliers form the basis and understanding of ESG materiality issues.

Supplier Monitoring & Assessment: A software-based solution for monitoring and assessing ESG performance data from our suppliers as well as selective additional transparency within our supply chain vis-à-vis our management.

Supplier Development: Accompanying and supporting suppliers in the application of measures plays an important role in the implementation of our ESG ambitions within our supply chain. Supplier development in ESG disciplines will also be taken into account as a competitive advantage in the selection of suppliers.

...and beyond!

The three strategic focal points focus primarily on the "Environmental" area. Of course, as a global company, other social and governance issues are also important to us. The three strategic key topics are therefore complemented by the following measures:

Customer satisfaction

On the pulse of customers and markets
In future, we will measure the satisfaction of our customers on an annual basis, thus creating an important basis for a sustainable customer relationship and the early identification of any weaknesses.

Human rights policy

Consistent compliance with human rights
We attach particular importance to integral compliance with human rights. In this respect, we expect our suppliers to respect the fundamental rights of people at all times in their business activities.

Women in leadership roles

Diversity is our strength
Diversity contributes to a tolerant and open corporate culture and is central to ensuring that different perspectives are incorporated into decision-making processes. Increasing diversity in the company and, as a first step, specifically the proportion of women in management positions, is one of our stated goals.

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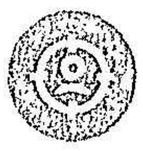


Discrimination Audit & Policy

Zero tolerance of discrimination

Beyond Gravity clearly positions itself against any kind of discrimination. It is therefore important to be aware of forms of discrimination and to examine and implement possible counter-measures.

Expendable materials

Conscious use of consumables

Consumables account for a significant share of waste and disposal management. We can reduce our footprint by increasingly using recycled materials, reusable product solutions or climate-neutral products.

Recycle carbon prepreg

Less waste – more recycling

- Pre-impregnated carbon fibre waste will in future be sent to a specialist supplier so that it can be reused as recycled waste.
- Salvage of payload fairings: Due to the expected significant increase in rocket launches, we want to give our customers the technical possibility in future to track down and dispose of payload fairings that have fallen into the sea.

[illegible]

Our current enterprise risk management system will be expanded in the future to include all major ESG topics and, in the spirit of double materiality, will also take into account risks beyond Beyond Gravity.

[illegible]

In addition to financial and personal targets, an ESG target will in future be included in the bonus awards of the company's executives and managers. In this way, we are improving management's incentives in favour of sustainability.

[illegible]

In future, we will supplement our year-end reporting with extended information on the governance structure with regard to possible conflicts of interest as well as tax-relevant financial key figures.

[illegible]

ESG managers in all countries and divisions form part of an internal ESG network so that ESG implementation is better coordinated internationally and country-specific differences can be taken into account in decision-making.

Austria leads by example

In Austria, we have been committed to the issue of sustainability for more than 20 years now and have received the internationally recognised ISO 14001 certification every year. This confirms that we consistently comply with environmental guidelines and laws and fulfil our ecological responsibility.

Annual targets such as the systematic identification of risks and opportunities or the optimisation of the company's environmental protection through a continuous improvement process are a permanent feature for the environmental management team in Austria. In addition, we continuously set ourselves the target of increasing competitiveness, exploiting potential savings through energy-saving measures and creating more legal certainty and lower environmental risks.

The three strategic key topics that Beyond Gravity has defined comprehensively for the company are already being addressed in Austria. "For example, we had a 'Corporate Carbon Footprint' (CCF) drawn up for the first time in 2017, and next we would like to examine the lifecycle of our thermal protection foils. It makes me proud that we are already on the right track here in Austria and that my work is considered valuable and meaningful," says Bettina Hartmann, Specialist Facility & Environment. Bettina has been with the company since 2000. In her current role, she can draw on over 10 years' experience in the field of sustainability.

We have already successfully implemented the following measures in Austria:

- Switching to electricity from 100% renewable energies
- Continuous energy savings through ongoing technical optimisation of plants and their control, adaptation of processes or the replacement of equipment
- Step-by-step conversion to LED lighting
- Raising awareness for environmentally-friendly behavior among employees, such as switching off appliances at the end of the day and the conscious use of air-conditioning or heating devices in offices and meeting rooms
- Expansion of electromobility: gradual, carefully considered partial conversion to electric cars and the installation of electric charging stations

We have our corporate carbon footprint under control

With the revision of ISO 14001 in 2015 (ISO 14001:2015), the topic of lifecycle assessment was brought into focus and declared as a standard requirement. To comply with the standard requirement, in 2017 we had a corporate carbon footprint drawn up for the first time. To this end, all three scopes of the Greenhouse Gas (GHG) Protocol were used.

Scope 1	**8.89%**
Scope 2	**8.66%**
Scope 3	**82.45%**

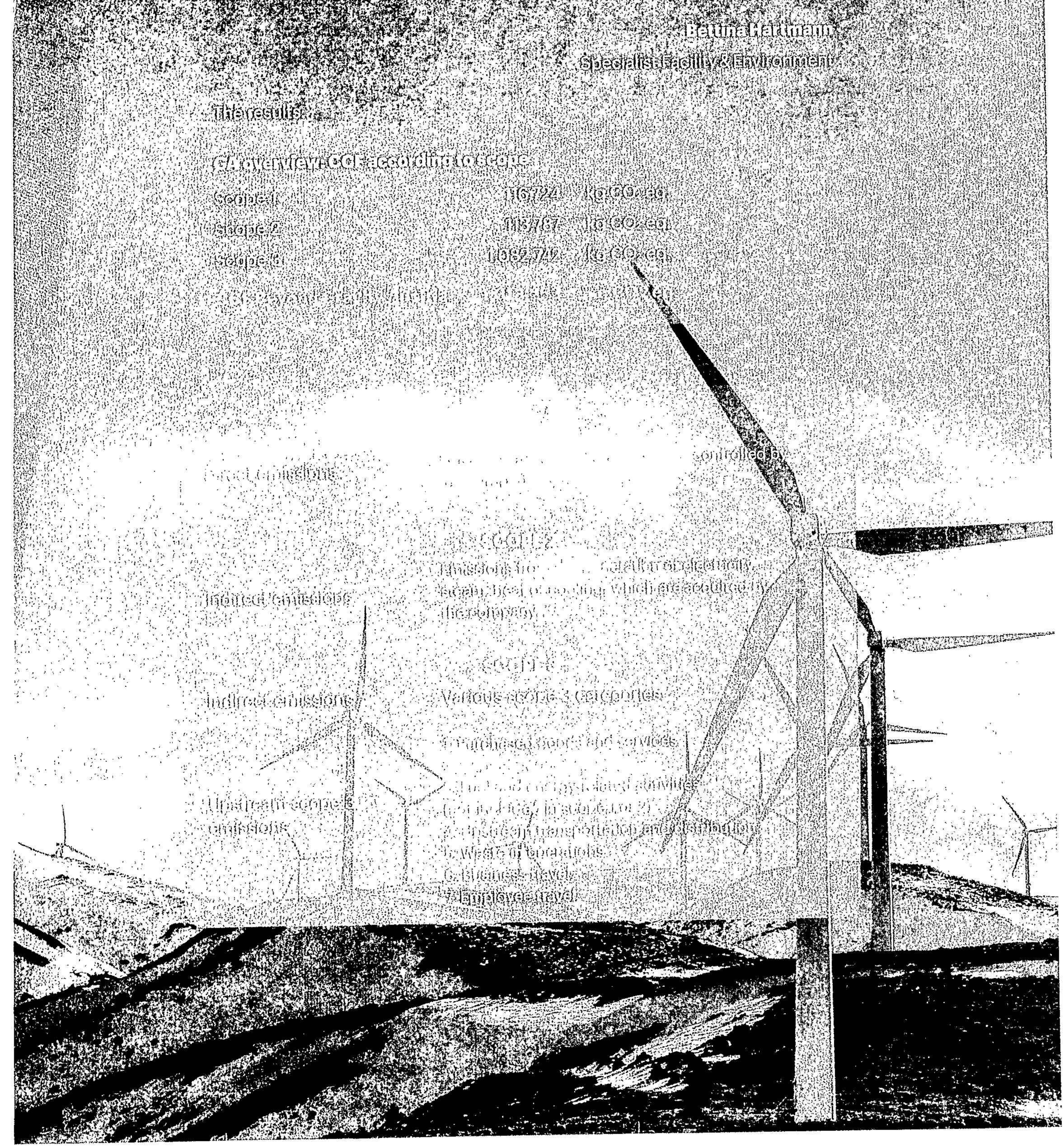
The Corporate Carbon Footprint records all emissions generated by our activities over a year.
I am satisfied with the result for Scope 1 as we source electricity from 100% renewable
energy. The most potential for improvement currently lies in Scope 3, in the area of mobility.
Switching to public transport, reducing business travel and making the workplace more
flexible are measures which will contribute to improving the results in the future.

Bettina Hartmann
Specialist Facility & Environment

The results:

CA overview CCF according to scope

Scope 1	146724	kg CO_2 eq.
Scope 2	115767	kg CO_2 eq.
Scope 3	1582742	kg CO_2 eq.



Production

Post-production

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What's next? Reviewing the life cycle of our thermal protection foils

Interest in the environmental impact of products and services is growing among companies, suppliers, customers and policymakers. One indicator is the product carbon footprint (PCF). It provides information about the total greenhouse gas emissions for which a product is responsible during its life cycle. With relatively little effort, it can be used to identify potential improvements and compare alternatives.

"We not only want to comply with the standards and analyse our corporate carbon footprint, but we also want to make a contribution that creates sustainable added value and take a closer look at individual products. Therefore, as our first project, we are planning on calculating and documenting the environmental impact of the thermal foils which protect satellites from extreme heat and cold in space," says Bettina Hartmann, Specialist Facility&Environment. The aim of the project is to create a product carbon footprint of our thermal foils using the "cradle to the gate" approach. The carbon footprint is expressed in CO_2 equivalents and provides transparent, easy to understand and easily communicable results. The calculation is based on standard ÖNORM EN ISO 14067.

We will take into account the relevant raw materials, auxiliary materials and energy sources. The system boundary begins with the production or extraction of the raw materials, materials and consumer goods, including any relevant transport and ends with the delivery to the customer. This will enable us to communicate the total greenhouse gas emissions of our thermal foils as a key figure to all stakeholders should there be interest and demand.

Furthermore, with this evaluation method we will be able to independently calculate alternative foils in the future. One possible future scenario would be to declare the foils as climate-neutral by means of CO_2 compensation through climate protection projects.

1. The current Galileo system consists of a total of 28 satellites. These are protected from heat and cold in space by our thermal protection foils.

2. Our thermal protection foil protects Europe's mission to Jupiter (Juice) from temperatures of plus/minus 230 degrees Celsius.

Overview of key figures

in CHF m	2022	2021
Order intake	1043.2	1424.3
Order backlog	1013.1	1190.8
Net sales	944.7	1239.9
Operating income	990.8	1276.8
Cost of materials and purchased services	(369.3)	(438.1)
Personnel expenses	(424.7)	(540.7)
Other operating income	189.8	29.2
Other operating expenses	(187.8)	(211.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	198.8	115.6
EBITDA in % of net sales	21.0%	9.3%
Earnings before interest and taxes (EBIT)	177.9	70.2
EBIT in % of net sales	18.8%	5.7%
Net profit	154.3	58.3
Net profit in % of net sales	16.3%	4.7%
Cash flow from operating activities	(64.1)	84.8
Cash flow from investing activities	535.7	(76.6)
Free cash flow	471.6	8.2
Cash flow from financing activities	(2.9)	(59.7)
Equity attributable to the RUAG International shareholder	686.4	502.5
Equity in % of total assets	62.1%	44.9%
Return on equity[1]	26.0%	12.1%
Depreciation, amortisation and impairment	20.9	45.4
Research and development expenses[2]	18.1	27.6
in % of net sales	1.9%	2.2%
Net sales per employee (in CHF thousands)	197	200
Added value per employee (in CHF thousands)	120	126
Employees (FTE) as at 31 December incl. apprentices	2963	6145
Number of employees (average FTE for year, incl. apprentices)	4801	6206
Number of registered shares (nominal CHF 100 or CHF 1000 in the previous year)[3]	2179000	340000
Earnings per registered share[3]	70.80	171.57
Paid dividend per registered share[4]	91.79	0.89
Distribution ratio[3]	129.6%	0.5%
Book value per registered share in CHF[3]	315	1478

[1] Net profit as a percentage of average equity.

[2] Includes the self-financed research and development expenses that were incurred during the year under review at the company's own risk and recognised as expenses.

[3] On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was renamed RUAG International Holding Ltd at the same time. The content of the consolidated financial statements presented corresponds to that of the previous RUAG International Group, both in the year under review and in the comparative period 2021, although BGRB Holding Ltd is the legally surviving company. The number of registered shares and the nominal value of the shares have changed following the merger. The previous year's values were calculated with the previous number of shares from the previous year.

[4] Expected dividend 2022 as proposed by the Board of Directors: CHF 200 million Dividend paid per registered share 2021 calculated with the number of shares 2022.

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Five-year overview[1]

in CHF m	2022	2021	2020	2019	2018
Order intake	1043.2	1424.3	1214.2	1892.7	2220.9
Order backlog	1013.1	1190.8	1168.5	1634.2	1794.1
Net sales	944.7	1239.9	1181.3	2003.1	1998.5
Earnings before interest and taxes (EBIT)	177.9	70.2	(223.8)	(7.4)	105.9
EBIT in % of net sales	18.8%	5.7%	(18.9%)	(0.4%)	5.3%
Net profit (loss)	154.3	58.3	(218.7)	(25.0)	73.6
Net profit (loss) in % of net sales	16.3%	4.7%	(18.5%)	(1.2%)	3.7%
Cash flow from operating activities	(64.1)	84.8	18.8	132.5	176.3
Cash flow from investing activities	535.7	(76.6)	(74.1)	2.8	(82.7)
Free cash flow	471.6	8.2	(55.3)	135.3	93.6
Cash flow from financing activities	(2.9)	(59.7)	(23.8)	(109.3)	(87.5)
Equity attributable to the RUAG International shareholder	686.4	502.5	462.7	1028.5	1022.3
Equity in % of total assets	62.1%	44.9%	36.9%	55.1%	51.2%
Return on equity[2]	26.0%	12.1%	(38.4%)	(2.4%)	7.3%
Research and development expenses[3]	18.1	27.6	26.9	41.6	46.2
in % of net sales	1.9%	2.2%	2.3%	2.1%	2.3%
Employees (FTE) as at 31 December incl. apprentices	2963	6145	6299	9091	9127
Number of employees (average FTE for year, incl. apprentices)	4801	6206	6476	9157	9159

[1] On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was renamed RUAG International Holding Ltd at the same time. The content of the consolidated financial statements presented corresponds to that of the previous RUAG International Group, both in the year under review and in the comparative periods 2018-2021, although BGRB Holding Ltd is the legally surviving company. As at the end of April 2020, the business activities of RUAG MRO Switzerland were transferred to RUAG MRO Holding Ltd under the umbrella of BGRB Holding Ltd with retroactive effect from 1 January 2020 as a result of the RUAG split (unbundling). The MRO Switzerland business segment formed a separate sister group as of 1 January 2020 and has since no longer been included in the consolidated financial statements of RUAG International Holding Ltd. The comparative periods 2018–2020 have not been restated.

[2] Net profit as a percentage of average equity. For the calculation in 2020, the unbundling effect on equity as at 31 December 2019 was taken into account.

[3] Includes the self-financed research and development expenses that were incurred during the year under review at the company's own risk and recognised as expenses.

Consolidated income statement 1 January to 31 December

in CHF m	Note	2022	2021
Net sales	6	944.7	1239.9
Own work capitalised		5.7	5.7
Changes in inventories and work in progress		40.4	31.3
Operating income		990.8	1276.8
Cost of materials and purchased services		(369.3)	(438.1)
Personnel expenses	7	(424.7)	(540.7)
Other operating income	8	189.8	29.2
Other operating expenses	8	(187.8)	(211.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		198.8	115.6
Depreciation and impairment of property, plant and equipment	17	(18.6)	(41.3)
Amortisation and impairment of intangible assets	18	(2.3)	(4.1)
Earnings before interest and taxes (EBIT)		177.9	70.2
Financial income	10	2.9	1.0
Financial expenses	10	(7.0)	(3.7)
Earnings before tax		173.7	67.5
Income taxes	11	(19.4)	(9.2)
Net profit		154.3	58.3
Allocation of net profit:			
Shareholders of RUAG International Holding Ltd		154.3	56.8
Non-controlling interests		–	1.6
Net profit		154.3	58.3

The notes to the consolidated financial statements on pages 54 to 87 form an integral part of the consolidated financial statements.

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Consolidated balance sheet as at 31 December

in CHF m	Note	2022	2021
Cash and cash equivalents	12	570.3	106.1
Current financial assets	13	5.5	3.5
Trade receivables	14	84.2	117.1
Prepayments to suppliers	14	6.5	6.4
Other current receivables	14	8.7	13.7
Tax assets		4.3	9.3
Prepaid expenses and accrued income		17.1	13.4
Inventories and work in progress	15, 16	271.5	500.8
Current assets		968.1	770.4
Property, plant and equipment	17	128.3	307.5
Intangible assets	18	5.7	11.4
Non-current financial assets	13	0.5	0.5
Deferred tax assets	11	3.0	29.5
Non-current assets		137.5	348.9
Total assets		1105.6	1119.3
Current financial liabilities	19	5.7	4.6
Trade accounts payable	20	39.7	55.9
Prepayments from customers	20	147.9	178.5
Other current liabilities	21	15.3	24.5
Tax liabilities		6.3	5.9
Deferred income and accrued expenses	23	113.2	136.6
Current provisions	24	27.5	70.0
Current liabilities		355.5	476.1
Non-current financial liabilities	19	0.2	0.3
Other non-current financial liabilities	22	0.4	0.8
Employee benefit obligations	25	22.7	81.0
Non-current provisions	24	31.1	39.3
Deferred tax liabilities	11	9.2	19.3
Non-current liabilities		63.6	140.6
Share capital	26	217.9	340.0
Capital reserves		578.0	9.5
Retained earnings		8.4	299.3
Offsetting of goodwill		(62.8)	(84.8)
Other reserves		(9.3)	(8.8)
Foreign currency translation adjustments		(45.8)	(52.6)
Equity attributable to the RUAG International shareholder		686.4	502.5
Equity attributable to non-controlling interests		—	—
Total equity		686.4	502.5
Total liabilities and equity		1105.6	1119.3

The notes to the consolidated financial statements on pages 54 to 87 form an integral part of the consolidated financial statements.

Consolidated statement of cash flows, 1 January to 31 December

in CHF m	Note	2022	2021
Net profit		154.3	58.3
Depreciation, amortisation and impairment	17, 18	20.9	45.4
Change in non-current provisions and deferred taxes		(0.5)	(3.6)
Use of non-current provisions		(4.1)	(4.4)
Other non-cash changes		1.1	6.3
Change in net working capital[1]		(109.8)	(18.5)
Gain on disposal of non-current assets incl. investments		(129.0)	(1.0)
Financial income	10	(2.6)	(0.9)
Financial expenses	10	5.6	3.2
Cash flow from operating activities[2]		(64.1)	84.8
Capital expenditures for movable plant and equipment	17	(17.9)	(27.2)
Capital expenditures for immovable property, plant and equipment	17	(18.0)	(8.8)
Capital expenditures for intangible assets	18	(4.8)	(4.3)
Acquisition of business operations	4	(1.8)	—
Disposal of plant and equipment		0.1	0.6
Disposals of property, plant and equipment		0.2	4.7
Disposal of intangible assets		—	0.0
Disposal of investments less cash and cash equivalents disposed of	4	578.0	(41.6)
Cash flow from investing activities		535.7	(76.6)
Free cash flow		471.6	8.2
BGRB merger[3]		2.1	—
Decrease in financial assets		0.1	0.9
Repayment of current financial liabilities		(0.2)	(56.5)
Financial income received		2.6	0.9
Financial expenses paid		(5.6)	(3.2)
Dividends paid to shareholders		(1.9)	(1.9)
Cash flow from financing activities		(2.9)	(59.7)
Change in cash and cash equivalents before foreign currency translation adjustments		468.7	(51.5)
Cash and cash equivalents at beginning of period		106.1	158.5
Foreign currency translation adjustments in respect of cash and cash equivalents		(4.5)	(0.8)
Cash and cash equivalents at end of period		570.3	106.1

[1] Excludes current financial assets, current financial liabilities and other non-current liabilities.

[2] Including income taxes of CHF 1.7 million paid in the year under review (previous year: CHF 10.4 million).

[3] On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was renamed RUAG International Holding Ltd at the same time.

The notes to the consolidated financial statements on pages 54 to 87 form an integral part of the consolidated financial statements.

