

KUDELSKI GROUP
FINANCIAL STATEMENTS
2025

CONTENTS

KUDELSKI GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024	P. 4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024	P. 5
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2025 AND 2024	P. 6
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024	P. 7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024	P. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025	P. 9
REPORT OF THE STATUTORY AUDITOR	P. 56

KUDELSKI SA FINANCIAL STATEMENTS

BALANCE SHEET AT DECEMBER 31, 2025 AND 2024	P. 63
INCOME STATEMENT AND PROPOSAL FOR APPROPRIATION OF AVAILABLE EARNINGS FOR THE YEAR 2025	P. 64
NOTES TO THE FINANCIAL STATEMENTS 2025	P. 65
REPORT OF THE STATUTORY AUDITOR	P. 72

CONSOLIDATED INCOME STATEMENT

(FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024)

In USD'000	Notes	2025	2024
Revenues	5	366 606	383 728
Other operating income	6	4 405	9 280
Total revenues and other operating income		371 011	393 008
Cost of material, licenses and services		-65 695	-78 358
Employee benefits expense	7	-242 502	-251 154
Other operating expenses	8	-78 415	-76 563
Operating income before depreciation, amortization and impairment		-15 600	-13 067
Depreciation, amortization and impairment	9	-11 845	-107 132
Operating income		-27 445	-120 199
Interest expense	10	-2 494	-18 452
Other finance income/(expense), net	11	-4 542	-1 950
Share of result of associates	17	376	3 168
Income before tax		-34 105	-137 433
Income tax expense	12	-6 058	-13 724
Net income for the period from continuing operations		-40 163	-151 158
Net result from discontinued operations	40	-	161 731
Net income for the period		-40 163	10 573
Attributable to:			
- Equity holders of the company		-42 412	11 412
- Non-controlling interests		2 249	-838
Earnings per share (in USD)			
Attributable to shareholders of Kudelski SA for bearer shares : basic and diluted (in USD)	13	-0.7557	0.2036
- Continuing operations		-0.7557	-2.6653
- Discontinued operations		-	2.8689
Attributable to shareholders of Kudelski SA for registered shares : basic and diluted (in USD)	13	-0.0756	0.0204
- Continuing operations		-0.0756	-0.2665
- Discontinued operations		-	0.2869

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024)

In USD'000	2025	2024
Net income	-40 163	10 573
Other comprehensive income to be eventually reclassified into the consolidated income statement in subsequent periods:		
Currency translation differences	16 821	34 121
Cash flow hedges, net of income tax	61	-
	16 882	34 121
Other comprehensive income never to be reclassified into the consolidated income statement in subsequent periods:		
Remeasurements on post employment benefit obligations, net of income tax	23 163	-8 825
	23 163	-8 825
Total other comprehensive income, net of tax	40 045	25 296
Total comprehensive income	-118	35 870
Attributable to:		
Shareholders of Kudelski SA	-2 367	36 890
- Continuing operations	-2 367	-158 263
- Discontinued operations	0	195 153
Non-controlling interests	2 249	-1 020

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(AT DECEMBER 31, 2025 AND 2024)

In USD'000	Notes	31.12.2025	31.12.2024
ASSETS			
Non-current assets			
Tangible fixed assets	14	6 421	5 921
Intangible assets	15	218 404	206 256
Right-of-use assets	16	31 198	34 717
Investments in associates	17	10 694	9 946
Deferred income tax assets	18	17 254	20 319
Financial assets at amortized cost	19	18 157	17 240
Financial assets at fair value through profit and loss	19	35 494	34 324
Employee benefits assets	28	9 952	–
Total non-current assets		347 572	328 722
Current assets			
Inventories	21	15 689	14 738
Trade accounts receivable	22	30 167	35 856
Contract assets	22	1 663	2 866
Other financial assets at amortized cost	23	14 852	14 497
Other current assets	24	51 887	48 035
Derivative financial instruments	35	63	–
Cash and cash equivalents	25	100 376	126 336
Total current assets		214 699	242 327
Total assets		562 271	571 050
EQUITY AND LIABILITIES			
Equity			
Share capital	26	347 181	346 624
Reserves		-42 559	-39 707
Equity attributable to equity holders of the parent		304 622	306 917
Non-controlling interests	27	4 718	7 469
Total equity		309 340	314 385
Non-current liabilities			
Long-term lease obligations	16	57 014	58 558
Employee benefits liabilities	28	3 846	23 043
Other long-term liabilities	29	25 838	5 432
Total non-current liabilities		86 698	87 034
Current liabilities			
Short-term financial debt	30	5 716	673
Short-term lease obligations	16	10 245	9 805
Trade accounts payable	32	33 916	30 414
Contract liabilities	33	48 721	55 977
Other current liabilities	34	63 863	71 310
Current income taxes		1 866	1 406
Derivative financial instruments	35	33	28
Provisions for other liabilities and charges	36	1 871	19
Total current liabilities		166 232	169 631
Total liabilities		252 931	256 665
Total equity and liabilities		562 271	571 050

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024)

In USD'000	Notes	2025	2024
Net income for the year		-40 163	10 573
Adjustments for net income non-cash items:			
- Current and deferred income tax		6 058	15 992
- Interests, allocation of transaction costs and foreign exchange differences		-1 849	15 533
- Depreciation, amortization and impairment	9	11 845	107 132
- Share of result of associates	17	-376	-3 544
- Non-cash employee benefits (income) / expense		-4 011	2 694
- Additional provisions net of unused amounts reversed		1 771	-183
- Non-cash government grant income		-3 003	-3 118
- Other non-cash (income) / expenses		-3 418	1 227
Adjustments for items for which cash effects are investing or financing cash flows:			
- Net result on sales of subsidiaries and operations		-	-169 097
- Other non-operating cash items		-81	11
Adjustments for change in working capital:			
- Change in inventories		560	2 214
- Change in trade accounts receivable and contract assets		16 156	8 498
- Change in trade accounts payable and contract liabilities		-12 308	-30 929
- Change in accrued expenses		-13 316	-9 635
- Change in other net current working capital headings		26 308	26 327
Government grant from previous periods received		1 051	1 615
Dividends received from associated companies	17	150	503
Interest paid		-2 192	-20 691
Interest received		4 920	1 737
Income tax paid		-3 717	-2 226
Cash flow from operating activities		-15 616	-45 366
Purchases of intangible fixed assets	15	-589	-1 666
Purchases of tangible fixed assets	14	-3 022	-3 559
Proceeds from sales of tangible and intangible fixed assets		212	55
Investment in financial assets and loans granted		-444	-
Divestment of financial assets and loan reimbursement		-	105
Net proceeds from the disposal of subsidiaries, excluding disposed cash	40	-	339 261
Net proceeds from the sale of controlling interest in subsidiary, excluding disposed cash	27	-	5 945
Sale of associated companies	17	-	5 061
Cash flow from investing activities		-3 843	345 202
Reimbursement of bank overdrafts, long-term loans and other non-current liabilities		-	-221 774
Increase in bank overdrafts, long-term loans and other non-current liabilities		-	16 435
Payments of lease liabilities		-10 521	-14 539
Proceeds from employee share purchase program	39	51	52
Dividends paid to non-controlling interests		-5 000	-6 081
Cash flow from financing activities		-15 470	-225 907
Effect of foreign exchange rate changes on cash and cash equivalents		8 969	-3 969
Net movement in cash and cash equivalents		-25 960	69 960
Cash and cash equivalents at the beginning of the year	25	126 336	56 376
Cash and cash equivalents at the end of the year	25	100 376	126 336
Net movement in cash and cash equivalents		-25 960	69 960

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024)

In USD'000	Notes	Share capital	Share premium	Retained earnings	Fair value and other reserves	Currency translation adjustment	Non-controlling interests	Total equity
January 1, 2024		346 084	57 454	-83 201	-2 681	-47 703	27 050	297 003
Net income		-	-	11 412	-	-	-838	10 573
Other comprehensive income		-	-	-8 825	-	34 303	-182	25 296
Total comprehensive income		-	-	2 586	-	34 303	-1 020	35 870
Employee share purchase program	39	540	-465	-	-	-	-	75
Dividends paid to non-controlling interests		-	-	-	-	-	-6 081	-6 081
Sale of controlling interest in subsidiary	27	-	-	-	-	-	-12 481	-12 481
December 31, 2024		346 624	56 989	-80 615	-2 681	-13 400	7 468	314 385
Net income		-	-	-42 412	-	-	2 250	-40 163
Other comprehensive income		-	-	23 163	61	16 821	-	40 045
Total comprehensive income		-	-	-19 250	61	16 821	2 250	-118
Employee share purchase program	39	556	-483	-	-	-	-	73
Dividends paid to non-controlling interests		-	-	-	-	-	-5 000	-5 000
December 31, 2025		347 181	56 506	-99 865	-2 621	3 421	4 718	309 340

Fair value and other reserves as of December 31, 2025 include an unrealized loss of kUSD -2 681 (2024: kUSD -2 681) on available-for-sale financial assets and an unrealized gain of kUSD 61 (2024: kUSD 0) relating to cash flow hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

1. MATERIAL ACCOUNTING POLICIES

(A) Basis of preparation

The consolidated financial statements of the Kudelski Group (Group or Company) have been prepared in accordance with International Financial Reporting Standards (IFRS[®]) and interpretations issued by the IFRS Interpretations Committee (IFRIC[®]) applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB[®]).

The preparation of the financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

The financial statements are prepared on a historical cost basis, except for financial instruments measured at fair value. The following material accounting policies are applied consistently to all years presented, except where noted. Prior year figures have been reclassified where necessary to better enable comparison. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided.

(B) Group accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

Intercompany transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Significant influence is presumed to exist when the Group holds between 20% and 50% of the associate's voting power. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

(c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary consists of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, the equity interests issued by the Group and the fair value of any asset or liability resulting from any contingent consideration. Acquisition costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, with limited exceptions, are measured initially at their fair value at the acquisition date.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently measured to fair value, with changes in fair value recognized in profit or loss.

The excess of the consideration transferred plus the fair value of non-controlling interests over the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

(d) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group does not recognize further loss-

es, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(C) Foreign currencies

The consolidated financial statements of the Group are expressed in U.S. Dollars (USD), which is the presentation currency.

The local currency is generally the functional currency throughout the world. In the respective entity financial statements, monetary assets and liabilities

denominated in currencies other than the functional currency are translated at the rate prevailing at the balance sheet date. Transactions contracted in a currency other than the functional currency are recorded using the exchange rate at the time of the transaction. All resulting foreign exchange transaction gains and losses are recognized in the subsidiary's income statement.

Income, expense and cash flows of the consolidated companies have been translated into U.S. dollars using average exchange rates. Assets and liabilities are translated at the closing rate at the date of the balance sheet. All resulting translation differences, including those arising from the translation of any net investment in foreign entities, are recognized in other comprehensive income. The loss of control or total disposal of a subsidiary results in the reclassification of any translation difference to the income statement.

(D) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, and is shown net of value added tax, returns, rebates, discounts, commissions directly attributed to the sale, and after eliminating sales within the Group. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a product or service to a customer.

The Group sells hardware and software products on both a stand-alone basis without any services and as solutions bundled with services.

Generally, when we provide a combination of hardware and software products with the provision of services, we separately identify our performance obligations under the contract as dis-

tinct goods and services that will be provided. The total transaction price for an arrangement with multiple performance obligations is allocated at contract inception to each distinct performance obligation in proportion to its stand-alone selling price. The stand-alone selling price is the price at which we would sell a promised good or service separately to a customer. Observable stand-alone selling prices are used when readily available. If not available, we estimate the price based on observable inputs, including direct labor hours and allocable costs.

(a) Hardware

Revenue from hardware sales is recognized when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to a specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the agreement, the acceptance provisions have lapsed, or the Group has objective evidence that all the criteria for acceptance have been satisfied. In certain instances, we leverage drop-shipment arrangements with our partners and suppliers to deliver products to our clients without having to physically hold the inventory at our warehouses. We recognize revenue for drop-shipment arrangements on a gross basis as the principal in the transaction when the product is received by the customer because we control the product prior to transfer to the customer. We also assume primary responsibility for fulfillment in the arrangement, we assume inventory risk if the product is returned, we set the price charged to the customer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

and we work closely with our customers to determine their hardware needs.

(b) Software, licenses and royalties

Revenue from software sales is recognized at the point in time when the customer acquires the right to use the software under license and control transfers to the customer. Revenue from licensing arrangements is recognized upon commencement of the term of the license agreement or when the renewal term begins, as applicable. Royalty revenue is recognized upon sale or usage of the product to which the royalty relates.

(c) Services

We design, implement and manage security and access solutions that combine hardware, software and services for our customers. Such services rendered may include system integrations, specific developments and customization, maintenance and training, and may be provided by us or by third-parties as part of bundled arrangements or on a stand-alone basis as consulting or managed service engagements.

If the services are provided as part of a bundled arrangement with hardware and software, the hardware, software and services are generally distinct performance obligations. In general, revenue from service engagements is recognized over time as we perform the underlying services by measuring progress toward complete satisfaction of the performance obligation. In contracts that contain a fixed fee per user, revenue is recognized in the amount in which we have the right to invoice the customer for services performed.

Specific revenue recognition practices for certain of our service offerings are described in further detail below.

(i) Time and materials service contracts.

Revenue for service engagements that are on a time and materials basis is recognized based upon the hours incurred for the performance completed to date for which we have the right to consideration, even if such amounts have not yet been invoiced as of period end.

(ii) Fixed fee service contracts. Revenue from fixed fee service contracts is recognized using a proportional performance method based on the ratio of direct labor hours and other allocated costs incurred to total estimated direct labor hours and other allocated costs.

Certain software maintenance agreements provide our customers the right to obtain software upgrades, help desk and other support services directly from the third-party software provider during the term of the agreement. We act as the selling agent in these arrangements and do not assume any performance obligation to the customer under the arrangement. As a result, we are the agent in these transactions and these sales are recorded on a net sales recognition basis. Under net sales recognition, the cost of the service is recorded as a reduction to sales, resulting in net sales equal to the gross profit on the transaction.

(d) Significant financing components

Certain contracts with our customers may include payment terms that exceed one year. To the extent that a significant financing component exists in these arrangements, we record interest income associated with the financing component of the arrangement over the associated payment terms based on the prevailing market interest rate at the date of the transaction.

(e) Variable consideration

For contracts that contain variable pricing elements, the variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration generally increases the amount of revenue that will be deferred. Variable consideration is reviewed at each reporting period and is measured using the most likely amount method which includes management appropriate estimates.

(f) Interest income

Interest income is recognized according to the effective interest rate method.

(E) Government grants

Grants from governments or similar organizations are recognized at their fair value when there is a reasonable assurance that the Group complies with all conditions associated with their grants receipt and use. Where a government grant is subject to audit before payment, the fair value is determined using management's best estimate of the audit risk. Grants are recognized in the income statement as operating income unless they are linked to a capitalized fixed asset, in which case they are deducted from the cost of the fixed asset.

(F) Cost of material, licenses and services

The cost of material, licenses and services includes direct costs which are attributable to selected revenues. The cost of material includes only the cost of materials paid to external suppliers in connection with recognized sales transactions. It therefore does not include other direct and indirect costs associated with the manufacturing process, such as labor costs, utilities or depreciation of manufacturing assets.

Cost of licenses includes amounts charged by external suppliers for sub-licenses on a per-unit basis for each unit of delivered product (e.g. CODEC licenses charged on each set-top-box sold). It therefore specifically excludes licenses paid independently of the number of units sold, deployed or used in a development process.

Cost of services includes outsourced services that are directly connected to a recognized sales transaction, such as subcontracting a portion of a maintenance agreement or outsourcing the implementation of a revenue-generating customer solution.

(G) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered in to and subsequently remeasured to fair value at the end of each reporting period. The method of recognizing the resulting gain or loss is dependent on whether the derivative is designated to hedge a specific risk and therefore qualifies for hedge accounting.

The currency instruments that are generally used include forward foreign exchange contracts, currency swaps and zero cost option strategies with terms generally not exceeding one year. Derivative financial instruments are entered into with high credit quality financial institutions, consistently following specific approval, limit and monitoring procedures.

(a) Derivatives that do not qualify for hedge accounting

Certain derivatives transactions, while providing effective economic hedging under the Group's risk management policy, do not qualify for hedge account-

ing under the specific rules of IFRS 9. Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognized immediately in the income statement as part of 'other finance income/(expense), net'.

(b) Cash flow hedge

The Group designates the derivatives which qualify as hedges of a forecast transaction (cash flow hedge). The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the economic relationship exists between the hedged item and the hedging instrument. The Group enters into hedging instruments that have similar critical terms as the hedged items, such as reference rates, notional amounts and maturities.

