KUDELSKI GROUP 2024 ANNUAL REPORT

NAGRA
KUDELSKI GROUP

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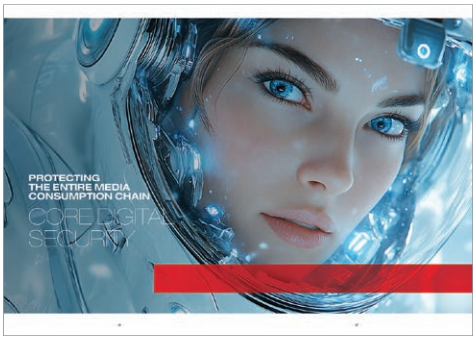
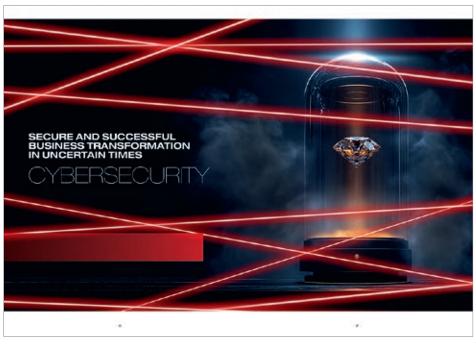
STANDING AS A GLOBAL LEADER IN DEVELOPING AND PROVIDING CORE DIGITAL SECURITY SOLUTIONS



PROTECTING THE ENTIRE MEDIA CONSUMPTION CHAIN



SECURE AND SUCCESSFUL BUSINESS TRANSFORMATION IN UNCERTAIN TIMES
CYBERSECURITY

WHERE THE DIGITAL WORLD BECOMES THE REAL WORLD

LEADING THE WAY IN DIGITAL SECURITY

As a world leader in core digital security technologies and solutions, the Kudelski Group centers its efforts on a foundational value: innovation.

From pioneering the first portable audio recorder, which transformed the media industry, to driving the latest breakthroughs in artificial intelligence,data science, chipset security and quantum-resistant solutions, the Group has consistently delivered cutting-edge, intelligent solutions to the market.

By investing in forward-looking technologies that bridge the gap between the real and virtual worlds, the Kudelski Group remains committed to tackling critical challenges shaping the future of digital security.

We strive to create a positive influence on society by making people's lives simpler and safer with our innovative solutions.

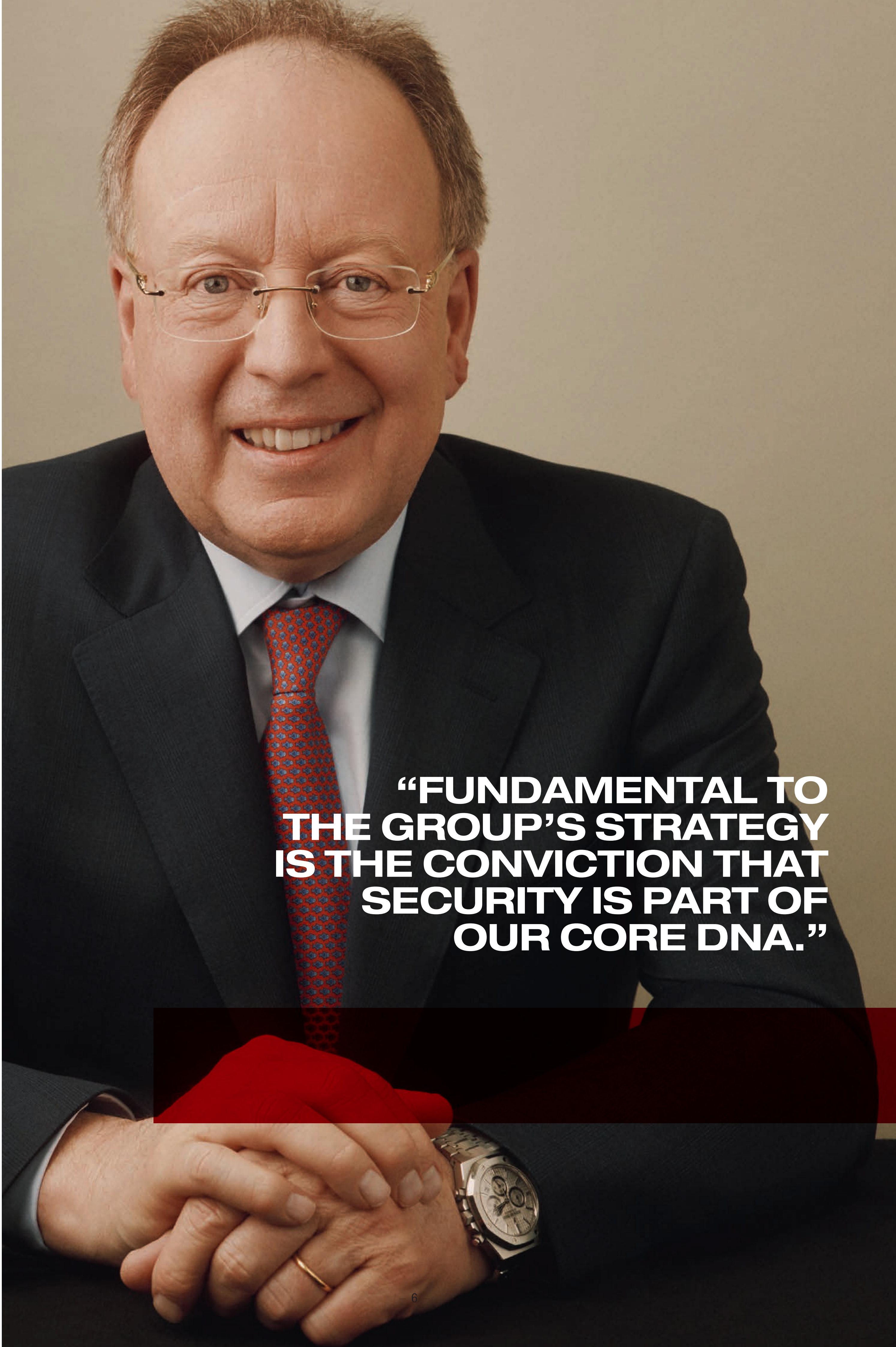
Our media and entertainment solutions shield content creators and owners from piracy, while delivering tailor-made experiences to consumers.

Through our cybersecurity services, we help prevent and recover from cyber-attacks and ensure the protection of individuals' data in their digital transactions.

In the realm of Internet of Things, we enable manufacturers to secure their devices and develop asset tracking solutions that help locate and retrieve assets.

Our comprehensive solutions provide comfort and peace of mind by ensuring secure access to critical applications. Since our founding, this has been the dedication of the Kudelski Group and the passion of our employees.

WHAT WE DO AND WHY WE DO IT



“FUNDAMENTAL TO THE GROUP’S STRATEGY IS THE CONVICTION THAT SECURITY IS PART OF OUR CORE DNA.”

INTERVIEW WITH ANDRÉ KUDELSKI

Chairman and Chief Executive Officer of the Kudelski Group

2024 has been a milestone year for the Group, particularly with the sale of SKIDATA. Could you share your perspectives on this significant year?
The divestment of SKIDATA was the tip of the iceberg – one part of a major transformation effort that fundamentally repositions the Kudelski Group. SKIDATA joined the Group over 20 years ago as part of a strategy of convergence between the virtual and the real world. Over the years, the evolution of the market was significantly impacted by the remarkable growth of smart phones following the introduction of the iPhone and Android phones. At the same time, the evolution of security technologies and public access ecosystems limited the positive synergies that could be realized between SKIDATA and the other activities of the Group.

In response to this market evolution, the Board of Directors considered several different options for sustainably growing the Group's business lines in the future. Fundamental to the Group's strategy is the conviction that security is part of our core DNA. We believe that aligning our business focus around Digital TV, Cybersecurity and IoT will better enable the Group to realize synergies that support profitable growth in the future. Divesting SKIDATA also has the benefit of fundamentally strengthening the company's balance sheet.