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Consolidated statement of changes in equity

in CHF m	Share capital	Capital reserves	Retained earnings	Offsetting of goodwill	Other reserves	Foreign currency translation adjustments	Attributable to the RUAG International shareholder	Attributable to non-controlling interests	Total equity
Balance as at 1 January 2021	340.0	9.5	244.5	(84.8)	(3.5)	(42.9)	462.7	(1.3)	461.4
Net profit	—	—	56.8	—	—	—	56.8	1.6	58.3
Recognised in profit or loss due to disposal[1]	—	—	—	—	—	(2.7)	(2.7)	(0.2)	(2.9)
Change in fair value of cash flow hedges	—	—	—	—	(4.8)	—	(4.8)	—	(4.8)
Gains and losses from cash flow hedges transferred to profit or loss	—	—	—	—	(0.5)	—	(0.5)	—	(0.5)
Foreign currency translation adjustments of foreign subsidiaries	—	—	—	—	—	(7.0)	(7.0)	(0.0)	(7.0)
Dividends paid	—	—	(1.9)	—	—	—	(1.9)	—	(1.9)
Balance as at 31 December 2021	340.0	9.5	299.3	(84.8)	(8.8)	(52.6)	502.5	—	502.5
Balance as at 1 January 2022	340.0	9.5	299.3	(84.8)	(8.8)	(52.6)	502.5	—	502.5
BGRB merger[2]	(122.1)	570.4	(445.2)	—	—	—	3.1	—	3.1
Net profit	—	—	154.3	—	—	—	154.3	—	154.3
Recognised in profit or loss due to disposal[1]	—	—	—	22.1	—	19.2	41.2	—	41.2
Change in fair value of cash flow hedges and losses	—	—	—	—	(14.7)	—	(14.7)	—	(14.7)
Gains and losses from cash flow hedges transferred to profit or loss	—	—	—	—	14.3	—	14.3	—	14.3
Foreign currency translation adjustments of foreign subsidiaries	—	—	—	—	—	(12.3)	(12.3)	—	(12.3)
Dividends paid	—	(1.9)	—	—	—	—	(1.9)	—	(1.9)
Balance as at 31 December 2022	217.9	578.0	8.4	(62.8)	(9.3)	(45.8)	686.4	—	686.4

[1] The cumulative translation differences as well as minority interests were derecognised from equity and form part of the gain on disposal.

[2] On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was renamed RUAG International Holding Ltd at the same time.

In the year under review, a dividend of CHF 1.9 million (previous year: CHF 1.9 million) was paid to the shareholder of RUAG International Holding Ltd. This corresponds to a dividend per share of CHF 0.89 (previous year CHF 0.87) taking into account the number of shares after the merger and CHF 5.68 (previous year CHF 5.59) taking into account the number of shares before the merger.

The notes to the consolidated financial statements on pages 54 to 87 form an integral part of the consolidated financial statements.

This financial report is a translation of the original German version. In case of any inconsistency the German version shall prevail.

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

RUAG International Holding Ltd is a Swiss joint-stock company headquartered in Bern and wholly owned by the Swiss Confederation. RUAG International Holding Ltd and its subsidiary companies (hereinafter referred to as "RUAG International") focus on the international aerospace and defence businesses with goods and services in the military and civil sectors. RUAG International is bound by the owner's strategy of the Swiss Federal Council.

Relationship with the Swiss Confederation

The Swiss Confederation is the sole shareholder of RUAG International Holding Ltd. Under the terms of the Federal Act on State-Owned Defence Companies, any disposal of the capital or voting majority of the Swiss Confederation to third parties requires the approval of the Federal Assembly. 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. Details of transactions with the Swiss Confederation are given in Note 31.

2 Summary of significant accounting policies

In 2020, an unbundling process took place in which RUAG was split into two sister companies, RUAG International and RUAG MRO Holding Ltd. Since then, BGRB Holding Ltd has been the parent company of the two sister companies. Until 8 June 2022, RUAG International Holding Ltd was wholly owned by BGRB Holding Ltd, in which the Swiss Confederation was the sole shareholder.

On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was simultaneously renamed RUAG International Ltd.

The content of the consolidated financial statements presented corresponds to that of the former RUAG International group, both in the reporting year and in the previous period, although BGRB Holding Ltd is the legally surviving company. This approach is intended to enable meaningful financial reporting.

The narrow interpretations of the provisions of Swiss company law, according to which the consolidated financial statements of the former BGRB Holding Ltd would have to be presented, were thus not taken into account in favour of meaningful consolidated financial statements.

2.1 Basis of preparation

RUAG International's consolidated financial statements have been prepared in accordance with the guidelines of the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER). Certain provisions of Swiss GAAP FER 31 "Additional recommendations for listed companies" have also been applied. These provisions contain recommendations regarding income tax, financial liabilities and segment reporting. Furthermore, the provisions of Swiss company law were complied with, with the exception of the presentation of the previous year, as explained above. The reporting period covers twelve months and corresponds to the calendar year.

The consolidated financial statements are presented in Swiss francs (CHF). The balance sheet is structured according to maturities.

Current assets include assets that
- are realised within 12 months after the balance sheet date, or are sold, 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
- for which a cash outflow is probable within the scope of operational activities, or
- that are held for trading purposes.

All other liabilities are non-current liabilities.

The 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 recognised 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 management's latest knowledge of current developments and events, the actual results may differ. Exceptionally complex areas, or areas where more extensive use of estimates and assumptions is necessary or where assumptions and estimates have a material impact on the consolidated financial statements, are presented in Note 3.

Unless otherwise indicated, all amounts are in millions of Swiss francs. Please note that the use of rounded figures and percentages may result in differences due to commercial rounding.

2.2 Explanation of key figures not defined in Swiss GAAP FER

The operating income sub-total shown separately on the income statement includes all operating income, own work capitalised including changes in inventories and work in progress.

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EBITDA corresponds to earnings before interest and taxes (EBIT) before depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets and is reported separately in the 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 statement of cash flows.

These three figures are key performance indicators for RUAG International and are therefore shown separately.

2.3 Principles and scope of consolidation

RUAG International's annual consolidated financial statements include subsidiaries where RUAG International 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 International 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 associates are consolidated with effect from the date of their acquisition, and eliminated from the consolidated financial statements in the event of a loss of control. Changes to investments in subsidiary companies are recognised as equity transactions insofar as these subsidiary companies were previously controlled and continue to be controlled. All intra-Group receivables, liabilities, expenses and income, as well as unrealised 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.

Investments where RUAG International does not exercise significant influence (less than 20% of the voting rights held directly or indirectly) are stated at historical cost less any valuation allowances and shown under "Non-current financial assets".

An overview of all significant subsidiaries and minority interests is provided in Note 35.

The key consolidation and accounting principles were applied unchanged from the previous year.

2.4 Foreign currency translation

RUAG International Holding Ltd's consolidated financial statements are presented in Swiss francs (CHF), the functional currency of RUAG International Holding Ltd.

Transactions in foreign currencies are translated into the functional currency of the Group companies at the exchange rate at the transaction date. At the end of the reporting period, foreign-currency receivables and liabilities (monetary items) are translated at the exchange rate at the end of the reporting period, while non-monetary items measured at fair value or cost in a foreign currency are translated into the functional currency at the rate at the date of the fair value measurement or the rate at the transaction date. The resulting exchange differences are recognised in profit or loss, with the exception of exchange differences arising from effective cash flow hedges or net investments in foreign subsidiaries, which are recognised directly in equity.

The assets and liabilities of subsidiaries whose functional currency is not the Swiss franc are translated into Swiss francs on consolidation at the exchange rate applicable at the end of the reporting period. The income statement, cash flow statements and other fluctuating items are translated at the average exchange rate for the reporting period. Exchange differences arising from the conversion of the annual statements of subsidiaries are recognised directly in consolidated equity and reported separately as cumulative foreign currency translation adjustments. In the event of disposal of a foreign subsidiary, the cumulative foreign currency translation adjustments previously recognised in equity are transferred to the income statement as a component of the gain or loss on disposals.

Differences arising in the reporting period on translation of equity and non-current intra-Group financial transactions related to net investments in foreign operations, in addition to retained earnings and other equity items, are recognised in the cumulative foreign currency translation adjustments in equity.

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

Exchange rates

Currency		Unit	Annual average 2022	End-of-year rate 2022	Annual average 2021	End-of-year rate 2021	Annual average 2020	End-of-year rate 2020
Euro	EUR	1	1.01	0.99	1.08	1.03	1.07	1.08
Swedish krona	SEK	100	9.47	8.86	10.66	10.08	10.21	10.76
US dollar	USD	1	0.95	0.92	0.91	0.91	0.94	0.88
Hungarian forint	HUF	100	0.26	0.25	0.30	0.28	0.31	0.30

2.5 Cash and cash equivalents
Cash and cash equivalents comprise cash and 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 at the balance sheet date. This definition is also used for the statement of cash flows. Cash and cash equivalents are recognised at amortised cost.

2.6 Current 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.

2.7 Receivables and prepayments
Trade receivables and prepayments are recognised at amortised cost less valuation allowances for doubtful receivables. 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 comprise specific valuation allowances for specifically identified items where there is objective evidence that the outstanding amount will not be received in full, and global valuation allowances. The global valuation allowances are based on historical experience. Receivables and prepayments judged to be non-recoverable are charged to profit or loss as "Other operating expenses".

2.8 Inventories and work in progress
Inventories and work in progress are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase and conversion, including pro rata production overheads. All foreseeable exposures to loss from work in progress are accounted for by recognising 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. Impairment losses are reported for hard-to-sell or slow-moving inventories. Non-saleable inventories are written off in full.

Long-term construction and service contracts are measured according to the percentage of completion method. When the conditions are satisfied, work in progress and sales are recognised by reference to the stage of completion. Long-term construction contracts are defined as manufacturing or service orders where completion of the order extends over a longer period, calculated from the time the order is awarded to the time it is essentially completed.

The stage of completion is derived from the relationship between the costs incurred by the order and the overall estimated cost of the order (cost-to-cost method). Losses from long-term construction and service contracts are recognised immediately and in full in the financial year in which the losses are identified, irrespective of the stage of completion. Order costs and pro rata profits from long-term construction and service contracts which are measured using the percentage of completion method are shown as work in progress (percentage of completion) as a component of inventories and work in progress. They are stated at cost plus a pro rata profit that corresponds to the stage of completion achieved.

In the Space business segment, the milestone method is applied to a large extent. Here, project milestones are defined on the basis of individual customer contracts; upon reaching these milestones, services performed are invoiced to the customer and sales and income are realised on a pro rata basis.

If the outcome of long-term construction and service contracts cannot be estimated reliably, sales are only recognised to the extent of contract costs incurred that are likely to be recoverable (recoverable cost method). Contract costs are recognised when incurred unless they give rise to an asset that is linked to future activity on the contract. Any expected loss on a contract is expensed immediately. Semi-finished products and services in progress are stated under "Inventories and work in progress".

Sales from services provided are recognised in the income statement on the basis of the stage of completion at the end of the reporting period.

2.9 Property, plant and equipment
Property, plant and equipment are recognised at cost less accumulated depreciation and impairment. Repair and maintenance costs are stated as an expense. Major renovations and other value-enhancing costs are capitalised and depreciated over their estimated useful life. The carrying amount of replaced parts is derecognised. Items are depreciated on a straight-line basis, with the exception of land, which is not depreciated and is recognised at cost.

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

Class	Useful life in years
Plant and equipment	5 to 12
Fixtures and fittings	10
Information technology	3 to 5
Motor vehicles	5 to 10
Aircraft	10 to 15
Buildings (operating properties)	20 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 Government grants
Government grants related to assets are recognised in the balance sheet at fair value as deferred income. Government grants are then recognised in profit or loss as other income on a straight-line basis over the useful life of the assets.

2.11 Leases
Leased assets where the benefits and risk arising from ownership are essentially transferred to RUAG International are recognised at the lower of the fair value/market value of the leased asset and

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the cash value of the future lease payments. Correspondingly, the estimated net present value of future, non-cancellable lease payments is carried under liabilities from finance leases. Assets under finance leases are amortised on a straight-line basis over the shorter of their estimated useful life or the duration of the lease. All other lease transactions are classified as operating leases. RUAG International currently only has operating leases.

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

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

Class	Useful life in years
Patents and developments	5 to 15
Trademarks and prototypes	3 to 8
ERP systems	3 to 5
Licences and rights	1 to 10
Order backlog and customer relationships	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 recognised at the fair value of the consideration at the transaction date. Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised in the balance sheet at their acquisition-date fair value, irrespective of the extent of any non-controlling interest. Transaction costs are recognised as expenses in profit or loss. The acquisition costs exceeding the net assets recognised at fair value (goodwill) are offset against equity at the time of acquisition. If the purchase price contains elements that depend on future events, these are estimated and recognised as accurately as possible at the time of acquisition. If, when the purchase price is definitively calculated at a later date, there are any differences, the effect is recognised in the income statement under "Other operating income or expenses". The impact of the goodwill being theoretically capitalised (acquisition cost, residual value, useful life, amortisation) and any potential impairment are shown in the notes. Any negative difference is recognised directly in profit or loss after being reviewed. In the event of a company being sold, the goodwill previously recorded under equity will be booked out and then recognised in the income statement as a component of the gain or loss on disposals.

2.13 Research and development expenses
Research expenses are not capitalised and are expensed as incurred. RUAG International examines the capitalisation of development costs on a case-by-case basis. Development costs are only recognised 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. Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

2.14 Impairment
Impairment of assets, in particular property, plant and equipment and intangible assets The recoverable amount of property, plant and equipment, intangible assets and the goodwill recognised and disclosed in the notes is reviewed whenever changes in circumstances or events indicate that the carrying amount may be overestimated. Where there is an indication of a possible overestimate, the Group measures the fair value on the basis of expected future cash flows from use and eventual sale, minus any cost of disposal. Where the carrying amount exceeds the higher of fair value less costs to sell and value in use, an impairment loss equivalent to the difference is recorded (this does not apply to goodwill). As goodwill is offset against equity at the time of acquisition, any impairment of the goodwill is not charged to the income statement, but is only disclosed in the notes. The impairment assessment is based on the smallest group of assets for which independent cash generating units are identifiable. The estimation of future discounted cash flows is based on the forecasts and assumptions of the management. Accordingly, the actual cash flows generated may differ from these estimates.

2.15 Financial liabilities
Financial liabilities are recognised at nominal value.

2.16 Trade accounts payable and prepayments
Trade accounts payable and prepayments are recognised at nominal value.

2.17 Deferred income and accrued expenses
Deferred income and accrued expenses contain expenses incurred during the reporting period for which supplier invoices are yet to be received, as well as income received in advance that relate to future periods and bonus accruals. The valuation is carried out at nominal value.

2.18 Provisions
Provisions are recognised where:
- RUAG International has a present legal or constructive obligation due to a past event;
- 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 restructuring Costs arising in connection with restructurings are treated as an expense when management has decided on a plan from which a constructive liability has arisen and the amount of this liability can be estimated reliably. The costs of redundancy plans are treated as an expense at the time of the management's decision, provided that a probable

liability has arisen and the amount of this liability can be estimated reliably.

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 recognised based on the sales revenue to which warranty obligations relate and the goods and services provided in the past.

Provisions for leave and overtime credits Employees' entitlements to leave and overtime credits are calculated at the end of the reporting period and accounted for on an accrual basis.

2.19 Employee benefit obligations

In accordance with the corresponding national provisions, RUAG International offers pension plans for its employees. These are primarily institutions and foundations that are financially independent from the Group. They are usually 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 (Swiss plans) and the applicable country-specific methods (foreign plans).

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

- to use the excess 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 recognised if the conditions for creating a provision are met under Swiss GAAP FER 23. This is recognised under employee benefit obligations.

Changes to an economic benefit or liability are recognised 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.

2.20 Other long-term employee benefits

Other long-term employee benefits include long-service awards. These are calculated using the projected unit credit method and are reported in the item "Provisions for loyalty bonuses and anniversary benefits".

2.21 Current and deferred income taxes

Income taxes include all current and deferred taxes which are related to profit. They are recognised in profit or loss except to the extent that they relate to a business combination or to an item recognised directly in equity. Taxes which are not based on income, such as taxes on real estate and capital, are recognised 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 at the balance sheet date, and any adjustments to the tax liability in respect of prior periods.

Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base. Deferred taxes are not recognised for:

- temporary differences when recognising 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, 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 concerned are expected to be realised or settled. In this regard, tax rates apply that are applicable or are announced as at the balance sheet date. Deferred taxes are included in non-current assets (deferred tax assets) or non-current liabilities (deferred tax liabilities). They are netted if it is legally permissible to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority. Deferred tax assets for unused tax losses and deductible temporary differences are recognised to the extent that it is likely that there will be future profits against which they can be used. The tax rates are based on the actual and expected tax rates to apply at the legal entities in question.

2.22 Equity

Share capital The share capital is the nominal capital comprising all registered shares that have been issued.

Capital reserves This item consists of the capital paid in that exceeds the par value (less transaction costs) as well as any grants or contributions from shareholders in their capacity as shareholders.

Retained earnings Retained earnings primarily include the subsidiaries' accumulated earnings that were not distributed to shareholders. The appropriation of available earnings is subject to local legal restrictions.

Offsetting of goodwill This item consists of the goodwill from acquisitions that is offset directly against equity at the time of acquisition.

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Other reserves Other reserves primarily comprise the effective portion of the cumulative net changes in the fair value of hedging instruments used to hedge cash flows.

Foreign currency translation adjustments This item consists of the difference that arises when assets, liabilities, income and expenses of subsidiaries whose functional currency is not the Swiss franc are translated into Swiss francs.

2.23 Revenue recognition

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

Long-term contracts Net sales for the period comprise "invoiced sales" plus "change in contracts under the percentage of completion method". "Invoiced sales" comprise accrued or invoiced amounts for goods and services already provided in the period, while "change in contracts under the percentage of completion method" includes the goods and services already provided under current construction and service contracts and measured using the percentage of completion method.

Rendering of services Sales from the rendering of services are determined on the basis of either time and material or a fixed price contract.

Sales from fixed price agreements are measured using the percentage of completion method when both the full costs incurred up to completion of the order and the stage of completion at the end of the reporting period can be reliably determined. The stage of completion is derived from the relationship between contract costs incurred and the total estimated cost of the order (cost-to-cost method) or using the milestone method (Space business segment). If the proceeds of a construction contract cannot be reliably measured, sales are recognised only to the extent of the potentially recoverable costs incurred by the contract recognised as an expense in the relevant period. Contributions from third parties arising from contract development work are recognised as sales and assigned to the period in which the corresponding development costs are incurred.

Sale of goods Sales from the sale of goods are stated at the time of delivery or performance, i.e. when the relevant significant risks and rewards of ownership are transferred to the buyer.

Other income Other income, such as rental income and interest income, is stated on a time-proportionate basis. Dividend income is recognised once legal entitlement to payment has arisen.

2.24 Segment information

Reportable operating segments are determined on the basis of the management approach. External segment reporting is then carried out in accordance with RUAG's organisational and management structure as well as internal financial reporting to RUAG International's Chief Operating Decision Maker, the CEO. Reporting is broken down according to the "Space", "Aerostructures", "MRO International" and "Ammotec" business segments. In addition, the reporting includes the area "Other segments", which comprises central services such as real estate management (location Zürich Seebach), IT and RUAG International's corporate units.

Unrealised gains or losses may be incurred as a result of services or disposal of assets between the individual segments. These are eliminated and stated in the segment information in the "Elimination" column.

Net assets comprise trade receivables, advance payments to suppliers, other current receivables, tax receivables, prepaid expenses, inventories and work in progress, property, plant and equipment, and intangible assets less trade payables, advance payments from customers, other current liabilities, tax liabilities, deferred income and current and non-current provisions. The investments of the segments contain additions to property, plant and equipment and other intangible assets.

Space business segment
With a broad international customer base, Beyond Gravity (formerly RUAG Space) is the leading supplier of products for the space industry in Europe and has a growing presence in the United States as well. With 12 production sites in six countries, the division specialises in high-performance products for use on board satellites and other spacecraft as well as launch vehicles. The competence is divided into three divisions: payload fairings and separation systems for launch vehicles (Launchers division), Mechatronics, electronics application and payload solutions (Satellites division), Actuator manufacturing for semiconductor lithography production (Lithography division). These divisions represent the most important sources of revenue.

Aerostructures business segment RUAG Aerostructures is a globally active tier 1 supplier manufacturing aircraft for civil and military customers. Key activities include the development, production and final assembly of complete fuselage sections, wing and control surface components as well as sophisticated

component assemblies and parts for civil and military aircraft. The segment also provides services in the field of surface treatment. Among other things, it is responsible for the complete global fuselage section supply chains for Airbus. The main sources of earnings are the sale of aerostructures and of complex assemblies and components.

MRO International business segment RUAG MRO International developed and operated simulation and training facilities for international armed forces. The business segment was also active as a supplier, support provider and integrator of systems for military aviation in Australia. The main sources of earnings were maintenance and life extension services as well as the sale of systems and subsystems. The activities of the MRO International division were sold in 2022. Further information regarding the sales can be found in note 4.