Changes in intrinsic value of derivative financial instruments that meet hedge qualifying criteria are recognized in the 'cash flow hedge reserve' within equity. Changes in fair value of derivative instruments attributable to time value are recognized in the 'cost of hedging reserve' within equity. The amounts accumulated in hedging reserves of OCI are reclassified to profit or loss in the same period during which the hedged expected future cash flow affects the income statement.

In hedges of highly probable future sales transactions, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are any changes in the credit risk of the derivative counterparty.

When a cash flow hedge no longer meets the criteria for hedge accounting, the gains and losses that were previously recorded in equity remain deferred in equity until the hedged cash flow is recognized in the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging are immediately reclassified to the income statement. Gain or loss, as well as cost of hedging, related to the ineffective portion is recognized in the income statement within 'other finance income/(expense), net'.

(H) Taxes

Taxes reported in the consolidated income statement include current and deferred taxes on profit, as well as non-reimbursable withholding taxes and tax adjustments relating to prior years. Income tax is recognized in the income statement, except to the extent that it relates to items directly taken either to equity or to other comprehensive income, in which case it is recognized either in equity or in other comprehensive income. Taxes on income are accrued in the same periods as the revenues and expenses to which they relate.

Deferred taxation is the tax attributable to the temporary differences that appear when taxation authorities recognize and measure assets and liabilities with rules that differ from those of the consolidated accounts. Deferred taxes are determined using the comprehensive liability method and are calculated on the temporary differences at the substantively enacted rates of tax expected to prevail when the temporary differences reverse, except for those temporary differences related to investments in subsidiaries where the timing of their reversal can be controlled and it is probable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

that the difference will not reverse in the foreseeable future.

Temporary differences and tax losses carried forward are recognized only to the extent that it is probable that future taxable income will be available against which they can be utilized. Temporary differences and tax losses which generate deferred tax assets and liabilities based on their future probable use are combined within each legal entity to provide a net deferred tax asset or liability amount. Deferred income tax liabilities have not been recognized for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are either permanently reinvested or do not generate any taxation due to the application of tax treaties or tax reliefs.

(I) Tangible fixed assets

(a) General

Property, plant and equipment is measured at cost, less subsequent depreciation and impairment. Cost includes any expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Building acquisitions or construction and building improvements are allocated to components. The costs less residual values are depreciated over their useful lives on a straight-line basis. Depreciation starts when the underlying assets are ready for use.

Depreciation is calculated on a straight-line basis over each asset's useful life, according to the following schedule:

Technical equipment and machinery

	Useful life in years
Machinery and measurement instruments	4 - 7
Digital material and equipment	4 - 5
Computer and information networks	4
Fixed assets made available to clients	4 - 10

Other equipment

	Useful life in years
Office furniture and equipment	5 - 7
Vehicles	4 - 5

Each assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal or retirement of tangible fixed assets are determined by comparing the proceeds received with the carrying amounts, and are included in profit or loss.

(J) Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is denominated in the functional currency of the related acquisition and is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Research and development

Research and development expenditures with external parties that do not meet the criteria for capitalization are recognized as expense as incurred. When capitalized, they are amortized over 4 to 10 years once development is achieved and the resulting products are ready for sale. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Internal research and development expenses are fully charged to the income statement when incurred. The Group considers that economic uncertainties inherent in the development of new products preclude it from capitalizing such costs.

(c) Software

Purchased software is recorded at cost and amortized on a straight-line basis over its estimated useful life.

Costs associated with maintaining computer software programs are recognized as expense as incurred.

(d) Customer lists, Trademarks and Brands

Separately acquired customer lists, trademarks and brands are shown at historical cost. Customer lists, trademarks and brands acquired in a busi-

ness combination are recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses. They have a finite useful life and are amortized on a straight-line basis over the following periods:

Over the useful life, in years

Core development technologies	4 - 10
Customer lists	10
Trademarks and brands	5

Internally generated customers lists, trademarks and brands are not capitalized.

(K) Leases

The Group leases various properties, equipment and vehicles. Rental contracts typically cover fixed periods between one and 15 years and may contain extension options as described below. Lease terms are negotiated on an individual basis and include a wide variety of different terms and conditions. The lease agreements generally do not impose financial covenants, however, leased assets are not allowed to be used as collateral for borrowing purposes.

Leases are booked as a right-of-use asset and as a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is apportioned between the reduction of the outstanding lease liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are valued at the

net present value of the future lease payments, which includes fixed lease payments, variable lease payments based on indexes and rates, residual value guarantees, purchase options and termination penalties. Lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be determined, the Group's incremental borrowing rate based on the currency in which it finances its local operations.

Right-of-use assets are measured at cost, comprising the amount of the initial lease liability adjusted by any lease payments made at or before the commencement date of the lease, any lease incentives received, initial direct costs and any estimated restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are identified as leases with a term of 12 months or less. Low-value assets comprise general office furniture and IT equipment.

Extension and termination options are included in a number of property and equipment leases throughout the Group. These terms are used to maximize operational flexibility, with the majority of extension and terminations options being exercisable only by the Group and not by the respective lessor.

(L) Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories: financial assets measured at fair value (either through other comprehensive income (OCI), or through profit or loss), and financial assets measured at amortized cost. The classification de-

pends on the Group's business model for managing the financial assets and liabilities and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss, or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through OCI.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognized on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures financial assets at fair value plus or minus any transaction costs that are directly attributable to the acquisition of the instrument. For financial assets that are carried at fair value through profit or loss, transaction costs are expensed as incurred.

Subsequent measurement of loans and debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories, amortized cost, fair value through profit or loss, or fair value through OCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these assets is included in 'other finance income/(expense), net' using the effective interest rate method. Any gain or loss arising on derecognition is recognized in profit or loss and presented in 'other operating expenses'. Foreign exchange gains and losses are presented in 'other finance income/(expense), net'.

Assets that are held for collection of contractual cash flows and for selling the financing assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognized in profit or loss. When the financing asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'other finance income/(expense), net'. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains or losses are presented in 'other finance income/(expense), net'.

Assets that do not meet the criteria for amortized cost or fair value through OCI are measured at fair value through profit or loss. Gains or losses on a debt instrument that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented within 'other finance income/(expense), net' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where

the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as 'other finance income/(expense), net' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other finance income/(expense), net' in the statement of profit or loss as applicable.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies a simplified approach permitted by IFRS 9 for trade accounts receivables and contract assets, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

To measure expected credit losses, trade receivables and contract assets are grouped based on shared credit characteristics and days past due.

Expected loss rates are based on the payment profiles of sales over the 36 month period preceding the financial statement reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

(M) Trade accounts receivable

Trade accounts receivable are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest rate method, less loss allowance.

(N) Contract assets

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as trade receivables.

(O) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated costs necessary to make a sale. Inventories which are no longer part of production and sales plans are charged to profit or loss.

(P) Cash and cash equivalents

Cash and cash equivalents include cash in hand and highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash. Bank overdrafts are included in short-term financial debt in current liabilities on the balance sheet.

(Q) Share capital

Ordinary and preferred shares of Kudelski SA are classified as equity and are presented at their nominal value. The difference between proceeds of share capital less directly attributable incremental costs and the nominal value of the share capital increase are considered as share premium and included in equity.

(R) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid for the establishment of loan facilities are recognized as transaction costs of the loan if all of the facility will be drawn down. If there is no evidence that all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the loan facility.

(S) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A restructuring provision is recognized when the Group has developed a formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. Restructuring provisions comprise employee termination payments, lease termination penalties and dilapidation costs.

(T) Employee benefits**(a) Pension obligations**

The Group operates a number of defined benefit and defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by their employer, taking into consideration the recommendations of independent qualified actuaries. For defined benefit plans, the Group companies provide for benefits payable to their employees on retirement by charging current service costs to income.

The liability for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. Defined benefit obligations are in all material cases calculated annually by independent actuaries using the projected unit credit method, which reflects services rendered by employees to the date of valuation, incorporates assumptions concerning employees' projected salaries and uses interest rates of highly liquid corporate bonds which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes

in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group's contributions to the defined contribution plans are charged to the income statement in the year during which they are made.

(b) Other long-term employee benefits

Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations. The cost of such deferred compensation arrangements is recognized on an accrual basis and included within employee benefits expense.

(c) Employee Share Purchase Program (ESPP)

The Group's employee share purchase program allows certain employees to buy a specific number of shares on a preferential basis, subject to certain restrictions on the sales of the shares for a period of 3 years. The difference between the fair value of these shares and the employee's payments for the shares is expensed in the income statement on the subscription date. The fair value of the shares transferred is determined based on the market price of the shares adjusted for the estimated value of the restrictions on sales.

(d) Profit sharing and bonus plan

The Group recognizes a liability and an expense for bonuses and profit sharing where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Board of Directors may grant shares to certain employees. These shares may be subject to a blocking period of up to 7 years and are expensed in the income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

statement at their fair value at grant date taking into account the estimated value reduction due to the blocking period.

(e) Other employee benefits

Salaries, wages, social contributions and other benefits are recognized on an accrual basis in employee benefits expense in the year in which the employees render the associated services.

(U) Contract liabilities

Contract liabilities represent the Group's current obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract liabilities primarily relate to billed work in progress and service contracts, whereby the customer has been invoiced in advance of the services being performed and are generally recognized within twelve months.

(V) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

(W) New and amended accounting standards and IFRIC interpretations Standards and Interpretations effective in the current period and change in accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2024. Amendments to standards that became effective during the current year had no material impact on the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standard and Interpretations in issue not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements is effective for annual reporting periods beginning on or after 1 January 2027 and will replace IAS 1. The standard introduces new requirements for the presentation of the statement of profit or loss, including defined categories for income and expenses, new required subtotals such as operating profit, and new disclosure requirements for management-defined performance measures.

The Group is currently assessing the impact of IFRS 18. The adoption is expected to result in changes to presentation and disclosures, particularly within the statement of profit or loss and related notes, but is not expected to have a material effect on recognition or measurement. The Group intends to adopt the standard when it becomes effective.

Other new and amended standards and interpretations that are effective for annual periods beginning after 1 January 2026, and that have not been early adopted by the Group, are not expected to have a material impact on the Group's financial statements in the current or future reporting periods or on foreseeable future transactions.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from the actual results. Areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to final outcomes deviating from estimates and assumptions made are described below.

Fair value of financial assets

The Group's residual interests in receivables securitization vehicles are measured at fair value using a discounted cash flow (DCF) model that estimates the present value of expected future residual cash flows after payment of senior noteholders and transaction fees. The DCF model reflects the legal waterfall, including priority of payments, sequencing of fees and interest, and triggers for early amortization.

The key unobservable units are expected default and recovery rates, timing of cash flows, discount rates applied to reflect yields for comparable residual tranches, and other structural inputs including servicing and transaction costs. These inputs are derived from the Group's historical receivable performance and observable market data where available, adjusted to reflect market assumptions for the characteristics of the securitization.

The fair value measurement is classified as Level 3 because it relies on significant unobservable inputs. The Group reviews the model and validates assumptions on an annual basis.

Lease accounting

Lease liabilities are valued at the net present value of the expected future lease payments. Lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be determined, the Group's incremental borrowing rate based on the currency in which it finances its local operations is used.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with the risk-free interest rate adjusted for credit risk based on recent third-party financing and makes specific adjustments for each lease based on term, country and currency.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated.

The value in use calculation requires management's estimate of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (note 15). Actual cash flows and values could vary significantly from the forecasted cash flows and related values derived using discounting techniques.

Income tax and deferred tax assets

The recognition of deferred tax assets, particularly those arising from tax loss carryforwards, requires significant management judgement. Deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available against which the losses can be utilized. This assessment is inherently uncertain and involves estimates regarding the level and timing of future taxable profits, the reversal of existing temporary differences, and the availability of feasible tax planning strategies. Management also evaluates the period over which tax loss carryforwards can be utilized and whether it is probable that such carryforwards will expire unused. In addition, the measurement of deferred tax balances requires judgement in determining the applicable tax rates and assessing the

impact of enacted or substantively enacted tax legislation. Changes in these assumptions, forecasts, or in the regulatory environment could materially affect the carrying amount of deferred tax assets and liabilities recognized in the financial statements.

Retirement benefit plans

The Group sponsors pension and other retirement plans in various forms covering employees who meet eligibility requirements. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense and liability related to these plans. The factors include both financial and demographical assumptions. Financial assumptions comprise discount rate, salary and expected pension increases, interest rate credited in savings accounts, and returns on plan assets. Demographic assumptions include employee turnover, retirement payment forms (capital vs. annuity), mortality tables and disability assumptions. Demographic assumptions are based on past experience. In addition, the Group's actuarial consultants use statistical information such as withdrawal and mortality rates for their estimates.

Assumptions used (note 28) may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants, among other factors. Depending on events, such differences could have a material effect on our total equity.

Principal vs. agent consideration

The determination of whether the Group acts as principal or agent in revenue arrangements requires significant judgement and impacts the presentation of revenue on either a gross or net basis.

This assessment is critical in determining the appropriate revenue recognition treatment and is based on whether the Group controls the specified good or service before it is transferred to the customer.

Key factors considered in this assessment include the following:

- Control before transfer - the Group assesses whether it obtains control over a good or service before it is transferred to a customer. Control is evaluated based on the ability to direct the use of and obtain substantially all of the benefits from the good or service.
- Inventory risk - the Group considers whether it bears inventory risk before a good or service is transferred to the customer or after transfer of control to the customer
- Pricing discretion - the Group examines whether it has discretion in setting prices for a good or service, which may indicate control over the good or service before transfer
- Fulfillment obligation - the Group evaluates whether it is primarily responsible for fulfilling the contract, which suggests that it is acting as a principal.

Management exercises significant judgement in applying these criteria to complex transactions, particularly in arrangements involving multiple parties. Any changes in these judgments could have a material impact on the Group's reported revenue and financial performance.

The Group continuously monitors and reassesses these judgments to ensure consistent application and compliance with IFRS requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

Impairment of trade accounts receivable

The Group recognizes lifetime expected credit losses (ECL) on trade receivables using the simplified approach under IFRS 9. The determination of ECL allowances involves significant judgement, particularly in the development of provision matrices that estimate default rates based on historical loss experience, adjusted for current and forward-looking information. Management considers customer-specific factors, ageing profiles, industry risk and other macroeconomic indicators relevant to the countries in which the Group operates. Additional complexity arises from the Group's operations across multiple jurisdictions and currencies, which requires judgement in evaluating economic conditions, regulatory environments, and foreign exchange volatility, all of which may affect customer credit risk. Where historical patterns do not fully reflect expected future conditions, management applies qualitative adjustments. Changes in these estimates or in the underlying assumptions could have a material impact on the level of impairment recognized in the financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through exposure analyses. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's treasury policies, which provide written princi-

ples on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Internal control procedures ensure compliance with these policies. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports periodically to the Group's finance executive committee which monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group applies a natural economic hedging strategy and can enter into a variety of derivative financial instruments to manage its exposure to foreign currencies and interest rate risks, including forward foreign exchange contracts or option strategies to hedge the foreign exchange rate risks and interest rate swaps to mitigate the risk of rising interest rates.

The Group does not enter into any financial transactions containing a risk that cannot be quantified at the time the transaction is concluded (it does not sell assets short). The Group only sells existing assets or hedges transactions and future transactions that are likely to happen. Future transaction hedges are contracted according to treasury policy based on a foreign exchange cash flow forecast. In the case of liquid funds, it writes options on assets it has, or on positions it wants to acquire, and for which it has the required liquidity. The Group therefore expects that any loss in value for these instruments would be generally offset by increases in the value of the hedged transactions.

(a) Foreign exchange risk

The Group conducts business in a variety of countries using a variety of foreign currencies. However, the Group prepares its consolidated financial statements in U.S. Dollars. It is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc and the Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. In order to manage foreign exchange risks arising from future commercial transactions and certain assets and liabilities, the Group uses forward foreign exchange contracts and foreign currency zero cost option contracts.

The Group enters into zero cost foreign currency option contracts to manage the risk associated with highly probable sales transactions for the next 12 months within a determined portion of the exposure generated, as defined in the treasury policy. These derivatives are generally qualified as cash flow hedges.

The Group also enters into foreign exchange forward and swap contracts in order to hedge the risk attributed to changes in value of recognized assets and liabilities. The Group qualifies these derivatives as held-for-trading with gains and losses recognized through profit and loss.

Net investments in Group affiliates with a functional currency other than the U.S. Dollar are of a long-term nature: the Group does not hedge such foreign currency translation exposures.

(b) Interest rates

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group manages this risk by maintaining

an appropriate mix between fixed and floating rate borrowings. Interest risk exposure is evaluated regularly to align with interest rate views and the Group's defined risk appetite, which ensure that optimal hedging strategies are applied by either neutralizing the balance sheet exposures or protecting interest expense through different interest rate cycles.