With a renewed focus on security technologies and the divestment of a business unit representing 40% of the Group's revenues, it should be evident that the Group is not continuing business as usual. The Group's transformation effort is a significant one that we expect to increase the future trajectory of growth and decrease the operating costs we incur to achieve that growth.

As we move into 2025, we believe the Group is well-positioned to leverage its leading security technologies to drive profitable growth in the future. With the transformation, we now have a more focused and more efficient organization that is committed to delivering that growth, and we have a strong balance sheet, with no financial debt, that serves as a solid foundation for our future.

Could you provide some insights about the Group's new strategy, which is to focus on core digital security?
For more than 70 years, the Group's strength has been delivering innovative technologies that address problems many considered to be impossible to solve. Digital security was the core element of many of our most innovative and profitable solutions. By placing a strong emphasis on core digital security technologies for our future, we are back to our roots, with proven capabilities and a commitment to deliver innovative solutions to existing and new markets.

What are your views on the general performance of the Group in this context?
2024 was a challenging year for the Group. Our management team was keenly focused on executing on our transformation plan, including the sale of SKIDATA on terms and conditions that were in line with the expectations of our Board of Directors, and the repayment of all of our financial debt. Of course, we were also managing closely SKIDATA's performance in 2024 in order to minimize any disruption caused by the sale process. Overall, the financial performance of our three continuing business activities were below our targets for the year, but with the closing of the SKIDATA transaction in September and the successful repayment of our financial debt obligations, we achieved our primary goal for the year, which was to fundamentally reposition the Group for the future.

"WITH THE TRANSFORMATION, WE NOW HAVE A MORE FOCUSED AND MORE EFFICIENT ORGANIZATION."

Could you shed light on the transition of the Digital Television segment to Core Digital Security, particularly with NAGRAVISION now taking over activities previously managed by Kudelski IoT?

Last year, as part of its ongoing strategy review, the Board of Directors seized the opportunity to redefine the objectives and structure of each of the Group's business lines, with the goal of maximizing future potential and addressing key issues, such as the need to reduce complexity and operating costs. The result is a transformed structure that puts both Kudelski Security and Kudelski IoT on a better path to growth and profitability.

For Nagravision, the transformation is more fundamental; we have taken the opportunity to ensure that this business is equipped with the key technologies it needs to deliver innovative solutions in the field of digital security that address new and emerging opportunities in video and beyond. This required that the sales organization be reinvented, with two distinct approaches, one strategy for key accounts and another for new technologies.

We believe this new organization will more efficiently serve existing clients while more effectively promoting new innovative solutions to both new and existing clients.

How do you foresee this shift benefitting NAGRAVISION's performance?

For Nagravision, the transformation means continuing to do business with key clients in an efficient way while more successfully selling new solutions with dedicated teams to clients and prospective clients in both existing and new markets. The combination of the technology teams from Digital TV and IoT creates a digital security technology powerhouse that is able to address new market needs while in parallel reducing the cost structure by eliminating complexity and redundancies.

Will focusing on RecovR help Kudelski IoT reach profitability?

Kudelski IoT has proven its capability to address market needs with an innovative tracking solution for the automotive industry. Based on the growth and profitability potential of this product line, we expect Kudelski IoT will reach profitability before the end of 2026. In addition, new applications for our asset tracking solution are currently under development and are expected to contribute to future growth.

And what about Kudelski Security in this new context?

The priority for Kudelski Security in 2024 was to improve its profitability and to adapt its strategy for new market segments, such as operational technology (OT) security. Another key priority has been to better integrate its US and European teams in order to achieve more synergies and share best practices. Important progress was made in these two areas during the year, and the business unit remains on track for achieving its profitability goals.

What are the key risks and opportunities that AI presents for digital security, and how is the Group addressing them?

There is little doubt that AI is a significant disrupter in several industries, including ours. We see this as an important opportunity to innovate and to deliver new solutions in a number of fields, including for customer retention (Core Digital Security), faster, more efficient and cost-effective responses to cyber threats (Kudelski Security), and high-precision localization and tracking capabilities (Kudelski IoT). It is also worth highlighting that AI gives the bad guys, including hackers, some powerful new tools to be more effective, both in terms of their costs and impacts, which represents another opportunity for Kudelski Security to help address a serious threat in the market.

In your opinion, what do you consider to be the most impactful long-term innovation for the Group?

We are currently working on some highly confidential projects that are quite exciting, but we are not yet able to disclose them. Regarding the projects that we can discuss, we are very excited about our unique digital security technology that allows decisions to be taken in a secure and autonomous way. This technology will get additional traction with the development of Edge AI computing and will enable new innovative solutions that require quick and secure actions to be taken.

What are the key market trends shaping 2025?

We see opportunities in our key markets, including video streaming, cybersecurity, asset tracking and core digital security. However, the current volatile geopolitical situation has the potential to bring some head winds to global growth in 2025. Agility and flexibility remain extremely important attributes for any business operating in the current environment. With our transformation, we believe the Group is better positioned to take advantage of the market opportunities while navigating the head winds.

How do you anticipate the international geopolitical context influencing the activities of the Group?

By investing in the US market, including our second headquarters, the Group has become more resilient in the face of growing geopolitical tensions. With our market presence in both Europe and the US and a strong balance sheet, we are better positioned to address opportunities in these markets and to weather any storms in today's more complex world.

Do you have any closing thoughts?

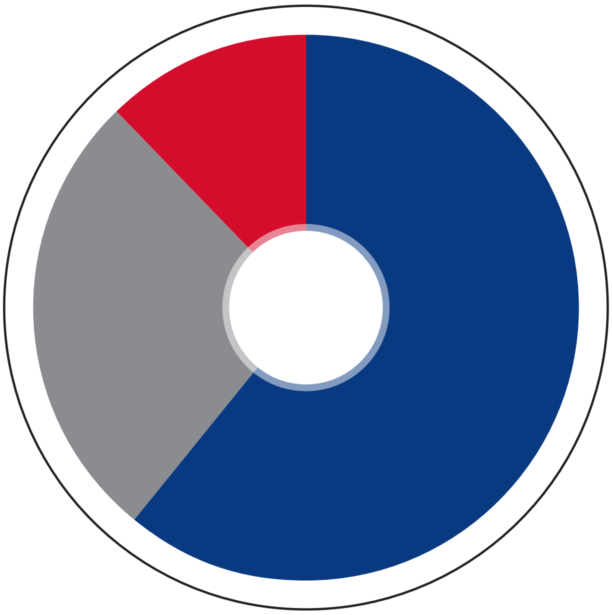
We are excited by the progress of the transformation that we initiated in early 2024. Our business units are more focused around our core technologies, and our teams are committed to delivering sustainable profitability in the future. We look forward to providing further updates as our progress develops. In the meantime, on behalf of the Board of Directors, I would like to thank our clients, employees, shareholders and partners for their trust and patience as we navigate the challenges and opportunities of our journey together.

"WITH OUR MARKET PRESENCE IN BOTH EUROPE AND THE US AND A STRONG BALANCE SHEET, WE ARE BETTER POSITIONED TO ADDRESS OPPORTUNITIES IN THESE MARKETS AND TO WEATHER ANY STORMS IN TODAY'S MORE COMPLEX WORLD."