Ammotec business segment With its Armed Forces & Law Enforcement, Hunting & Sports and Industry business units, RUAG Ammotec was the European market leader in small-calibre ammunition, pyrotechnic elements and components. Its precision ammunition for special forces were in high demand worldwide. The business segment was also the leader in heavy-metal-free primer technologies as used in actuator cartridges in the construction industry and automotive safety system applications. The product range also included large-calibre training systems, hand grenades and environmentally safe disposal of pyrotechnic products. The main sources of earnings were the sale of ammunition as well as the components business for industrial purposes. The Ammotec division was sold in 2022. Further information regarding the sale can be found in note 4.

2.25 Related party transactions

RUAG International produces defence equipment in the field of ammunition for the Swiss Federal Department of Defence, Civil Protection and Sport (DDPS). The procurement contracts awarded by the DDPS for defence 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. In the reporting period, services were purchased from the sister group RUAG MRO Holding Ltd, for example in the form of renting business premises, and services were provided on a smaller scale to the sister group.

2.26 Derivative financial and hedging instruments

Derivative financial instruments are measured at fair value. The way in which the gain or loss is measured depends on whether the instrument is used for the purpose of hedging a specific risk and whether the conditions for hedge accounting are met. The objective of hedge accounting is to ensure the change in value of the hedged item and hedge instrument is included in the income statement at the same time.

When concluding a hedge transaction, the Group documents the relationship between hedging instruments and hedged items, as well as the purpose and strategy of the hedge. The process also involves linking all hedging derivatives with specific assets and liabilities, or firm commitments and forecasted transactions. At inception as well as during the life of the hedge, the Group documents the extent to which the derivatives used for the hedge offset the change in fair value of the hedged item. When a contract is concluded, a derivative instrument is defined as

- a hedge on the change in the fair value of a recorded asset or a liability (fair value hedge), or as
- a hedge on cash flows from a forecasted transaction or firm commitment (cash flow hedge), or as
- a hedge on a net investment in a foreign operation.

Changes in the fair value of foreign exchange hedging instruments that are used to hedge the cash flows from a forecasted transaction or firm commitment and that offer an effective hedge are recognised as cash flow hedges. These instruments are measured at fair value; the effective portion of the change in fair value of the foreign exchange hedging instrument is recognised in equity and separately disclosed under "Other reserves". The ineffective portion is recognised in profit or loss in the income statement under "Other operating expenses". Upon occurrence of the underlying transaction, the relevant hedging instrument is reclassified from equity to the income statement. Commodity price hedging instruments are recognised at their positive or negative replacement value as at the balance sheet date and are disclosed in the notes.

Currently, RUAG International has only hedges on cash flows from forecasted transactions or firm commitments (cash flow hedge).

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3 Significant judgements and sources of estimation uncertainty in the application of the accounting policies

The preparation of the consolidated financial statements depends on assumptions and estimates associated with the accounting policies where management judgement is used to a certain extent. The application of accounting policies in the consolidated financial statements requires certain forward-looking estimates and assumptions to be made that may have a significant effect on the reported amounts of assets, liabilities, income and expenses and the related disclosures. The estimates and assumptions used in recognition and measurement are based on historical experience and other factors that are believed to be reasonable under the circumstances. The following items involve significant estimates and assumptions:

Inventories and work in progress The current value of inventories and work in progress is reassessed periodically. This involves classifying the individual items in terms of inventory sales ratios and valuing them accordingly. The carrying amount of inventories and work in progress as well as valuation allowances are explained in Note 15 "Inventories and work in progress".

Long-term construction and service contracts and manufacturing agreements Estimates with a significant effect are used as the basis for the measurement of long-term construction and service contracts using the percentage of completion method. Although the estimates, such as the projects' stage of completion and estimated contract costs, are made to the best of management's knowledge about current events and possible future measures, actual outcomes may ultimately differ from these estimates. Please also refer to the explanations in Note 16 "Percentage of completion" and Note 24 "Provisions".

Property, plant and equipment and intangible assets Property, plant and equipment and intangible assets are reviewed annually for indications of impairment. If there are indications that these assets are overvalued, an estimate is made of the future cash flows expected to result from the utilisation of these assets or their possible disposal. Actual cash flows may differ from the discounted future cash flows based on these estimates. Factors such as changes in the planned use of property, plant and equipment, site closures, technical obsolescence or lower-than-forecasted sales of products, the rights to which have been recognised, may shorten the estimated useful life or result in impairment. The carrying values of property, plant and equipment and intangible assets are disclosed in Note 17 "Property, plant and equipment" and Note 18 "Intangible assets".

Provisions As part of their ordinary business operations, Group companies are exposed to various risks. These are continuously assessed and provisions are set aside accordingly in light of the available information on the basis of the cash flows that can realistically be expected. For example, provisions for warranties are determined on the basis of empirical values and provisions for litigation by means of a legal assessment. The carrying values of such provisions are disclosed in Note 24 "Provisions".

Deferred income taxes Deferred tax assets are recognised based on management's judgement. Deferred tax assets are only recognised for tax loss carryforwards if it is probable that they can be used. Their use depends on the ability to generate future taxable profits that can be offset against existing loss carryforwards. An assessment as to the probability of their future use requires estimates of various factors such as future earnings. If actual amounts differ from the estimates, this may result in a change in the assessment of the deferred tax assets' recoverability. The carrying values of current and deferred tax assets and liabilities are disclosed in the consolidated balance sheet and Note 11 "Income taxes".

4 Newly established companies, mergers, disposals of subsidiaries and business units, acquisitions

Newly established companies No new companies were founded in the year under review.

As at 27 May 2021, Beyond Gravity Ltd was formed, domiciled in Emmen (Switzerland). The aim of this company was to secure the company name "Beyond Gravity" with a view to the rebranding of the Space business segment carried out in spring 2022. The company was renamed RUAG Aerostructures Switzerland Ltd at the end of April 2022. Beyond Gravity Switzerland Ltd (formerly RUAG Switzerland Ltd) transferred its aerostructures activities to RUAG Aerostructures Switzerland Ltd by means of a contribution in kind as at 1 January 2022.

RUAG Ammotec Denmark ApS, based in Randers (Denmark), was founded on 20 August 2021. The aim of this company, which was sold in the year under review, was to expand RUAG Ammotec's business potential in Denmark.

The activities of the newly established companies had no material impact on RUAG International's consolidated financial statements prior to the transfer of the Aerostructures activities or until their sale.

Mergers RUAG International Holding Ltd was wholly owned by BGRB Holding Ltd, domiciled in Bern (Switzerland), until 8 June 2022. On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the owner (the Swiss Confederation) as a dividend in kind and subsequently merged with RUAG International Holding Ltd with retroactive effect from 1 January 2022. The acquiring company, BGRB Holding Ltd, changed its name to RUAG International Holding Ltd at the same time.

Disposals of subsidiaries and business units

Simulation and Training (MRO International business segment) On 30 April 2022, the Simulation & Training business unit with the companies RUAG Simulation & Training Ltd, RUAG Holding France SAS, RUAG Defence France SAS, RUAG Defence Deutschland GmbH, RUVEX AG and RUAG Simulation Company LLC, was sold to Thales S.A. in France. In the year under review until 30 April 2022, the Simulation & Training business generated sales of CHF 23.8 million and a negative EBIT of CHF 4.4 million.

Ammotec business segment On 31 July 2022, the Ammotec business segment was sold to Beretta Holding S.p.A. The Ammotec business segment included the companies RUAG Ammotec Ltd (CH), RUAG Ammotec Switzerland Ltd (CH), RUAG Ammotec Deutschland GmbH (DE), RUAG Ammotec GmbH (DE), RUAG Ammotec Italia s.r.l. (IT), Stadeln Genehmigungshaltergesellschaft GmbH (DE), RUAG Industrie e Comercio de Municoes Ltda (BR), RUAG Hungarian Ammotec Inc. (HU), Norma Precision AB (SE), RUAG Ammotec USA Inc. (US), RUAG Ammotec UK Ltd. (GB), RUAG Ammotec France S.A.S. (FR), RUAG Ammotec Austria GmbH (AT), RUAG Ammotec Benelux BVBA (BE), VS Medien GmbH (DE), Gyttorp AB (SE), RUAG Ammotec Sweden AB (SE), Gyttorp Cartridge Company AB (SE), RUAG Ammotec Finland OY (FI) and RUAG Ammotec Denmark ApS (DNK). In the reporting period up until the time it was sold, the Ammotec business segment generated sales of CHF 307.9 million and EBIT of CHF 58.5 million.

RUAG Australia Pty Ltd On 31 August 2022, RUAG Australia Pty Ltd was sold to ASDAM Operations Pty Ltd. In the reporting period until 31 August 2022, RUAG Australia Pty Ltd generated sales of CHF 14.2 million and a negative EBIT of CHF 3.9 million.

RUAG Aerospace Services GmbH On 28 February 2021, RUAG Aerospace Services GmbH was sold to General Atomics Europe GmbH. By the time it was sold, RUAG Aerospace Services GmbH generated sales of CHF 11.9 million and a negative EBIT of CHF 2.9 million.

RUAG Aviation Malaysia Sdn Bhd On 14 June 2021, RUAG Aviation Malaysia Sdn Bhd was sold to Global Systémes Asia Sdn Bhd. By the time it was sold, RUAG Aviation Malaysia Sdn Bhd generated sales of CHF 0.4 million and a negative EBIT of CHF 0.1 million.

Machining business unit On 30 September 2021, the machining business of Beyond Gravity Switzerland Ltd was sold to fitINDUSTRY Emmen AG as part of an asset deal. This unit did not generate any material third-party sales or earnings contributions until the date of sale.

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Disposals of subsidiaries and business units in the year under review and in the previous year had the following effects on net sales and EBIT at RUAG International:

Net sales and EBIT of discontinued operations

in CHF m	2022	2021
Net sales	346.0	12.2
EBIT	50.2	(3.1)

The disposals of assets and liabilities associated with the sales made in the year under review and in the previous year and the corresponding cash inflows/outflows are summarised in the following table:

Spin-off assets and liabilities

in CHF m	2022	2021
Current assets	500.2	161.6
Non-current assets	205.1	8.7
Current and non-current liabilities	(232.2)	(155.6)
Total spin-off assets and liabilities	473.1	14.8

Net cash inflow/outflow

in CHF m	2022	2021
Consideration received in the form of cash	651.0	43.6
Cash and cash equivalents sold	(73.0)	(85.2)
Total net cash inflow/outflow	578.0	(41.6)

Acquisitions

Machining business unit RUAG Aerostructures Switzerland Ltd acquired the Machining business unit from fitINDUSTRY Emmen AG as part of an asset deal on 6 October 2022.

Effects from acquisitions of companies The acquisitions of assets and liabilities associated with the acquisition made in the year under review and the corresponding cash outflows are summarised in the following tables:

Assets acquired and liabilities assumed from acquisitions of companies

in CHF m	2022	2021
Current assets	0.3	—
Non-current assets	2.0	—
Current and non-current liabilities	(0.8)	—
Total acquired assets and liabilities	1.5	—

Net cash outflow from acquisitions of companies

in CHF m	2022	2021
Considerations paid in cash	(1.8)	—
Cash and cash equivalents acquired	—	—
Total net cash outflow	(1.8)	—

Segment information

in CHF m

	Space		Aerostructures		MRO International	
	2022	2021	2022	2021	2022	2021
Order intake – third parties	438.6	442.3	263.2	241.2	43.8	149.8
Order backlog – third parties	744.3	675.0	268.8	225.1	—	147.3
Net sales with third parties	355.5	318.3	234.2	207.4	38.0	130.6
Net sales with other segments	0.5	0.5	1.0	1.4	0.0	2.1
Total net sales	356.0	318.8	235.2	208.8	38.0	132.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5.7	25.7	33.8	6.5	76.9	4.3
Depreciation, amortisation and impairment	(11.1)	(12.2)	9.5	(1.1)	(1.6)	(3.8)
Earnings before interest and taxes (EBIT)	(5.4)	13.5	43.3	5.4	75.3	0.5
Net financial result						
Profit before tax						
Income taxes						
Net profit						
Net operating assets by region	68.3	88.7	57.4	4.7	–	9.1
Net operating assets Switzerland	13.6	(5.0)	14.6	8.2	–	(18.1)
Net operating assets Rest of Europe	16.8	21.1	42.8	(3.5)	–	15.4
Net operating assets Rest of world	37.9	72.6	–	–	–	11.9
Property, plant and equipment and intangible assets	71.1	63.5	15.1	0.3	–	20.0
Property, plant and equipment and intangible assets Switzerland	26.0	26.1	0.0	–	–	3.3
Property, plant and equipment and intangible assets Rest of Europe	19.4	14.8	15.1	0.3	–	6.0
Property, plant and equipment and intangible assets Rest of world	25.6	22.5	–	–	–	10.7
Capital expenditures for property, plant and equipment and intangible assets	(20.2)	(5.4)	(3.8)	(1.1)	(1.6)	(3.0)
Disposal of property, plant and equipment and intangible assets	0.1	0.2	0.0	0.1	(0.0)	4.9

Products and services of the individual business segment are described in Note 2.24, "Segment information".

Information on sales and customers is provided in Note 6 "Net sales".

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Ammotec		Other segments		Total segments		Eliminations		Group total	
2022	2021	2021	2021	2022	2021	2022	2021	2022	2021
295.2	589.5	2.3	1.5	1043.2	1424.3	—	—	1043.2	1424.3
—	143.4	—	—	1013.1	1190.8	—	—	1013.1	1190.8
307.9	574.9	9.0	2.7	944.7	1234.0			944.7	1234.0
—	0.0	32.1	43.4	33.6	47.4	(33.6)	(41.5)	—	5.9
307.9	574.9	41.1	46.2	978.3	1281.4	(33.6)	(41.5)	944.7	1239.9
103.4	98.6	(21.1)	(19.5)	198.8	115.6	—	—	198.8	115.6
(14.6)	(24.4)	(3.1)	(4.0)	(20.9)	(45.4)	—	—	(20.9)	(45.4)
88.9	74.3	(24.2)	(23.5)	177.9	70.2	—	—	177.9	70.2
								(4.2)	(2.7)
								173.7	67.5
								(19.4)	(9.2)
								154.3	58.3
—	335.9	19.7	30.4	145.4	468.8	—	—	145.4	468.8
—	48.1	26.6	40.1	54.9	73.2	2.4	2.1	52.5	71.2
—	257.5	(6.9)	(9.7)	52.6	280.8	(1.6)	(1.9)	54.2	282.7
—	30.3	(0.0)	(0.0)	37.9	114.8	(0.8)	(0.1)	38.7	114.9
—	186.1	47.9	49.0	134.1	318.9	—	—	134.1	318.9
—	39.8	47.9	49.0	73.9	118.3	—	—	73.9	118.3
—	142.1	—	—	34.5	163.2	—	—	34.5	163.2
—	4.1	—	—	25.6	37.3	—	—	25.6	37.3
(13.2)	(29.3)	(2.0)	(1.6)	(40.8)	(40.3)	—	—	(40.8)	(40.3)
0.2	0.1	—	0.1	0.3	5.3	—	—	0.3	5.3

6 Net sales

in CHF m	2022	2021
Invoiced sales	945.6	1240.0
Change in contracts under the percentage of completion (PoC) method	(0.8)	(0.1)
Total net sales	944.7	1239.9

Analysis of invoiced sales

Third parties	892.4	1108.8
DDPS	53.1	131.2
Invoiced sales by customer group	945.6	1240.0

In the year under review, there is a customer relationship with Airbus with a share of more than 10 % of net sales. In the previous year, customer relationships with DDPS and Airbus accounted for more than 10% of sales. Net sales to DDPS were mainly generated by Ammotec, while Airbus accounted for more than 10%. Net sales to DDPS were mainly generated by Ammotec and net sales to Airbus were mainly generated by Aerostructures.

Civil	825.2	964.4
Defence	120.4	275.6
Invoiced sales by type of use	945.6	1240.0

Switzerland	97.0	181.8
Rest of Europe	662.7	706.8
Middle East	1.6	4.7
North America	154.8	306.9
South America	1.0	0.6
Asia/Pacific	28.1	38.5
Africa	0.3	0.7
Invoiced sales by region	945.6	1240.0

Invoiced sales in "rest of Europe" primarily concern Germany, France, Italy, Great Britain, Austria and Sweden.

7 Personnel expenses

in CHF m	2022	2021
Salaries and wages	(325 4)	(406.9)
Expense of benefit plans	1.5	(17.6)
Other social security expenses	(53.0)	(62.5)
Contract personnel	(35.4)	(43.2)
Other personnel expenses	(12.4)	(10.5)
Total personnel expenses	(424.7)	(540.7)

Personnel expenses decreased compared to the previous year, primarily due to the divestments of the Ammotec and MRO International business segments (Simulation&Training and RUAG Australia). The revaluation of foreign pension plans, mainly in the Ammotec (Germany and Sweden) and Space (Sweden) business segments, led to a reduction of CHF 24.8 million (previous year: reduction of CHF 8.3 million) as a result of the lower discount rates, and which is reported under pension expenses.

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8 Other operating income/expenses

in CHF m	2022	2021
Other operating income	189.8	29.2
Total other operating income	189.8	29.2
Premises costs	(29.3)	(34.1)
Maintenance and repairs of property, plant and equipment	(34.2)	(45.5)
Cost of energy and waste disposal	(9.9)	(13.1)
Insurance and duties	(5.6)	(5.0)
Administration and IT costs	(50.8)	(61.4)
Advertising costs	(8.8)	(13.7)
Other operating expenses	(49.0)	(38.9)
Total other operating expenses	(187.8)	(211.7)

"Other operating income" was significantly higher than in the previous year. This is primarily the result of the sale of investments. A significant insurance compensation from a claim by Ammotec is also included. As the divestments were made during the year, there are also further effects in the other items of other operating expenses. The most significant changes in provisions in the year under review are explained in Note 24 "Provisions".

"Premises costs" are below the level of the previous year. The focus on reducing costs and optimising rental space as well as the divestments of Simulation&Training and Ammotec in the year under review led to a decrease of around CHF 4.2 million compared with the previous year. A one-off payment of CHF 0.7 million from RUAG Real Estate (rent waiver due to the global Covid-19 pandemic) granted in 2021 is no longer applicable in the year under review.

The position "Insurance and duties" increased by CHF 0.6 million compared to the previous year. Thereof, approximately CHF 0.9 million is due to higher insurance premiums with a simultaneous reduction of duties by approximately CHF 0.3 million.

In connection with RUAG International's strategic realignment, the "Beyond Gravity" brand was launched in the year under review. Together with the more relaxed Covid-19 situation, this led to an increase in advertising costs of around CHF 0.4 million compared with the previous year. Due to the divestments, advertising costs decreased by around CHF 5.3 million.

Various adjustments and reassessments of provisions are included in the position "Other operating expenses". Furthermore, this position includes exchange losses of CHF 14.6 million net (previous year CHF 3.6 million). These are mainly the cumulative effects of forward exchange contracts entered into to hedge transactions in connection with operating activities (hedging of future sales as well as purchases of goods and services in the respective currencies).

9 Research and development expenses

in CHF m	2022	2021
Total research and development expenses	18.1	27.6

All in-house work, work assigned to third parties and services required from third parties performed at the company's own risk and recognised as an expense during the reporting year are included and disclosed under Research and development expenses.

10 Financial income/financial expenses

in CHF m	2022	2021
Interest income	2.9	1.0
Total financial income	2.9	1.0
Interest expense	(7.0)	(3.7)
Total financial expenses	(7.0)	(3.7)

11 Income taxes

in CHF m	2022	2021
Income tax expense/income of the reporting period	0.1	(12.1)
Adjustments to current income taxes from prior periods	(1.0)	1.7
Current income tax expense	(0.8)	(10.4)
Origination (reversal) of temporary differences	(16.8)	(0.7)
Effect of tax rate changes	(0.0)	0.5
Recognition of tax losses	0.2	1.8
Use of recognised tax loss carryforwards	(1.9)	(0.5)
Deferred income tax income (expense)	(18.6)	1.2
Income tax expense in profit or loss	(19.4)	(9.2)

In addition, the following deferred taxes were recognised in equity:

in CHF m	2022 Before tax	2022 Tax (expense)/ income	2022 Net (after tax)	2021 Before tax	2021 Tax (expense)/ income	2021 Net (after tax)
Change in fair value of cash flow hedges	(20.6)	5.9	(14.7)	(6.6)	1.7	(4.8)
Gains and losses from cash flow hedges transferred to profit and loss	20.2	(6.0)	14.3	(0.7)	0.2	(0.5)
Changes in equity	(0.3)	(0.1)	(0.4)	(7.3)	1.9	(5.3)

Analysis of income tax expense

The following table shows the reconciliation of expected to effective income tax expense. The applicable income tax rate for the purposes of the following analysis is the average income tax rate of the Group companies weighted by profit or loss; it is 32.8% (previous year: 30.0%).

in CHF m	2022	2021
Profit before tax	173.7	67.5
Expected weighted tax rate in %	32.8%	30.0%
Expected income tax expense	(57.0)	(20.3)
Reconciliation to reported income tax expense		
Effect of (valuation allowances)/recognising of tax loss carryforwards from prior years	(0.9)	(1.7)
Effect of using unrecognised tax loss carryforwards from prior years	(29.4)	(7.0)
Effect of current losses for which tax loss carryforwards are not recognised	12.3	4.4
Effect of non-deductible expenses	0.5	1.8
Effect of tax-free income	(19.9)	(1.5)
Effect of income taxed at lower rates	(0.6)	(0.2)
Effect of tax rate changes	0.0	(1.1)
Effect of tax losses (credits) from prior periods	(0.7)	(1.8)
Other effects	1.0	(4.1)
Reported income tax expense	(19.4)	(9.2)
Effective income tax rate	11.2%	13.6%

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Individual countries (cantons in the case of Switzerland) operate with different tax laws and tax rates. For this reason, the weighted average of the expected tax rate may vary between periods, which is attributable to the profits or losses generated in each individual country or canton.