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group uses credit rating information supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually by the department in charge.

In 2024, the Kudelski Group with certain of its subsidiaries implemented a trade receivables securitization program ("Program") with a financial institution. The Program is designed to enhance the Group's financial flexibility by providing an additional source of liquidity for its operations. The Group defines counterparties as having similar characteris-

tics if they are related entities. With the exception of the Program and of cash balances deposited with a highly rated bank, concentration of credit risk did not exceed 10% of gross monetary assets at the end of the year, . The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum amount of credit risk is the carrying amount of the financial assets.

Liquidity risk management

The Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. Exposure arises in the event that debt obligations cannot be met when due, or external borrowings cannot be refinanced.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

4. RESTATEMENT DUE TO CHANGE IN OPERATING STRUCTURE

In February 2025, the Group announced a significant reorganization of its operational structure following the divestment of SKIDATA during 2024. The transformation aimed to strengthen the Group's core digital security business and included cost reduction measures across the Group's business segments and corporate functions.

Following the transformation, the Group is structured into three operating segments which are reflected in internal management reporting as follows:

- Core Digital Security
- Cybersecurity
- Internet of Things (IoT)

In connection with the reorganization, management has reassessed and realigned its reportable segments to better reflect the way in which the business is managed and reviewed internally. As a result, the Group has restated certain prior period information to conform to the current presentation. This restatement affects the allocation of revenues, operating income, and other segment-level financial data among the new operating segments. The restatement provides comparative segment results that are consistent with the current organizational structure and internal reporting framework. These changes have no impact on the Group's previously reported financial position, results of operations or cash flows.

5. OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. Group operating segments represent strategic business units that offer products and services for which such internal reporting is maintained. The chief operating decision maker reviews the internal segment reporting in order to allocate resources to the segments and assess their performance.

As noted above, the Group is structured into three operating segments: Core Digital Security, Cybersecurity and Internet of Things (IoT).

Core Digital Security renews the Group's focus on providing end-to-end digital and media content security, including chipset security and security labs certification. Core Digital Security also includes the Group's intellectual property activities as well as the development of new business initiatives such as watermarking, Insight and Sporfie.

Cybersecurity leverages the Group's long-standing expertise to provide cybersecurity solutions and services focused on protecting data, processes and systems for companies and organizations around the world, safeguarding assets at a time of rapidly increasing cyberthreats.

IoT designs and delivers asset tracking solutions for automotive retail and other industries, monitoring location, utilization and condition of goods and equipment.

The measure of income presented to manage segment performance is the segment operating income before depreciation, amortization and impairment. This measure is based on the same accounting policies as consolidated total except that intersegment sales are eliminated at the consolidation level. Income and expenses relating to Corporate include the costs of Group headquarters and the items of income and expense which are not directly attributable to specific divisions. These elements are reported under the 'Corporate common functions'. Reportable segment assets include total assets allocated by segment with the exclusion of intersegment balances, which are eliminated. Unallocated assets include assets managed on a centralized basis, included in the reconciliation to balance sheet assets.

In USD'000	Core Digital Security	Internet of Things	Cyber-security	Corporate Common Functions	Total
	2025	2025	2025	2025	2025
Revenues from external customers	229 014	39 125	98 467	–	366 606
Other operating income - operating segments	3 711	122	73	500	4 405
Total segment revenue and other operating income	232 725	39 247	98 539	500	371 011
Cost of materials, licenses and services	-23 139	-25 376	-17 113	-66	-65 695
Operating expenses	-184 480	-27 271	-93 397	-15 769	-320 917
Operating income before depreciation, amortization and impairment	25 106	-13 400	-11 970	-15 336	-15 600
Depreciation, amortization and impairment	-8 010	-950	-2 885	–	-11 845
Operating income - excluding corporate common functions	17 096	-14 350	-14 855	-15 336	-27 445
Interest expense and other finance income/(expense), net					-7 036
Share of result of associates	376	–	–	–	376
Income before tax					-34 105

In USD'000	Core Digital Security	Internet of Things	Cyber-security	Corporate Common Functions	Total
	Restated 2024	Restated 2024	Restated 2024	Restated 2024	Restated 2024
Revenues from external customers	233 565	41 691	108 471	–	383 728
Other operating income - operating segments	3 409	122	9	5 740	9 280
Total segment revenue and other operating income	236 974	41 813	108 480	5 740	393 008
Cost of materials, licenses and services	-31 789	-22 542	-24 027	–	-78 358
Operating expenses	-193 362	-26 676	-89 269	-18 410	-327 717
Operating income before depreciation, amortization and impairment	11 823	-7 404	-4 816	-12 670	-13 067
Depreciation, amortization and impairment	-90 911	-755	-2 726	-12 740	-107 132
Operating income - excluding corporate common functions	-79 088	-8 159	-7 542	-25 410	-120 199
Interest expense and other finance income/(expense), net					-20 402
Share of result of associates	3 168	–	–	–	3 168
Income before tax					-137 433

INFORMATION ABOUT MAJOR CUSTOMERS

No aggregate revenues resulting from transactions with a single external customer amount to 10% of the Group's total revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

SEGMENT ASSETS

In USD'000	Core Digital Security	Internet of Things	Cyber-security	Total
	31.12.2025	31.12.2025	31.12.2025	31.12.2025
Total segment assets	240 117	62 583	127 867	430 567
Cash & cash equivalents				81 876
Financial assets and other non-current assets				49 828
Total Assets as per Balance Sheet				562 271

In USD'000	Core Digital Security	Internet of Things	Cyber-security	Total
	Restated 31.12.2024	Restated 31.12.2024	Restated 31.12.2024	Restated 31.12.2024
Total segment assets	293 980	58 539	124 157	476 676
Cash & cash equivalents				72 500
Financial assets and other non-current assets				21 874
Total Assets as per Balance Sheet				571 050

GEOGRAPHICAL INFORMATION

The Group's country of domicile is Switzerland. The Group's revenue from external customers and information about its non-current assets by country are presented below:

In USD'000	Revenues from external customers		Non-current assets	
	2025	2024	31.12.2025	31.12.2024
Switzerland	29 571	32 810	29 099	27 981
United States of America	136 288	142 896	143 481	146 731
France	39 644	38 032	6 567	5 265
Germany	20 082	20 305	4 186	3 638
Netherlands	10 740	14 141	–	–
Rest of the world	130 280	135 544	83 383	73 225
	366 606	383 728	266 716	256 840

Non-current assets exclude financial instruments, deferred tax assets and employment benefit assets. Revenues are allocated to countries on the basis of the end-customer's location.

REVENUE CATEGORIES

In USD'000	Core Digital Security	Internet of Things		Cybersecurity		
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Europe	108 496	109 862	–	–	58 881	59 996
Americas	82 383	77 417	39 125	41 691	38 106	47 679
Asia and Africa	38 134	46 286	–	–	1 481	795
	229 014	233 565	39 125	41 691	98 467	108 471
Sale of goods	13 620	20 869	34 912	38 316	12 539	17 050
Services rendered	140 487	133 701	4 214	3 376	76 399	80 783
Royalties and licenses	74 907	78 995	–	–	9 529	10 638
	229 014	233 565	39 125	41 691	98 467	108 471

6. OTHER OPERATING INCOME

In USD'000	2025	2024
Government grants (research, development and training)	3 003	3 088
Income from rental of property	326	4 999
Gain on disposal of assets	81	-11
Transition services - SKIDATA	502	–
COVID-19 subsidies	–	31
Others	492	1 174
	4 405	9 280

7. EMPLOYEE BENEFITS EXPENSE

In USD'000	Note	2025	2024
Wages and salaries		203 672	205 576
Social security costs		26 384	27 099
Defined benefit plans expenses	28	3 086	8 981
Defined contribution plans expenses		4 981	4 580
Other personnel expenses		4 379	4 917
		242 502	251 154

8. OTHER OPERATING EXPENSES

In USD'000	2025	2024
Development and engineering expenses	12 091	11 363
Travel, entertainment and lodging expenses	16 132	16 352
Legal, experts and consultancy expenses	12 417	11 975
Administration expenses	3 834	3 830
Computer and telecommunications expenses	18 370	21 995
Building and infrastructure expenses	6 187	6 082
Marketing and sales expenses	4 962	5 290
Taxes other than income tax	1 526	1 677
Change in provisions	-1 105	-4 559
Insurance, vehicles and others	4 001	2 558
	78 415	76 563

9. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

In USD'000	Note	2025	2024
Land and buildings	14	1 427	14 018
Equipment and machines	14	1 598	1 720
Total depreciation and impairment of tangible fixed assets		3 025	15 739
Land and buildings	16	8 302	7 646
Vehicles, equipment and other	16	74	25
Total depreciation and impairment of right-of-use assets		8 376	7 671
Intangible assets	15	444	83 722
Total amortization and impairment on intangible fixed assets		444	83 722
Depreciation, amortization and impairment		11 845	107 132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

10. INTEREST EXPENSE

In USD'000	Note	2025	2024
Bond 2016-2024	31	–	1 933
Bridge loan		–	12 595
Net interest expense recognized on defined benefit plans	28	304	261
Interest on lease obligations	16	2 136	2 190
Other interest and bank charges		54	1 472
		2 494	18 452

In 2024, the Group entered into a CHF 150 million senior secured bridge loan agreement to reinforce its liquidity position. The facility served as a contingency measure in the event the sale of SKIDATA did not conclude prior to maturity of the outstanding bond. The loan carried a contractual maturity of 18 months from the closing date. During 2024, the Group utilized CHF 15 million, which was subsequently repaid in full following the completion of the SKIDATA transaction. The agreement provided for a commitment fee of 6% per annum on the undrawn portion of the facility for a period of one year, as well as a prepayment fee applicable to the drawn amount. The total cost of this credit facility, including transaction-related costs directly attributable to the borrowing, is presented as 'Bridge loan' in the table above.

11. OTHER FINANCE INCOME/(EXPENSE), NET

In USD'000	Note	2025	2024
Interest income		1 872	1 986
Net gains/(losses) on foreign exchange related derivative financial instruments		-13	559
Net foreign exchange transaction gains/(losses)		-5 415	1 841
Trade receivables securitization		-1 959	-2 987
Remeasurement of securitized beneficial interests	44	346	-2 945
Others		628	-404
		-4 542	-1 950

12. INCOME TAX EXPENSE

In USD'000	Note	2025	2024
Current income tax		-2 355	-2 304
Deferred income tax	18	-1 030	-10 386
Non-refundable withholding tax		-2 674	-1 035
		-6 058	-13 724

The tax on the Group's income before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

In USD'000	2025	2024
Income before tax	-34 105	-137 433
Expected tax calculated at domestic tax rates in the respective countries	4 807	33 418
Effect of income not subject to income tax or taxed at reduced rates	2 397	947
Effect of Goodwill impairment not deductible for tax purposes	–	-21 342
Effect of utilization of previously unrecognized tax asset on tax losses carried forward and temporary differences	1 923	735
Effect of temporary differences and tax losses not recognized and deferred tax assets written-off	-13 205	-27 641
Effect of changes in tax rates	–	80
Effect of associates' result reported net of tax	102	83
Effect of disallowed expenditures	-295	-328
Effect of prior year income taxes	455	370
Effect of non-refundable withholding tax	-2 674	-1 035
Other	431	988
Tax expense	-6 058	-13 724

Income before tax for tax-transparent companies includes the full pre-tax income of non-fully-owned subsidiaries, for which income taxes are paid directly by the subsidiaries' shareholders. The Group, however, recognized only the portion of tax attributable to its ownership interest. The theoretical tax impact if the Group had recognized 100% of the taxes on these subsidiaries amounts to kUSD 585 (2024: kUSD 1 207) and is included in 'Other' in the above table.

The weighted average applicable tax rate decreased from 24.3% in 2024 to 14.1% in 2025. The decrease is primarily due to shifts in profit contributions by country.

13. EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares outstanding during the year.

In USD'000	2025	2024
Net income attributable to bearer shareholders	-38 914	10 469
- Continuing operations	-38 914	-137 064
- Discontinued operations	-	147 533
Net income attributable to registered shareholders	-3 499	943
- Continuing operations	-3 499	-12 340
- Discontinued operations	-	13 283
Total net income attributable to equity holders	-42 413	11 412
Weighted average number of bearer shares outstanding	51 494 627	51 425 543
Weighted average number of registered shares outstanding	46 300 000	46 300 000
Basic and diluted earnings per share (in USD)		
Attributable to shareholders of Kudelski SA for bearer shares : basic and diluted (in USD)	-0.7557	0.2036
- Continuing operations	-0.7557	-2.6653
- Discontinued operations	-	2.8689
Attributable to shareholders of Kudelski SA for registered shares : basic and diluted (in USD)	-0.0756	0.0204
- Continuing operations	-0.0756	-0.2665
- Discontinued operations	-	0.2869

The company has no share options nor share subscription rights outstanding which could lead to a dilution of earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

14. TANGIBLE FIXED ASSETS

In USD'000	Land	Buildings	Building improve- ments	Technical equipment and machinery	Other equipment	Total
GROSS VALUES AT COST						
As of January 1, 2024	6 880	52 120	13 612	82 425	15 649	170 686
Additions	–	111	1 040	1 862	546	3 559
Disposals and retirements	–	-10	-17	-7 913	-1 018	-8 958
Change in scope	-6 880	-51 806	-4 905	-45 291	-4 436	-113 319
Currency translation effects	–	-453	-374	-2 112	-677	-3 616
Reclassification & others	–	38	93	-187	26	-30
As of January 1, 2025	–	–	9 448	28 785	10 089	48 322
Additions	–	–	1 641	920	461	3 022
Disposals and retirements	–	–	-147	-5 947	-632	-6 727
Currency translation effects	–	–	734	2 259	1 027	4 020
As of December 31, 2025	–	–	11 676	26 016	10 945	48 637
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
As of January 1, 2024	–	-13 802	-8 829	-68 653	-12 831	-104 114
Systematic depreciation	–	-90	-1 184	-969	-738	-2 980
Impairment	–	-12 739	-6	-13	-1	-12 758
Disposals and retirements	–	–	17	7 882	993	8 892
Change in scope	–	26 375	3 079	33 008	3 420	65 882
Currency translation effects	–	256	146	1 716	559	2 677
Reclassification & others	–	–	0	15	-16	–
As of January 1, 2025	–	–	-6 775	-27 014	-8 613	-42 401
Systematic depreciation	–	–	-1 427	-888	-710	-3 025
Impairment	–	–	–	–	-0	-0
Disposals and retirements	–	–	144	5 919	533	6 596
Currency translation effects	–	–	-374	-2 129	-884	-3 386
As of December 31, 2025	–	–	-8 432	-24 111	-9 673	-42 216
Net book values as of December 31, 2024	–	–	2 674	1 771	1 477	5 921
Net book values as of December 31, 2025	–	–	3 244	1 905	1 272	6 421
Useful life in years	Indefinite	10 – 50	4 – 8	4 – 10	4 – 7	

The Group regularly reviews the estimated useful lives and residual values of its fixed assets, taking into consideration, among other factors, its experience with similar assets, current market conditions, and prevailing industry practices.

In 2024, the Group recognized an impairment adjustment on certain real estate assets in connection with the planned sale of a subsidiary. The impairment primarily reflects a decline in market rental values and the termination of a significant lease agreement (note 27).

15. INTANGIBLE ASSETS

In USD'000	Technol- ogy	Customer lists, Trade- marks & Brands	Software	Goodwill	Other intangibles	Total
GROSS VALUES AT COST						
As of January 1, 2024	98 363	63 755	79 154	334 947	441	576 660
Additions	1 437	–	229	–	–	1 666
Disposals and retirements	-47	–	-13 312	–	–	-13 359
Change in scope	-29 235	-10 270	-17 154	-34 964	-171	-91 795
Reclassification & others	-1 096	–	1 126	–	–	30
Currency translation effects	-4 059	-4 398	-3 927	-12 531	-17	-24 932
As of January 1, 2025	65 362	49 087	46 118	287 451	253	448 271
Additions	44	–	545	–	–	589
Disposals and retirements	-6 939	–	-3 032	–	–	-9 971
Currency translation effects	6 383	4 636	5 781	11 928	26	28 754
As of December 31, 2025	64 851	53 723	49 411	299 380	279	467 643
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
As of January 1, 2024	-93 525	-61 006	-73 273	–	-441	-228 245
Systematic amortization	-107	-931	-390	–	–	-1 428
Impairment	-39	–	-171	-82 084	–	-82 294
Recovery of amortization on disposal and retirements	47	–	13 312	–	–	13 359
Change in scope	24 435	8 701	11 258	–	171	44 567
Currency translation effects	3 940	4 289	3 782	–	17	12 028
As of January 1, 2025	-65 249	-48 947	-45 482	-82 084	-253	-242 015
Systematic amortization	-48	-102	-294	–	–	-444
Recovery of amortization on disposal and retirements	6 939	–	3 032	–	–	9 971
Currency translation effects	-6 367	-4 621	-5 736	–	-26	-16 751
As of December 31, 2025	-64 726	-53 670	-48 480	-82 084	-279	-249 239
Net book values as of December 31, 2024	113	140	636	205 367	–	206 256
Net book values as of December 31, 2025	125	53	930	217 296	–	218 404
Useful life in years	4 – 10	5 – 10	3 – 4	Indefinite	4	

Intangible assets with indefinite useful lives are subject to a yearly impairment review.