KEY FINANCIAL DATA 2024

		31.12.2024	31.12.2023
Total revenues and other operating income	**USD million**	**393.0**	**419.3**
Operating income before depreciation, amortization and impairment (OIBDA)	**USD million**	**-13.1**	**-3.4**
in % of total revenues	%	3.3%	0.8%
Net income	**USD million**	**10.6**	**-24.5**
Earnings per share	**USD**	**0.2036**	**-0.5252**
Cash flow from operating activities	**USD million**	**-45.4**	**63.8**
Cash flow from investing activities		**345.2**	**-7.0**
Cash flow from financing activities		**-225.9**	**-62.5**
Cash and cash equivalents	**USD million**	**126.3**	**56.4**
Number of employees at December 31 (headcount)		**1854**	**3152**
Continued operations		1854	1977
Discontinued operations			1175

Revenues per segment



Digital Television
61%

Cybersecurity
27%

Internet of Things
12%

Digital Television

482 operators
400 million users

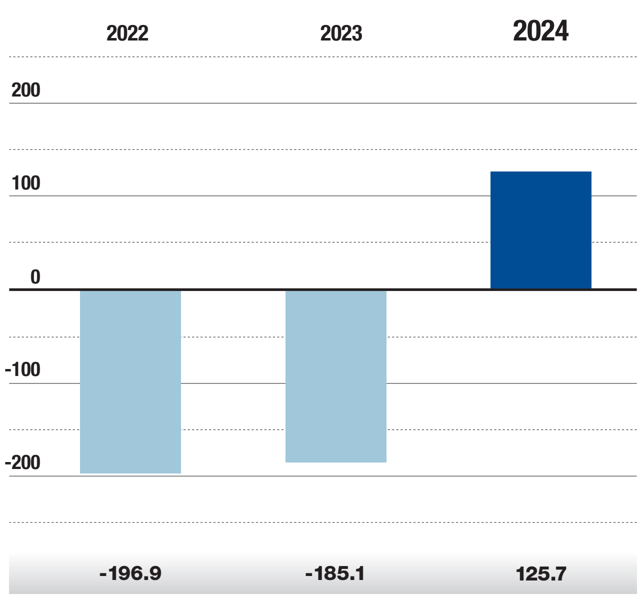
Cybersecurity

1,000 customers
39 billion alerts per day

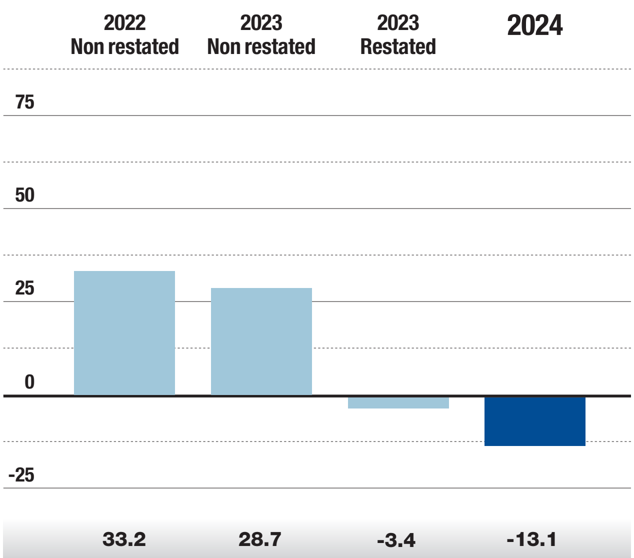
Internet of Things

600 customers

Cash position net of debt
In million USD

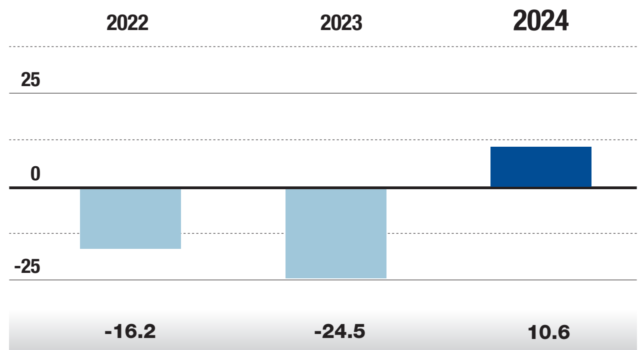


OIBDA*
In million USD



** Operating Income Before Depreciation, Amortization and Impairment*

Net income
In million USD



STANDING AS A GLOBAL LEADER IN DEVELOPING AND PROVIDING CORE DIGITAL SECURITY SOLUTIONS

THE KUDELSKI GROUP

INNOVATION IS OUR DNA

Exceptional talent

Across more than 20 countries worldwide, the Group benefits from a diverse pool of exceptional talent, all driven by the passion for achieving the impossible.

Consumer focus

Our solutions simplify the lives of more than 400 million consumers in the world every day, thanks to our highly advanced technologies that enable intuitive interactions.

Technology pioneer

The Kudelski Group has been a pacesetter for decades. Every day, our passionate and talented people develop state-of-the-art, innovative solutions that fuel the Group's intellectual property portfolio and address the world's new challenges in the most secure and user-friendly way.

Engineering excellence

The Kudelski Group is an undisputed expert in securing data, content and assets around the globe with the utmost reliability. Our solutions enable customers to grow in their markets with confidence and peace of mind.

EVERY DAY, WE PROTECT THE DIGITAL LIVES OF MILLIONS OF USERS WORLDWIDE

Core Digital Security

NAGRAVISION

The Kudelski Group is the world leader in developing and delivering core technologies for digital security and media content protection over all network types. Our solutions empower consumers to access secure content on any device. They also address consumer privacy concerns by protecting the user ecosystem of personal data and connected devices, whether at home or on the move.

Starting in 2025, NAGRAVISION is becoming the Group's Core Digital Security segment and is also assuming responsibility for fundamental security activities, including chipset security and security labs certification.

Cybersecurity

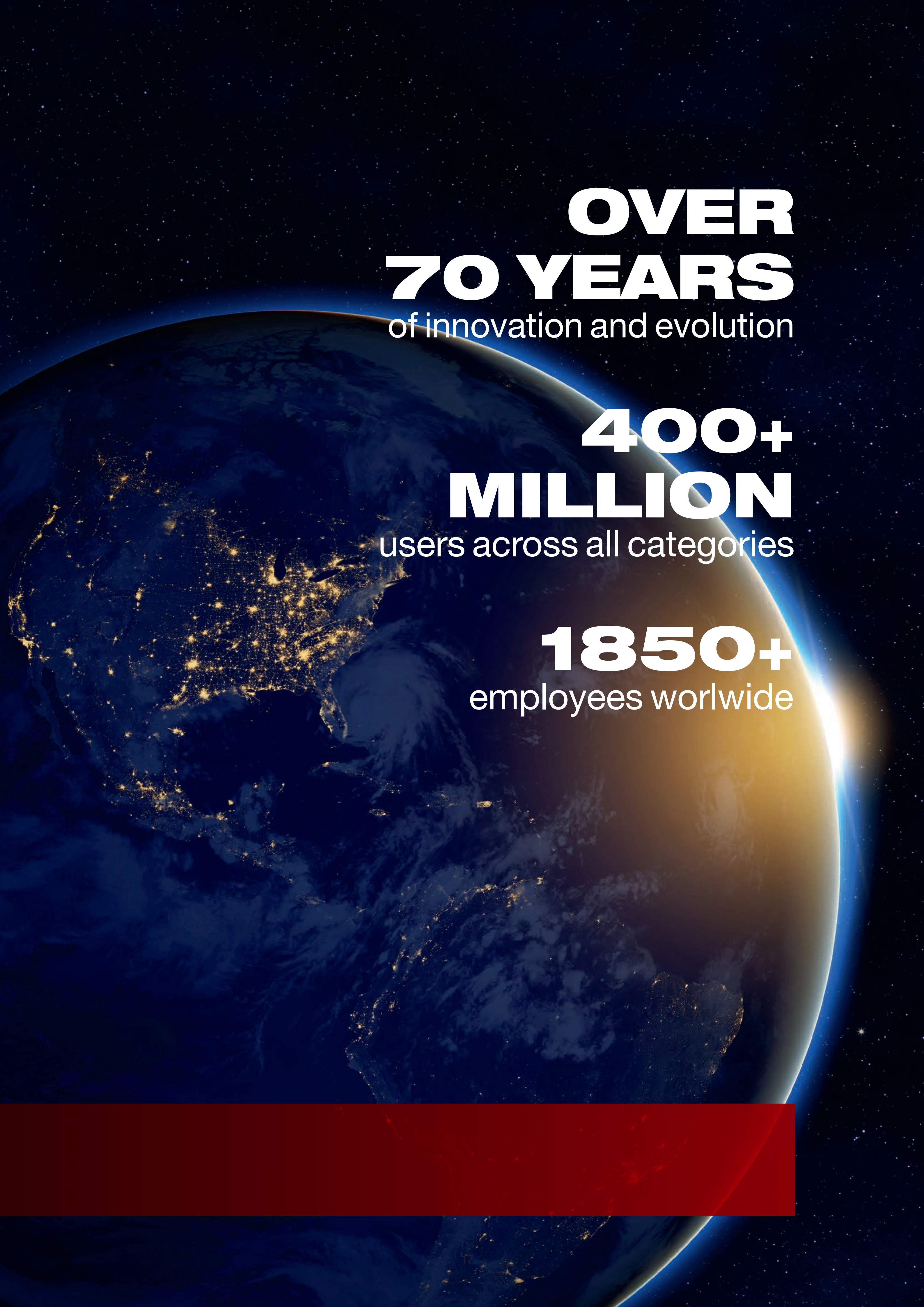
KUDELSKI SECURITY

Leveraging its long-standing expertise in securing digital content and fighting piracy, the Group is an industry-recognized provider of cybersecurity solutions and services focused on protecting data, processes, blockchains and systems for companies and organizations around the world, safeguarding their assets at a time of rapidly increasing cyberthreats.