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities break down as follows:

in CHF m	2022 Deferred tax assets	2022 Deferred tax liabilities	2021 Deferred tax assets	2021 Deferred tax liabilities
Assets				
Receivables and prepayments	0.3	0.7	1.1	0.7
Inventories and work in progress	0.5	0.5	7.3	5.7
Property, plant and equipment	0.6	4.5	0.3	11.3
Intangible assets	0.0	0.9	0.2	0.7
Tax loss carryforwards	0.5	—	4.3	—
Employee benefit assets	—	—	—	—
Other asset items	0.3	0.4	1.1	0.9
Liabilities				
Deferred income and accrued expenses	2.1	—	1.8	0.1
Current and non-current provisions	0.6	1.0	7.9	1.2
Employee benefit obligations	0.9	—	14.3	—
Other liability items	1.4	5.5	2.0	9.6
Deferred taxes before offsetting	7.1	13.4	40.4	30.2
Offsetting of deferred tax assets and liabilities	(4.2)	(4.2)	(10.9)	(10.9)
Total deferred taxes	3.0	9.2	29.5	19.3

Deferred tax assets and liabilities changed as follows:

in CHF m	2022	2021
Total deferred taxes at 1 January	10.2	9.9
Changes recognised in profit or loss	(18.6)	1.2
Changes in equity with no impact on profit or loss	(0.1)	1.9
Changes in the scope of consolidation	3.0	(1.9)
Foreign currency translation adjustments	(0.7)	(0.9)
Total deferred taxes at 31 December	(6.3)	10.2
of which deferred tax assets	3.0	29.5
of which deferred tax liabilities	(9.2)	(19.3)

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 tax rates used to calculate the deferred tax items do not differ materially from the respective income tax rates.

Deferred tax assets for unused tax loss carryforwards are only recognised if it is probable that they will be offset against future taxable profits.

The tax loss carryforwards are due to expire as follows:

in CHF m	2022	2021
Expiring within 1 year	—	0.9
Expiring in 1 to 2 years	—	4.1
Expiring in 2 to 3 years	0.1	3.4
Expiring in 3 to 4 years	1.6	4.5
Expiring in 4 to 5 years	0.8	1.6
Expiring in 5 to 6 years	47.1	0.8
Expiring in 6 to 7 years	7.9	192.0
Expiring in more than 7 years	179.5	200.2
Total tax loss carryforwards	237.0	407.6

Potential tax effect of tax loss carryforwards	56.2	61.7
therein recognised as deferred tax assets	0.5	4.3
therein not recognised	55.8	57.4

The decrease in tax loss carryforwards in the reporting year is mainly due to the divestment of the Ammotec business segment. Also in Switzerland, unrecognised tax loss carryforwards were consumed due to gains on the disposal of investments held by RUAG International Holding Ltd.

12 Cash and cash equivalents

in CHF m	2022	2021
Cash on hand	0.0	0.4
Demand deposits with financial institutions	87.7	105.7
Money market investments	482.5	0.0
Total cash and cash equivalents	570.3	106.1

Currencies of cash and cash equivalents

in CHF m	2022	2021
CHF	329.8	40.9
EUR	190.7	29.7
USD	28.3	20.7
SEK	17.2	7.6
GBP	0.5	2.0
Other	3.7	5.3
Total cash and cash equivalents	570.3	106.1

13 Financial assets

Current financial assets

in CHF m	2022	2021
Derivative financial instruments	5.5	3.5
Total current financial assets	5.5	3.5

Current financial assets primarily include the positive replacement values of the open foreign currency hedging transactions (see also the information on financial instruments in Note 33, "Risk management process, financial risk management and capital management").

Non-current financial assets

in CHF m	2022	2021
Money market investments	—	0.1
Other non-current financial assets	0.5	0.5
Total non-current financial assets	0.5	0.5

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Currencies of current and non-current financial assets

in CHF m	2021	2020
EUR	0.6	1.9
USD	4.2	1.7
SEK	1.2	0.5
Other	—	0.0
Total financial assets	6.0	4.1

The carrying amounts of the non-current financial assets are a reasonable approximation of their fair value.

14 Trade receivables, other current receivables and prepayments

in CHF m	2022	2021
Trade receivables	86.2	120.1
Valuation allowances	(2.0)	(3.0)
Total trade receivables	84.2	117.1
Prepayments to suppliers	6.5	6.4
Total prepayments to suppliers	6.5	6.4
Current receivables from government bodies	3.3	8.0
Other current receivables	5.4	5.7
Total other current receivables	8.7	13.7
Total trade receivables, other current receivables and prepayments	99.4	137.2

Maturity profile of trade receivables, other current receivables and prepayments

in CHF m	2022	2021
Not past due	83.7	91.8
Past due 1–30 days	8.6	22.1
Past due 31–60 days	1.1	8.3
Past due 61–90 days	2.1	7.1
Past due 91–180 days	3.2	4.1
Past due over 180 days	0.8	3.8
Total trade receivables, other current receivables and prepayments	99.4	137.2

Currencies of trade receivables, other current receivables and prepayments

in CHF m	2022	2021
CHF	18.5	17.0
EUR	40.7	62.8
USD	37.9	47.6
SEK	2.1	3.2
GBP	0.1	0.7
Other	0.1	5.9
Total trade receivables, other current receivables and prepayments	99.4	137.2

Valuation allowances for doubtful receivables comprise specific valuation allowances for specifically identified items where there is a high risk of non-payment and global valuation allowances based on historical experience.

The allowance for receivables changed as follows:

Valuation allowances for doubtful receivables

in CHF m	2022	2021
Balance at 1 January	(3.0)	(3.1)
Disposals from the scope of consolidation	1.0	0.5
Increase in allowance	(1.2)	(2.2)
Utilisation of allowance	0.8	1.7
Reversal of allowance	0.1	0.1
Currency differences	0.2	0.1
Carrying amount at 31 December	(2.0)	(3.0)

Allowances for doubtful receivables are recorded in an allowance account. No valuation allowances were required for financial instruments in categories other than receivables at the end of the reporting period. Receivables judged to be unrecoverable are written off as realised losses.

15 Inventories and work in progress

in CHF m	2022	2021
Raw materials and supplies	109.1	191.5
Work in progress at cost of conversion	120.7	141.1
Work in progress (percentage of completion)[1]	54.3	67.9
Semi-finished goods	10.9	56.5
Finished goods	2.5	103.4
Valuation allowances	(26.0)	(59.6)
Total inventories and work in progress	271.5	500.8

[1] The key figures for work in progress, which is measured using the percentage of completion method, are explained in further detail below.

In the reporting period, a total of CHF 322.6 million (previous year: CHF 379.6 million) in raw materials and supplies, semi-finished and finished goods, and work in progress was charged to cost of materials.

The reassessment of orders in the Aerostructures business segment as a result of the Covid-19 pandemic led to write-downs of inventories and work in progress at the sites in Switzerland, Germany and Hungary in 2020 and 2021. In the year under review, however, the Aerostructures business segment experienced a recovery. Accordingly, write-ups of CHF 1.4 million (previous year CHF 1.1 million, from the Ammotec business segment) were recognised on value adjustments made to inventories.

In the period under review, inventories and work in progress were written down to net realisable value, which had an impact on profit and loss of CHF 2.4 million (previous year: CHF 8.0 million).

Write-downs and reversals of inventory write-downs are recorded as cost of materials.

16 Percentage of Completion (PoC)

in CHF m	2022	2021
Cumulative results at the end of the reporting period		
Aggregated contract sales at the end of the reporting period	1528.2	1465.9
Aggregated contract costs at the end of the reporting period	(1094.4)	(1064.8)
Realised margin at the end of the reporting period	433.8	401.1
Cumulative carrying amounts of ongoing projects at the end of the reporting period		
Gross amount due from customers for contract work	54.3	67.9
Gross amount due to customers for contract work	(72.0)	(62.0)
Net position	(17.7)	6.0
Advances received from customers relating to PoC contracts	4.4	22.1

The above table shows the aggregated sales and costs – on a *cumulative basis across several periods – for the long-term construc*tion and service contracts not yet concluded at the end of the reporting period. Projects concluded as at the end of the reporting period are not included here. The "Gross amount due from customers for contract work" relates to long-term construction and service contracts for which the realisable order sales exceed the sales already invoiced. Long-term construction and service *contracts for which the sales already invoiced exceed the realisable* order sales are recognised under "Gross amount due to customers for contract work" (see Note 23 "Deferred income and accrued expenses"). In the year under review, sales totalling CHF 372.2 million (previous year: CHF 369.1 million) were recognised from long-term construction and service contracts.

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As at the balance sheet date, RUAG International had received advances for ongoing contract work that had not yet been invoiced totalling CHF 4.4 million (previous year: CHF 22.1 million). These advances are recognised under "Advances received from customers".

17 Property, plant and equipment

in CHF m	Plant and equipment	Other[1]	Land[2]	Buildings	Assets under construction	Property, plant and equipment
At cost						
As at 1 January 2021	536.9	192.2	28.9	125.4	28.5	911.9
Eliminations from the scope of consolidation	(36.4)	(22.7)	—	(2.7)	(0.1)	(61.9)[3]
Additions	20.6	7.1	—	1.5	6.7	36.0
Disposals	(11.0)	(8.5)	(3.2)	(1.2)	(0.1)	(24.0)
Reclassifications	16.2	5.4	—	0.9	(22.5)	—
Foreign currency translation adjustments	(12.7)	(3.3)	(0.0)	(1.7)	(0.3)	(18.1)
As at 31 December 2021	513.6	170.3	25.6	122.2	12.2	843.9
Accumulated depreciation and impairment losses						
As at 1 January 2021	363.8	144.8	0.2	72.5	0.1	581.3
Eliminations from the scope of consolidation	(35.4)	(17.2)	—	(2.7)	—	(55.2)[3]
Depreciation	23.6	12.6	0.0	4.4	—	40.6
Impairment	0.1	0.3	—	—	0.3	0.7[4]
Disposals	(10.7)	(8.3)	—	(0.6)	—	(19.6)
Reclassifications	0.1	0.0	—	—	(0.1)	—
Foreign currency translation adjustments	(7.7)	(2.8)	(0.0)	(0.8)	(0.0)	(11.4)
As at 31 December 2021	333.7	129.4	0.2	72.8	0.3	536.4
At cost						
As at 1 January 2022	513.6	170.3	25.6	122.2	12.2	843.9
Business combination	2.0	0.0	—	—	—	2.0[5]
Eliminations from the scope of consolidation	(350.9)	(67.5)	(1.2)	(28.6)	(9.9)	(458.2)[3]
Additions	13.4	4.5	—	1.8	16.2	35.9
Disposals	(5.1)	(3.2)	—	(0.1)	(0.2)	(8.5)
Reclassifications	1.8	0.6	—	0.7	(3.1)	—
Foreign currency translation adjustments	(18.4)	(4.8)	(0.1)	(2.3)	(0.8)	(26.3)
As at 31 December 2022	156.4	99.9	24.4	93.7	14.5	388.8
Accumulated depreciation and impairment losses						
As at 1 January 2022	333.7	129.4	0.2	72.8	0.3	536.4
Eliminations from the scope of consolidation	(207.3)	(51.5)	(0.2)	(11.7)	—	(270.7)[3]
Depreciation	16.3	9.2	—	3.9	—	29.4
Impairment	2.0	0.0	—	—	—	2.0[4,5]
Reversal of impairment	(10.1)	(2.3)	—	(0.3)	—	(12.7)[6]
Disposals	(5.0)	(3.0)	—	(0.1)	—	(8.1)
Reclassifications	0.1	0.1	—	(0.0)	(0.2)	—
Foreign currency translation adjustments	(10.7)	(4.1)	(0.0)	(1.0)	(0.0)	(15.8)
As at 31 December 2022	118.9	77.8	0.0	63.6	0.0	260.5
Net carrying amounts						
As at 1 January 2021	173.2	47.5	28.7	52.9	28.4	330.7
As at 31 December 2021	179.8	40.9	25.4	49.4	12.0	307.5
As at 31 December 2022	37.4	22.1	24.4	30.0	14.4	128.3

[1] Fixtures and fittings, information technology, motor vehicles and aircraft.

[2] As at 31 December 2022, the book value of undeveloped land amounted to CHF 2.2 million (previous year: CHF 2.2 million).

[3] The divestments of RUAG Aerospace Services GmbH (MRO International), RUAG Aviation Malaysia Sdn Bhd (MRO International) and the machining business unit of Aerostructures Emmen led to the disposals in the scope of consolidation in the previous year. The divestments from the business segment Ammotec and MRO International (S&T and RUAG Australia Pty Ltd) led to disposals in the scope of consolidation in the reporting year.

[4] In the previous year and the year under review, the tense market situation in the aerospace industry led to impairments of property, plant and equipment in the Aerostructures business segment.

[5] With the acquisition of the machining business of fitINDUSTRY Emmen AG, the reintegration of Aerostructures Emmen took place with a first-time consolidation and simultaneous full write-down in the year under review.

[6] Due to the recovery of the market situation in the aerospace industry in the Aerostructures business segment, the value adjustments of property, plant and equipment were reversed in the year under review.

The total amount of property, plant and equipment pledged as collateral is listed in Note 30 "Assets pledged as collateral".

18 Intangible assets

in CHF m	Patents and developments	Trademarks and prototypes	Licences and rights	Order backlog and customer lists/ relationships	ERP systems	Intangible assets in progress	Intangible Assets
At cost							
As at 1 January 2021	2.1	10.0	24.9	119.5	6.0	13.5	176.0
Eliminations from the scope of consolidation	—	—	(14.0)	—	—	—	(14.0)[1]
Additions	—	—	0.9	—	2.5	0.8	4.3[2]
Disposals	—	—	(0.3)	—	—	—	(0.3)
Reclassifications	—	—	—	—	6.3	(6.3)	—
Foreign currency translation adjustments	(0.1)	(0.5)	(0.1)	(1.6)	(0.7)	(0.3)	(3.1)
As at 31 December 2021	2.0	9.6	11.4	117.9	14.2	7.7	162.8
Accumulated amortisation and impairment losses							
As at 1 January 2021	2.1	9.5	22.3	119.1	4.2	7.1	164.2
Eliminations from the scope of consolidation	—	—	(14.0)	—	—	—	(14.0)[1]
Depreciation	—	0.2	1.0	0.0	2.5		3.7
Impairment	—	—	—	—	—	0.3	0.3
Disposals	—	—	(0.3)	—	—	—	(0.3)
Reclassifications	—	—	—	—	—	—	—
Foreign currency translation adjustments	(0.1)	(0.4)	—	(1.5)	(0.3)	(0.3)	(2.6)
As at 31 December 2021	2.0	9.2	9.0	117.6	6.4	7.2	151.4
At cost							
As at 1 January 2022	2.0	9.6	11.4	117.9	14.2	7.7	162.8
Eliminations from the scope of consolidation	(2.0)	(9.3)	(5.0)	(13.2)	(9.7)	(0.3)	(39.4)[1]
Additions	—	—	0.6	—	0.3	3.9	4.8[3]
Disposals	—	—	—	—	—	(5.4)	(5.4)[4]
Reclassifications	—	—	0.2	—	—	(0.2)	—
Foreign currency translation adjustments	—	(0.3)	(0.2)	(1.7)	(0.9)	(0.4)	(3.6)
As at 31 December 2022	—	—	7.0	103.0	3.9	5.2	119.1
Accumulated amortisation and impairment losses							
As at 1 January 2022	2.0	9.2	9.0	117.6	6.4	7.2	151.4
Eliminations from the scope of consolidation	(2.0)	(9.0)	(3.9)	(12.9)	(3.8)	(0.3)	(31.9)
Depreciation	—	0.1	0.8	0.0	1.7	—	2.6
Reversal of impairment	—	—	(0.0)	—	—	(0.2)	(0.3)[5]
Disposals	—	—	(0.0)	—	—	(5.4)	(5.4)[4]
Foreign currency translation adjustments	—	(0.3)	(0.2)	(1.7)	(0.5)	(0.2)	(2.9)
As at 31 December 2022	—	—	5.5	103.0	3.8	1.0	113.4
Net carrying amounts							
As at 1 January 2021	0.0	0.6	2.6	0.4	1.8	6.3	11.8
As at 31 December 2021	0.0	0.4	2.4	0.3	7.7	0.5	11.4
As at 31 December 2022	—	—	1.5	—	0.1	4.1	5.7

[1] The divestment of RUAG Aerospace Services GmbH led to the disposals in the scope of consolidation in the previous year. The divestments from the Ammotec business segment, the S&T business unit (MRO International) and RUAG Australia Pty Ltd (MRO International) led to the disposals in the scope of consolidation in the year under review.

[2] The additions in the previous year are mainly due to the introduction of the new ERP system SAP S4/HANA at RUAG Ammotec.

[3] The additions in the year under review are mainly due to intangible assets in progress in the area of research and development for the Kuiper project at Beyond Gravity in Sweden and the Constellation On Board Computer project at Beyond Gravity in Austria.

[4] The disposals in the year under review are mainly due to the final termination of the ERP project Impulse (plants in progress) at RUAG Aerostructures Germany.

[5] Due to the recovery of the market situation in the aerospace industry in the Aerostructures business segment, the value adjustments of intangible assets were reversed in the year under review.

Scheduled amortisation and extraordinary impairment of intangible assets are reported in the consolidated income statement under "Amortisation and impairment of intangible assets".

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Goodwill The goodwill from acquisitions is offset directly against the equity at the time of acquisition. The theoretical capitalisation, 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	Space	Aerostructures	MRO International	Ammotec	Total
At cost					
As at 1 January 2021	60.8	—	7.6	12.1	80.5
Business combination	—	—	—	—	—
Adjustments	—	—	—	—	—
Eliminations from the scope of consolidation	—	—	—	—	—
Foreign currency translation adjustments	(0.2)	—	(0.2)	(0.5)	(0.9)
As at 31 December 2021	60.6	—	7.4	11.6	79.6
Accumulated amortisation					
As at 1 January 2021	60.7	—	7.6	11.9	80.1
Theoretical ordinary amortisation	0.1	—	—	0.1	0.2
Eliminations from the scope of consolidation	—	—	—	—	—
Foreign currency translation adjustments	(0.2)	—	(0.2)	(0.5)	(0.8)
As at 31 December 2021	60.6	—	7.4	11.5	79.5
At cost					
As at 1 January 2022	60.6	—	7.4	11.6	79.6
Business combination	—	—	—	—	—
Adjustments	—	—	—	—	—
Eliminations from the scope of consolidation	—	—	(7.4)	(11.0)	(18.3)
Foreign currency translation adjustments	(1.1)	—	(0.0)	(0.7)	(1.8)
As at 31 December 2022	59.5	—	—	—	59.5
Accumulated amortisation					
As at 1 January 2022	60.6	—	7.4	11.5	79.5
Theoretical ordinary amortisation	—	—	—	0.0	0.0
Eliminations from the scope of consolidation	—	—	(7.4)	(10.9)	(18.2)
Foreign currency translation adjustments	(1.1)	—	(0.0)	(0.7)	(1.8)
As at 31 December 2022	59.5	—	—	—	59.5
Theoretical net book value					
As at 1 January 2021	0.1	—	—	0.2	0.3
As at 31 December 2021	0.0	—	—	0.1	0.1
As at 31 December 2022	—	—	—	—	—

Capitalising the goodwill and amortising it over five years would have the following theoretical impact on the consolidated *income statement and consolidated balance sheet:*

Impact on consolidated income statement

in CHF m	2022	2021
Earnings before interest and taxes (EBIT)	177.9	70.2
Theoretical amortisation of goodwill	(0.0)	(0.2)
Theoretical EBIT incl. amortisation of goodwill	177.8	70.0
Net profit	154.3	58.3
Theoretical amortisation of goodwill	(0.0)	(0.2)
Theoretical net profit incl. amortisation of goodwill	154.2	58.1

Impact on consolidated balance sheet

in CHF m	2022	2021
Equity according to the balance sheet	686.4	502.5
Theoretical capitalisation of net book value of goodwill	—	0.1
Theoretical equity incl. net book value of goodwill	686.4	502.6

19 Financial liabilities

Current financial liabilities

in CHF m	2022	2021
Financial liabilities towards third parties[1]	5.7	4.6
Total current financial liabilities	5.7	4.6

[1] This item primarily includes the negative replacement values of foreign currency forward transactions.