Goodwill is tested for impairment at least annually and when there is an indication of impairment. The impairment tests of goodwill are performed at the same time each year and at the cash-generating unit (CGU) level, defined within the framework of the Group as its operating segments. In accordance with IFRS 8, the Group reports three operating segments: Core Digital Security, Cybersecurity and Internet of Things (IoT) (note 5).

Goodwill allocated to each operating segment is tested for impairment using a value-in-use calculation, which corresponds to the segment's future projected cash flows discounted at an appropriate pre-tax rate of return. Cash flow projections are based on the financial plans and business strategies of Group management covering a period of five years and projected to perpetuity using a multiple which corresponds to a steady or declining growth rate. The Group assesses the uncertainty of these estimates by making sensitivity analyses. The discount rates used reflect the current assessment of the time value of money and the risks specific to each operating segment. Any impairment loss in respect of goodwill is never subsequently reversed.

Management believes that the current market value of the company does not accurately reflect its intrinsic value. This assessment is based on several factors, including, the long-term growth potential of the different businesses, the Group's cash position at the end of the reporting period, as well as unsolicited offers received for a division.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

The following sets out the allocated goodwill and key assumptions used in the impairment test for each segment:

	Carrying amount	Period of cash flow projections	Annual sales growth	Compound annual growth rate	Annual margin evolution	Terminal growth rate	Pre-tax discount rate
2025							
Goodwill CGU							
Core Digital Security	120 061	5 years	-3% to 6%	2.8%	Improvement	2.0%	11.9%
Cybersecurity	62 653	5 years	7% to 12%	10.7%	Improvement	1.8%	12.2%
IoT	34 582	5 years	13% to 21%	16.6%	Improvement	2.2%	13.2%
	217 296						
2024							
Goodwill CGU							
Core Digital Security	113 469	5 years	-4% to 4%	0.8%	Declining	2.0%	13.0%
Cybersecurity	59 215	5 years	9% to 20%	11.8%	Improvement	2.0%	13.5%
IoT	32 684	5 years	18% to 26%	23.7%	Improvement	2.0%	13.0%
	205 367						

The following has been taken into consideration in the impairment tests:

- Assumed cost of capital for each segment is based on the cost of equity of comparable businesses adjusted for the segment capital structure. The resulting weighted average cost of capital is then adjusted to include tax effects specific to the jurisdiction in which the segment operates. Net operating loss carryforwards are not considered when determining the tax effects.
- Cash flows for the first five years were based upon financial plans approved by Group management which are consistent with the Group’s approved strategy for this period. They are based upon past performance and current initiatives.
- Terminal growth rates have been determined to reflect the long-term view of the nominal evolution of the business.

Core Digital Security

In 2024, the Group recognized a goodwill impairment for the Core Digital Security division following a deterioration in operating performance and revisions to the underlying business plan. In response, management initiated targeted cost reduction measures and refocused strategic efforts on core products and customer segments. These actions contributed to a stabilization of the business, leading the Core Digital Security segment to materially outperform expectations in 2025. Year-over-year revenues stabilized and gross margins improved reflecting the continued migration away from hardware-based security solutions to software. Revenues from legacy products continue to decline, while new product initiatives including watermarking/streaming/anti-piracy solutions and OpenTV Enterprise continue to demonstrate encouraging growth.

Segment management assumes a moderate growth in revenue over the first years of the planning period, while continuing to invest in the development of new products. In the later years, the rate of growth is expected to accelerate driven by new business lines expected to maintain their current momentum. Given the high operating leverage of the business, operating costs are expected to grow at a slower pace than revenues resulting in operating income improvements.

Core Digital Security revenue assumptions are based on bottom-up projections by product groups and regions. Such projections are completed by segment management in collaboration with product managers and account managers. Projections are subsequently adjusted at the Group management level to include contingencies related to uncertainties of the business development. Margin assumptions are derived from historical performance, pricing trends, and expected product mix. Operating cost assumptions are based on historical expenditures and projected based on anticipated business actions and outlook over the forecast period.

Cybersecurity

In 2025, revenues of Kudelski Security declined significantly compared to prior year, primarily driven by a decrease in the U.S. technology resell business and lower service revenues in Europe and the United States following a strategic refocusing of the service portfolio. Managed Security revenues increased slightly year-on-year but remained below expectations due to underperformance in the Managed Detection and Response (MDR) business, which was impacted by suboptimal technology choices made in prior years. Operating expenses increased as a result of continued investment in strategic development areas, including Cybersecurity AI and OT security, leading to an EBITDA loss of USD 13.9 million.

From 2026, Kudelski Security expects to return to growth, supported by the recovery of service revenues to historical levels, normalization of U.S. technology resell revenues, and growth in European technology and service revenues driven by new MDR deployments. Gross margins are forecast to improve modestly, and EBITDA losses are expected to narrow slightly in 2026. With accelerating growth in Managed Security and other services and moderation in operating expense growth, Kudelski Security is expected to reach EBITDA break-even in 2027, with further margin improvement thereafter supported by operating leverage.

Cybersecurity revenue assumptions are developed from its internal business structure (technology resale, advisory, managed services, innovation, etc.) and by primary geographical region. Projections are subsequently adjusted at the Group management level to include contingencies related to uncertainties of the business development. Margin assumptions are derived from historical performance, pricing trends, and expected product mix. Operating cost assumptions are based on historical expenditures and projected based on anticipated business actions and outlook over the forecast period.

Internet of Things (IoT)

In 2025, the IoT segment delivered lower than expected revenues, primarily due to delays in the planned transition of the go-to-market model from a captive sales organization to indirect distribution channels. The rollout of partnerships with financial services providers, including car financing, leasing, insurance and extended warranty partners, progressed more slowly than anticipated due to the complexity of contract negotiations, system integrations, salesforce training, and dealership deployment. In parallel, the segment exited certain dealer relationships due to underperformance in order to reduce working capital intensity and improve cash flow quality, which further weighed on revenues. As a result, short-term growth expectations were revised downward for the 2026-2027 period, before a planned recovery to higher growth later from 2028 onward.

In 2025, the IoT segment incurred approximately USD 4.0 million of one-off costs related to technical issues affecting early RecovR product releases, with all affected devices replaced. This resulted in a decline in forecast gross margins compared to prior year. Gross margins are expected to normalize in 2026 and improve further from 2027 onward, supported by the introduction of lower-cost devices and continued cost optimization. The revenue shortfall and one-off costs led to an EBITDA loss in 2025 that was significantly higher than in the prior year. For 2026, the segment projects a material EBITDA improvement with an expected return to positive EBITDA from 2028 onward.

The IoT forecast is developed around its primary product line, RecovR. Revenue growth assumptions are based on existing customer mix as well as new financial services channels. Gross margin assumptions are based on historical trends and contractual relationships with service providers. Projections are subsequently adjusted at the Group management level to include contingencies related to uncertainties of the business development. Operating cost assumptions are based on historical expenditures and projected based on anticipated business actions and outlook over the forecast period.

For Cybersecurity and IoT, reasonably possible changes in the revenue growth assumptions could result in a potential Goodwill impairment. Although the annual growth assumptions in the 2026 plans have been reduced, with planned compound annual growth rates of 10.7% for Cybersecurity and 16.6% for IoT, a decrease in the Cybersecurity segment from 10.7% to 9.9% (2024: from 11.8% to 11.0%) and a decrease in IoT from 16.6% to 15.2% (2024: from 23.7% to 18.3%), with no adjustment to operating expenses, would lead to value-in-use equal to the carrying amount of goodwill at the end of the planning period. The headroom for Cybersecurity and IoT are USD 67.6 million and USD 19.8 million respectively (2024: USD 33.6 million and USD 69.9 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

16. LEASING

In USD'000	31.12.2025	31.12.2024
Land and buildings	31 139	34 703
Vehicles, equipment and other	59	14
	31 198	34 717

In USD'000	Land	Building & leasehold facilities	Vehicles	Equipment	Total
GROSS RIGHT-OF-USE ASSETS					
As of January 1, 2024	648	72 943	7 959	105	81 655
Additions	44	13 813	3 644	16	17 517
Disposals and retirements	-	-10 549	-1 210	-54	-11 813
Change in scope	-677	-20 334	-10 122	-64	-31 196
Currency translation effects	-15	-2 967	-172	-4	-3 158
As of January 1, 2025	-	52 905	100	-	53 005
Additions	-	2 027	116	-	2 142
Disposals and retirements	-	-2 207	-122	-	-2 329
Currency translation effects	-	4 371	6	-	4 377
As of December 31, 2025	-	57 096	99	-	57 196

ACCUMULATED DEPRECIATION AND IMPAIRMENT

As of January 1, 2024	-40	-29 438	-3 611	-66	-33 155
Systematic depreciation	-	-7 646	-25	-	-7 671
Recovery of depreciation on disposal and retirements	-	9 601	1 085	46	10 732
Change in scope	40	8 426	2 386	17	10 869
Currency translation effects	1	854	80	2	937
As of January 1, 2025	-	-18 202	-85	-	-18 288
Systematic depreciation	-	-8 302	-74	-	-8 376
Recovery of depreciation on disposal and retirements	-	1 831	122	-	1 953
Currency translation effects	-	-1 283	-4	-	-1 287
As of December 31, 2025	-	-25 957	-41	-	-25 998
Net book values as of December 31, 2024	-	34 703	14	-	34 717
Net book values as of December 31, 2025	-	31 139	59	-	31 198
Useful life in years	4 – 10	2 – 15	2 – 5	2 – 5	

Lease costs from continuing operations are recorded in the income statement as depreciation expense in the amount of kUSD 8 376 (2024: kUSD 7 671) and interest expense of kUSD 2 136 (2024: kUSD 2 190), and are recognized in the cash flow statement as adjustments for net income non-cash items in operating activities. Lease payments of kUSD 10 517 (2024: kUSD 14 539) which represent the reduction of the lease liability are recognized in the cash flow statement as an outflow from financing activities and in 2024 included payments related to discontinued operations of kUSD 4 816. Operating lease costs relating to short-term leases of kUSD 6 134 (2024: kUSD 6 063) and low-value leases of kUSD 238 (2024: kUSD 185) remain fully recognized as an operational expense. The total cash outflow for leases from continuing operations in 2025 was kUSD 19 025 (2024: kUSD 18 162).

The Group's remaining contractual maturities of lease obligations at December 31, 2025 and 2024 are as follows:

In USD'000	2025	2024
Within one year	10 245	9 805
In the second to fifth year inclusive	24 141	26 533
More than five years	32 873	32 025
	67 259	68 363

17. INVESTMENTS IN ASSOCIATES

In USD'000	Note	2025	2024
At January 1		9 946	11 307
Sale of controlling interest in subsidiary	27	–	6 085
Sale of an associate		–	-5 061
Share of profit - continuing operations		376	3 168
Share of profit - discontinued operations		–	376
Dividends received		-150	-503
Decrease in scope		–	-5 057
Currency translation effects		522	-369
At December 31		10 694	9 946

The Group's interests in its principal associates, all of which are unlisted, were as follows:

Name of associate	Principal activity	Interest held	
		2025	2024
iWedia SA, Switzerland	Middleware for set-top-boxes	40.0%	40.0%
275 Sacramento Street LLC	Real estate company	25.0%	25.0%

SUMMARIZED FINANCIAL INFORMATION OF THE GROUP'S ASSOCIATES

In USD'000	31.12.2025	31.12.2024
Total assets	53 763	51 578
Total liabilities	17 245	17 296
Net assets	36 518	34 281
Group's share of associates' net assets	10 694	9 946
	2025	2024
Revenue	24 702	46 613
Result of the period	1 534	4 484
Group's share of associates' result for the period	376	3 544

In 2024, the Group sold its investment in Kudelski Buildings Sàrl to a related party for kUSD 5 061, resulting in a gain on disposal of kUSD 2 707 which is included in 'Share of result of associates' in the consolidated income statement.

18. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

In USD'000	31.12.2025	31.12.2024
Deferred tax assets	17 254	20 319
Deferred tax liabilities	–	–
	17 254	20 319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

Movement on the deferred income tax account is as follows:

In USD'000	Note	2025	2024
At January 1		20 319	46 576
Exchange differences		1 709	-1 298
Recognized against other comprehensive income		-3 745	1 481
Change in scope of consolidation		-	-16 054
Income statement (expense)/income	12	-1 030	-10 386
At December 31		17 254	20 319

The movement in deferred tax assets and liabilities during 2025, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

In USD'000	At January 1, 2025	Income statement effect	Other comprehensive income	Change in scope of consolidation	Currency translation effects	At December 31, 2025
Deferred tax assets associated with						
- intangibles	1 159	-281	-	-	151	1 028
- employee benefits	3 685	-573	-3 745	-	223	-410
- tax losses	10 266	-307	-	-	711	10 671
- provisions and other elements tax deductible when paid	1 754	440	-	-	154	2 348
- leases	4 060	-38	-	-	546	4 568
- others	189	-205	-	-	17	1
Total deferred tax assets (gross)	21 113	-965	-3 745	-	1 802	18 206
Deferred tax liabilities associated with						
- intangibles	-35	25	-	-	-4	-13
- provisions and accelerated tax depreciation	39	-14	-	-	6	31
- others	-798	-77	-	-	-95	-970
Total deferred tax liabilities (gross)	-794	-65	-	-	-93	-951
Net deferred tax asset/(liability)	20 319	-1 030	-3 745	-	1 709	17 254

And for 2024:

In USD'000	At January 1, 2024	Income statement effect	Other comprehensive income	Change in scope of consolidation	Currency translation effects	At December 31, 2024
Deferred tax assets associated with						
- intangibles	1 517	-265	-	-	-94	1 159
- employee benefits	3 442	199	1 481	-1 145	-292	3 685
- tax losses	29 556	-9 710	-	-8 934	-647	10 266
- provisions and other elements tax deductible when paid	4 736	370	-	-3 094	-258	1 754
- intercompany profit elimination	3 486	28	-	-3 511	-2	-0
- leases	5 399	-939	-	-203	-197	4 060
- others	378	-156	-	-13	-20	189
Total deferred tax assets (gross)	48 513	-10 472	1 481	-16 900	-1 509	21 113
Deferred tax liabilities associated with						
- intangibles	-519	208	-	263	13	-35
- provisions and accelerated tax depreciation	-154	-8	-	205	-5	39
- others	-1 264	-114	-	378	203	-798
Total deferred tax liabilities (gross)	-1 937	86	-	846	211	-794
Net deferred tax asset/(liability)	46 576	-10 386	1 481	-16 054	-1 298	20 319

UNRECOGNIZED TAX LOSSES CARRIED FORWARD

At the balance sheet date, the Group has unused tax losses and temporary differences, primarily in Switzerland and the United States, of mUSD 1 327.1 (2024: mUSD 1 314.2) available for offset against future profits. A deferred tax asset has been recognized in respect of mUSD 210.9 (2024: mUSD 223.1) of such losses and temporary differences. The utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. No deferred tax asset has been recognized for the remaining mUSD 1 116.2 (2024: mUSD 1 091.1) due to the unpredictability of future profit streams. The amount of unused tax losses carried forward which have not been capitalized as deferred tax assets, with their expiry dates, is as follows:

In USD million	2025	2024
Expiration within:		
One year	183.1	142.8
Two years	39.6	145.3
Three years	11.7	25.2
Four years	84.0	21.7
Five years	269.4	83.1
More than five years	528.4	673.1
Total	1 116.2	1 091.1

Despite certain subsidiaries incurring losses during the year, the Group has recognized deferred tax assets arising from tax loss carryforwards. The recognition is based on management's assessment that it is probable sufficient taxable profits will be available in the foreseeable future to utilize these losses. This assessment takes into account forecasted operating results, the reversal of existing taxable temporary differences, and other relevant factors supporting recoverability, in accordance with the requirements of IAS 12 Income Taxes.

19. FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

In USD'000	31.12.2025	31.12.2024
Financial assets at amortized cost:		
Loan – third party	11 928	11 928
State and government institutions	4 630	4 008
Trade accounts receivable (long-term portion)	166	379
Guarantee deposits	1 420	921
Prepaid expenses and accrued income (long-term portion)	12	3
Total financial assets at amortized cost	18 157	17 240
Financial assets at fair value through profit or loss:		
Equity instruments (level 3)	1 326	1 162
Securitized beneficial interests (level 3)	34 167	33 162
Total financial assets at fair value through profit or loss	35 493	34 324
Total	53 650	51 563

The equity instruments classified as measured at fair value through profit or loss (FVPL) are unlisted investments for which fair value is determined using a discounted cash flow approach. The valuation model incorporates cash flow projections provided by the investee company on an annual basis, which are reviewed by management for reasonableness and consistency with observable market data where available. Key inputs to the valuation include projected revenue growth, operating margins, discount rates reflecting the investee's risk profile, and terminal value assumptions. Changes in these assumptions, or in the investee's performance, could result in significant volatility in the fair value recognized through profit or loss.

The effective interest rate on third party loans is 0.00% (2024: 2.00%). State and government institutions include government grants for R&D projects that will not be received within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

20. SECURITIZED BENEFICIAL INTERESTS

In 2023, the Group established an accounts receivable securitization program under which selected trade receivables in Switzerland and the United States are sold to Kudelski Global Financing DAC, a special purpose entity (SPE) domiciled in Ireland. Consideration is received partly in cash upfront and partly in the form of senior and junior subordinated notes issued by the SPE. The program has a three-year term, expiring in June 2026.

During 2025, the Group sold kUSD 357 990 (2024: kUSD 400 909) of receivables under the program, recognizing a loss on transfer of kUSD 4 629 (2024: kUSD 5 201) within 'Other finance income/(expense), net'. Interest income on subordinated loan receivables amounted to kUSD 3 028 (2024: kUSD 2 477) and servicing fees earned totaled kUSD 290 (2024: kUSD 348).

CONSOLIDATION ASSESSMENT

The Group does not hold shares in the SPE nor have the ability to appoint its directors. Management assessed whether the Group controls the SPE by evaluating exposure to variable returns and the ability to influence those returns. Although the Group retains certain exposures as lender and master servicer, the intermediate subordinated lender has the unilateral ability to remove the Group as servicer of impaired receivables and control decisions affecting variable returns. Accordingly, the Group concluded that it does not control the SPE and has not consolidated it in the financial statements.

CONTINUING INVOLVEMENT IN SOLD RECEIVABLES

The Group considers that, upon sale of receivables to the SPE, it has neither substantially transferred nor retained all the risks and rewards associated with ownership. The receivables are pledged as security under the senior loans, restricting the SPE from selling them. Consequently, the Group has concluded that control of the assets has not been fully transferred and recognizes the assets to the extent of its continuing involvement, represented by its investment in the senior and junior subordinated loans.

At December 31, 2025, these investments amounted to kUSD 38 500 (2024: kUSD 37 856) and are presented within 'Financial assets at fair value through profit and loss' in the Consolidated Balance Sheet. The carrying value of these loans represent the Group's maximum exposure to loss from the SPE. As subordinated lenders, the Group holds a security interest in the receivables, junior to the senior lender, NordLB.

The senior and junior subordinated loan investments are carried at fair value, with changes in the fair value recognized in profit or loss. Expected credit losses on these loans at December 31, 2025 were kUSD 4 332 (2024: kUSD 4 694). The valuation is classified as Level 3 under the IFRS fair value hierarchy, as it is primarily based on unobservable inputs (note 44).

21. INVENTORIES

In USD'000

31.12.2025 31.12.2024

Raw materials	2 919	3 213
Finished goods	12 771	11 525
	15 689	14 738

The cost of inventories recognised as an expense in continuing operations includes kUSD 501 (2024: kUSD 2 468) in respect of write-downs, and has been reduced by kUSD 425 (2024: kUSD 0) in respect of the reversal of such write-downs.

Changes in inventories of finished goods and work in progress included in cost of material are kUSD 1 061 (2024: kUSD -3 092).

22. TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

In USD'000	31.12.2025	31.12.2024
Trade accounts receivable	37 580	43 898
Less: provision for impairment	-7 893	-8 508
Trade accounts receivable related parties	480	465
Trade accounts receivable - net	30 167	35 856
Contract assets	2 175	3 636
Less: provision for impairment	-512	-770
Contract assets - net	1 663	2 866

Before accepting a new customer, the Group conducts a credit assessment to evaluate the customer's creditworthiness and establishes specific credit limits. These limits and assessments are regularly reviewed. For low value added business transactions, the Group typically operates on a back-to-back basis.

The following table summarizes the movement in the provisions for impairment of trade accounts receivable and contract assets:

In USD'000	Contract assets		Trade accounts receivable	
	2025	2024	2025	2024
January 1,	-770	-1 587	-8 508	-14 358
Provision for impairment charged to income statement	-5	-140	-611	-2 128
Utilization	-	-	133	676
Reversal	356	797	1 224	4 320
Change in scope	-	97	-	2 915
Translation effects	-92	61	-131	67
December 31,	-512	-770	-7 893	-8 508

The creation and release of provisions for impairment are included in 'Other operating expenses' in the Consolidated Income Statement. Provisions recognized for the impairment of trade receivables amount to kUSD -611 (2024: kUSD -2 128). Amounts charged to the provision are written off when there is no expectation of recovering additional cash.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade accounts receivables and contract assets. On that basis, the provisions for impairment of trade accounts receivable and contract assets as of December 31, 2025 and 2024 were determined as follows:

In USD'000	Gross carrying amount	Expected loss rate	Provision for impairment 31.12.2025	Gross carrying amount	Expected loss rate	Provision for impairment 31.12.2024
	Trade accounts receivable not overdue	22 664	0.4%	84	25 117	0.4%
Past due:						
- not more than one month	1 249	1.3%	16	4 709	1.1%	52
- more than one month and not more than three months	2 832	1.7%	48	2 542	4.3%	110
- more than three months and not more than six months	1 695	11.3%	192	1 676	8.8%	148
- more than six months and not more than one year	1 205	36.7%	443	2 377	37.7%	895
- more than one year	7 935	89.6%	7 110	7 478	96.3%	7 198
Total	37 580		7 893	43 898		8 508
Contract assets	2 175	23.5%	512	3 636	21.2%	770
Total	2 175		512	3 636		770

Expected loss rates are determined based on the historical payment profiles and credit losses of individual Group companies. The average loss rates presented above may vary depending on the composition of outstanding receivables across the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

23. OTHER FINANCIAL ASSETS AT AMORTIZED COST

In USD'000	31.12.2025	31.12.2024
Other receivables - third parties	1 620	3 273
Other receivables - related parties	1 573	1 378
Advances to suppliers and employees	734	692
State and government institutions	10 925	9 154
	14 852	14 497

24. OTHER CURRENT ASSETS

In USD'000	31.12.2025	31.12.2024
Prepaid expenses	11 615	9 778
Accrued income	40 255	38 240
Other assets	18	16
	51 887	48 035

25. CASH AND CASH EQUIVALENTS

In USD'000	31.12.2025	31.12.2024
Cash at bank and in hand	39 003	96 276
Short-term deposits	61 373	30 059
	100 376	126 336

The effective interest rate on short term deposits was 3.00% (2024: 4.45%). The Group only enters into transactions with highly rated banks.

26. SHARE CAPITAL

ISSUED AND FULLY PAID SHARE CAPITAL

The share capital consists of 51 509 214 (2024: 51 451 506) bearer shares at CHF 8.00 par value each and 46 300 000 (2024: 46 300 000) registered shares at CHF 0.80 par value each. Each share confers the right to vote and is fully paid up. The counter-value for the share capital is kUSD 347 181 (2024: kUSD 346 624).

The registered shares are neither listed nor traded on any stock exchange. The bearer shares have been listed on the main market of the SIX since August 2, 1999 (ticker: KUD, security number: 1 226 836; ISIN CH0012268360).

CAPITAL BAND

On April 19, 2024, the Annual General Meeting of the Company approved a capital band as a replacement of the authorized share capital. Until April 21, 2024, the authorized share capital was comprised of 3 768 164 bearer shares at CHF 8.00 per share and 3 200 000 registered shares at CHF 0.80 per share for the purpose of acquiring companies or parts of companies. Until and including April 19, 2029, the Board of Directors is authorized to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 492 994 160 and the lower limit of CHF 403 358 864, corresponding to issuance or cancellation of 5 139 206 bearer shares with a nominal value of CHF 8.00 each and 4 630 000 registered shares with a nominal value of CHF 0.80 each. In case of a capital increase, the Board of Directors would determine the number of shares, the date of issue of any such new shares, the issue price, type of contributions, the conditions of exercising subscription rights, and the beginning of the dividend entitlement.

CONDITIONAL SHARE CAPITAL

Conditional share capital consists of 10 000 000 (2024: 10 000 000) bearer shares at CHF 8.00 each to satisfy convertible bond exercise right and 304 542 (2024: 362 250) bearer shares at CHF 8.00 each to satisfy option exercise or share subscriptions to employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

27. NON-CONTROLLING INTERESTS

The following table presents summarized financial information for each of the Group's subsidiaries that have material non-controlling interests, before any intercompany eliminations:

In USD'000	Nagrastar	
	31.12.2025	31.12.2024
Non-controlling interests percentage	50.0%	50.0%
Non-current assets	1 588	1 630
Current Assets	13 681	20 758
Non-current liabilities	–	–
Current liabilities	5 833	7 451
Total Equity	9 436	14 937
Non-controlling interests percentage	50%	50%
Theoretical amount of non-controlling interests	4 718	7 469
Carrying amount of non-controlling interests	4 718	7 469
Revenue	13 555	16 100
Net result	4 499	4 181
Total comprehensive income	4 499	4 181
Total comprehensive income allocated to non-controlling interests	2 250	2 090
Dividend paid to non controlling interests	-5 000	-2 500
Net increase /(decrease) in cash and cash equivalents	-2 904	1 414

Nagrastar is treated as a subsidiary because the Group exercises control through its financing activities and bears a disproportionate share of the primary risks.

SALE OF CONTROLLING INTEREST IN SUBSIDIARY

In 2024, the Group sold 24.95% of its membership interest in 275 Sacramento Street LLC to related parties for kUSD 6 085. Prior to the sale transaction, the Group recognized an impairment charge of kUSD 12 739 to align the carrying amount of the subsidiary's real estate assets with their market value. The impairment primarily reflects deteriorating market rental conditions and the termination of a significant lease agreement with a major tenant.

Following the sale transaction, management concluded that the Group no longer has a controlling financial interest in 275 Sacramento Street LLC and, accordingly, ceased consolidating the entity. All results up to the date of deconsolidation have been included in continuing operations within the Consolidated Income Statement for the year ended December 31, 2024. As of December 31, 2025, the Group's retained membership interest in 275 Sacramento Street LLC, with a carrying value of kUSD 6 488 (2024: kUSD 6 245), is presented as 'Investment in associates' in the Consolidated Balance Sheet.

28. EMPLOYEE BENEFITS LIABILITIES

Defined benefit plan income, expense, plan assets and defined benefit obligations are determined by independent actuaries. Defined benefit obligations are calculated using the "Projected Unit Credit" method, and plan assets have been measured at fair market values. Most of the employee benefit obligation results from the Swiss pension plan.

SWITZERLAND

In addition to the legally required social security schemes, the Group has an independent pension plan. Swiss legislation prescribes that both the employer and the employee contribute a fixed percentage of the employee's insured salary to an external pension fund. Additional employers or employees' contribution may be required whenever the plan's statutory funding ratio falls below a certain level. The pension plan is run by a separate legal entity, governed by a Board of Trustees which consists of representatives nominated by the Group and by the active insured employees. The Board of Trustees is responsible for the plan design and the asset investment strategy. This plan covers all employees in Switzerland and is treated as a defined benefit plan with associated risks exposure being:

- Mortality risk: the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases in the plan's liabilities. In order to minimize the risk, mortality assumptions are reviewed on a regular basis.

- Market and liquidity risks: these are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimize the risks, the structure of the portfolios is reviewed on a regular basis.

ABROAD

Outside Switzerland, the Group sponsors six (2024: six) other post-employment benefit plans treated as defined benefit plans according to IAS 19 Employee Benefits. Post-employment benefit plans may include jubilee and termination benefits. Other post-employment benefit plans are not funded. The financial impacts relating to the sale of SKIDATA during 2024 are disclosed as 'Structure variations' in the tables below.

The following table sets forth the status of the pension plans and the amount that is recognized in the balance sheet:

In USD'000	31.12.2025	31.12.2024
Fair value of plan assets	280 421	237 039
Defined benefit obligation	-273 852	-260 082
Funded status before asset ceiling	6 568	-23 043
Impact of asset ceiling	-462	0
Funded status after asset ceiling	6 106	-23 043

In accordance with IAS 19, the following amounts are recognized as net pension cost in the Consolidated Income Statement for the years ended December 31, 2025 and 2024:

In USD'000	Note	2025	2024
Service cost		-8 070	-9 036
Amortization of gains/(losses)		65	-13
Curtailment gain / (loss)		4 919	69
Total recognized in employee benefits expense	7	-3 086	-8 981
Interest cost		-2 939	-3 709
Interest income		2 635	3 448
Total recognized in interest expense	10	-304	-261
Net pension (cost)/income		-3 390	-9 242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

The main assumptions used for the calculation of the pension cost and the defined benefit obligation for the years 2025 and 2024 are as follows:

	31.12.2025	31.12.2024
Switzerland		
Financial assumptions:		
- Discount rate	1.35%	1.05%
- Rate of future increase in compensations	1.50%	1.50%
- Rate of future increase in current pensions	0.75%	0.75%
Demographic assumptions:		
- Interest rate credited on savings accounts	2.00%	2.00%
- Turnover (on average)	13.0%	13.0%
- Demographic basis	LPP 2020 generational probability risk for disability reduced 25%	LPP 2020 generational probability risk for disability reduced 25%
- Retirement payment form	67% pension 33% lump sum	67% pension 33% lump sum
Abroad		
- Discount rate	5.31%	4.97%
- Rate of future increase in compensations	5.06%	5.19%
- Turnover (on average)	10.0%	5.1%

The weighted average duration of the defined benefit obligation is as follows :

	31.12.2025	31.12.2024
Weighted average duration of the defined benefit obligation in years		
Switzerland	15.9	16.8
Abroad	10.8	10.9

The changes in defined benefit obligation and fair value of plan assets during the years 2025 and 2024 are as follows:

A. Change in defined benefit obligation

In USD'000	2025	2024
Defined benefit obligation as of 1.1.	-260 082	-283 391
Service cost	-8 070	-9 492
Employees' contributions	-5 756	-6 208
Interest cost	-2 939	-3 886
Change in demographic assumptions	-1	-346
Change in financial assumptions	12 807	-20 303
Other actuarial gains / (losses)	-1 156	-3 135
Benefits payments	2 567	16 752
Exchange rate difference	-35 345	18 456
Curtailment	24 122	69
Structure variations	-	31 403
Defined benefit obligation as of December 31,	-273 852	-260 082

Changes in demographic assumptions are based on analyses of observed trends over the past six years, with the resulting impacts presented in the above table under 'Changes in demographic assumptions'. Other actuarial gains/(losses) represent experience adjustments arising from differences between assumptions previously applied and the actual outcomes. Changes in future service obligations arising from reductions in workforce are presented as 'Curtailment' in the table above and in 2025 primarily relate to the Swiss pension plan.

B. Change in fair value of plan assets

In USD'000	2025	2024
Fair value of plan assets as of 1.1.	237 039	260 738
Interest income	2 635	3 448
Return on plan assets excluding interest income	15 765	13 284
Employees' contributions	5 756	6 208
Employer's contribution	7 120	7 949
Benefit payments	-2 567	-16 752
Structure variations	–	-20 699
Curtailment	-19 204	–
Exchange rate difference	33 876	-17 137
Fair value of plan assets as of December 31,	280 421	237 039

The actual return on plan assets amounted to kUSD 18 400 in 2025 (2024: kUSD 16 731) and includes an assumed interest income. The estimated employer contributions to the pension plans for the year 2026 amounts to kUSD 6 671.

The categories of plan assets, all of which are readily convertible to cash, are presented at their fair value at December 31, 2025 and 2024 as follows:

In USD'000	Proportion in %		Proportion in %	
	31.12.2025	31.12.2025	31.12.2024	31.12.2024
Cash	2 077	0.7%	1 725	0.7%
Swiss bonds	22 687	8.1%	19 419	8.2%
Non-Swiss bonds	79 266	28.3%	70 046	29.6%
Swiss shares	50 118	17.9%	40 595	17.1%
Non-Swiss shares	42 978	15.3%	35 564	15.0%
Real estate	49 502	17.7%	41 739	17.6%
Alternative investments	33 793	12.1%	27 951	11.8%
Total	280 421	100.0%	237 039	100.0%

Plan assets are quoted on liquid markets except for certain real estate assets. The investment strategy pursues the goal of achieving the highest possible return on assets within the framework of its risk tolerance and thus of generating income on a long-term basis in order to meet all financial obligations. This is achieved through a broad diversification of risks over various investment categories, markets, currencies and industry segments.