Internet of Things (IoT)

KUDELSKI IOT

The Group designs and delivers asset tracking solutions for automotive retail and other industries, monitoring the location, utilization and condition of goods and equipment. It also develops IoT security solutions and services, now managed by the Group's Core Digital Security segment and applied to various markets.


OVER
70 YEARS
of innovation and evolution
400+
MILLION
users across all categories
1850+
employees worlwide

HISTORICAL MILESTONES

1951

Stefan Kudelski founds the company.

Launch of the first professional portable recorder, NAGRA I, the start of a series of world-famous recorders that revolutionized sound recording.

1960

First NAGRA SN recorder, a miniature device that will be used secretly by public agencies.

1989

First encryption systems for television and entry into the pay-TV sector.

1991

André Kudelski becomes Chairman and Chief Executive Officer.

1995

First digital TV access solutions.

2001

Entering the Public Access sector with the acquisition of SKIDATA.

2009

Acquisition of 100% of OpenTV: the Group's solutions manage the entire pay-TV ecosystem.

2012

Entering the cybersecurity sector with the creation of Kudelski Security.

2016

Opening of a second headquarters in Phoenix, Arizona.

Launch of Insight, the Group's artificial intelligence and big data business performance platform.

2017

Launch of the Group's Internet of Things (IoT) Security Center of Excellence to address demand for increased protection of connected devices.

2020

Development of highly secure remote communications and contactless access solutions to address the challenges of the Covid-19 pandemic.

2024

New focus on the Group's core business of digital security and sale of the Public Access division.

THREE RESILIENT BUSINESS PILLARS WITH STRONG SYNERGIES

		NAGRAVISION KUDELSKI GROUP **Digital Television**
DESCRIPTION	How the Group delivers its expertise and innovation to the market	Combining the best of broadcast and streaming experiences across media & entertainment. Enabling broadcast and telecomms clients to power business transformation through a broad, innovative solution portfolio.
MAIN FOCUS	Solutions developed by the Group to apply its expertise	Data-driven content security delivering business insight. Video platform enabling personalized viewing experiences. AI-powered support that reduces call center traffic. Protect consumers from cyber-threats in and out of the home. **Secure by design**
MARKET		Worldwide
SINCE		1951 (audio) 1995 (digital)
MATURITY		High, with further development expected

Cybersecurity

Leading pure play cybersecurity business supporting enterprises to accelerate secure transformation, innovate and reduce risk.

Comprehensive solutions to address the growing business and cyber risk convergence and build board-level confidence.

Highly differentiated 24/7 managed detection and response services to effectively reduce risk and build cyber resilience.

R&D capacity provides actionable early insight to both emerging trends & client needs.

Switzerland / USA / Europe

2012

In development

Internet of Things

Scalable and proven IoT solutions that create and secure the data needed for AI and ML intelligence to reduce costs and increase revenue.

Training, design, assessment and precertification services to ensure products are secure.

Secure lifecycle technologies and services for semiconductor and device manufacturers.

End-to-end IoT asset tracking and sensing solutions.

Secure by design

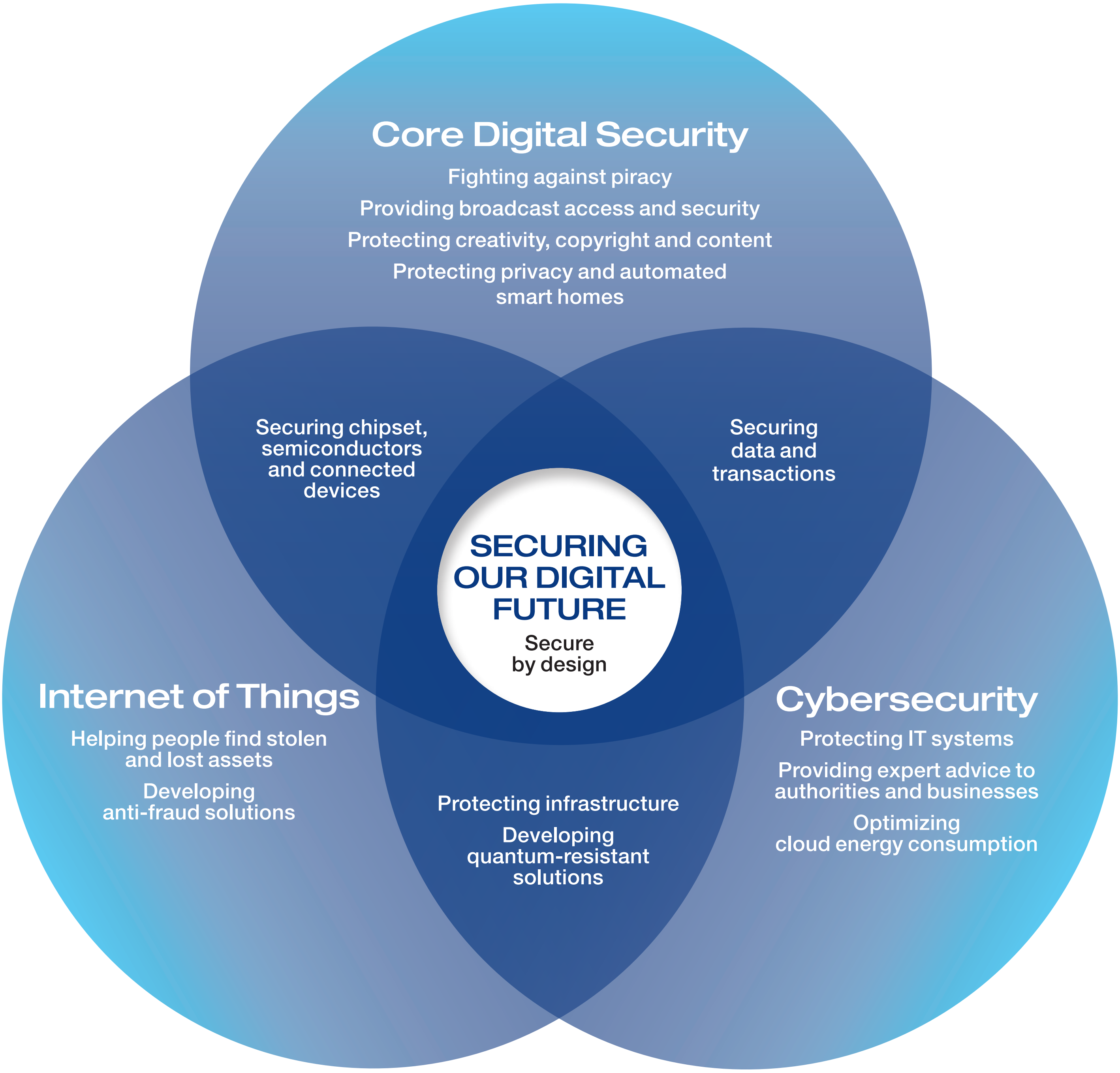
USA / Europe

2017

In development

NEW STRATEGIC FOCUS

Ecosystem



Principles

Long-term portfolio management
Establish leadership in growing markets
Taking care of our business ecosystem
Innovation for our customers

Cloud security
Comprehensive protection for data and applications

Quantum
Future-proof technology protecting against quantum computing threats

Chipset security
Embedded protection ensuring secure operations at hardware level

Security by design from chips to the cloud in a quantum leap

Targeted technology categories

Digitization	Blockchain and quantum	Artificial intelligence
Asset tracking devices	**Decentralized finance (DeFi)**	**Business and security optimization**
Transition to mobile	**Quantum-resistant solutions**	**Consumer behavior**

WORLD-CLASS INTELLECTUAL PROPERTY PORTFOLIO

› THE KUDELSKI GROUP

The Kudelski Group has a long tradition of strategically building a strong global intellectual property (IP) portfolio, spanning more than 70 years of innovative and award-winning products and services. With an annual investment in research and development of more than USD 100 million, the Kudelski Group's IP portfolio is a critical asset of the company.