Non-current financial liabilities

in CHF m	2022	2021
Financial liabilities towards third parties	0.2	0.3
Total non-current financial liabilities	0.2	0.3

The carrying amounts of the non-current financial liabilities are a reasonable approximation of their fair value. The average rate of interest on non-current financial liabilities in the year under review was 0% (previous year: 0%).

Maturity structure of current and non-current financial liabilities

in CHF m	2022	2021
Up to 1 year	5.7	4.6
Up to 2 years	0.2	0.3
Total financial liabilities	5.9	4.9

Currencies of financial liabilities

in CHF m	2022	2021
CHF	0.0	0.0
EUR	2.5	0.8
USD	2.0	3.5
SEK	1.1	0.3
GBP	—	0.1
Other	0.3	0.3
Total financial liabilities	5.9	4.9

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20 Trade accounts payable and prepayments

in CHF m	2022	2021
Trade accounts payable	39.7	55.9
Total trade accounts payable	39.7	55.9
Prepayments from customers	147.9	178.5
Total prepayments from customers	147.9	178.5
Total trade accounts payable and prepayments	187.6	234.4

Currencies of trade accounts payable and prepayments

in CHF m	2022	2021
CHF	14.3	69.7
EUR	52.0	73.8
USD	117.7	83.5
SEK	2.6	4.0
GBP	0.7	0.1
Other	0.2	3.3
Total trade accounts payable and prepayments	187.6	234.4

21 Other current liabilities

in CHF m	2022	2021
Due to third parties	12.3	13.2
Due to government bodies	3.0	11.3
Total other current liabilities	15.3	24.5

22 Other non-current financial liabilities

in CHF m	2022	2021
Due to third parties	0.4	0.8
Total other non-current liabilities	0.4	0.8

23 Deferred income and accrued expenses

in CHF m	2022	2021
Deferred income and accrued expenses for PoC orders	72.0	62.0
Income relating to future periods	0.5	5.8
Outstanding trade accounts payable	24.3	40.2
Personnel-related accrued expenses	6.2	13.7
Other deferred income and accrued expenses	10.1	14.9
Total deferred income and accrued expenses	113.2	136.6

24 Provisions

in CHF m

	Restructuring	Contract losses	Warranties	Holiday and overtime	Loyalty bonuses and anniversary benefits	Other	Total
Balance at 1 January 2021	21.1	44.5	8.4	20.7	9.0	82.1	185.9
Business combination	—	—	—	—	—	—	—
Eliminations from the scope of consolidation	—	(6.2)	(0.7)	(1.9)	(0.7)	(2.6)	(12.1)
Additions	0.1	4.9	3.9	15.6	0.2	17.8	42.5
Release of unused provisions	(9.1)	(0.8)	(0.7)	(0.1)	(0.4)	(5.0)	(15.9)
Use of provisions	(3.9)	(11.6)	(2.2)	(15.3)	(0.5)	(54.0)	(87.6)
Reclassifications	(3.4)	—	—	—	—	3.4	—
Foreign currency translation adjustments	(0.1)	(1.1)	(0.3)	(0.7)	(0.2)	(1.2)	(3.5)
Balance at 31 December 2021	4.7	29.8	8.4	18.3	7.4	40.6	109.3
Current provisions	4.5	10.3	8.1	18.3	0.8	27.9	70.0
Non-current provisions	0.2	19.5	0.3	—	6.5	12.7	39.3
Balance at 1 January 2022	4.7	29.8	8.4	18.3	7.4	40.6	109.3
Business combination	—	—	—	—	—	0.3	0.3
Eliminations from the scope of consolidation	(1.1)	(2.7)	(6.5)	(12.0)	(2.6)	(7.5)	(32.3)
Additions	3.0	8.3	1.9	17.6	0.2	18.7	49.7
Release of unused provisions	(1.3)	(22.3)	(1.7)	(1.4)	(0.3)	(11.0)	(38.1)
Use of provisions	(1.4)	(6.2)	(0.5)	(10.1)	(1.0)	(7.2)	(26.4)
Reclassifications	—	—	—	—	—	—	—
Foreign currency translation adjustments	(0.3)	(0.8)	(0.4)	(1.0)	(0.2)	(1.1)	(3.7)
Balance at 31 December 2022	3.6	6.0	1.2	11.4	3.6	32.8	58.6
Current provisions	3.6	1.4	0.8	11.4	—	10.2	27.5
Non-current provisions	0.1	4.6	0.3	—	3.6	22.6	31.1

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

Provisions for restructuring The restructuring of the Space business segment initiated at the end of 2020 was not utilised in 2022. Due to the realignment and transformation of the Space business, additional provisions of CHF 3.0 million were made in the year under review.

Provisions for contract losses Due to the recovery of the market situation in the aerospace industry in the business unit Aerostructures Oberpfaffenhofen (Germany) and the successful implementation of numerous improvement measures, provisions for anticipated order losses in the amount of CHF 21.7 million that were no longer required were reversed in the year under review. In addition, further adjustments to provisions for order-related losses in the amount of CHF 7.7 million were made throughout the Group in the course of ordinary business activities.

Other provisions In the year under review, CHF 14.8 million in other provisions was set aside for potential legal cases, contractual risks and warranties. A provision of CHF 1.0 million was made for contractual liabilities in connection with the early termination of rental agreements. In addition, new provisions of CHF 3.0 million were made throughout the Group for unfavourable contracts, dismantling obligations and other identified risks in connection with ordinary business activities.

In the Aerostructures business segment, provisions totalling CHF 7.3 million that were no longer required were released in connection with project-related quality risks and contractual concessions. Furthermore, CHF 3.0 million was reclassified to tax liabilities.

In the previous year, additional provisions of around CHF 4.0 million were made for newly opened proceedings and pending legal cases. In addition, new provisions of CHF 13.8 million were made throughout the Group for unfavourable contracts, delivery delays and other identified risks in relation with ordinary business activities.

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25 Employee benefit obligations

The RUAG International Group maintains various employee benefit plans. The main employee benefit plans are in Switzerland, Sweden, and until the sale of the Ammotec business segment on 31 July 2022, also in Germany, the plan in Switzerland being administered by a legally autonomous organisation.

Employee benefit plan in Switzerland All RUAG International employees in Switzerland have been insured against the risks of old age, death and disability with the Livica Sammelstiftung (collective foundation). Livica Sammelstiftung is a fully autonomous employee benefit 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 employee benefit fund also provides benefits over and above the compulsory minimum under the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Schemes (BVG). The affiliation of a company is based on the pension fund regulations on the basis of a written affiliation agreement, which must be brought to the attention of the supervisory authority. In principle, the affiliated company shall form its own pension fund within the foundation. Livica Sammelstiftung is registered with and regulated by the Bern supervisory authority for occupational retirement schemes and foundations. Livica Sammelstiftung is subject to the provisions of the BVG. Under those provisions, the management body of the employee benefit fund is also responsible for ensuring that, in the event of a deficit, restructuring measures are decided 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 rehabilitate the fund. Key decisions concerning the benefits offered by the individual pension funds are taken by the pension fund committees, which is made up in equal numbers of employee and employer representatives.

Employee benefit plan in Sweden The existing ITP plan was renegotiated with effect from 1 January 2007, and became a defined contribution plan (ITP 1) from that point onwards. However, all staff born before 1979 are still insured under the ITP 2 defined benefit plan. Alongside a final salary retirement pension, the plan also includes surviving dependants and disability pension cover provided by Alecta.

Employee benefit plan in Germany The pension commitments in Germany were made with respect to active and retired employees which cover old-age, loss of income and survivors' pensions. The pension scheme was essentially divided into the basic pension, which was provided through a direct commitment by RUAG Ammotec GmbH, and the supplementary pension. The basic pension was determined by salary components up to the contribution assessment ceiling in the statutory pension insurance scheme. The supplementary pension was made up of salary-dependent contributions for remuneration components above the contribution assessment ceiling.

A three-part pension commitment has been put in place for certain management staff. This was composed of a basic pension primarily based on final salary, and two defined contribution components. The annual increment of the pension entitlement in this case was based on the bonus awarded or on a conversion of earnings into pension contributions (whereby the employees decide, within predefined limits, on the percentage to be converted) and was topped up by an additional contribution from the employer.

In addition to the pension obligations, the Group provides other long-term employee benefits comprising loyalty bonuses and anniversary benefits (see Note 24, "Provisions").

The following table shows the economic benefit as well as the economic liability at the end of the reporting period and of that of the previous year and the corresponding change in the pension expense:

in CHF m	Surplus/ deficit in accordance with FER 26	2022 Group's economic share	**2021 Group's economic share**	Foreign currency translation adjust-ments	Year-on-year changes/ expenses for reporting period	Contribu tions accrued for the period	2022 Expense of benefit plans in personnel expenses	**2021 Expense of benefit plans in personnel expenses**
Patronal financing foundation	—	—	—	—	—	—	—	—
Benefit plans without surplus/deficit	—	—	4.3	0.0	4.7	(13.7)	(9.0)	(14.5)
Benefit plans with surplus	—	—	—	—	—	—	—	—
Benefit plans with deficit	—	—	—	—	—	—	—	—
Benefit plans without plan assets	—	22.7	76.7	5.8	15.4	(4.9)	10.5	3.1
Total	—	22.7	81.0	5.9	20.1	(18.6)	1.5	(17.6)

The benefit plans without surplus/deficit include the Livica Sammelstiftung defined benefit plan in Switzerland and the defined benefit basic pension scheme in Germany. The recognised economic liabilities for benefit plans without plan assets, i.e. unfunded plans, amount to CHF 22.7 million (previous year: CHF 76.7 million) and mainly relate to the pension plans in Germany and Sweden.

The following table shows the summary of the pension expense for the reporting period and the previous year:

in CHF m	Switzerland	Abroad	2022 Total	Switzerland	Abroad	2021 Total
Contributions to benefit and contribution plans at expense of Group companies	(11.9)	(6.7)	(18.6)	(14.8)	(9.7)	(24.5)
Contributions to benefit and contribution plans from employer contribution reserves	—	—	—	—	—	—
Total contributions	(11.9)	(6.7)	(18.6)	(14.8)	(9.7)	(24.5)
+/– change in ECR from portfolio performance, impairment etc.	—	—	—	—	—	—
Contributions and change in employer contribution reserves	(11.9)	(6.7)	(18.6)	(14.8)	(9.7)	(24.5)
Decrease/increase in economic liability of Group from benefit and contribution plans without surplus/deficit	—	4.7	4.7	—	3.9	3.9
Decrease/increase in economic liability of Group (plans without plan assets)	—	15.4	15.4	—	2.9	2.9
Total change in economic impact from surpluses/deficits	—	20.1	20.1	—	6.9	6.9
Total expense of benefit and contribution plans for period	(11.9)	13.4	1.5	(14.8)	(2.9)	(17.6)

The change in recognised economic liabilities from benefit plans and paid-in employer contributions for the reporting year amount to CHF 1.5 million (previous year: CHF –17.6 million). These are fully included in personnel expenses in the reporting year, as was the case in the previous year.

26 Share capital

The share capital comprises a total of 2,179,000 fully paid-up shares with a par value of CHF 100 each. There is no conditional share capital. All shares in RUAG International Holding Ltd are owned by the Swiss Confederation.

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27 Contingent liabilities towards third parties

in CHF m	2022	2021
Group guarantees	34.8	21.9
Total contingent liabilities towards third parties	34.8	21.9

Group guarantees are primarily performance and bid guarantees from operational towards customers.

28 Additional contingent liabilities not stated on the balance sheet

in CHF m	2022	2021
Capital commitments for property, plant and equipment	—	3.8
Other liabilities not stated on the balance sheet	0.4	0.1
Total additional contingent not stated on the balance sheet	0.4	3.9

Capital commitments Capital commitments include the value of investments entered into as at the end of the reporting period in assets under construction.

29 Future minimum commitments from leasing transactions

Operating leases

in CHF m	2022	2021
Within 1 year	17.0	22.1
Later than 1 year, within 5 years	49.1	59.8
After 5 years	54.3	21.8
Total	120.4	103.8

These comprise off-balance sheet obligations under operating leases (including rental agreements).

30 Assets pledged as collateral

in CHF m	2022	2021
Cash and cash equivalents	0.5	—
Property	0.8	2.6
Total assets pledged as collateral	1.3	2.6

31 Related party transactions

in CHF m	2022	2021
Receivables from related parties	0.0	1.8
Liabilities to related parties	(0.7)	(1.4)
Prepayments from related parties	—	(17.5)

Receivables from related parties in the year under review are due in full to RUAG MRO Holding Ltd Group, while CHF 1.7 million was due to the DDPS in the previous year. The liabilities to related parties are exclusively to RUAG MRO Holding Ltd. As at the balance sheet date, there were no more advance payments due to the sale of the Ammotec business segment. The advance payments of CHF 17.5 million from related parties in the previous year were made in full by the DDPS. Invoiced sales to the DDPS totalled CHF 53.1 million (previous year: CHF 131.2 million) as stated in Note 6, "Net sales". In addition, CHF 1.6 million (previous year CHF 5.9 million) in sales was generated with the sister group RUAG MRO Holding Ltd. In return, purchases of materials and services were made, totalling CHF 18.1 million (previous year: CHF 26.9 million). There were no loans between the Group companies.

32 Remuneration of key management personnel

The total remuneration of the non-executive members of the Board of Directors for the year under review was CHF 488,000 (previous year CHF 497,000).[1] The number of members of the Board of Directors including the Chairman was 5 in the year under review (previous year 5).

The total remuneration of the CEO and the Executive Committee for the year under review was CHF 3,839,000 (previous year CHF 4,903,000).[1,2] The total remuneration of the CEO for the year under review was CHF 861,000 (previous year CHF 900,000).[1] The number of members of the Executive Committee including the CEO in the year under review was 6 (previous year 7).[3]

Overview of remuneration paid to members of the Board of Directors and the Executive Committee:

	Total		Highest Total remuneration[4]	
in CHF thousands	2022	2021	2022	2021
Board of Directors remuneration				
Cash compensation	470	479	176	176
Employer contributions to pension fund	18	18	—	—
Total remuneration paid to members of the Board of Directors	488	497	176	176
Basic salary of Executive Committee				
Cash compensation	2517	3321	524	584
Benefits in kind	55	63	11	9
Employer contributions to pension fund	303	348	72	81
Performance-based component Executive Committee				
Cash compensation	839	1027	223	201
Employer contributions to pension fund	125	144	31	25
Other long-term employee benefits	—	—	—	—
Total remuneration to members of the Executive Committee	3839	4903	861	900
of which cash compensation	3356	4348	747	785
of which benefits in kind	55	63	11	9
of which employer contributions to pension fund	428	492	103	106
of which other long-term employee benefits	—	—	—	—
Ratio of performance-based compensation to fixed cash compensation	33%	31%	43%	34%

Total remuneration to members of the Board of Directors and Executive Committee	4327	5400
of which short-term employee benefits[5]	3881	4890
of which employer contributions to pension fund	446	510
of which other long-term employee benefits	—	—

[1] The total remuneration amounts are exclusive of employer social security contributions.

[2] In the 2022 financial year, this includes the departing members Christoph Eisenhardt, Judith Bischof (both departed on 31 July 2022) and Christian Ferber (departed on 31 December 2022), as well as Anders Linder, Paul Horstink, Oliver Kunz and Oliver Grassmann, who joined the Executive Committee as of 1 October 2022.

[3] In financial year 2022, the number refers to the members as at 31 December 2022.

[4] The highest total remuneration in the Board of Directors in 2022 refers to the position of Chairman of the Board of Directors. The highest total remuneration 2022 in the Executive Committee refers to the CEO.

[5] Includes the positions cash compensation and benefits in kind.

33 Risk management process, financial risk management and capital management

Risk management process

RUAG International has a risk management system which records strategic and potentially dangerous risks as well as operational risks and focuses on relevant topics from the perspective of the Group and the business segments. Risks are identified, assessed and monitored in the individual business segments using a structured, bottom-up risk assessment. In order to prevent or reduce the individual risks, the appropriate measures are defined and implemented. At Group level, the aggregate risks relevant for the Group are monitored and managed by the executive management. The Board of Directors deals intensively with strategic and potentially dangerous risks twice a year or as required.

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The risks identified are assessed in terms of probability of occurrence and impact, and are entered on the Group's risk map. This risk map is periodically discussed with the executive management, the Audit Committee and the entire Board of Directors. Depending on the way responsibilities are defined, the executive management or business segment management are responsible for the ongoing monitoring, control and management of risks. As part of this, management is supported by the Risk Management Team at Group level in training sessions or moderating workshops.

Financial risk management
RUAG International is exposed to various financial risks as a result of its business activities. The most significant financial risks arise from changes in exchange rates, interest rates and commodity prices. A further risk is the ability to secure adequate liquidity.

Financial risk management is a central function and is performed at Group level by the Corporate Treasury department, in compliance with the directives issued by the Board of Directors. Corporate Treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units.

a. Market risks
RUAG International is exposed to market risks that largely relate to changes in exchange and interest rates and would therefore impact the value of the financial instruments held or the income/expenses associated with these. The Group monitors these risks continuously.

It employs a number of derivative financial instruments to manage the volatility associated with these risks. The Group's objective is to reduce – where appropriate – fluctuations in earnings and cash flows associated with changes in interest rates, exchange rates and the value of financial assets.

In compliance with Group policy, RUAG International employs derivative financial instruments (e.g. foreign currency forward transactions) to manage risk. RUAG International avoids any financial transaction in which the risk cannot be gauged at the time the transaction is concluded. The Group does not sell any assets that it does not own or does not know that it will own. RUAG International sells only existing assets and hedges only existing transactions and (in the case of forward hedges) forecasted transactions that can be expected to materialise on the basis of past experience.

Exchange rate risk The consolidated financial statements are presented in Swiss francs (CHF). The Group is mainly subject to changes in the exchange rates of the euro, US dollar, Swedish krona and Hungarian forint. In the case of transaction risk, it faces the risk of fluctuations in the value of foreign currencies between the date of a contractual agreement and the actual date of payment. Accordingly, RUAG International employs different contracts to compensate for exchange rate-induced changes in asset values, firm commitments and forecasted transactions. RUAG International also employs forward transactions and currency options to hedge certain cash flows anticipated in foreign currency.

At the end of the previous year and the reporting period, the following foreign currency positions were recognised in the balance sheet in relation to financial assets and liabilities:

as at 31 December 2021

in CHF m	EUR	USD	SEK	GBP	Other
Cash and cash equivalents	29.7	20.7	7.6	2.0	5.3
Trade receivables/other receivables	57.2	48.1	3.2	0.7	5.9
Other financial assets	1.9	1.7	0.5	—	0.0
Financial liabilities	(0.8)	(3.5)	(0.3)	(0.1)	(0.3)
Trade accounts payable/other liabilities	(27.2)	(12.8)	(8.6)	(0.5)	(4.5)
Other financial liabilities	—	—	(0.5)	—	(0.3)
Total foreign currency positions as at balance-sheet date from financial assets and liabilities	60.8	54.3	1.9	2.1	6.1

as at 31 December 2022

in CHF m	EUR	USD	SEK	GBP	Other
Cash and cash equivalents	190.7	28.3	17.2	0.5	3.7
Trade receivables/other receivables	34.4	39.6	2.1	0.1	0.1
Other financial assets	0.6	4.2	1.2	—	—
Financial liabilities	(2.5)	(2.0)	(1.1)	—	(0.3)
Trade accounts payable/other liabilities	(15.4)	(21.1)	(4.3)	(0.7)	(0.9)
Other financial liabilities	—	—	(0.4)	—	—
Total foreign currency positions as at balance-sheet date from financial assets and liabilities	207.8	48.9	14.9	(0.0)	2.5

The following currency hedging transactions existed as at 31 December:

Volume of contracts

in CHF m	2022	2021
Currency hedging contracts banks (Sale of foreign currency)	284.2	394.7
Currency hedging contracts banks (Purchase of foreign currency)	(69.9)	(57.2)

Carrying amounts

in CHF m	2022	2021
Current financial assets	5.5	3.5
Non-current financial assets	0.1	—
Current financial liabilities	(5.7)	(4.5)
Non-current financial liabilities	(0.2)	—

The carrying amounts mainly contain the positive and negative replacement values from foreign currency forward transactions that are recognised at fair value. The following tables show the contractual due dates of the foreign currency forward transactions held by RUAG International at the end of the previous year and of the reporting year:

as at 31 December 2021

in CHF m	Up to 1 year	Up to 2 years	Up to 3 years	Over 3 years	Total
Foreign currency forward transactions used for hedging purposes:					
Outflows	(4.3)	(0.2)	(0.0)	—	(4.5)
Inflows	3.5	0.0	—	0.0	3.5
	(0.8)	(0.2)	(0.0)	0.0	(1.0)

as at 31 December 2022

in CHF m	Up to 1 year	Up to 2 years	Up to 3 years	Over 3 years	Total
Foreign currency forward transactions used for hedging purposes:					
Outflows	(5.7)	(0.2)	(0.1)	—	(5.9)
Inflows	5.5	0.1	0.0	—	5.6
	(0.2)	(0.1)	(0.0)	—	(0.3)

Hedge accounting RUAG International carries out foreign currency forward transactions to hedge future transactions in relation to its operational business (hedging future revenues or purchases of goods and services in the corresponding currencies); these hedging transactions have been designated for hedge accounting. The hedging reserve under shareholders' equity (other reserves) included the following as at 31 December:

in CHF m	2022	2021
Other reserves	(3.4)	(3.1)

RUAG International provides certain foreign Group companies with loans in foreign currencies. These loans are not hedged. As repayment is neither planned nor likely in the foreseeable future, these items are quasi-equity loans. Therefore, the foreign currency gains/losses are recognised directly in equity. Cumulative foreign currency losses for these loans booked to equity as at 31 December 2022 amounted to CHF 39.8 million (previous year: CHF 43.8 million).