The expected benefit payments for the next ten years are as follows :

In USD'000	Switzerland	Abroad
2026	12 476	156
2027	14 162	–
2028	11 121	106
2029	12 350	195
2030	11 431	106
2031-2035	61 636	1 701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

The following table presents the sensitivity of the defined benefit pension obligations to key actuarial assumptions, based on reasonably possible changes in each assumption as of the end of the reporting period:

	Change in 2025 year-end defined benefit obligation		Change in 2024 year-end defined benefit obligation	
	Switzerland	Abroad	Switzerland	Abroad
	In USD'000	In USD'000	In USD'000	In USD'000
50 basis point increase in discount rate	-19 860	-189	-19 867	-187
50 basis point decrease in discount rate	22 643	204	22 779	203
50 basis point increase in rate of salary increase	212	n/a	148	n/a
50 basis point decrease in rate of salary increase	-219	n/a	-157	n/a
50 basis point increase in rate of pension increase	13 245	n/a	12 992	n/a
50 basis point decrease in rate of pension increase	-12 042	n/a	-11 792	n/a
50 basis point increase of interest in saving accounts	6 735	n/a	7 142	n/a
50 basis point decrease of interest in saving accounts	-6 423	n/a	-6 795	n/a
50 basis point increase of turnover	-646	n/a	-875	n/a
50 basis point decrease of turnover	667	n/a	906	n/a

The sensitivity analyses above are based on changes to individual assumptions while holding all other assumptions constant. In practice, such changes are unlikely to occur in isolation, and some assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions has been calculated using the same method applied in determining the defined benefit liability recognized in the Consolidated Balance Sheet, namely the present value of the defined benefit obligation using the unit credit method at the end of the reporting period. The methods and types of assumptions used in preparing the sensitivity analysis remain consistent with those applied in the prior year.

29. OTHER LONG TERM LIABILITIES

In USD'000	31.12.2025	31.12.2024
Long-term loans - third parties	-	5 208
Deferred income	25 838	225
	25 838	5 432

During 2025, the balance of the long-term loan was reclassified to short-term financial liabilities. The effective interest rate was 0.00% during 2025 (2024: 0.00%).

30. SHORT TERM FINANCIAL DEBT

In USD'000	Note	31.12.2025	31.12.2024
Short-term bank borrowings		-	2
Other short-term financial liabilities		5 716	671
		5 716	673

The Group had no short-term bank borrowings during 2025, resulting in an effective interest rate of 0.00% for the year (2024: 5.95%).

31. BOND

The CHF 150 million bond issued in September 2016 matured on September 27, 2024, and was fully repaid with a nominal value of kUSD 172 549. No balance is outstanding at December 31, 2025.

32. TRADE ACCOUNTS PAYABLE

In USD'000	31.12.2025	31.12.2024
Trade accounts payable – third parties	33 859	30 414
Trade accounts payable – related parties	57	-
	33 916	30 414

33. CONTRACT LIABILITIES

In USD'000	31.12.2025	31.12.2024
Amounts due to customers for contract work	3 134	2 959
Advances from clients	2 993	2 739
Deferred income	42 594	50 279
	48 721	55 977

All contract liabilities are expected to be recognized within one year. Accordingly, the Group does not disclose information about remaining performance obligations for short-term contracts.

34. OTHER CURRENT LIABILITIES

In USD'000	31.12.2025	31.12.2024
Accrued expenses	50 217	57 259
Payable to pension fund	1 871	1 608
Other payables - tax and legal	11 775	12 443
	63 863	71 310

35. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are only used for economic hedging purposes and not as speculative instruments. Where derivatives do not meet the hedge accounting criteria or where the Group chooses not to designate derivatives as hedging instruments, they are classified as “held-for-trading” for accounting purposes and are accounted for at fair value through profit or loss. The Group’s accounting policy for ash flow hedges is set out in Note 1.

In USD'000	Assets		Liabilities	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Cash flow hedge:				
- Foreign currency options	63	-	-	-
Held-for-trading:				
- Foreign currency options	-	-	-33	-28
Total of derivatives financial instruments	63	-	-33	-28

In USD'000	Cost of hedging reserve	Intrinsic value of options	Total hedge reserves
Balance at January 1, 2024	-	-	-
Change in fair value of hedging instruments recognized in OCI	-	-	-
Balance at December 31, 2024	-	-	-
Change in fair value of hedging instruments recognized in OCI	61	-	61
Balance at December 31, 2023	61	-	61

The amounts included in the cost of hedging reserve relate to the time value of options. All the amounts in the hedging reserve are in respect of transaction-related items, namely forecast sales transactions. The notional amount of options qualifying for hedge accounting amounted to mEUR 33 in 2025 with maturities between February and December and average strike rate of EUR/CHF 0.9355 in 2025. The foreign currency options are denominated in the same currency as the highly probable future sales transactions, therefore the hedge ratio is 1:1. There was no ineffectiveness during 2025. There were no amounts included in the cost of hedging reserve and no long-term derivative instruments outstanding at December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

36. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

In USD'000	Restruc- turing provisions	Provision for warranty	Litigations and others	Total 2025	Total 2024
As of January 1	19	-	-	19	2 832
Additional provisions	1 833	-	-	1 833	91
Change in scope of consolidation	-	-	-	-	-2 578
Unused amounts reversed	-104	-	-	-104	-150
Used during the year	42	-	-	42	-116
Exchange differences	82	-	-	82	-60
As of December 31	1 871	-	-	1 871	19
Thereof:					
- Short-term	1 871	-	-	1 871	19
- Long-term	-	-	-	-	-
	1 871	-	-	1 871	19

Restructuring provisions

Restructuring provisions in 2025 and 2024 primarily relate to headcount reduction measures announced following the divestment of SKIDATA during 2024 (see note 4).

Litigations and others

A number of Group companies are subject to litigation arising from the normal course of business, which could give rise to claims against them. Such claims, in whole or in part, might not be covered by insurance. As of December 31, 2025 and 2024, no provisions have been recognized, as management does not consider an outflow of resources to be probable based on information currently available.

Provision for warranty

Provisions for warranty-related costs are recognised at the time the related product is sold or service provided, based on historical experience of warranty claims. These estimates are reviewed and updated annually to reflect current information. As of December 31, 2025 and 2024, no provisions for warranty-related costs have been recognized.

37. RESEARCH AND DEVELOPMENT

The following amounts were recognized as expense and charged to the income statement:

In USD'000	2025	2024
Research and development	104 834	106 257

38. DIVIDEND

Since year end, no distribution has been proposed by the Board of Directors. No dividends were declared or paid by the Group during the year ended December 31, 2025.

39. EMPLOYEE SHARE PARTICIPATION PLANS

EMPLOYEE SHARE PURCHASE PROGRAM (ESPP)

The Group has set up a plan to allow employees of certain Group companies preferential conditions to buy Kudelski SA bearer shares. All such shares purchased, and the additional shares obtained through this plan, are subject to a three-year blocking period.

	Shares 2025	Shares 2024
Shares underwritten by employees	48 090	49 535
Bonus shares from ESPP	9 618	9 907
Total employee share program	57 708	59 442
Amount paid by employee (In USD'000)	51	52
Booked corporate charges (excluding social charges) (In USD'000)	22	23
	73	75

SHARES ISSUED TO EMPLOYEES

In 2025 and 2024, no bearer shares of Kudelski SA were granted to employees for no consideration as part of their compensation.

40. DISCONTINUED OPERATIONS

In 2024, the Group completed the sale of its interest in SKIDATA to ASSA ABLOY for total consideration of kUSD 339 261. The financial results of SKIDATA were presented as a discontinued operation in the 2024 financial statements. No operations were classified as discontinued in 2025.

FINANCIAL RESULTS OF DISCONTINUED OPERATIONS

The results of SKIDATA for the year ended December 31, 2024 are presented below for comparative purposes. No results were recognized in 2025 following the completion of the sale in 2024.

In USD'000	2025	2024
Revenues and other operating income	–	214 011
Expenses	–	-192 202
Operating result	–	21 808
Finance costs	–	-4 965
Operating result before tax from discontinued operations	–	16 844
Income tax	–	-2 267
Net operating result from discontinued operations	–	14 577
Proceeds from sale	–	339 261
Carrying value of net assets sold	–	-170 165
Transaction costs	–	-21 942
Net gain on disposal	–	147 154
Net result of discontinued operations	–	161 731

CASH FLOW INFORMATION FOR DISCONTINUED OPERATIONS

In USD'000	2025	2024
Cash flow used in operating activities	–	10 426
Cash flow used in investing activities	–	-3 246
Cash flow from financing activities	–	-8 096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

NET ASSETS OF THE DISPOSAL GROUP

The following table presents the major classes of assets and liabilities of SKIDATA included in the disposal group:

In USD'000	13.09.2024
Non-current assets:	
Tangible fixed assets	24 054
Intangible assets	47 581
Right-of-use assets	20 753
Investments in associates	5 164
Deferred income tax assets	16 549
Financial assets at amortized cost	1 278
Financial assets at fair value through profit and loss	344
Total non-current assets	115 723
Current assets:	
Inventories	58 509
Trade accounts receivable	47 030
Contract assets	36 239
Other financial assets at amortized cost	12 041
Other current assets	2 804
Cash and cash equivalents	20 012
Total current assets	176 635
Total assets of the disposal group	292 358
Non-current liabilities:	
Long-term financial debt	9 590
Long-term lease obligations	11 261
Deferred income tax liabilities	2 139
Employee benefit liabilities	11 528
Other long-term liabilities	3 440
Total non-current liabilities	37 958
Current liabilities:	
Short-term financial debt	20 776
Short-term lease obligations	6 443
Trade accounts payable	20 823
Contract liabilities	36 847
Other current liabilities	28 358
Current income taxes	-
Provisions for other liabilities and charges	2 536
Total current liabilities	115 785
Total liabilities of the disposal group	153 743
Components of OCI recycled upon disposal	31 550
Total net assets of the disposal group	170 165

41. RELATED PARTIES

Trading transactions

Transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in consolidation and are not disclosed in this note.

During the year, Group entities entered into the following significant transactions with related parties, associates or joint ventures that are not members of the Group:

In USD'000	Sale of goods and services		Purchase of goods and services		Amounts owed to related parties		Amounts owed by related parties	
	2025	2024	2025	2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
275 Sacramento Street LLC	-	-	2 962	1 850	-	-	-	-
Total associated companies	-	-	2 962	1 850	-	-	-	-
Audio Technology Switzerland SA	-	-	-	-	-	-	2 041	1 789
Fonds de prévoyance Kudelski-Nagra	-	-	-	-	1 109	987	-	-
Kudelski Buildings Sàrl	-	-	4 304	4 067	18	15	-	-
Kudelski Horizon Sàrl	-	-	55	52	-	5	-	-
Kudelski Global Financing DAC	357 990	400 909	-	-	-	-	34 167	33 162
HVK Logistics	-	-	-	-	-	-	12	54
Total other related	357 990	400 909	4 358	4 118	1 127	1 007	36 220	35 004

Audio Technology Switzerland SA is considered as a related party as some Kudelski Board members invested in the company. Kudelski Global Financing DAC is a special purpose entity established in connection with the Group's trade receivables securitization (note 20). Fonds de prévoyance Kudelski-Nagra represents the Swiss pension plan. 275 Sacramento Street LLC is a real estate company in which the Group owns a minority share (note 17).

Services provided to/by associates and other related parties are performed at arm's length. The associates are listed in note 17. Outstanding balances are unsecured and are repayable in cash.

During 2024, the Group completed two significant transactions with related parties, selling its interests in Kudelski Building Sàrl and 275 Sacramento Street LLC. Additional information is provided in notes 17 and 27.

Key management compensation

Key management includes directors (executives and non-executives) and members of the Executive Committee. The compensation paid or payable to key management is shown below:

In USD'000	2025	2024
Salaries and other short-term employees benefits	6 857	9 793
Post-employments benefits	77	67
	6 933	9 859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

42. SHAREHOLDINGS AND LOANS

PRINCIPAL SHAREHOLDERS

	Voting rights		Shareholdings	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Kudelski family pool	59%	59%	28%	28%
Kudelski family interests outside Kudelski family pool	4%	4%	7%	7%

The Kudelski family pool includes Mr. André Kudelski, Mrs. Marguerite Kudelski, Mrs. Isabelle Kudelski Haldy, Mrs. Irene Kudelski Mauroux and their respective descendants. The Kudelski family interests outside Kudelski family pool are two discretionary and irrevocable trusts of which the beneficiaries are family members of Mr. André Kudelski.

BOARD OF DIRECTORS AND MANAGEMENT

As of December 31, 2025 and 2024, the members of the Board of Directors and members of Group management had the following interest in the company:

	31.12.2025		31.12.2024	
	Bearer shares	Bearer shares	Bearer shares	Bearer shares
Board of Directors				
Kudelski André, chairman (as member of the family pool)			10 962 923	10 962 923
Smadja Claude, vice chairman			1 300	1 300
Dassault Laurent, member			1 032 653	1 032 653
Foetisch Patrick, member			1 000	1 000
Kudelski Marguerite, (as member of the family pool)			see above	see above
Lescure Pierre, member			2 000	2 000
Ross Alec, member			1 250	1 250
Total board members			12 001 126	12 001 126
Management				
Kudelski André, CEO			see above	see above
Saladini Mauro, CFO			159 439	159 439
Solbakken Morten, COO			118 315	118 315
Goldberg Nancy, CMO			81 595	81 595
Total Management (excluding CEO)			359 349	359 349

The Kudelski family pool also owns 46 300 000 registered shares of Kudelski SA as of December 31, 2025 and 2024. No loans were granted in 2025 and 2024 to the members of the Board of Directors and Group management.

43. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial assets and liabilities are classified as follow as of December 31, 2025:

Assets as per balance sheet date December 31, 2025 (in USD'000)	Note	Financial assets at fair value through profit or loss	Financial Assets at amortized costs	Total 31.12.2025
Financial assets and non-current assets:				
- equity instruments with no quoted market price (level 3)	19	1 326	–	1 326
- securitized beneficial interests	19	34 167	–	34 167
- long-term loans	19	–	11 928	11 928
- state and government institutions	19	–	4 630	4 630
- trade accounts receivable - long-term portion	19	–	166	166
- guarantee deposits	19	–	1 420	1 420
- prepaid expenses and accrued income (long-term)	19	–	12	12
Trade accounts receivable	22	–	30 167	30 167
Other current assets:				
- state and government institutions	23	–	10 925	10 925
- other receivable (third and related parties)	23	–	3 193	3 193
Cash and cash equivalents	25	–	100 376	100 376
Derivative financial instruments (level 2)	36	63	–	63
		35 557	162 818	198 375

Liabilities as per balance sheet date December 31, 2025 (in USD'000)	Note	Financial liabilities at fair value through profit or loss	Financial Liabilities at amortized costs	Total 31.12.2025
Long-term lease obligations	16	–	57 014	57 014
Other long-term liabilities:				
Other short-term financial liabilities	30	–	5 716	5 716
Short-term lease obligations	16	–	10 245	10 245
Trade accounts payable	32	–	33 916	33 916
Other current liabilities:				
- payable to pension fund	34	–	1 871	1 871
- other payables	34	–	11 775	11 775
- accrued expenses	34	–	50 217	50 217
- current income tax		–	1 866	1 866
Derivative financial instruments (level 2)	35	33	–	33
		33	172 620	172 653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

And for 2024:

Assets as per balance sheet date December 31, 2024 (in USD'000)	Note	Financial assets at fair value through profit or loss	Financial Assets at amortized costs	Total 31.12.2024
Financial assets and non-current assets:				
- equity instruments with no quoted market price (level 3)	19	1 162	-	1 162
- securitized beneficial interests	19	33 162	-	33 162
- long-term loans	19	-	11 928	11 928
- state and government institutions	19	-	4 008	4 008
- trade accounts receivable - long-term portion	19	-	379	379
- guarantee deposits	19	-	921	921
- prepaid expenses and accrued income (long-term)	19	-	3	3
Trade accounts receivable	22	-	35 856	35 856
Other current assets:				
- state and government institutions	23	-	9 154	9 154
- other receivable (third and related parties)	23	-	4 651	4 651
Cash and cash equivalents	25	-	126 336	126 336
		34 324	193 236	227 560

Liabilities as per balance sheet date December 31, 2024 (in USD'000)	Note	Financial liabilities at fair value through profit or loss	Financial Liabilities at amortized costs	Total 31.12.2024
Long-term lease obligations	16	-	58 558	58 558
Other long-term liabilities:				
- loans and others	29	-	5 208	5 208
Other short-term financial liabilities	30	-	673	673
Short-term lease obligations	16	-	9 806	9 806
Trade accounts payable	32	-	30 414	30 414
Other current liabilities:				
- payable to pension fund	34	-	1 608	1 608
- other payables	34	-	12 443	12 443
- accrued expenses	34	-	57 259	57 259
- current income tax		-	1 406	1 406
Derivative financial instruments (level 2)	35	28	-	28
		28	177 374	177 402

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS requires disclosure of fair value measurement by level according to the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The table below illustrates the three hierarchical levels for valuing financial instruments carried at fair value:

In USD'000	Note	31.12.2025	31.12.2024
Financial assets at fair value through profit or loss:			
- derivative financial instruments	level 2	35	63
- equity instruments with no quoted market price	level 3	19	1 326
- securitized beneficial interests	level 3	19	34 167
Total financial assets		35 557	34 324
Financial liabilities:			
- derivative financial instruments	level 2	35	33
Total financial liabilities		33	28

The fair value of Level 3 equity instruments with no quoted market price is determined using a discounted cash flow method based on projections provided by the investee company. Similarly, the fair value of securitized beneficial interests is determined using a discounted cash flow model that estimates the present value of expected future residual cash flows after payment of senior noteholders and transaction fees. Further information on unobservable inputs and assumptions used in these valuations is disclosed in note 2.