The Kudelski Group's IP organization is responsible for setting the overall IP strategy, with a focus on protecting, developing, managing and licensing its worldwide patent portfolio and supporting the overall innovation of its award-winning products and services.

Creating valuable patent assets

The Kudelski Group and its subsidiaries hold a substantial worldwide portfolio comprised of thousands of patent assets in a variety of technology areas, including cybersecurity, chipset security, encryption, internet-of-things, asset protection, watermarking, digital television and rights management, digital content distribution, user interface, and secure communication management, among other areas. Many of these patents relate to fundamental and valuable technologies with significant impact across many businesses and markets.

The Group's IP strategy, like the strategies of its core business units, continues to adapt to evolving technology trends, new product opportunities, changing market and IP legal conditions. The Group regularly reviews its IP portfolio and pipeline with the goal of optimizing the strategic value of its IP assets to better align with the Group's core businesses and provide the best return on the Group's R&D and IP investment.

Realizing impactful value from intellectual property

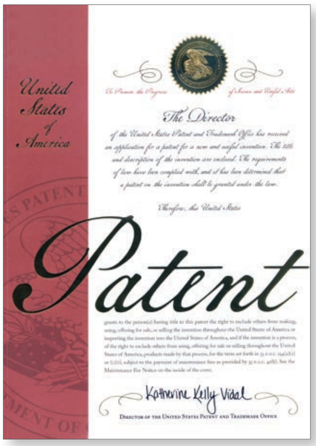
In 2024, the Kudelski Group continued to pursue initiatives to license its IP in business segments related to over-the-top video distribution services, social media platforms and online gaming and betting providers. As it has effectively done in the past, the Kudelski Group remains willing and able to make its IP available to a broad group of licensees as well as to enforce its IP rights when necessary to preserve and protect its intellectual property portfolio. The Kudelski Group also seeks to leverage its IP in business relationships beyond IP licensing. When appropriate, the Group's IP-related agreements will incorporate product relationships, technology transfers and cross-licenses. The Group's IP portfolio will also continue to serve strategic defensive needs deterring competitive threats.

Supporting the Group's emerging businesses

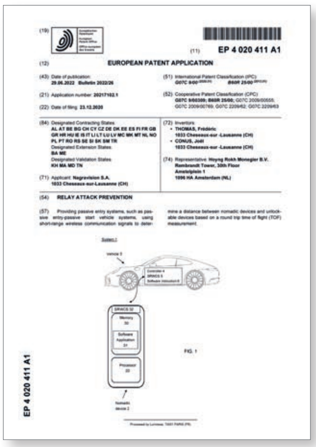
In 2024, the IP organization continued to support the Group's growing Cybersecurity and Internet of Things (IoT) divisions by filing new patent applications covering promising technologies being developed by the Group in these areas, including asset tracking, anti-theft, product authentication, threat hunting and detection, and quantum-resistant encryption. It also supported innovation in areas that apply across the entire Group, such as artificial intelligence, augmented and virtual reality. Going forward, the Group will continue to execute its plans to strategically invest in innovation as well as to protect and license its IP portfolio.

World-class licensing program

By having established cross-licenses with the most advanced players in the digital space, the Kudelski Group has not only demonstrated the quality of its R&D-generated IP but has gained access to valuable third-party IP needed for the future of its business and freedom to operate in worldwide markets.



"GOING FORWARD, THE GROUP WILL CONTINUE TO EXECUTE ITS PLANS TO STRATEGICALLY INVEST IN INNOVATION AS WELL AS TO PROTECT AND LICENSE ITS IP PORTFOLIO."



PROTECTING THE ENTIRE MEDIA CONSUMPTION CHAIN

CORE DIGITAL SECURITY

A VISION FOCUSED ON UNLOCKING NEW OPPORTUNITIES

For over 35 years, NAGRAVISION has been operating strategically at the intersection of security, business and technology, harnessing the expertise of the Group to bring purposeful innovation to the media and entertainment industry.

While change may be accelerating, the central proposition of NAGRAVISION has remained constant: to secure the digital frontier. In 2024, NAGRAVISION worked closely with customers to identify what that digital frontier looks like and supported ambitious transformation to enhance consumer engagement, leverage the potential of AI and adapt to shifting content trends.

Our vision

NAGRAVISION's brand relaunch of 2024 reemphasized a commitment to helping customers secure their vision. The business organized its consumer-centric propositions into three key areas: Streaming Security, Consumer Engagement and Consumer Cybersecurity. Each of these three areas puts realizable business value at the core alongside an emphasis on leveraging AI to improve operational efficiency.

This approach is necessary to address the far-reaching and complex challenges of an evolving industry. The media and entertainment industry has shifted from a world where the pay-TV provider managed all aspects of service provision to one where the consumer has the ability to consume content directly. The fragmentation of content offers, driven by the rapid growth of direct-to-consumer (D2C) offers, has led to the decline in operator aggregated experiences in favor of consumers managing their own subscriptions. Non-aggregated offers where consumers cherry-pick their favorite streaming subscriptions have created fragmentation that drives more of a "lean-forward" than "lean-back" consumer experience. In addition, savvy consumers also connect with an ever-increasing range of providers – an activity that may also result in them falling prey to sophisticated pirate offers for premium content (such as live sports).

A continued focus on innovation

The highly dynamic nature of the media and entertainment industry requires a continual focus on innovation, which is central to the NAGRAVISION mission. Creating value-generating solutions is indeed a core part of the NAGRAVISION culture, and in 2024, the company's teams have focused on not only extending existing solutions but also incorporating new technologies such as generative AI to further enhance their value. In addition, internal events such as hackathons have enabled the company's product managers, technologists and engineers to explore how new technologies can enhance NAGRAVISION solutions by addressing current and emerging customer needs.

A collaborative partner ecosystem

Supporting the innovation of the NAGRAVISION teams is a network of partner organizations. Selected to complement NAGRAVISION solutions and designed to provide additional business value to customers, the partner ecosystem comprises major hyperscalers, such as AWS, leading consumer electronics providers, such as Samsung, and industry-leading technology solution partners including Airties, Anthropic, Bitmovin, Evergent and XRoadMedia. Working alongside NAGRAVISION product and engineering teams, partner technologies enable NAGRAVISION to extend the capability, features and reach of its solutions and, through teaming agreements, to open new channels to market.

Protecting content investments and service revenues

THE FUTURE OF STREAMING SECURITY

The acceleration of video piracy continues to threaten streaming services and their revenues. End-to-end streaming security, supported by AI-based intelligence, provides the most effective approach as evidenced in the NAGRAVISION streaming security showcase that was disclosed to customers during 2024. Based on a four-pillar strategy, NAGRAVISION's streaming security solution is designed to enable content owners and video service operators alike to take definitive action in the fight against piracy. Crucially, this also includes quantifying its financial impact through NAGRAVISION's comprehensive security monitoring and analytics.

This ground-breaking approach has ensured that security is no longer seen as a back-office, cost-centric technology but is instead core to defining and refining the consumer proposition. Such refinements could include reviewing price sensitivity of premium content propositions and identifying pockets of illicit access through activities such as credential sharing.