Interest rate risk RUAG International is exposed to interest rate risks arising from the volatility of market interest rates. Demand deposits and money market investments are subject to an interest rate risk that can impact on net profit.

Interest-bearing financial liabilities

as at 31 December, in CHF m	2022	2021
Current financial liabilities	—	0.0
Non-current financial liabilities	—	0.3
Total interest-bearing financial liabilities	—	0.3
Of which variable interest-bearing	—	0.3
Fixed through interest rate swap	—	—
Variable interest-bearing, net	—	0.3

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Commodity price risk In buying commodities (particularly copper, lead, steel, zinc, aluminium, etc.) to be used as raw materials in production, the company is subject to a price risk. Commodity price changes can affect the gross profit margins of the operations concerned. Therefore, until the sale of the Ammotec business unit, RUAG International primarily used lead swaps to minimise the price fluctuation risk of planned purchases.

The following hedging transactions existed as at 31 December:

Volume of contracts

in CHF m	2022	2021
Lead price hedging contracts banks	—	1.6

Replacement values

in CHF m	2022	2021
Positive replacement value banks	—	0.3
Negative replacement value banks	—	—

The following table shows an overview of the annual consumption of commodities.

Consumption

in CHF m	2022	2021
Aluminium	1.4	1.2
Lead	7.4	10.0
Copper	31.9	31.3
Steel	2.8	4.3
Titanium	0.0	0.0
Zinc	6.1	4.7
Other	0.7	0.3
Total	50.4	51.9

b. Credit risk

Credit risks arise in particular when customers are not in a position to fulfil their contractual commitments. To manage this risk, the Group periodically evaluates customers' solvency. Around 6% (previous year: 11%) of the Group's sales are attributable to the DDPS. No other customer accounts for more than 10% of the Group's sales, with the exception of Airbus.

As at the balance sheet date, there are no heavily concentrated default risks with regard to the recognised trade receivables.

The carrying amount of financial assets corresponds to the maximum credit risk of RUAG International and is composed as follows:

in CHF m	2022	2021
Cash and cash equivalents	570.3	106.1
Current financial assets	5.5	3.5
Trade receivables		
Other current receivables	92.9	130.8
Non-current financial assets	0.5	0.5
Total credit risk	669.2	241.0

Counterparty risk comprises the risk of default on derivative financial instruments and money market transactions and the credit risk on current account balances and time deposits. Default risk and credit risk are minimised by choosing as counterparties only banks and financial institutions that have an optimum credit rating when the transaction is concluded. These risks are regularly monitored to ensure that they remain within the prescribed parameters. Group guidelines ensure that the credit risk in respect of financial institutions is limited. At present, the Group does not expect any losses arising from counterparties' non-fulfilment of their contractual obligations.

c. Liquidity risk

Liquidity risk describes the risk that arises if the Group is not in a position to fulfil its obligations when due or at a reasonable price. Group Treasury is responsible for monitoring liquidity, financing and repayment. In addition, management controls processes and guidelines in this connection. To maintain flexibility, RUAG International manages its liquidity risk on a consolidated basis, drawing on business policy, tax and financial considerations and, if necessary, various funding sources. A rolling liquidity plan is drawn up on the basis of expected cash flows and is regularly updated.

On 10 December 2021, as part of the establishment of an independent financing solution, RUAG International signed a revolving, unsecured and committed syndicated loan agreement with a consortium of banks. As at 19 September 2022, the CHF 200 million portion of the cash credit limit was fully reduced and cancelled and the CHF 50 million deposit credit limit was reduced to CHF 30 million. As a result, RUAG International only has a bail-in credit limit of CHF 30 million, which was drawn down in the double-digit millions as at 31 December 2022.

This change had no impact on the covenants (minimum liquidity at Group level and minimum equity ratio) defined in the syndicated loan agreement of 10 December 2021.
All relevant key financial figures (covenants) were complied with as at 31 December 2022.

The net financial position is a key measure of liquidity management. The table below provides an analysis of the Group's net financial position by due date from the end of the reporting period to the contractual expiry date.

As at 31 December 2021

in CHF m	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Over 4 years	Total
Cash and cash equivalents	106.1	—	—	—	—	106.1
Current financial assets[1]	0.0	—	—	—	—	0.0
Non-current financial assets[1]	—	0.2	0.1	0.1	0.2	0.5
Current financial liabilities[1]	(0.0)	—	—	—	—	(0.0)
Non-current financial liabilities[1]	—	(0.3)	—	—	—	(0.3)
Other non-current financial liabilities	—	(0.4)	(0.1)	(0.1)	(0.2)	(0.8)
Net financial position	106.1	(0.5)	—	—	0.0	105.6
Prepayments from customers						178.5
Net financial position excl. customer prepayments						(73.0)

As at 31 December 2022

in CHF m	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Over 4 years	Total
Cash and cash equivalents	570.3	—	—	—	—	570.3
Current financial assets[1]	—	—	—	—	—	—
Non-current financial assets[1]	—	0.1	0.1	0.1	0.1	0.4
Current financial liabilities[1]	—	—	—	—	—	—
Non-current financial liabilities[1]	—	—	—	—	—	—
Other non-current financial liabilities	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Net financial position	570.3	—	—	—	—	570.3
Prepayments from customers						147.9
Net financial position excl. customer prepayments						422.3

[1] Cash flow hedges recognised in current financial assets and liabilities are not part of the net financial position as they are not interest-bearing.

Capital management

In managing capital, RUAG International's aims to ensure that the Group can continue its operating activities, that the owner receives an adequate return and that the balance sheet structure is optimised with regard to the cost of capital. In order to meet these objectives, RUAG International can apply for higher or lower dividend payments, repay capital to the share-holder, issue new shares, or dispose of assets in order to reduce debt. RUAG International monitors its capital structure on the basis of net financial position and equity. The net financial position is the sum of cash and cash equivalents, current and non-current financial assets minus current and non-current financial liabilities and other non-current liabilities.

34 Events after the reporting period

The Board of Directors of RUAG International Holding Ltd approved the consolidated financial statements for publication on 1 March 2023.

No material events have taken place since the end of the reporting period that would have an impact on the carrying values of the assets or liabilities as at 31 December 2022.

The right to approve the consolidated financial statements rests with the annual shareholders' meeting.

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35 Consolidated companies and non-controlling interests (as at 31 December 2022)

Company	Head office	Country		Equity capital (100%)	Shareholding 2022	Shareholding 2021	Consolidation method
RUAG International Holding Ltd[1]	Bern	Switzerland	CHF	217 900 000			Full
Konsolidierte Gesellschaften							
Beyond Gravity Switzerland Ltd[2]	Emmen	Switzerland	CHF	112200000	100.0%	100.0%	Full
Beyond Gravity Services Ltd[2]	Bern	Switzerland	CHF	100000	100.0%	100.0%	Full
Beyond Gravity Slip Rings Ltd[2]	Nyon	Switzerland	CHF	100000	100.0%	100.0%	Full
Beyond Gravity USA Holding Inc.[2]	Huntsville, AL	USA	USD	0.1	100.0%	100.0%	Full
Beyond Gravity USA Inc.[2]	Huntsville, AL	USA	USD	25000	100.0%	100.0%	Full
Beyond Gravity Germany GmbH[2]	Coswig	Germany	EUR	26000	100.0%	100.0%	Full
Beyond Gravity Holding Sweden AB[2]	Gothenburg	Sweden	SEK	100000	100.0%	100.0%	Full
Beyond Gravity Sweden AB[2]	Gothenburg	Sweden	SEK	15000000	100.0%	100.0%	Full
Beyond Gravity Finland Oy[2]	Tampere	Finland	EUR	2500	100.0%	100.0%	Full
Beyond Gravity Austria GmbH[2]	Vienna	Austria	EUR	1500000	100.0%	100.0%	Full
Beyond Gravity Advanced Systems Inc.[2,3]	Huntsville, AL	USA	USD	1500	100.0%	100.0%	
RUAG Deutschland GmbH	Gilching	Germany	EUR	1000000	100.0%	100.0%	Full
RUAG Aerostructures Switzerland Ltd[4]	Emmen	Switzerland	CHF	100000	100.0%	100.0%	Full
RUAG Aerospace Structures GmbH	Gilching	Germany	EUR	25000	100.0%	100.0%	Full
RUAG Aerostructures Hungary Zrt.	Eger	Hungary	HUF	609000000	100.0%	100.0%	Full
RUAG Ammotec Ltd	Thun	Switzerland	CHF	12000000	0.0%	100.0%	Full
RUAG Ammotec Switzerland Ltd	Winterthur	Switzerland	CHF	300000	0.0%	100.0%	Full
RUAG Simulation&Training Ltd	Bern	Switzerland	CHF	100000	0.0%	100.0%	Full
RUVEX Ltd	Bern	Switzerland	CHF	100000	0.0%	100.0%	Full
RUAG Defence Deutschland GmbH	Wedel	Germany	EUR	260000	0.0%	100.0%	Full
RUAG Ammotec Deutschland GmbH	Fürth	Germany	EUR	100000	0.0%	100.0%	Full
RUAG Ammotec GmbH	Fürth	Germany	EUR	25000	0.0%	100.0%	Full
VS Medien GmbH	Bad Ems	Germany	EUR	25000	0.0%	100.0%	Full
Norma Precision AB	Amotfors	Sweden	SEK	2500000	0.0%	100.0%	Full
Gyttorp AB	Karlskoga	Sweden	SEK	701400	0.0%	100.0%	Full
Gyttorp Cartridge Company AB	Nora	Sweden	SEK	1000000	0.0%	100.0%	Full
RUAG Ammotec Sweden AB	Karlskoga	Sweden	SEK	300000	0.0%	100.0%	Full
RUAG Australia PTY Ltd	Bayswater	Australia	AUD	10000	0.0%	100.0%	Full
RUAG Ammotec Benelux BVBA	Boechout	Belgium	EUR	25000	0.0%	100.0%	Full
RUAG Industria e Comercio de Municoes Ltda	São Francisco	Brasilien	BRL	500000	0.0%	100.0%	Full
RUAG Ammotec Denmark ApS[4]	Randers SV	Denmark	DKK	371804	0.0%	100.0%	Full
RUAG Ammotec UK Ltd	Liskeard	UK	GBP	15000	0.0%	100.0%	Full
RUAG Ammotec Finland OY	Malax	Finland	EUR	33638	0.0%	100.0%	Full
RUAG Holding France SAS	Terssac	France	EUR	100000	0.0%	100.0%	Full
RUAG Defence France SAS	Terssac	France	EUR	400000	0.0%	100.0%	Full
RUAG Ammotec France SAS	Paris	France	EUR	1000000	0.0%	100.0%	Full
RUAG Ammotec Italia s.r.l.	Brescia	Italy	EUR	100000	0.0%	100.0%	Full
RUAG Ammotec Austria GmbH	Wien	Austria	EUR	297959	0.0%	65.0%	Full
RUAG Hungarian Ammotec Inc.	Sirok	Hungary	HUF	300000000	0.0%	100.0%	Full
RUAG Ammotec USA Inc.	Tampa, FL	USA	USD	6500000	0.0%	100.0%	Full
RUAG Simulation Company LLC	Abu Dhabi	VAE	AED	150000	0.0%	49.0%	Full
Stadeln Genehmigungshaltergesellschaft GmbH[3]	Fürth	Germany	EUR	25000	0.0%	78.6%	
Minority interests							
Arianespace Participation	Evry	France	EUR	3937983	3.5%	3.5%	3
Flughafen Bern Ltd	Bern	Switzerland	CHF	14310000	1.4%	1.4%	3
Switzerland Innovation Park Biel/Bienne Ltd	Biel/Bienne	Switzerland	CHF	2202700	4.5%	4.5%	3

[1] RUAG International Holding Ltd, Bahnhofplatz 10b, CH-3011 Bern.

[2] The company was renamed Beyond Gravity as part of the RUAG rebranding.

[3] Non-material investments are valued at cost minus a valuation allowance.

[4] Beyond Gravity Ltd, which was founded on 27 May 2021 and is headquartered in Emmen (Switzerland), was renamed RUAG Aerostructures Switzerland Ltd at the end of April 2022. Beyond Gravity Switzerland Ltd (formerly RUAG Switzerland Ltd) transferred its aerostructures activities to RUAG Aerostructures Switzerland Ltd by means of a contribution in kind as at 1 January 2022.

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To the Board of Directors of

RUAG International Holding Ltd, Berne

Berne, 6 March 2023

Independent auditor's report of the financial statements

Opinion

We have audited the financial statements of RUAG International Holding Ltd (the Company), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (page 50 to 87) are prepared, in all material respects, in accordance with the accounting policies as described in Note 2.

Basis for our opinion

We conducted our audit in accordance with Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements were prepared to ensure the comparability of the consolidated financial statements of RUAG International Holding AG with the prior period. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the accounting policies as described in Note 2 and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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

Ernst & Young Ltd.

MARTIN MATTES
Licensed audit expert
(Auditor in charge)

PHILIPPE WENGER
Licensed audit expert

Income statement for 1 January to 31 December

in CHF m	Note	2022	2021
Income from investments	2.5	184.6	9.2
Income from services		2.7	—
Reversal of impairment loss on financial assets	2.6	60.4	—
Total operating income		247.8	9.2
Personnel expenses		(0.2)	(0.3)
Other operating expenses	2.7	(26.1)	(1.1)
Impairment losses on investments	2.8	(11.3)	—
Total operating expenses		(37.7)	(1.5)
Operating profit/loss		210.1	7.7
Financial income			
Interest income		16.2	0.0
Currency gains		—	0.0
Financial expenses			
Interest expense		(9.4)	(0.0)
Currency losses		(9.9)	(0.0)
Pre-tax profit		206.9	7.7
Income taxes		(0.1)	(0.2)
Net profit		206.9	7.5

The notes to the financial statements on pages 92 to 94 form an integral part of the financial statements.

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Balance sheet as at 31 December

in CHF m	Note	2022	2021
Cash and cash equivalents		532.7	0.7
Current financial assets			
Due to third parties		3.7	—
Other current receivables			
Due to third parties		1.9	0.0
Due to companies in which the entity holds an investment		6.1	—
Prepaid expenses and accrued income			
Due to third parties		2.0	0.1
Due to companies in which the entity holds an investment		1.0	—
Total current assets		547.4	0.9
in % of total assets		51.9%	0.1%
Financial assets			
Due to companies in which the entity holds an investment[1]		176.0	—
Investments	2.1	331.7	895.0
Intangible assets		0.0	—
Total non-current assets		507.7	895.0
in % of total assets		48.1%	99.9%
Total assets		1055.1	895.9
Current interest-bearing liabilities			
Due to third parties		0.0	—
Due to companies in which the entity holds an investment		206.3	—
Other current interest-bearing liabilities			
Due to third parties		0.0	—
Due to companies in which the entity holds an investment		13.7	—
Other current liabilities			
Due to third parties		2.8	0.1
Due to companies in which the entity holds an investment		2.4	0.0
Current provisions		1.8	0.0
Deferred income and accrued expenses			
Due to third parties		0.7	0.1
Due to companies in which the entity holds an investment		0.7	0.0
Total current liabilities		228.4	0.3
Non-current provisions		12.1	—
Total non-current liabilities		12.1	—
Total liabilities		240.5	0.3
in % of total assets		22.8%	0.0%
Share capital	2.3	217.9	217.9
Legal capital reserve			
Reserves from capital contributions	2.4	—	865.8
Other capital reserves	2.4	578.0	—
Voluntary retained earnings			
Balance sheet profit (loss)			
Net profit brought forward		(188.2)	(195.6)
Net profit for the year		206.9	7.5
Total equity		814.6	895.6
in % of total assets		77.2%	100.0%
Total liabilities and equity		1055.1	895.9

[1] Of which subordinated: CHF 79.6 million.

The notes to the financial statements on pages 92 to 94 form an integral part of the financial statements.

1 Principles

1.1 General

On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was renamed RUAG International Holding Ltd at the same time.

The key applied accounting principles that are not stipulated by law are described below. Here it must be noted that in order to ensure its long-term success, the company has made use of the option to create and release hidden reserves.

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, unrealised losses are recognised, while unrealised profits are not (imparity principle).

1.3 Investments

Investments are measured at cost minus the required impairment. 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 forward transactions

Positive and negative replacement values of foreign currency forward transactions which are subject to hedge accounting are not measured during their life because the net principle is applied. The contract volumes and replacement values of current transactions are listed in the notes under section 2.2.

1.5 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 recognised on a "realised" basis. For non-current assets and liabilities, the imparity principle applies; any unrealised foreign exchange losses are treated as an expense, while unrealised profits are not recognised in the income statement.

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

As RUAG International Holding Ltd prepares its consolidated financial statements in line with recognised accounting standards (Swiss GAAP FER), in accordance with the statutory provisions it has not provided details in the notes to the financial statements concerning interest-bearing liabilities and audit fees, and has not prepared a statement of cash flows.

2 Information on balance sheet and income statement items

2.1 Investments

a) Direct investments

Company	Head office	Country	Share of capital and voting rights 2022 in %	Share of capital and voting rights 2021 in %		Capital
RUAG International Holding Ltd[1]	Bern	Switzerland	n/a	100	CHF	340 000 000
RUAG MRO Holding Ltd[1]	Bern	Switzerland	0	100	CHF	100 000
Beyond Gravity Switzerland Ltd[2]	Emmen	Switzerland	100	0	CHF	112 200 000
Beyond Gravity Services Ltd[2]	Bern	Switzerland	100	0	CHF	100 000
Beyond Gravity Slip Rings Ltd[2]	Nyon	Switzerland	100	0	CHF	100 000
Beyond Gravity Holding Sweden AB[2]	Gothenburg	Sweden	100	0	SEK	100 000
RUAG Aerostructures Switzerland Ltd	Emmen	Switzerland	100	0	CHF	100 000
RUAG Deutschland GmbH	Wessling	Germany	100	0	EUR	1 000 000
RUAG Aerostructures Hungary Zrt.	Eger	Hungary	100	0	HUF	609 000 000
Flughafen Bern Ltd	Bern	Switzerland	1.4	0	CHF	14 310 000
Switzerland Innovation Park Biel/Bienne Ltd	Biel/Bienne	Switzerland	4.5	0	CHF	2 202 700

[1] On 8 June 2022, BGRB Holding Ltd distributed its stake in RUAG MRO Holding Ltd to the Swiss Confederation. RUAG International Holding Ltd was then merged into BGRB Holding Ltd on 8 June 2022, after distribution of the dividend in kind, with retroactive effect from 1 January 2022. The merged company was simultaneously renamed RUAG International Holding Ltd.

[2] The company was renamed Beyond Gravity as part of the RUAG rebranding.

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b) Material indirect investments

Company	Head office	Country	Share of capital and voting rights 2022 in %	Share of capital and voting rights 2021 in %		Capital
Beyond Gravity Sweden AB[2]	Gothenburg	Sweden	100	100	SEK	15 000 000
Beyond Gravity USA Inc.[2]	Huntsville	USA	100	100	USD	25 000
Beyond Gravity Austria GmbH[2]	Wien	Austria	100	100	EUR	1 500 000
RUAG Aerospace Structures GmbH	Wessling	Germany	100	100	EUR	25 000
Beyond Gravity Switzerland Ltd[2]	Emmen	Switzerland	0	100	CHF	112 200 000
RUAG Ltd	Emmen	Switzerland	0	100	CHF	100 000
RUAG Real Estate Ltd	Bern	Switzerland	0	100	CHF	8 000 000
RUAG Ammotec Ltd	Thun	Switzerland	0	100	CHF	12 000 000
RUAG Simulation & Training Ltd	Bern	Switzerland	0	100	CHF	100 000
RUAG Ammotec GmbH	Fürth	Germany	0	100	EUR	25 000
RUAG Ammotec USA Inc.	Tampa, FL	USA	0	100	USD	6 500 000

[2] The company was renamed Beyond Gravity as part of the RUAG rebranding.

