

Media release on the half-year results 2022

RUAG International with 7% sales growth and positive profit development

- **7% sales growth – adjusted for foreign currencies and divestments**
- **EBIT rises to 100 million (CHF 27 million)**
- **Largest order in corporate history for satellite dispensers from Amazon**
- **Important divestments agreed or completed**
- **RUAG Space renamed Beyond Gravity**
- **Reward program for employees in the privatization phase of Beyond Gravity.**

Zurich, 06.09.2022. After two pandemic years, RUAG International is feeling the recovery, particularly in the space and aerospace businesses. Compared with the same period last year, sales at the Swiss technology group are up 1% to CHF 581 million (prior-year period 2021 CHF 575 million). Adjusted for foreign currency and divestment effects, the increase amounts to 7% (or CHF 37 million). Sales in the Space, Aerostructures and Small Caliber Ammunition segments generally developed positively compared to the prior-year period. The MRO International segment recorded a significant decline in sales due to the divestment of the Simulation & Training (S&T) business at the end of April.

EBIT increased from CHF 27 million to CHF 100 million compared to the previous year, with a significant portion resulting from the sale of the S&T business. Both the Space segment and the Aerostructures business generated an operating profit in the first half of the year and improved significantly compared to the same period last year.

For André Wall, CEO of RUAG International, the first half of 2022 is an important step in the company's realignment: "We are developing ever faster and more accentuated into an innovative, agile space company. We are receiving a particular boost from orders from the commercial space sector – such as from Amazon. This further strengthens our growth strategy. We also continue to see positive developments in aerostructures, which is performing well and generating profits. In the first half of the year, we achieved important milestones with the sale of RUAG Simulation & Training and the sales agreements for RUAG Ammotec and RUAG International Australia, underscoring the realignment."

RUAG International reported full order books and an order backlog of CHF 1,154 million (prior-year period: CHF 1,084 million) thanks to an order intake that rose by 21 % to CHF 680 million in the period under review (prior-year period: CHF 562 million). The contract signed with Amazon for the manufacture of several satellite dispensers, which transport the 3,236 satellites into orbit and deploy them there with pinpoint accuracy, also contributed to this.

Group-wide free cash flow amounted to CHF 19 million (previous year's period CHF -109 million), benefiting from the cash inflow from the sale of S&T. As the procurement markets continue to be challenging, parts of the raw materials inventory as well as work in progress were deliberately ramped up. In general, the high capital commitment in the first half of the year at RUAG Ammotec due to the pre-production of ammunition in the first half of the year should also be taken into account, followed by higher deliveries to armies and authorities towards the end of the year.

Major orders from Amazon and expansion of production sites

Orders from large, commercial space providers – such as Amazon – are leading Beyond Gravity to the expansion of production sites in Linköping, Sweden and in Decatur, USA. The construction of an additional production facility in Linköping is progressing rapidly and will create jobs for around 60 new employees. An expansion of production is also planned at the Decatur site, which will result in an increase in the workforce of 200 additional jobs.

Significant progress in the implementation of the strategy

In the first half of 2022, further non-strategically relevant business units were sold and the transformation towards an agile company focused on the space market was driven forward. In view of an even stronger international focus and to support the growth strategy, the Space segment with around 1,700 employees was renamed Beyond Gravity (previously RUAG Space) in mid-March 2022.

RUAG International reached another important milestone in mid-March when it signed a sales agreement with the Italian hunting and sporting weapons manufacturer Beretta for its ammunition business (RUAG Ammotec). Beretta Holding took over all 2,700 employees at all production and sales sites as early as the end of July 2022.

At the end of April, ownership of all shares in RUAG Simulation & Training was transferred to the French company Thales. At the beginning of May, Thales took over all business activities and all 500 employees in four countries.

The sale of RUAG Australia to the Australian defence and manufacturing company ASDAM was also closed at the end of August. ASDAM took over all activities of RUAG Australia, including all 150 employees at all sites in Australia.

Rebranding of the Space division

By the end of 2023, RUAG International also intends to find suitable partners for the two aerostructures units in Switzerland and Germany/Hungary. For the rebranded Space division "Beyond Gravity" (formerly RUAG Space), a divestment is planned by the end of 2025 at the latest. With the completion of these divestments, the Swiss Confederation will then no longer have any shares in RUAG International Holding.

As of 1 May 2022, André Wall has therefore taken over as Head of the Space division in addition to his role as CEO of RUAG International. André Wall explains: "We are now focusing all our energy on the Space business and want to put the company on course for growth." The company has taken a first step in this direction by renaming the Space division: "The rebranding of RUAG Space to Beyond Gravity makes us more attractive to international customers and employees. The signs for growth have never been as good as in the coming years. We want to take this opportunity", adds André Wall.

Reward program for employees

With the privatization of the Space division progressing, the Board of Directors of RUAG International, following an exchange of views with the owner, decided to introduce a bonus program for all employees as well as for the management of Beyond Gravity. The aim is to increase Beyond Gravity's attractiveness as an employer in a highly competitive international labor market and to motivate and retain employees in the company during the privatization phase, which is important for

the company, as well as to attract additional employees. The program consists of a retention bonus and a participation in the added value generated by the company. The reward programs for both employees and management are conditional on a successful sale by 2025 at the latest and are dependent on the sale price achieved. Payment is made only after completion of the sale and is taken over by the new owner.

Outlook for the full year 2022

Demand for the Space and Aerospace business is still expected to remain stable. However, due to the loss of sales from the divested Ammotec, Simulation & Training and RUAG Australia businesses, RUAG International expects significantly lower sales overall for 2022 as a whole.

Key figures at a glance

in CHF million	1. half year 2022	1. half year 2021	Change in %
Net sales	581	575	+1%
EBITDA	121	49	+149%
EBIT	100	27	+274%
Net income	92	25	+266%
Cash flow from operating activities	-88	-49	-79%
Free cash flow	19	-109	--
Net financial position	124	-11	--
Incoming orders	680	562	+21%
Order backlog	1'154	1'084	+6%
Research and development expenses (self-financed)	11	13	-20%
Number of employees as of 30.06. ¹	5'981	6'109	-2%

¹ Employees, apprentices and temporary workers

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RUAG International is a Swiss technology group with production sites in 7 countries and is divided into the Space, Aerostructures and MRO International divisions. RUAG International employs a good 3,000 people, around two thirds of whom work abroad. www.ruag.com