The four-pillar approach of NAGRAVISION's streaming security solution covers Device Security, Platform Security, Anti-Piracy and Future Threats such as quantum computing. Providing the ultimate toolkit for operators in the fight against streaming piracy and service fraud, it continues to quantify the level of content theft from customer networks. This is possible thanks to the solution's monitoring and analytics component that conflates multiple data sources to provide dashboards that quantify the theft and associated piracy threats financially.

In one recent case, not only was the theft depriving an operator of consumer subscriptions, but this operator was also paying the content delivery charges for the stolen content through a process known as CDN leeching. This meant that the pirates were not only stealing content, but also getting a free ride by having the operators pay for the delivery. Once detected by NAGRAVISION and reported to the customer, we were able to take immediate remedial action against the perpetrators and disrupt their illicit business activities.

Consumers can now effortlessly access content by managing their own subscriptions.

NAGRAVISION provided streaming security to France Télévisions for the broadcast of Paris 2024 Olympics.

AI-powered end-to-end streaming security offers the most effective solution.

Personalized and immersive multi-service offers

THE FUTURE OF CONSUMER ENGAGEMENT

With the expansion of digital entertainment, consumers face an overwhelming array of options, making it difficult to find material that is both relevant and engaging. Users often find themselves moving between multiple platforms to access different types of content, leading to a disjointed experience. According to Deloitte's Digital Media Trends survey, the average US household subscribes to four or more streaming services, with 52% of respondents struggling to switch between platforms.

Driving consumer engagement in entertainment

During 2024, NAGRAVISION capitalized on the early-days innovation conversations held in 2023 to bring to market an innovative entertainment platform, Open TV Video Platform, that redefines the way consumers access and enjoy digital media. Designed to seamlessly integrate a wide range of personalized entertainment services, OpenTV Video Platform empowers operators to enhance viewer engagement while unlocking new monetization opportunities with revenue-generating features like integrated e-shopping and gamification. Leveraging advanced AI and cloud technology, NAGRAVISION integrates bespoke entertainment services – such as film, music and sports – into a single, cohesive platform, empowering operators to deliver engaging propositions and maintain brand relevance in a highly fragmented service landscape.

During 2024, a representative sample of NAGRAVISION customers who have adopted the latest solution improvements to OpenTV Video Platform were asked to rate the likelihood they would recommend it. Results demonstrated an average 20-point net promoter score (NPS) improvement versus industry operators not adopting the OpenTV Video Platform.

Defining a new sports offer

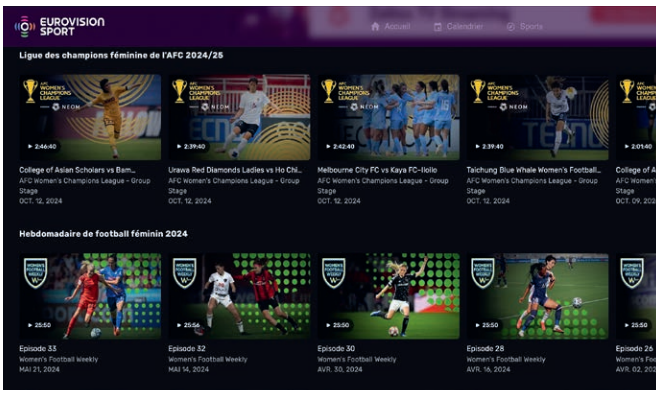
NAGRAVISION partnered with the European Broadcasting Union (EBU) at the end of 2023 to launch Eurovision Sport. Empowering European broadcasters to distribute sports content to national and European audiences, this platform provides free-to-air streaming access to major sporting events through a digital experience that is easy-to-navigate and includes multiple sport categories and dedicated portals for federations and sporting organizations. It supports a worldwide fan reach, minute-by-minute rights management, and an immersive sports guide to manage thousands of hours of content.

Still in the sports sector, NAGRAVISION continued to produce and distribute Sporfie, expanding its reach to new markets. This live streaming app enables organizations, clubs and athletes across all sports to stream, replay, and review games and practices using mobile phones, GoPros, or even fixed cameras. Sporfie serves as a strong example of consumer engagement through a cost-effective platform that can serve both the grassroots sports as well as professional leagues.

Enabling consumers to define their offer

Recognizing that the increased complexity of these broader service offerings will drive up contact center traffic at a time when the focus is on cost reduction, NAGRAVISION has launched a customer service offer that leverages the power of AI to enable consumers to not only get answers to their questions 24/7 but also uniquely negotiate their own service package. The NAGRAVISION autonomous generative AI solution, NAGRA Insight Negotiation Agent, integrates game-changing digital twin models that facilitate package negotiation based on previous behavior, while reducing contact center costs and optimizing operations. Working with hyperscaler AWS to create a new channel to market for this solution, a joint team has held detailed discussions with several telecom operators in North America and Europe keen to adopt the technology into their contact center offerings to better serve their consumers.

Delivering consumer value with Open TV Video Platform, which unifies tailored entertainment services into a seamless experience.



NAGRAVISION designed and delivered the streaming platform for Eurovision Sport, operated by the European Broadcast Union (EBU).

Protecting the connected consumer

THE FUTURE OF CONSUMER CYBERSECURITY
Leveraging its expertise across the Kudelski Group, NAGRAVISION brought to market in 2024 a fully refreshed NAGRA Scout solution suite. Anticipating consumers' increasing concerns about the breadth and depth of their digital footprints accelerated by lifestyles controlled via smart devices, the solution suite is designed to provide telecom operators with the ability to offer new consumer-centric cybersecurity services for protection both inside and out of the home.

For operators, the solution also provides valuable diagnostic and troubleshooting information for devices and home networks, which can be used to improve the quality of service in areas such as network development. In addition, the use of AI-driven service resolution ensures seamless and independent issue remediation, minimizing downtime for the consumer and reducing calls to the operators' contact center. With both foundational and comprehensive solutions for the residential and small business markets, NAGRAVISION is enabling its telecom customers to broaden their service offer with new, retention-driving services. For their part, consumers have peace of mind thanks to continuous protection of their connected devices and digital environments to ensure real-time threat detection and proactive threat mitigation.

Protecting from smart home cyber-threats with NAGRA Scout both inside and out of the home.

NAGRAVISION's digital security solutions enable video service providers to safeguard their content across all devices.