2.2 Foreign currency forward transactions

in CHF m	2022	2021
Volume of foreign currency hedging contracts with banks	284.2	—
Volume of foreign currency hedging contracts with banks	(69.9)	—
Volume of foreign currency hedging contracts with Group companies	9.5	—
Volume of foreign currency hedging contracts with Group companies	(82.8)	—
Positive replacement value banks	5.6	—
Negative replacement value banks	(5.9)	—
Positive replacement value Group companies	1.9	—
Negative replacement value Group companies	(0.5)	—
Total replacement values	1.1	—

The contract volumes represent the volume of open foreign currency forward transactions as at year-end. The replacement values only contain the positive and negative replacement values from open foreign currency forward transactions as at year-end that are recognised at fair value.

2.3 Share capital

The share capital of CHF 217.9 million comprises 2.179 million registered shares, each with a nominal value of CHF 100.

2.4 Reserves from capital contributions/other capital reserves

As at 31.12.2021, the reserves from capital contributions still amounted to CHF 865.8 million, which were created on the occasion of a quasi-merger in 2019 (contribution in kind of the shares of the former RUAG International Holding Ltd). In 2022, a cash dividend of CHF 1.9 million was distributed from the capital contribution reserves. In addition, the participation in RUAG MRO Holding Ltd was distributed as a dividend in kind from the capital contribution reserves.

Furthermore, in 2022, the parent-subsidiary merger between BGRB Holding Ltd (now RUAG International Holding Ltd) and its subsidiary RUAG International Holding Ltd took place.

The above-mentioned absorption-merger resulted in a merger loss of CHF 15.7 million, which was charged to reserves from capital contributions.

As the merger of BGRB Holding Ltd with RUAG International Holding Ltd took place shortly after the quasi-merger (in line with tax practice), this now leads to the same tax consequences as a direct absorption-merger, i.e. the originally formed capital contribution reserves are no longer accepted for tax purposes to this extent and have been reclassified to other capital reserves. The capital contribution reserves amounted to CHF 0 as of 31.12.2022.

2.5 Dividend income

The income from investments includes the ordinary dividend distributions from RUAG MRO Holding Ltd, Beyond Gravity Holding Sweden AB, Beyond Gravity Sweden AB and Beyond Gravity Switzerland Ltd and the results from the sale of participations in RUAG Simulation & Training Ltd, RUAG Holding France SAS, RUAG Ammotec AG, RUAG Ammotec Switzerland Ltd and RUAG Australia PTY Ltd.

2.6 Impairment losses and reversals of impairment losses on financial assets

Financial assets are reviewed annually for impairment, if events or circumstances give reason to suspect that the book value may no longer be recoverable. When recoverability is restored, impairment losses can be reversed up to the acquisition value. In the year under review, value adjustments on financial assets amounting to CHF 60.4 million were reversed.

2.7 Other operating expenses

in CHF m	2022	2021
Advertising costs	(0.4)	(0.0)
Administration costs	(20.9)	(1.1)
Management fees (top management costs)	(4.8)	—
Total other operating expenses	(26.1)	(1.1)

2.8 Impairment losses on investments

If events or circumstances indicate that the carrying amount may no longer be recoverable, investments are reviewed on an annual basis with regard to their value. As part of the carve-out of RUAG Aerostructures Ltd, the value of the Beyond Gravity Switzerland Ltd investment was adjusted in the amount of the dividend in kind paid out in accordance with accounting regulations (CHF 11.3 million).

3 Further information

3.1 Full-time positions

As in the previous year, the annual average number of full-time positions did not exceed 10 in the year under review.

3.2 Collateral provided for third-party liabilities

in CHF m	2022	2021
Group guarantees	83.8	—
Total contingent liabilities	83.8	—

Guarantee liabilities are primarily performance and advance payment guarantees issued as part of operational business, as well as guarantees to secure bank credit limits vis-à-vis the subsidiaries.

3.3 Events after the reporting period

There were no significant events after the balance sheet date that have an impact on the book values of the reported assets or liabilities or that would have to be disclosed here.

Proposal by the Board of Directors for the appropriation of available earnings

in CHF m	2022
Balance sheet profit at the start of the financial year	(188.2)
Net profit for the year	206.9
Balance sheet profit at the disposal of the Annual General Meeting	18.7
The Board of Directors proposes the following appropriation of profit at the Annual General Meeting:	
Dividend	—
Allocation to general legal retained earnings	—
Balance to be brought forward	18.7

Furthermore, the Board of Directors proposes to distribute a dividend of CHF 200.0 million from the other capital reserves.

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To the General Meeting of
RUAG International Holding Ltd, Berne

Berne, 6 March 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of RUAG International Holding Ltd (the Company), which comprise the statement of balance sheet as at 31 December 2022 and the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (page 90 to 94) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of legal capital reserve comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved. We recommend that the financial statements submitted to you be approved.

In addition, we draw your attention to the fact that consolidated financial statements have not been prepared, which is in breach of article 963 CO.

Ernst & Young Ltd

MARTIN MATTES
Licensed audit expert
(Auditor in charge)

PHILIPPE WENGER
Licensed audit expert

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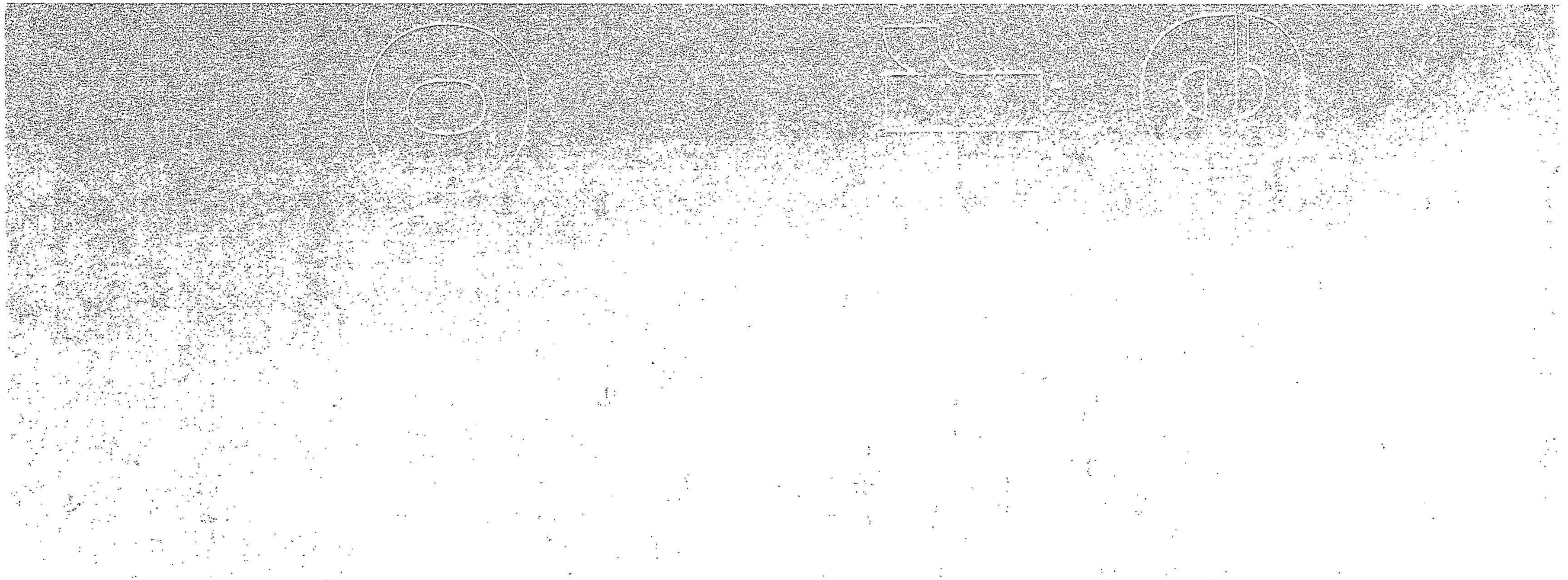

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RUAG International follows clear rules

Management and control are based on the corporate governance guidelines of SIX Swiss Exchange.

Board of Directors
The duties of the Board of Directors of RUAG International Holding Ltd are governed by the Swiss Code of Obligations, the owner's strategy of the Swiss Federal Council, the Articles of Association and the Regulations Governing Organisation and Operations. The Board of Directors of RUAG International Holding Ltd currently consists of five members (20% women), none of whom exercises an executive function within the company or has done so in the three financial years preceding the period under review. In addition, the members of the Board of Directors have no material business relationship with the Group. There were no changes in the composition of the Board of Directors in the reporting year.

Election and term of office
The Board of Directors of RUAG International Holding Ltd and its Chairman are elected by the Annual General Meeting (AGM). In accordance with the Articles of Association, the Board of Directors consists of a maximum of seven individuals. The majority of the Board's members must be Swiss nationals who are resident in Switzerland. They are elected annually and individually, and may be re-elected. RUAG International does not specify an age limit for members of the Board of Directors, nor does it limit their term of office. The members of the Board of Directors are proposed by the Swiss Confederation (sole shareholder) and elected unanimously.

The following section provides information on the composition of the Board of Directors as at 31 December 2022, the individual members' functions within RUAG International, their nationality and the year in which they were first elected to the Board. Information is also provided on the year of birth, on other activities and interests, on significant mandates at major companies, organisations and foundations, on permanent functions in major interest groups, and on public offices and political mandates held as at 31 December 2022.

Vested interests
In accordance with the Nomination & Compensation Committee (NCC) Charter of 2020, the NCC is responsible for approving external ancillary activities of the members of the Board of Directors and the CEO. Twice a year, the NCC submits an updated list of all ancillary activities of all members of the Board of Directors and the Executive Board to the Board of Directors for information. Corresponding mandates are included on the agenda of both the NCC and the Board of Directors and discussed individually.

The Board of Directors' vested interests are regularly disclosed. The Board of Directors is sensitised to ensuring that such vested interests are compatible with the mandate for RUAG International, both in terms of time and content. This is already taken into account when filling positions. Should a conflict of interest nevertheless arise unexpectedly, the member concerned would step aside. New mandates or commitments are also discussed in advance with the Chairman of the Board of Directors.

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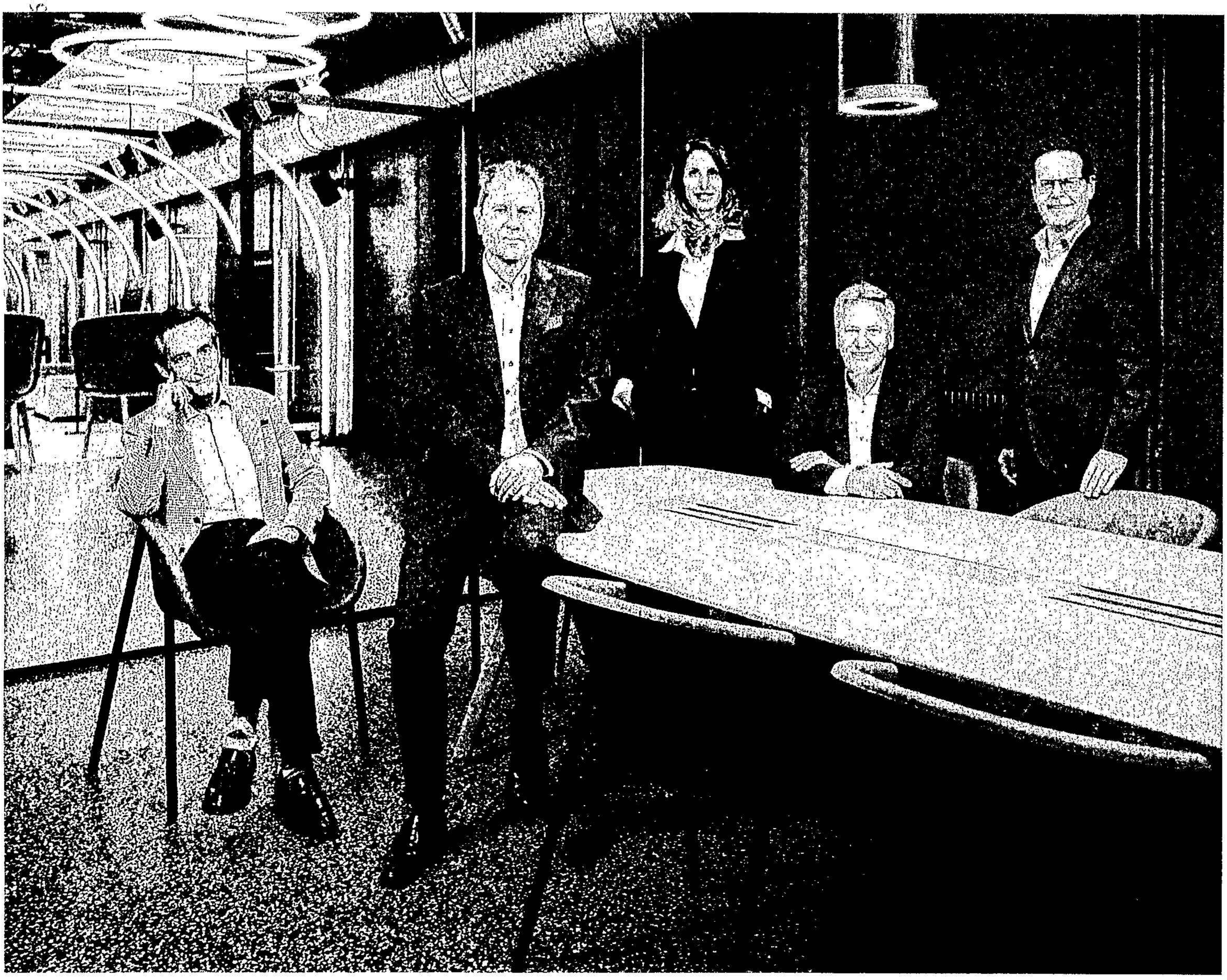

(From left to right)

Jürg Oleas Vice Chairman
Dr. Remo Lütolf Chairman
Déborah Carlson-Burkart Member
Rainer G. Schulz Member
Kaspar W. Kelterborn Member

Dr. Remo Lütolf (b.1956, Swiss), Chairman of the Board of Directors since 26 April 2018, Member since 2014, elected until the 2023 Annual General Meeting.
Education: Dipl. El. Ing. ETH, Dr. sc. techn. ETH Zurich; Executive MBA IMD Lausanne.
Professional background: CEO of ABB Switzerland (2013-2018); Head of the global business unit for power electronics and medium-voltage drives, ABB Group (2003-2012); Head of the regional division for automation products, ABB North Asia/China (2005-2008); Head of the local business unit for power electronics, ABB Switzerland (1999-2002); Various management positions in the Building Control and Energy Management divisions, Landis & Gyr Zug (1987-1998)
Committees: Member of the Audit Committee and the Nomination & Compensation Committee.
Significant mandates: Chairman of the Board of Directors of ewl Energie Wasser Luzern Holding AG, Chairman of the Board of Directors of Erdgas Zentralschweiz AG, Member of the Board of Directors of MTE Meter Test Equipment AG, Member of the University Council, University of Applied Sciences and Arts Northwestern Switzerland.

Jürg Oleas (b.1957, Swiss), Vice Chairman, Member since 2011, elected until the 2023 Annual General Meeting.
Education: Master's in Mechanical Engineering from ETH Zurich.
Professional background: Until 2001 various professional positions at ABB and lastly briefly at Alstom, from 2001 management position at GEA Group AG and from 2004 to 2019 CEO of GEA Group AG.
Committees: Member of the Audit Committee.
Significant mandates: Chairman of the Board of Directors HOCHDORF Holding AG, Member of the Board of Directors Holcim (Member of AC Committee and Nomination, Compensation and Governance Committee).

Rainer G. Schulz (b.1965, Swiss), Member since 2020, elected until the 2023 Annual General Meeting.
Education: Engineering studies with specialisation in production technology.
Professional background: Interim CEO Röchling SE (2021/22), CEO REHAU Group (until 2018); Head of Production/Purchasing, BMW Rolls Royce AeroEngines (until 2001). Head of Production Logistics, Scheidt& Bachmann GmbH (until 1994).
Committees: Member of the Nomination & Compensation Committee.
Significant mandates: Member of the Board of Directors and Chairman of the Audit Committee of Bühler Holding AG, Member of the Board of Directors of Hoerbiger Holding AG, Member of the Advisory Board of Röchling SE & Co KG, Member of the Board of Directors of EISENMANN SE.
Kaspar W. Kelterborn (b.1964, Swiss), Member since 2021, elected until the 2023 Annual General Meeting.
Education: Lic. Oec. HSG, University of St. Gallen, Switzerland.
Professional background: Chief Financial Officer (CFO) and member of the Executive Board of Conzzeta AG, Switzerland (2006–2021); Chief Financial Officer (CFO) and member of the Executive Board of Unaxis Holding AG, Switzerland (2002–2005); various leading management positions and international assignments in the area of finance and controlling in Switzerland and abroad within Clariant Group (until 2002)
Committees: Chairman of the Audit Committee.
Significant mandates: Member of the Board of Directors and Head of the Audit Committee of CPH Chemie+Papier Holding AG, President of the Foundation Board Hilfsfond der Perlen Gruppe, Member of the Board of Directors of Suhner Group AG, Member of the Board of Directors of Wipf Holding AG, Member of Conzzeta Pension Fund, from 01.04.2022 to 31.12.2022 CFO ad interim and member of the Executive Board of dormakaba Group.

Déborah Carlson-Burkart (b.1969, Swiss), Member since 2021, elected until the 2023 Annual General Meeting.
Education: Certified Board Member, INSEAD (FR); LL.M., Duke University (USA); Admitted to the bar, Zurich (CH); Lic. iur./ Master of Law, Faculty of Law, University of Zurich (CH).
Professional background: Self-employed lawyer and Board member since 2015, Head Legal Rothschild Trust Group and Member of the Executive Board of Rothschild Trust (Switzerland) AG and Managing Director of Rothschild Trust Italy srl. in Milan (IT) until 2015; Head Legal and Secretary of the Board of Directors of Alstom (Switzerland) AG, Member of the Executive Board, until 2011; Head International Legal, MicroStrategy Inc. Washington, DC (USA), until 2005.
Committees: Chair of the Nomination & Compensation Committee.
Significant mandates: Visiting lecturer University of St. Gallen HSG. Member of the Board of Directors of Visana Group, Alstom Network Switzerland AG and PVS Pension fund.

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Internal organisation and tasks
The Board of Directors holds ultimate responsibility for the business strategy and overall management of the Group. Subject to the authority of the Annual General Meeting, it possesses supreme decision-making powers.

The main duties of the Board of Directors under the terms of the Swiss Code of Obligations and Articles of Association of RUAG International Holding Ltd are:

- The strategic orientation and management of the Group in accordance with the owner's strategy of the Swiss Federal Council
- The structuring of the accounting system, financial controlling and financial planning
- The appointment and dismissal of the CEO, other members of the Group Executive Board and other senior executives
- Supreme oversight of business activities
- Production of the Annual Report, preparation of the AGM and implementation of resolutions passed by the latter

Decisions are taken by the Board of Directors as a whole. To assist it in the preparation and implementation of its decisions, the Board is assisted by two committees: an Audit Committee and a Nomination & Compensation Committee.

In the year 2022, the Board of Directors held seven ordinary meetings instead of the usual six, including one two-day strategy meeting. In addition, the BoD held four extraordinary meetings and five circular resolutions. In addition, the members of the Board of Directors discussed matters regularly by telephone. The agenda for meetings of the Board of Directors is set by the Chairman. Any member of the Board of Directors may request that an item be included on the agenda. The members are provided with documentation prior to each meeting to enable them to prepare for the items to be discussed.

The Board of Directors maintains an exchange of ideas with the company's operational managers. The CEO and CFO regularly attend the meetings as guests, other executives do so depending on the agenda.

With the exception of three excused absences, the members of the Board of Directors participated in all Board meetings, in individual cases by telephone, e.g. due to Covid infections.

Committees
The Board of Directors has an Audit Committee, and a Nomination & Compensation Committee, each of which has its own Chair. The committees meet regularly and prepare business for the full Board of Directors, draft related proposals and implement resolutions of the Board of Directors as required. The agenda of each committee's meetings is set by its Chair. The members of the committees are provided with documentation prior to the meetings to enable them to prepare for the items on the agenda. Individual charters have been defined for both the Audit Committee and the Nomination & Compensation Committee, which define the tasks within the two committees.

Audit Committee
The Audit Committee is composed of three members of the Board of Directors, none of whom exercises an executive function. The members of the Audit Committee are experienced in financial and accounting matters. The Audit Committee meets regularly and is convened by the Chair as often as business requires. Usually the meetings are also attended by the CEO, CFO, Vice President of Internal Audit, General Counsel and representatives of the statutory auditor.