RECONCILIATION OF LEVEL 3 FAIR VALUES:

The following table shows a reconciliation for the level 3 fair values:

In USD'000	Securitized beneficial interests	Equity instruments with no quoted market price	Contingent liabilities
Balance at January 1, 2024	45 069	1 589	-1 679
Sale of receivables	400 909	-	-
Change in cash in SPE account	2 172	-	-
Settlement of trade receivables, net	-408 684	-	-
Interest income (recognized in other finance income/(expense), net)	2 825	-	-
Interest received	-3 005	-	-
Remeasurement (recognized in other finance income/(expense), net)	-2 945	-	-
Purchase discount (recognized in other finance income/(expense), net)	-5 201	-	-
Decrease in scope	-	-336	1 679
Currency translation adjustment	2 022	-91	-
Balance at December 31, 2024	33 162	1 162	-0
Sale of receivables	357 990	-	-
Change in cash in SPE account	5 767	-	-
Settlement of trade receivables, net	-361 939	-	-
Interest income (recognized in other finance income/(expense), net)	3 318	-	-
Interest received	-3 346	-	-
Remeasurement (recognized in other finance income/(expense), net)	346	-	-
Purchase discount (recognized in other finance income/(expense), net)	-4 629	-	-
Currency translation adjustment	3 498	164	-
Balance at December 31, 2025	34 167	1 326	-0

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

45. MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

The following table presents the Group's remaining contractual maturities for non-derivative financial liabilities. It is based on undiscounted cash flows, reflecting the earliest date on which the Group may be required to settle the liabilities, and includes both principal and interest. Adjustment columns represent potential future cash flows not included in the carrying amount on the balance sheet. Balances due within one year approximate their carrying amounts, as the impact of discounting is not material.

	Due within 1 year	Due within 1 year	Due > 1 year < 5 years	Due > 1 year < 5 years	Due > 5 years	Due > 5 years	Adjust- ment	Adjust- ment	Total book value	Total book value
In USD'000	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Other long-term financial liabilities	–	–	–	5 208	–	–	–	–	–	5 208
Short-term financial debt	–	2	–	–	–	–	–	–	–	2
Other short-term financial liabilities	5 716	671	–	–	–	–	–	–	5 716	671
Trade accounts payable	33 916	30 414	–	–	–	–	–	–	33 916	30 414
Payable to pension fund	1 871	1 608	–	–	–	–	–	–	1 871	1 608
Accrued expenses	50 217	57 259	–	–	–	–	–	–	50 217	57 259
Other payables	11 775	12 443	–	–	–	–	–	–	11 775	12 443
Lease obligations	11 660	11 419	26 702	30 824	33 588	34 683	-4 692	-8 562	67 259	68 363
Derivatives	33	28	–	–	–	–	–	–	33	28
Current income tax	1 866	1 406	–	–	–	–	–	–	1 866	1 406
Total	117 055	115 249	26 702	36 032	33 588	34 683	-4 692	-8 562	172 653	177 401

46. SENSITIVITY ANALYSIS

Foreign currency

The Group is exposed to fluctuations in foreign exchange rates arising from transactions denominated in currencies other than its presentation currency. Exchange rate exposures are managed within approved policy limits utilizing derivative instruments.

The Group is primarily exposed to CHF and EUR. The table below shows the sensitivity of the Group's post-tax profit to a 10% (2024: 10%) increase and decrease in CHF and EUR against the presentation currency. The sensitivity approximates the fluctuation considered by management in its risk analysis. The analysis includes only outstanding foreign currency-denominated monetary items, including external loans and loans to foreign operations, and adjusts their period-end translation for the above changes in exchange rates. A positive number indicates an increase in post-tax profit when the foreign currency strengthens against the relevant currency.

In USD'000	CHF		EUR	
	2025	2024	2025	2024
Post-tax net income				
- Increase	-7 099	-4 750	47	4 321
- Decrease	7 099	4 637	-1 067	-4 321
Comprehensive income (post-tax effect)				
- Increase	–	–	-2 040	–
- Decrease	–	–	1 600	–

Interest rates

The sensitivity analysis below illustrates the impact of reasonably possible changes in market interest rates on the Group's financial instruments as of the balance sheet date. For floating-rate instruments, the analysis assumes the change occurs at the beginning of the financial year and is held constant throughout the period. Prior-year sensitivities have been re-presented for comparison purposes.

The assumed interest rate changes by currency are:

- USD: ± 100 basis points (2024: ± 100 basis points)
- EUR: ± 100 basis points (2024: ± 100 basis points)
- CHF: ± 100 basis points (2024: ± 100 basis points)

If interest rates had been higher or lower by the above amounts, and all other variables remained constant:

- post-tax profit for the year ended December 31, 2025 would increase by kUSD 677 and decrease by kUSD 618 (2024: ± kUSD 956), primarily due to interest rate exposure on the Group's interest-bearing cash balances.
- other comprehensive income would not have been affected in 2025 or 2024.

Equity prices

The Group is not materially exposed to any equity price fluctuation.

47. COLLATERAL RECEIVED AND GIVEN

In USD'000

31.12.2025 31.12.2024

Guarantees in favor of third parties

2 035	2 991
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48. RISK CONCENTRATION

At December 31, 2025 and 2024, the Group had securitized beneficial interests relating to its trade receivables securitization program with exposure representing more than 10% of financial assets (refer to note 20 and note 44).

49. FINANCIAL INSTRUMENTS - UNREPRESENTATIVE RISK EXPOSURE AT REPORTING DATE

The quantitative data presented in accordance with IFRS 7, covering market, credit and liquidity risk for the year ended December 31, 2025, reflects the Group's risk profile at that date and is considered by management to be representative of future periods.

50. CAPITAL RISK MANAGEMENT

The Group's capital management objective is to maintain a sound capital base to support the ongoing development of its business. The Group is not subject to externally imposed capital requirements.

The Board of Directors aims to maintain a prudent balance between different components of capital, and Group management monitors capital using various metrics, including operating cash flow. The operating cash flow to net financial debt ratio is currently not considered relevant, as the Group had no net financial debt at December 31, 2025, reporting a net cash position of USD 100.4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025

51. NET DEBT RECONCILIATION

In USD'000	31.12.2025	31.12.2024
Cash and cash equivalents	100 376	126 336
Long-term lease obligations	-57 014	-58 558
Short-term financial debt	-5 716	-673
Short-term lease obligations	-10 245	-9 805
Net debt	27 401	57 300

In USD'000	Note:	Cash and cash equivalents	Long-term debt	Short-term debt	Lease obligations	Total
Net debt at January 1, 2024		56 376	-10 483	-231 034	-88 061	-273 202
Cash flows		73 930	-	-	-	73 930
Decrease in scope		-	9 374	20 307	17 005	46 686
Transfer from Payables and other current liabilities		-	-	4 297	-	4 297
Lease addition		-	-	-	-17 931	-17 931
Reimbursement of bank overdrafts, long-term loans and lease obligations		-	868	220 906	14 539	236 313
Increase in bank overdrafts, long-term loans		-	-	-16 435	-	-16 435
Termination of leasing contracts		-	-	-	1 010	1 010
Accrued interests		-	-	-596	-	-596
Foreign exchange adjustments		-3 970	242	1 946	5 075	3 292
Amortization of transaction cost less premium and gain on bond repurchase		-	-	-64	-	-64
Net debt at December 31, 2024		126 336	-0	-673	-68 363	57 300
Cash flows		-34 928	-	-	-	-34 928
Transfer from Other long-term liabilities		-	-	-4 731	-	-4 731
Lease addition		-	-	-	-2 142	-2 142
Reimbursement of bank overdrafts, long-term loans and lease obligations		-	-	-	10 521	10 521
Foreign exchange adjustments		8 968	-	-312	-7 275	1 382
Net cash / (debt) at December 31, 2025		100 376	-0.000	-5 716	-67 259	27 401

52. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No significant events have occurred between December 31, 2025 and the date of authorization of these financial statements that would require adjustment to, or disclosure in, the financial statements.

53. PRINCIPAL CURRENCY TRANSLATION RATES

	Year end rates used for the consolidated balance sheet		Average rates used for the consolidated income and cash flow statement	
	2025	2024	2025	2024
1 CHF	1.2607	1.1049	1.2054	1.1354
1 EUR	1.1740	1.0397	1.1291	1.0816
100 NOK	9.9170	8.8136	9.6364	9.3006
1 GBP	1.3453	1.2550	1.3178	1.2778
100 BRL	18.1543	16.2413	17.9135	18.6271
100 INR	1.1104	1.1689	1.1477	1.1951
1 SGD	0.7775	0.7369	0.7650	0.7482
1 AUD	0.6673	0.6228	0.6446	0.6595

54. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorised for issuance on February 25, 2026.

55. PRINCIPAL OPERATING COMPANIES

Company	Place of incorporation	Activity	Core Digital Security	Cyber-security	Internet of Things	Public Access	Corporate	Percentage held	
								2025	2024
Nagravision Sàrl	CH – Cheseaux	Solutions for Core Digital Security and Cybersecurity	•	•	•			100	100
Nagra France SAS	FR – Paris	Solutions for Core Digital Security	•					100	100
Nagra USA, LLC	US – New York	Sales and support	•		•		•	100	100
Nagravision Asia Pte Ltd	SG – Singapore	Services	•					100	100
NagraStar LLC	US – Englewood	Smartcards and Core Digital Security support	•					50	50
OpenTV Inc	US – Delaware	Middleware for set-top-boxes and IoT solutions	•		•			100	100
Nagravision AS	NO – Oslo	Solutions for Core Digital Security	•					100	100
Kudelski Security, Inc.	US – Minneapolis	Cybersecurity Solutions		•				100	100
Kudelski SA	CH – Cheseaux	Holding, parent company of the Group					•	100	100
Kudelski Corporate, Inc.	US – Delaware	Support					•	M	M

These principal companies are all subsidiaries. In 2024, Kudelski Corporate Inc. was merged into Nagra USA LLC through a reverse merger.

56. RISK ASSESSMENT DISCLOSURES REQUIRED BY SWISS LAW

REQUIRED BY SWISS LAW

Risk assessment and management is an integral part of the Group-wide enterprise risk management. The risk management approach is structured around a global risk assessment and management, and financial risk management. Both are governed by policies initiated by the Board of Directors. The Group maintains a robust internal control environment designed to provide reasonable assurance over the effectiveness and efficiency of operations, the reliability of financial information and reporting, and compliance with laws, regulations and internal policies.

Global risk management

The global risk management process led to the identification and management of security, operational, strategic, asset and market risks. Daily management of the global risks is performed and monitored by the executive management. Risks related to market dynamics include foreign exchange movements, interest rate changes and financing risks. They are described in more detail in section 3 of this report.

Financial Risk Management

The major financial risks consist of accounting complexity and the control environment. Risks related to the control environment include information systems complexity, timely review of results and the robustness of the documentation of processes. Executive management continues to address these risks with process documentation initiatives as well as establishment of process and entity level controls. Financial risk management is described in more details in note 3.

The most critical accounting policies to address accounting complexity include revenue recognition, accounting for acquisitions and strategic alliances, intangible assets and impairments, tax provisions, equity based compensation and contingencies.



Kudelski SA Cheseaux-sur-Lausanne

**Report of the statutory auditor
to the General Meeting
on the consolidated financial statements 2025**



Report of the statutory auditor to the General Meeting of Kudelski SA, Cheseaux-sur-Lausanne

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Kudelski SA and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2025, the consolidated balance sheet as at 31 December 2025, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements (pages 4 to 55) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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 consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also 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.

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Our audit approach



Overview

Overall group materiality: KUSD 3'500

The entities addressed by our full scope audit work contribute to 80% of the Group's revenue.

As key audit matter the following area of focus has been identified:

Goodwill impairment tests Cybersecurity, Internet of Things and Core Digital Security

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	KUSD 3'500
Benchmark applied	Total revenues
Rationale for the materiality benchmark applied	We have chosen Total revenues as a benchmark for determining materiality, as it represents an important characteristic and the Group had volatile results in the past. It is further a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management



override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment tests Cybersecurity, Internet of Things and Core Digital Security

Key audit matter	How our audit addressed the key audit matter
<p>As described in Note 15 to the consolidated financial statements, the Group has goodwill totalling KUSD 217'296 at 31 December 2025, comprising KUSD 62'653 related to the Cybersecurity CGU, KUSD 34'582 related to the Internet of Things CGU and KUSD 120'061 related to the Core Digital Security CGU.</p>	<p>We assessed the Group's allocation of goodwill to the CGUs Cybersecurity, Internet of Things and Core Digital Security by assessing the reasonableness of the CGUs taking into consideration management reporting and that CGU's for goodwill impairment testing purposes are not larger than any of the Group's operating CGUs.</p>
<p>We focused on the goodwill related to Cybersecurity, Internet of Things and Core Digital Security in view of the significance of the amounts involved, and the judgement used by management to estimate future financial results.</p>	<p>We obtained the Group's impairment analysis for CGUs Cybersecurity, Internet of Things and Core Digital Security and performed the following procedures:</p>
<p>The assessment of the carrying value of the goodwill balances is highly dependent on management's estimate of the future cash flows expected to arise from the cash generating unit (CGU) and a suitable discount rate.</p>	<ul style="list-style-type: none"> - Assessed the mathematical accuracy of the model and traced amounts to underlying consolidated financial and other information, as applicable. - Assessed the reasonableness of the cash flow projections by comparing the actual results to prior year budget to identify in retrospect whether any of the assumptions might have been too optimistic.
<p>Refer to note 2 – Critical accounting estimates and judgements and note 15 – Intangible assets for details of management's impairment test and assumptions.</p>	<ul style="list-style-type: none"> - Reconciled the 5-year projections to the budget that was subject to scrutiny and approval by the Chairman of the Board of Directors and gained an understanding of the process undertaken to develop the projections. - We inquired with management to substantiate its key assumptions in the cash flow projections during the forecast period and its intention and ability to execute their strategic initiatives.



- We assessed, with the support of our valuation specialists, the reasonableness of the cash flow growth rate after the forecast period assumption for the three CGUs.
- Together with our specialists, we evaluated the reasonableness of the discount rates applied for the three CGUs.
- We obtained the Group's sensitivity analyses around key assumptions to ascertain the effect of reasonably possible changes to those assumptions on the value in use estimates and re-calculated the sensitivity.
- We reviewed and validated disclosures regarding goodwill and intangible assets in the Group's consolidated financial statements.

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, the consolidated financial statements, the compensation report and our auditor's reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements, that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, ISA 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

A handwritten signature in black ink, appearing to read 'C. Pointet'.

Corinne Pointet Chambettaz
Licensed audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'N. Daehler'.