SECURING DIGITAL FUTURES

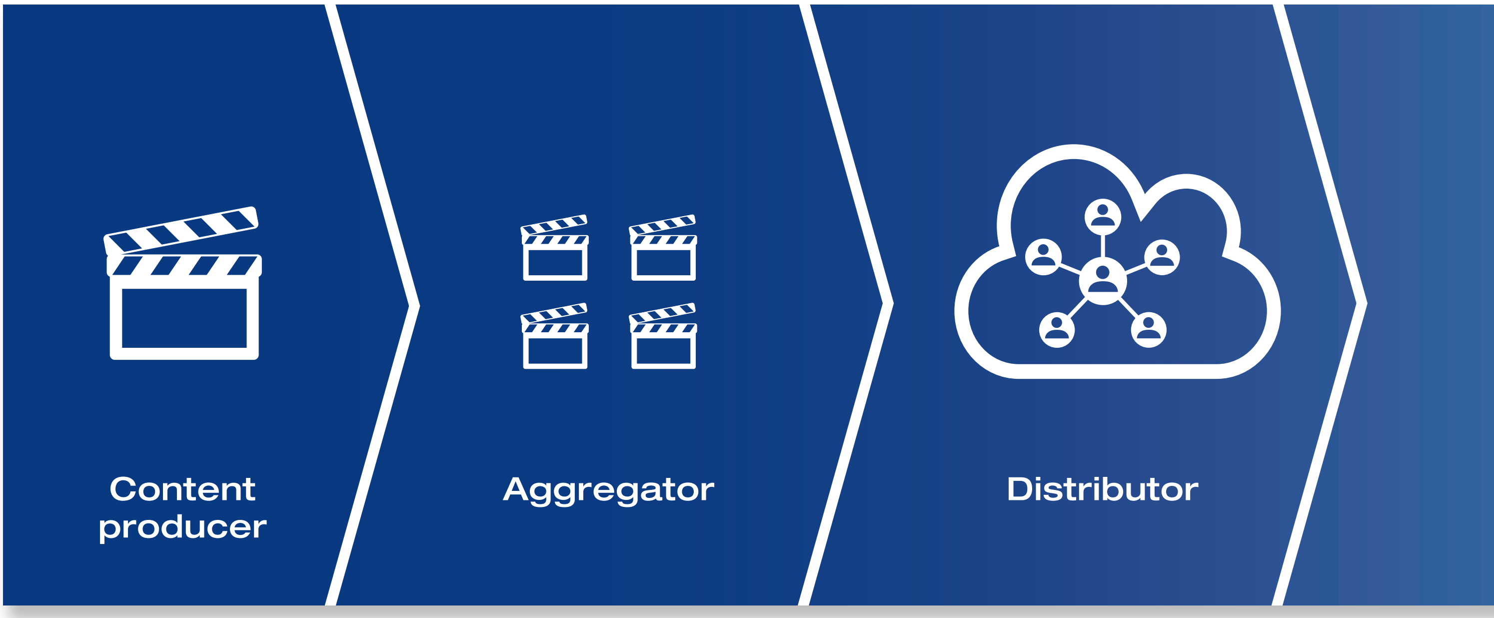
› CORE DIGITAL SECURITY

NAGRAVISION provides resilience in a challenging world leveraging Kudelski Group cross-business synergies.

Anti-piracy intelligence services
NexGuard forensic watermarking

Active Streaming Protection Hybrid and streaming platforms
Insight, consumer behavior and loyalty

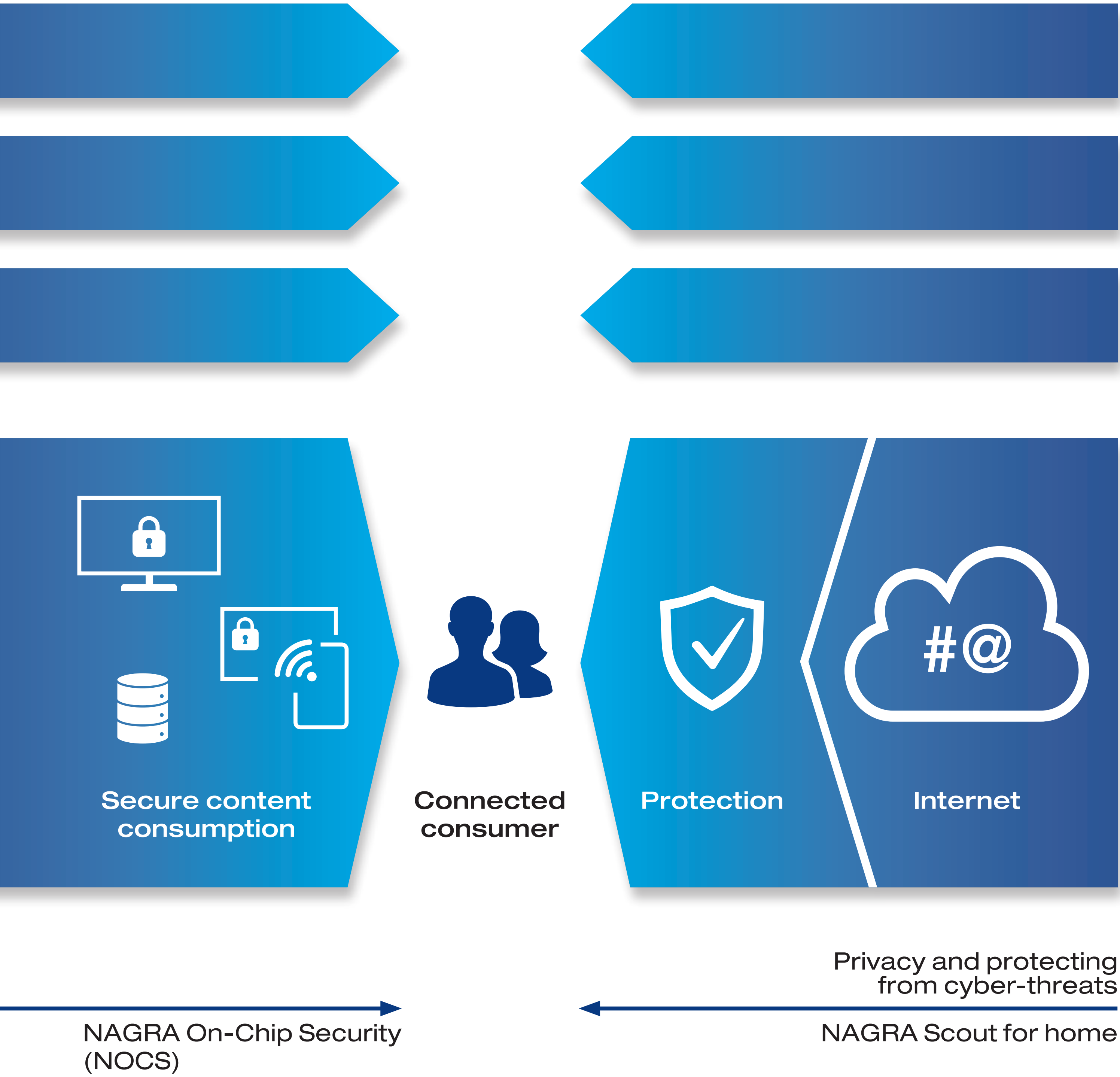
Broadcast security



Protecting infrastructure

Kudelski Security

A comprehensive portfolio designed to secure the entire content consumption chain.



2024 MARKET HIGHLIGHTS

› CORE DIGITAL SECURITY

Americas

NAGRAVISION partners with Evercast to integrate NAGRA NexGuard forensic watermarking into leading real-time video collaboration platform.
Evercast enables creative professionals and teams in film, television, gaming, advertising and other industries to stream high-resolution media and conduct real-time video conferences on a single platform. By incorporating NAGRA NexGuard forensic watermarking, Evercast will bring an additional studio-approved layer of security to the remote video collaboration process.

As the most trusted provider of forensic watermarking solutions, NAGRAVISION was the natural choice for us to secure our remote production and post-production workflows. Our users can now benefit from studio-approved forensic watermarking and have the peace of mind that their content is safe during the entire video collaboration process.

Tommy Snyder
Vice President of Product
Evercast
United States of America

NAGRAVISION and Blonder Tongue partner to secure next-generation content distribution for hospitality venues across North America.
The NAGRAVISION solution, integrated with Blonder Tongue hardware, uses software-based conditional access technology for cable and IPTV/OTT set-top boxes. Direct integration enables different security levels for providers of hospitality services. The implementation is DVB-CSA2 SimulCrypt descrambling in the Blonder Tongue NXG Video Gateway System with initial key provisioning accomplished over-the-air (OTA) based on the device identifier. Additional licenses are provided by the NAGRAVISION security platform.

We wanted to partner with a market leader who could help us address the pressing need for an alternative to the PowerKey CableCARD ahead of its end of life. Ensuring continuity of service for the millions of consumers who are affected by this deadline while safeguarding valuable content investments for service providers distributing content to hospitality venues was a key objective of this partnership and NAGRAVISION was the natural choice.

Bob Palle
President and CEO
Blonder Tongue Laboratories
United States of America

Europe

Nagra Sport, a unit of NAGRAVISION, partners with the European Broadcasting Union (EBU) to launch Eurovision Sport, a worldwide direct-to-consumer sport streaming service.
With a potential audience of over a billion viewers worldwide, this dynamic and user-friendly platform offers free live broadcasts of major sporting events with multiple sport categories and dedicated portals for Federations and sporting organizations. It enables global fan engagement, real-time rights management, and an immersive sports guide that organizes thousands of hours of content.

We firmly believe that sport should be for all. Our public service media Members already bring many of the world's leading sporting events to audiences free-to-air and now, thanks to our partnership with NAGRAVISION, this new digital platform will mean fans never have to miss a minute of their favorite events.