The main task of the Audit Committee is to ensure a comprehensive and efficient audit strategy for RUAG International Holding Ltd and the Group. The duties of the Audit Committee include:

- Assessing processes in the risk and control environment (internal control system)
- Monitoring financial reporting
- Assessing the internal and external auditors
- Defining and approving the focal points of the audits
- Accepting the audit report and any recommendations of the statutory auditor prior to submission of the annual financial statements (individual and consolidated) to the full Board of Directors for approval
- Submitting a proposal to the full Board of Directors as to which external auditor should be recommended to the AGM for appointment; assessing the performance, fees and independence of the external auditor and examining the compatibility of audit activities with any consultancy mandates
- Regularly examining the Compliance Management System

The Audit Committee regulates, supervises and commissions the Internal Audit. It provides the full Board of Directors with a regular report on its activities and immediately informs the Board of any important matters.

Nomination&Compensation Committee
The Nomination & Compensation Committee (NCC) is composed of three members of the Board of Directors, none of whom exercises an executive function. The NCC meets regularly and is convened by the Chair as often as business requires. The meetings are usually also attended by the CEO and the Chief HR Officer.

The main task of the NCC is to propose the outlines of human resource policies and planning to the full Board of Directors and to present proposals on the selection and compensation of Group Executive Board members. This also includes preparing necessary decisions for the full Board of Directors in the areas of management development, compensation system and policies, objective setting, pension fund matters and social partnership.

Finally, the NCC is tasked with proposing the compensation of members of the Board of Directors in conformity with the guidelines set forth by the Swiss Confederation.

Information and control instruments
The RUAG International Management Information System (MIS) is structured as follows: the separate financial statements (balance sheet, income statement and statement of cash flows) of the individual subsidiaries and business units are compiled on a monthly, quarterly, semi-annual and annual basis. These figures are consolidated for each business unit and for the Group as a whole and presented in comparison with the budget. The budget, which represents the first year of a rolling three-year plan, is examined in the form of a feasibility forecast based on monthly results. The CEO submits a monthly written report on budget compliance to the Board of Directors.

Compliance & Governance Organisation
At Group level, the Compliance&Governance function is responsible, among other things, for ensuring that RUAG International's internal rules are anchored by a comprehensive compliance management system. The business segments are responsible for data protection, trade compliance, risk management and commercial compliance via communities of interest.

The Vice President Compliance and the Vice President Governance report only on a disciplinary basis (solid-line) to the General Counsel. Both regularly report technically (dotted-line) to the Board of Directors, either during Board meetings or through the Audit Committee. In addition, two detailed meetings are held annually with the Chairman of the Board of Directors. The shareholder is regularly informed in summary form about compliance issues, in particular during quarterly reports and discussions.

Whistle-blower system
RUAG International has an independent reporting office, which offers employees and third parties a way to report any abuses occurring at RUAG – anonymously if desired. The reporting tool, run by an external Swiss company, is intended to function as an early warning system and to help prevent, detect and remedy any irregularities. Incoming reports are seen and processed only by designated Compliance&Governance specialists.

Code of Conduct for Business Partners
The Code of Conduct for Business Partners has been integrated into RUAG International's General Terms and Conditions. RUAG International is committed to conducting business in accordance with ethical principles and applicable law and in a socially responsible fashion. RUAG International also expects its customers, suppliers and service providers and their supply chains to conduct themselves correctly in every respect.

Rejecting corruption
By systematically implementing the "Anti Corruption" directive, which forms part of every RUAG International employment contract, RUAG International is affirming its commitment to being a fair competitor and refraining from seeking unfair advantage by providing financial or other incentives to third parties. RUAG likewise does not accept financial or other incentives in expectation of or as a reward for granting an unfair advantage.

Behaviour that violates the "Anti-Corruption" directive or other internal rules is consistently sanctioned and corrective measures are implemented.

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Group Executive Board

The following section provides information on the names, year of birth, function and date of joining, as well as the external mandates, of each member of the Group Executive Board.

André Wall (b.1964, German), Chairman of the Group Executive Board, CEO of RUAG International, joined Nov. 2020
External mandates: Founder of Social Return GmbH, Owner of AW Aviation GmbH & Co. KG

Angelo Quabba (b.1965, Swiss), member of the Group Executive Board, CFO of RUAG International, joined Nov. 2020
External mandates: Chairman of the Board of Directors of Gubemo AG, Chairman of the Board of Directors of Tresio AG

Dr. Christian Ferber (b.1965, Swiss), member of the Group Executive Board, CHRO of RUAG International, joined 2012, left 31.10.2022

Dr. Judith Bischof (b. 1974, Swiss), member of the Group Executive Board, General Counsel of RUAG International, joined 2018, left 30.09.2022

Christoph M. Eisenhardt (b. 1968, German), member of the Group Executive Board, CEO of RUAG Ammotec, joined 2017, left 31.07.2022

Management organisation

The Board of Directors has appointed a Group Executive Board under the chairmanship of the CEO. The CEO and the Group Executive Board are responsible for the overall management of RUAG International and for all matters not delegated to another governing body of the company by law, the Articles of Association or the Regulations Governing Organisation and Operations. The powers and duties of the Group Executive Board and CEO are set out in detail in the Organisational Regulations and in the job description of the CEO.

The members of the Group Executive Board report to the CEO.

Following the departures of Christoph M. Eisenhardt (RUAG Ammotec), Dr Judith Bischof (General Counsel) and Dr Christian Ferber (Chief HR Officer), the Executive Board of RUAG International consists of André Wall, Chief Executive Officer (CEO), and Angelo Quabba, Chief Financial Officer (CFO).

CEO

The CEO manages RUAG International. He submits the RUAG International strategy, long- and medium-term objectives, and management guidelines to the full Board of Directors for their approval.

At the proposal of the CEO, the Board of Directors decides on the three-year corporate plan, annual budget, individual projects, business unit and consolidated financial statements and Group Executive Board-level human resource issues.

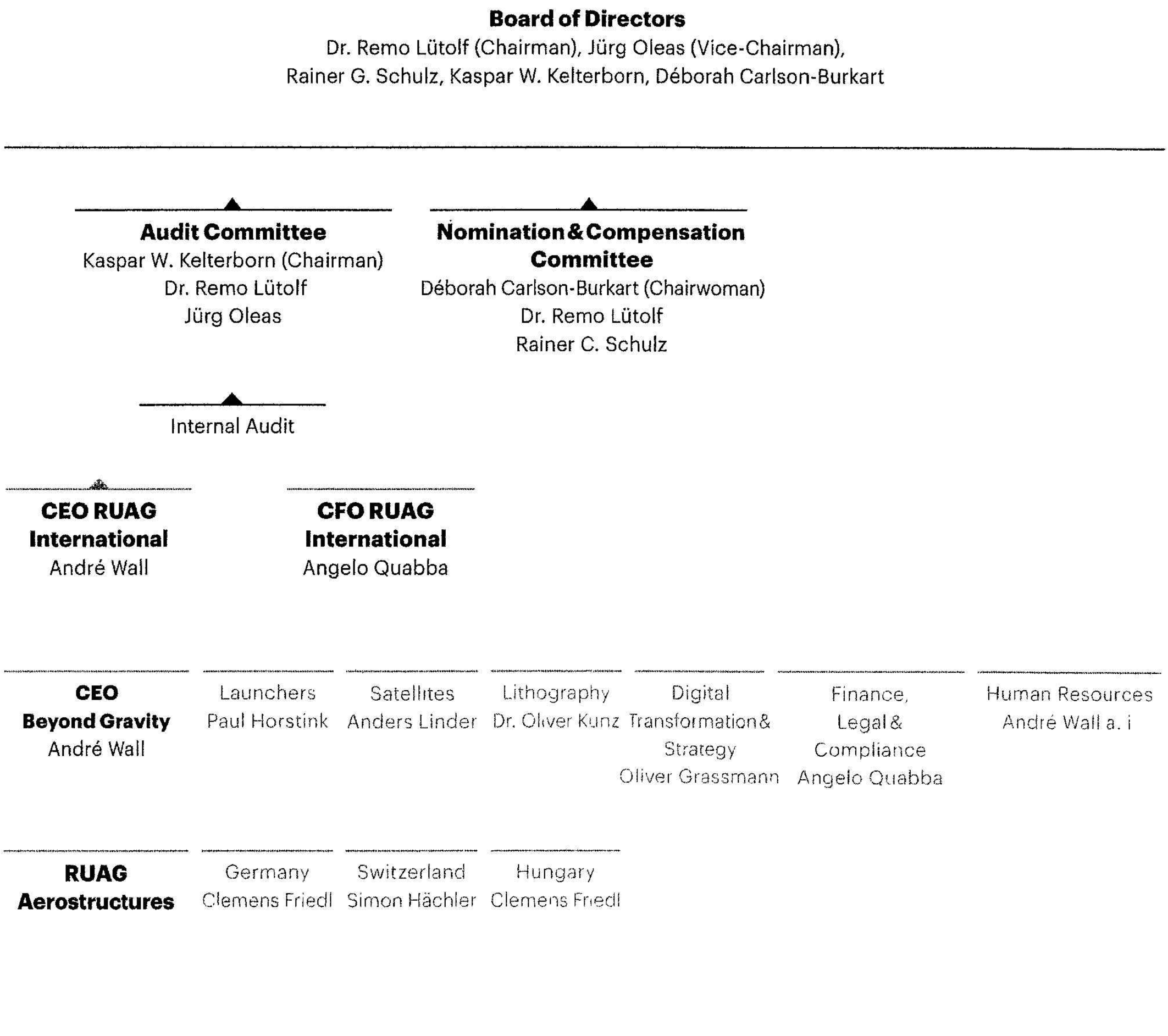
The CEO regularly submits reports to the Board of Directors on business performance, anticipated business matters and risks, as well as changes at the next management level.

The members of the Board of Directors may request and review further information on operations as provided by the law, the Articles of Association and the Regulations Governing Organisation and Operations.

The CEO regularly assesses whether the Articles of Association and the regulations and other guidelines issued by the Board of Directors require amendment, and applies for such amendments to be made.

Management contracts
No management contracts have been concluded by RUAG International Holding Ltd and its subsidiaries with any third parties.

RUAG International management structure as at 31 December 2022



— Group Executive Board RUAG International Holding Ltd

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Compensation, profit-sharing and loans

Compensation report

The following details correspond to the guidelines of SIX Swiss Exchange concerning the compensation policy and compensation paid to members of the Board of Directors and Group Executive Board, taking the transparency provisions of the Swiss Code of Obligations (Art. 663b and Art. 663c) into account. Compensation paid in accordance with these provisions of the Swiss Code of Obligations is listed in the financial statements of RUAG International in Note 32 "Compensation of key management personnel", with further details provided.

Compensation policy

RUAG International's HR policy includes the principle that employee performance and company success are the main factors that determine compensation. The policy is aimed at implementing simple, clearly structured compensation systems that ensure fair pay and are transparent for employees. RUAG International bases its compensation on current levels of remuneration in the applicable market environment and reviews it regularly. Individual compensation is based on job requirements, the employee's skills and performance, and the company's financial success. Wherever possible, RUAG International applies success- and performance-based compensation systems with an additional success-based variable component. These principles also apply in setting the compensation policy for the Group Executive Board, which is determined by the Board of Directors at the request of the NCC. RUAG International also prepares an annual report for submission to the Swiss Federal Department of Finance (EFD), the Swiss Federal Council and the Finance Delegation of the Federal Assembly on compliance with the Federal Council's executive pay ordinance.

Board of Directors

The members of the Board of Directors receive compensation for their work that is determined annually by the AGM in accordance with the guidelines set forth by the Swiss Confederation (including upper limits for remuneration). The criteria for determining compensation paid to the Board of Directors is based on the responsibility accorded to its members, the complexity of the task, the specialist and personal demands placed on the individual and the expected average time required to fulfil the task.

Compensation consists of the following:

- Fixed fee
- Other benefits

Each member of the Board of Directors receives a fixed fee as part of his or her basic compensation. Other benefits comprise lump-sum allowances for expenses.

No compensation was paid to former Board members.

Further details of compensation paid in the year under review can be found in the financial statements in Note 32 "Compensation of key management personnel".

Group Executive Board

The composition and amount of compensation are based on the industry and labour market environment and are regularly reviewed. To this end, publicly available information on companies of a similar size from Swiss industry and, where applicable, the results of surveys and external studies are taken into account. Overall remuneration for the CEO and for members of the Group Executive Board is subject to an upper limit approved by the Annual General Meeting.

Compensation consists of the following:

- Fixed basic salary
- Performance-based component
- Employer contributions to pension funds
- Fringe benefits

The fixed basic salary is determined primarily by the task, responsibility, qualifications and experience of the Board members, as well as the market environment. The performance-based component depends on the extent to which individual performance objectives are reached and on the company's financial success. It consists of a one-year Short Term Incentive Plan (STI). Targets are determined with reference to the extent to which personal performance objectives are reached, and to the company's financial success. As part of the objective-setting process, measurable goals are set at the beginning of each year by the Board of Directors and the CEO for the members of the Group Executive Board. At the end of the financial year, the extent to which these objectives have been met is assessed.

Short Term Incentive Plan (STI)
The financial success of RUAG International overall and of the individual business segments is measured based on five financial value drivers:

- Net sales
- Operating result (EBIT)
- Net working capital (NWC)
- Return on net operating assets (RNOA)
- Free cash flow

The target figures are set for one year and the targets are weighted according to strategic priorities. A lower and an upper threshold are defined for each of the five value drivers. If the lower threshold is not reached for the criterion concerned, the related portion of the performance-based component is omitted. However, exceeding the upper threshold does not lead to a further increase in the amount of the performance-based component. Goal attainment is weighted for the members of the Group Executive Board as follows: 20% for personal goals and 80% for financial goals. In the case of the heads of business segments, the financial goals are defined per segment. In the case of the CEO and the heads of service segments, the financial goals of RUAG International apply.

For the members of the Group Executive Board, the performance-based component in 2022 ranged from 22% (previous year: 24%) to a maximum of 42% (previous year: 39%) of the annual cash remuneration.

With regard to a successful sale or privatisation of the Beyond Gravity business segment in accordance with the owner's strategy, a long-term incentive plan with a retention character was also created for all permanent employees and managers, including the Executive Board. The amount of any payments depends on a successful sale and the increase in value of the business segment until the sale.

Other benefits
Other benefits comprise employers' contributions paid to social security funds and for mandatory and extra-mandatory employee benefits. Members of the Executive Board are subject to the same expense regulations as all other RUAG International employees. The flat-rate expense allowance for members of the Executive Board and all management staff in Switzerland was abolished in 2022 – except for the CEO and CFO. An additional regulation applies governing flat-rate compensation for entertainment and minor expenses. Both regulations have been approved by the responsible cantonal tax office. A company car or a mobility allowance is provided to each member of the Group Executive Board. No compensation was paid to former Group Executive Board members. Further details of compensation paid in the year under review can be found in the financial statements in Note 32 "Compensation of key management personnel".

In the 2022 reporting year, three members of the Executive Board left the company. Further information can be found in the Financial Report, Note 32, "Compensation for key management personnel".

Shares and options: No shares and/or options are allocated to members of the Group Executive Board or Board of Directors.

Additional fees: During the 2022 financial year, the members of the Board of Directors received no appreciable fees or other compensation of additional services rendered to RUAG International Holding Ltd or any of its subsidiaries. One member of the Executive Board received a payment in the reporting year as a result of the successful sale of a business unit.

RUAG International and its subsidiaries have not provided any securities, loans, advances or credits to the members of the Group Executive Board or Board of Directors and related parties, nor waived any amounts receivable from them.

Capital structure
The share capital of RUAG International Holding Ltd amounts to CHF 217.9 million, comprising 2,179,000 fully paid-up registered shares, each with a par value of CHF 100. As at 31 December 2022, RUAG International Holding Ltd did not have any conditional or authorised capital, nor had it issued participation or dividend right certificates. The registered shares of RUAG International Holding Ltd are not listed.

Changes in capital
Due to the merger of BGRB Holding Ltd with RUAG International Holding Ltd, the share capital changed from CHF 340 million to CHF 217.9 million. This corresponds to the share capital of the former BGRB Holding Ltd, which was renamed RUAG International Holding Ltd during the period under review. No other changes in capital were resolved.

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Shares, share register
At the AGM of RUAG International Holding Ltd, each registered share carries one vote. The voting right may only be exercised provided that the shareholder is recorded in the RUAG International Holding Ltd share register as a shareholder with voting rights. The registered shares carry full entitlement to dividends.

In place of shares, the company may issue certificates. It may also elect to issue neither shares nor certificates. In this case, the shareholder is entitled at any time to demand issuance of a statement of shares held.

The Board of Directors keeps a register of shareholders.

Shareholder structure

Shareholder
The Swiss Confederation holds 100% of the shares and thus all the voting rights in RUAG International Holding Ltd. The Federal Finance Administration (FFA) attends to the Confederation's shareholder interests.

Owner's strategy of the Swiss Federal Council
In its owner's strategy, the Federal Council lays down strategic objectives for its shareholding, specifically strategic focal points, human resource policy and financial objectives, cooperation and investments and reporting to the Swiss Federal Council.

The new owner's strategy of the Swiss Federal Council entered into force on 1 January 2020 and establishes the transparent, binding framework which enables RUAG International Holding Ltd and its subsidiaries to fulfil their duties on a commercial basis while taking account of broader interests.The owner's strategy is enshrined in the Articles of Association of RUAG International Holding Ltd.

Cross-shareholdings
RUAG International has not entered into any cross-shareholdings with other companies, either in terms of capital or votes.

Participation rights of shareholders

Voting right
At the AGM of RUAG International Holding Ltd, each registered share carries one vote. A shareholder may be represented by another shareholder only by written proxy.

Statutory quorums
The following resolutions are subject to decision by qualified majority in accordance with the Swiss Code of Obligations (Art. 704 CO):

- Amendment of the company's objects
- Introduction of shares with preferential voting rights
- Restriction on the transferability of registered shares
- Authorised or contingent capital increase
- Capital increase funded by equity capital, against contributions in kind or to fund acquisitions in kind and the granting of special privileges
- Restriction or cancellation of subscription rights
- Relocation of the company's registered office
- Dissolution of the company or liquidation

Convening the AGM
The AGM is convened and its agenda set as governed by law and by the Articles of Association.

Change in control and defensive measures

Obligatory offer for sale
The Articles of Association contain no provisions concerning opting-out (Art. 125 paras. 3–4 of the Financial Market Infrastructure Act – FinMIA) or opting-up (Art. 135 para. 1 FinMIA).

Change of control clauses
Any disposal of the capital or voting majority of the Swiss Confederation in RUAG International Holding AG to third parties requires the approval of the Federal Assembly (by simple federal decree, not subject to referendum, Art. 3 para. 3 of the Federal Act on Federal Armaments Companies).

With regard to a change of control or the privatisation of the Space segment (Beyond Gravity) by 2025 at the latest, a long-term incentive plan was created for all permanent employees, including the Executive Board (see chapter Compensation, shareholdings and loans). There is no corresponding plan for the Board of Directors.

Pension fund
The pension fund of RUAG International with the Livica collective foundation had a cover ratio of over 100 % as at 31 December 2022, as in the previous year.

Statutory auditor

Duration of mandate of auditor in charge
At the Annual General Meeting of 18 May 2022, Ernst & Young AG Bern was elected as RUAG International's statutory auditor for one year. Martin Mattes acts as lead auditor and is responsible for the audit mandate.

Audit fees and additional expenses
Ernst & Young provided RUAG International with services in the amount of CHF 0.6 million (previous year: CHF 0.7 million) during the 2022 financial year related to the audit of the financial statements of RUAG International Holding Ltd and its subsidiaries and of RUAG International's consolidated financial statements.
In addition, Ernst & Young AG provided RUAG International with audit-related services, tax advice and due diligence services in the amount of 0.0 million (previous year: CHF 0.0 million).

Supervisory and control instruments
The Audit Committee of the Board of Directors assesses the performance, fees and independence of the statutory auditor each year and submits a proposal to the Board of Directors as to which external auditor should be recommended to the AGM for appointment. On 18 May 2022, the AGM appointed Ernst & Young AG as the statutory auditor. The Audit Committee annually reviews the scope of external auditing, the auditing plans and the relevant processes, and discusses the audit results with the external auditor in each case.

Information policy
RUAG International pursues an open information policy in relation to the public and to the financial markets. The published figures extend beyond the statutory requirements in terms of transparency. Quarterly discussions are held between the shareholder and the Board of Directors.

Fees paid to the auditors

In CHF 1000	2022	2021
Audit fees	637	723
Tax advice	—	25
Due diligence services	—	—
All other services	—	12
Total fees	637	760

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Key dates

End of financial year	31 December 2022
Generalversammlung	24 May 2023

The Annual Report containing the financial statements for the year ended 31 December 2022 is sent to the shareholder together with an invitation to the AGM.

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