Nicolas Daehler
Licensed audit expert

Lausanne, 25 February 2026

BALANCE SHEET AT DECEMBER 31, 2025 AND 2024

ASSETS

In CHF'000	Notes	31.12.2025	31.12.2024
Current assets			
Cash and cash equivalents		1 939	4 161
Accounts receivable from Group companies		4 510	15 514
Other current receivables and prepaid expenses	3.2	204	229
Total current assets		6 653	19 904
Fixed assets			
Loans to Group companies		49 436	49 835
Loan to third parties	3.3	27 344	30 266
Investments	3.4	340 992	347 592
Total fixed assets		417 772	427 693
Total assets		424 425	447 597

SHAREHOLDERS' EQUITY AND LIABILITIES

In CHF'000	Notes	31.12.2025	31.12.2024
Short-term liabilities			
Short-term interest-bearing liabilities :			
- Bank, short-term borrowings		-	-
Other short-term liabilities :			
- due to third parties		411	465
- due to Group companies		9 877	30 338
Accrued expenses		975	1 080
Total short-term liabilities		11 262	31 883
Long-term liabilities			
Other long-term liabilities :			
- due to Group companies		30 441	34 127
Total long-term liabilities		30 441	34 127
Total liabilities		41 703	66 010
Shareholders' equity			
Share capital		449 114	448 652
Legal reserves:			
- from retained earnings		90 000	90 000
- from capital contribution		65 914	65 914
Retained earnings		-222 980	-210 039
Net (loss) / income		674	-12 941
Total shareholders' equity	3.6	382 722	381 587
Total liabilities and shareholders' equity		424 425	447 597

INCOME STATEMENT AND PROPOSAL FOR APPROPRIATION OF AVAILABLE EARNINGS FOR THE YEAR 2025

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

In CHF'000	Notes	2025	2024
Other non operating income		7	6
Financial income	4.1	13 476	36 733
Gain (loss) on sale of investments	4.2	–	171 108
Administrative and other expenses		-3 617	-17 866
Financial expenses and exchange result	4.3	-2 260	-14 037
Impairment of financial fixed assets	4.4	-6 313	-188 266
Income/(loss) before tax		1 293	-12 322
Direct taxes (other than income tax)		-619	-618
Net income/(loss)		674	-12 941

PROPOSAL FOR APPROPRIATION OF AVAILABLE EARNINGS FOR THE YEAR 2025

In CHF'000	Legal reserves from capital contribution	Retained earnings
Balance brought forward from previous year	65 914	-222 980
Net result	–	674
Total available earnings	65 914	-222 306

Proposal of the Board of Directors:

The Board of Directors propose to carry forward the legal reserves from capital contribution and the accumulated losses.

NOTES TO THE FINANCIAL STATEMENTS 2025

1. INTRODUCTION

Kudelski SA, with registered office in Cheseaux, is the ultimate holding company of the Kudelski Group, which comprises subsidiaries and associated companies.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of Kudelski SA, comply with the requirements of the Swiss accounting legislation of the Swiss Code of Obligations (SCO).

These financial statements were prepared under the historical cost convention and on an accrual basis.

Kudelski SA is presenting consolidated financial statements according to IFRS. As a result, these financial statements and notes do not include additional disclosures, cash flow statement and management report.

FINANCIAL ASSETS

Investments and loans are initially recognized at cost. They are assessed annually and in case of an impairment adjusted to their recoverable amount within their category.

Investments and loans are allocated to three buckets for impairment testing. The three buckets are the cash generating units, which are defined within the framework of the Group as the operating segments; Core Digital Security, Cybersecurity and Internet of Things (IoT).

The recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations. The calculations use cash flow projections approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates in perpetuity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and short-term deposits. Cash at bank consists of all funds in current accounts available within 48 hours. Short-term deposits generally include bank deposits and fixed term investments whose maturities are of three months or less from the transaction date.

EXCHANGE RATE DIFFERENCES

Transactions in foreign currencies are accounted for in Swiss francs (CHF) at the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currencies are accounted for at year-end rates.

Any resulting exchange differences are included in the respective income statement caption depending upon the nature of the underlying transactions; the aggregate unrealized exchange difference is calculated by reference to original transaction date exchange rates and includes hedging transactions. Where this gives rise to a net loss, it is charged to the income statement, while net gains are deferred.

NOTES TO THE FINANCIAL STATEMENTS 2025

3. NOTES TO THE BALANCE SHEET

3.1 GOING CONCERN

These financial statements have been prepared based on the going concern principle, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

3.2 OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

In CHF'000	31.12.2025	31.12.2024
Prepaid expenses	25	41
Withholding tax	43	43
Other accounts receivable	135	145
	204	229

3.3 LOAN TO THIRD PARTIES

As of December 31, 2025, the loan to third parties includes kCHF 27 004 (2024: kCHF 29 878) towards Kudelski Global Financing DAC, a special purpose entity domiciled and incorporated in Ireland. This loan is in a connection with a securitization program whereby selected subsidiaries are selling eligible receivable to this entity. The remainder of kCHF 340 (2024: kCHF 388) correspond to a loan to another third party.

3.4 INVESTMENTS

DIRECT INVESTMENTS

Company	Location	Activity	Share capital	Percentage held and voting rights	
				2025	2024
Nagravision Sàrl	CH – Cheseaux	Solutions for Core Digital Security	kCHF 20 000	100	100
Nagravision Iberica SL	ES – Madrid	Sales and support Core Digital Security	kEUR 3	100	100
Nagra France SAS	FR - Issy-Les-Moulin-eaux	Solutions for Core Digital Security	kEUR 10 472	100	100
Nagra Media Germany GmbH	DE – Ismaning	Services	kEUR 25	100	100
Nagra USA LLC	US – Phoenix	Holding	kUSD 10	100	100
SKIDATA GmbH	AT - Salzburg	Public access	kEUR 3 634	–	S
Kud Sàrl	LU – Luxembourg	Finance	kCHF 100	100	100
Nagravision Asia Pte Ltd	SG – Singapore	Services	kSGD 100	100	100
Nagra Media UK Ltd	UK – London	Research & development	kGBP 1 000	100	100
Nagravision Italy Srl	IT – Bolzano	Sales and support	kEUR 10	100	100
Nagra Travel Sàrl	CH – Cheseaux	Travel agency	kCHF 50	100	100
Nagravision India Pvt Ltd	IN – Bangalore	Research & development	kINR 100	100	100
Acetel Co Ltd	SK – Séoul	Digital broadcasting solution provider	kKRW 1 460	17	17
Nagra Media Beijing Co. Ltd	CN - Beijing	R & D, Sales and services	kCNY 9 032	100	100
Nagra Media Korea LLC	KR - Anyang	Sales and support	kKRW 200 000	100	100
Nagra Media Brasil LTDA	BR - São Paulo	Sales and support	kBRL 1 000	100	100
Nagra Media (Taiwan) Co., Ltd	TW - Taipei	Sales and support	kNTD 500	100	100
Nagravision AS	NO - Oslo	Solutions for Core Digital Security	kNOK 1 111	100	100
iWedia SA	CH - Lausanne	Solutions for Core Digital Security	kCHF 750	40	40
Kryptus Segurança da Informação Ltda.	BR - Sao Paulo	Cybersecurity Solutions	kBRL 475	10	10
E.D.S.I. SAS	FR - Cesson Sévigné	Research & development	kEUR 163	100	100
Nagra Media Australia Pty Ltd	AU - New South Wales	Sales and support	kAUD 50	100	100
NexGuard Labs France SAS	FR - Cesson Sevigne	Watermarking Solutions	kEUR 420	100	100
Kudelski Security France	FR - Issy-Les-Moulin-eaux	Cybersecurity Solutions	kEUR 1	100	100

M: Merged companies

L: Liquidated companies

S: Sold

NOTES TO THE FINANCIAL STATEMENTS 2025

SIGNIFICANT INDIRECT INVESTMENTS

Company	Location	Activity	Share capital	Percentage held and voting rights	
				2025	2024
OpenTV Inc.	US - Delaware	Middleware for set-top-boxes Smartcards and Core Digital Security	kUSD 112 887	100	100
NagraStar LLC	US – Englewood	support	kUSD 2 043	50	50
Kudelski Security Inc.	US - Minneapolis	Cybersecurity Solutions	kUSD 0	100	100
SKIDATA Benelux BV	NL – Barenbrecht	Public access	kEUR 91	–	S
SKIDATA (Schweiz) AG	CH - Adliswil	Public access	kCHF 150	–	S
SKIDATA Inc.	US – Van Nuys	Public access	kUSD 5 510	–	S
SKIDATA Australasia Pty Ltd	AU – Melbourne	Public access	kAUD 5 472	–	S

3.5 BONDS

In CHF'000	2025	2024
Initial balance	–	145 925
Repurchase	–	–
Repayment	–	-145 925
Liability component as of December 31	–	–

On September 27, 2016 the company issued a CHF 150 million bond with a subscription price of 100%, bearing an interest rate of 1.5% and maturing on September 27, 2024 with denominations of CHF 5 000 and multiples thereof. The Company fully repaid the bond in September 2024.

The bond is measured at its nominal value. The initial difference between nominal value and net proceeds less issuance costs is considered as a prepaid expense and allocated against the income statement over the period of the bond.

3.6 CHANGE IN SHAREHOLDERS' EQUITY

In CHF'000	Share capital	Legal reserves from retained earnings	Legal reserves from capital contribution	Retained earnings	Total Shareholders' equity
As of December 31, 2023	448 177	90 000	65 914	-210 039	394 052
Share capital increase	475	-	-	-	475
Net loss	-	-	-	-12 941	-12 941
As of December 31, 2024	448 652	90 000	65 914	-222 980	381 587
Share capital increase	462	-	-	-	462
Net loss	-	-	-	674	674
As of December 31, 2025	449 114	90 000	65 914	-222 306	382 722

SHARE CAPITAL

In CHF'000	31.12.2025	31.12.2024
51'509'214 / 51'451'506 bearer shares, at CHF 8 each	412 074	411 612
46'300'000 registered shares, at CHF 0.80 each	37 040	37 040
	449 114	448 652

The registered shares are neither listed nor traded on any stock exchange. The bearer shares have been listed on the main market of the SIX since 2 August 1999 (ticker: KUD, security number: 1 226 836; ISIN CH0012268360).

CONDITIONAL SHARE CAPITAL (ARTICLE 6 OF ARTICLES OF INCORPORATION)

In CHF'000	2025	2024
Conditional share capital as of January 1	82 898	83 374
Employee share purchase plan	-462	-476
Shares allotted to employees	-	-
Conditional share capital at December 31	82 436	82 898
Of which may be utilized as of December 31 for:		
- Convertible bonds:		
10'000'000 bearer shares, at CHF 8 each	80 000	80 000
- Options or share subscriptions to employees:		
304'542 / 362'250 bearer shares, at CHF 8 each	2 436	2 898
	82 436	82 898

CAPITAL BAND (ARTICLE 7 OF ARTICLES OF INCORPORATION)

On April 19, 2024, the Annual General Meeting of the Company approved a capital band as a replacement of the authorized share capital. Until April 21, 2024, the authorized share capital was comprised of 3,768,164 bearer shares at CHF 8.00 per share and 3 200 000 registered shares at CHF 0.80 per share for the purpose of acquiring companies or parts of companies. Until and including April 19, 2029, the Board of Directors is authorized to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 492 994 160 and the lower limit of CHF 403 358 864, corresponding to issuance or cancellation of 5,139 206 bearer shares with a nominal value of CHF 8.00 each and 4 630 000 registered shares with a nominal value of CHF 0.80 each. In case of a capital increase, the Board of Directors would determine the number of shares, the date of issue of any such new shares, the issue price, type of contributions, the conditions of exercising subscription rights, and the beginning of the dividend entitlement.

NOTES TO THE FINANCIAL STATEMENTS 2025

MAJOR SHAREHOLDERS

Kudelski family pool
Kudelski family interests outside Kudelski family pool

Voting rights		Shareholdings	
31.12.2025	31.12.2024	31.12.2025	31.12.2024
59%	59%	28%	28%
4%	4%	7%	7%

The Kudelski family pool includes André Kudelski, Marguerite Kudelski, Isabelle Kudelski Haldy, Irene Kudelski Mauroux and their respective descendants. The Kudelski family interests outside Kudelski family pool are two discretionary and irrevocable trusts of which the beneficiaries are family members of André Kudelski.

4. NOTES TO THE INCOME STATEMENT

4.1 FINANCIAL INCOME

In CHF'000	2025	2024
Dividends received from Group subsidiaries	10 348	19 906
Foreign exchange gains	–	13 013
Interest on loans to Group subsidiaries	339	1 203
Income from the securitization program	2 787	2 487
Interest on loans to third parties	–	124
Other financial income	2	–
	13 476	36 733

The income derived from the securitization program pertains to the funds granted to Kudelski Global Financing DAC. This encompasses interest income generated from the loan granted to this entity, as well as service fees received for administering the program.

4.2 GAIN ON SALE OF INVESTMENTS

2024 gain on sale of investments relates to the sale of SKIDATA GmbH (including all of its subsidiaries, but without SKIDATA Inc., which was owned by another Group entity) for a proceeds of kCHF 287 965. Direct transaction costs including stamp duty under this heading were at kCHF 1 367 while the investment value in the balance was at kCHF 115 490 resulting in a gain of kCHF 171 108.

4.3 FINANCIAL EXPENSES AND EXCHANGE RESULTS

In CHF'000	2025	2024
Net currency exchange result	-2 216	–
Interest on loans from Group subsidiaries	-29	-10 851
Interest expenses and bank charges	-15	-3 186
	-2 260	-14 037

4.4 IMPAIRMENT OF FINANCIAL FIXED ASSETS

In CHF'000	2025	2024
Value adjustment on investments and loans to subsidiaries	6 600	185 600
Provision on loan to third parties	-287	2 666
	6 313	188 266

As part of the 2025 impairment assessment, the recoverable amount of the Internet of Things cash-generating unit was determined to be below its carrying amount, resulting in an impairment charge of kCHF 6 600. In 2024, the impairment assessment indicated that the recoverable amounts of both the Core Digital Security and Internet of Things units were below their respective carrying amounts. Consequently, impairment charges of kCHF 166 600 relating to the Core Digital Security unit and kCHF 19 000 relating to the Internet of Things unit were recognized.

The provision on loan to third parties relates to a remeasurement of the loan note granted to Kudelski Global Financing DAC in connection with the securitization program.

5. COMMITMENTS AND CONTINGENCIES

In CHF'000

31.12.2025 31.12.2024

Guarantee commitments

Commitment in favor of third parties and Group companies

111 400

Other commitments

Penalty risk for non-completion of contracts

p.m. p.m.

Subordinated loans in favor of Group companies

p.m. p.m.

Support letters and guarantees signed in favor of Group companies

p.m. p.m.

Jointly responsible for VAT liabilities of Swiss subsidiaries (VAT Group)

p.m. p.m.

6. FULL-TIME EQUIVALENTS

The annual average number of full-time equivalents for 2025 and 2024 did not exceed ten people.



Kudelski SA Cheseaux-sur-Lausanne

**Report of the statutory auditor
to the General Meeting
on the financial statements 2025**



Report of the statutory auditor to the General Meeting of Kudelski SA, Cheseaux-sur-Lausanne

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kudelski SA (the Company), which comprise the balance sheet as at 31 December 2025, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 63 to 71) 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 that are relevant to audits of the financial statements of public interest entities. We have also 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.

Our audit approach



Overview

Overall materiality: KCHF 4'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiaries and loans to Group companies

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	KCHF 4'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because Kudelski SA is a holding company that mainly holds investments in subsidiaries. Total assets is a generally accepted benchmark for determining the materiality according to auditing standards.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries and loans to Group companies

Key audit matter	How our audit addressed the key audit matter
Kudelski SA's investments and loans to Group companies are valued at KCHF 340'992 and KCHF 49'436 respectively. The Company has allocated the investments in subsidiaries and loans to Group	We obtained an understanding of management's process and controls over the valuation of investments and loans to Group companies. We obtained the



companies to three Cash Generating Units (CGUs): Core Digital Security (CDS), Cybersecurity (CS), Internet of Things (IoT).

We focused on these areas in view of the significance of the amounts involved, some business CGUs' operating performance during 2025 and the judgement used by management estimating future financial results.

The recoverable amount of the investments and loans is determined by management based on value-in-use calculations, which depend on cash flow projects and judgement of growth rates.

Refer to note 2 – Accounting policies: Financial Assets and note 4.4 – Impairment of financial fixed assets.

Group's impairment analysis for all three CGUs and performed the following procedures:

- Assessed the mathematical accuracy of the model and traced amounts to underlying financial and other information, as applicable.
- Assessed the reasonableness of the cash flow projections by comparing the actual results to prior year's budget to identify in retrospect whether any of the assumptions might have been too optimistic.
- Reconciled the 5-year projections to the budget that was subject to scrutiny and approval by the Chairman of the Board of Directors and gained an understanding of the process undertaken to develop the projections.
- We inquired with management to substantiate their key assumptions in the cash flow projections during the forecast period and its intention and ability to execute their strategic initiatives.
- We assessed, with the support of our valuation specialists, the reasonableness of the cash flow growth rate after the forecast period.
- Together with our specialists, we evaluated the reasonableness of the discount rate applied to those future cash flows.
- We reviewed and validated disclosures regarding the valuation and impairment of investments in subsidiaries in the Company's financial statements.

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, the consolidated financial statements, the remuneration report and our auditor's reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available 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.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

Based on our audit according to article 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposal complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

A handwritten signature in black ink, appearing to read 'C. Pointet'.

Corinne Pointet Chambettaz
Licensed audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'N. Daehler'.

Nicolas Daehler
Licensed audit expert

Lausanne, 25 February 2026

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