Noel Curran
Director General
European Broadcasting Union

Airties, a global leader of managed Wi-Fi solutions for broadband service providers, partners with NAGRAVISION to enhance consumer cybersecurity for homes and small business with the integration of NAGRA Scout.
In today's hyper-connected world, subscribers, families and small businesses face significant challenges in safeguarding their digital assets. Unsecured devices expose them to privacy breaches, identity theft and data leaks, disrupting peace of mind and compromising sensitive information. This collaboration will bring NAGRA Scout's advanced cybersecurity features to the Airties Smart Wi-Fi portfolio, providing homes and small businesses a premium Wi-Fi experience and delivering straightforward access to robust digital protection for all connected devices.

Combining our advanced Smart Wi-Fi capabilities with NAGRAVISION's leading cybersecurity expertise will deliver additional value and secure connectivity experiences for broadband operators. This new partnership reinforces our commitment to work with leading technology solution providers to deliver optimized broadband performance underpinned by robust security.

Metin Taskin
CEO and founder
Airties
France

France Télévisions, the leading free-to-air broadcaster in France, selects NAGRAVISION to secure replay content streamed to all of its supported devices.
The NAGRAVISION solution, delivered as a cloud-hosted SaaS service, has enabled France Télévisions to become the latest free-to-air broadcaster in Europe to deploy a robust streaming security solution to protect their extensive content portfolio that includes live sport. Thanks to a rapid system integration approach, the NAGRAVISION solution was deployed in time for the French Open Roland Garros and Paris 2024.

As France's main public service broadcaster, our distribution ecosystem across broadcast and OTT is extensive. We needed a partner who had experience of working with both the set-top box environment and the range of streaming devices used by our viewers. We were able to see fast, effective integration on almost all of our devices, and the flexibility of NAGRAVISION's teams ensured we could adapt and find solutions to our problems.

Emmanuel Guilly
Head of Video Factory
France Télévisions
France

Asia-Pacific
GTPL offers Digital Cable TV services through Samsung Connected TVs using TVKey Cloud which enables branded experience without the need for a Set-Top Box.
The benefits of secure access to linear content without a separate set-top box are substantial. Simplifying the viewing experience and reducing clutter aligns with the modern viewer's preferences for streamlined and efficient entertainment setups. Access to such a convenient and streamlined viewing experience, as delivered by TVkey Cloud, will be a big advantage for GTPL subscribers. The ability to access content securely without the need for extra hardware (savings of up to INR 2,000 for the consumer) is a compelling proposition that can enhance user satisfaction and drive further growth for GTPL.

Our long-standing relationship with NAGRAVISION has made this innovation possible and is central to our strategy of reaching subscribers in new ways with a consistent user experience across all devices. We look forward to working with Samsung on more collaborations which can add value to our consumers.

Anirudhsinh Jadeja
Managing Director
GTPL
India

FanCode, India's premier sporting destination, selects NAGRAVISION's Active Streaming Protection to protect its streaming service from piracy.
The NAGRAVISION solution, delivered as a cloud-hosted SaaS service, has enabled FanCode to provide the necessary assurances to content owners that they have a robust streaming security strategy in place for premium sports content. Thanks to rapid system integration, the NAGRAVISION solution is already part of FanCode's workflows. This enables them to offer smart bundles to their 160m+ subscriber base, safe in the knowledge that they are protected against the threat of piracy.

Tackling piracy is key as we continue to scale and reach millions of sports fans across India. In NAGRAVISION, we have a reliable partner who has experience of working with some of the biggest sports properties in highly scalable environments and whose anti-piracy solution we could integrate with minimal disruptions.

Yannick Colaco
Co-founder
FanCode
India

TVkey Cloud enables DishTV India to revolutionize access to secure content through India's first direct-to-TV solution on satellite, available on Samsung Connected TVs.
DishTV was looking to reduce the cost of new customer acquisition while meeting the government endeavour to integrate DTH tuners in every TV by 2025. The introduction of the TVKey Cloud solution addresses this dynamic by eliminating the need for additional hardware and providing a streamlined, secure experience for users, starting with seamless on-TV subscription. Further, the unique-on-chip security of TVKey Cloud allows DishTV to deliver a solution that ensures the highest level of content protection while at the same time having the DishTV brand front and center on Samsung TVs.

With the launch of TVKey Cloud, DishTV is setting a new standard in the Indian DTH market, offering our customers a seamless, secure, and convenient viewing experience directly on their Samsung Connected TVs. This solution aligns perfectly with our long-term vision and the evolving preferences of our consumers for integrated, clutter-free entertainment, while allowing us to benefit from industry-leading content security and reduced total cost of ownership.

Manoj Dobhal
CEO & Executive Director
Dish TV India
India

SECURE AND SUCCESSFUL BUSINESS TRANSFORMATION IN UNCERTAIN TIMES

CYBERSECURITY

PROACTIVE AND REACTIVE SOLUTIONS FOR AN EVOLVING THREAT ENVIRONMENT

› CYBERSECURITY

Kudelski Security provides AI-powered Managed Detection and Response (MDR) solutions as well as expert services to identify and mitigate cyber-threats in real-time, bolstering clients' overall cybersecurity resilience.

In 2024, we continued to demonstrate our ability and commitment to accompanying organizations in their mission to safeguard and secure their growth by continually adapting and evolving our portfolio of solutions and services to the ever-changing threat landscape.

Responding to cyber-threats requires faster detection with unified defenses

The surge in cloud-based attacks, supply chain breaches and identity-targeted threats has amplified the need for faster, more coordinated defenses. In 2024, cybercriminals continued to leverage vulnerabilities in the proliferation of interconnected systems, targeting critical assets and exploiting foundational access controls to infiltrate organizations. These attacks not only compromised sensitive data but also disrupted operations, underscoring the growing sophistication and ambition of threat actors.

As digital transformation accelerates, the complexity of modern networks has expanded the attack surface, enabling adversaries to exploit weak links in cloud environments, third-party vendors and user identities. Supply chain breaches, in particular, have emerged as a primary concern, with attackers targeting trusted partners to access broader ecosystems. Similarly, identity-based threats, such as phishing and credential theft, have become more effective as businesses adopt distributed workforces and cloud-based access solutions. These escalating threats require integrated solutions to identify, detect, respond and mitigate risks swiftly and effectively.

Kudelski Security Managed Detection and Response (MDR) services deliver 24/7 threat monitoring and real-time risk mitigation to protect cloud environments, identity systems and supply chains. Complementing this, our Incident Response Retainers provide immediate access to expert support during breaches, minimizing downtime and ensuring swift recovery. Combined, these services offer a unified approach to address today's most critical cybersecurity challenges, empowering organizations to improve resilience and effectively protect against and respond to targeted threats.

Defenders and attackers are actively using AI

Artificial intelligence has become a double-edged sword in the cybersecurity domain. While defenders utilize AI to detect and mitigate threats, attackers also exploit it to launch more complex and adaptive attacks, often referred to as «dark AI». This evolving dynamic highlights the need for AI-driven cybersecurity solutions that can outpace adversaries.

Kudelski Security has continued to enhance its MDR services, threat intelligence, and AI-enabled detection tools to stay ahead. By embracing AI, we can anticipate threats, reduce response times and strengthen the overall security posture to counteract the sophisticated tactics of attackers.

Threats like social engineering and ransomware remain a concern

Cyber-threats such as social engineering and ransomware also continued to dominate the cybersecurity landscape. These methods remain highly effective for attackers, exploiting human error and vulnerabilities to breach defenses. In 2024, ransomware payments reached an unprecedented level, emphasizing the growing sophistication and success of these tactics.

These trends highlight the critical importance of proactive strategies to reduce risks and bolster defenses against evolving threats. Throughout the year, Kudelski Security partnered with organizations worldwide to tackle these challenges and saw increased demand for its suite of proactive advisory services that enable organizations to navigate the complex threat environment. The services include: maturity evaluations, penetration testing, cloud and application assessments, table-top exercises and security operations optimization.

Operational Technology (OT) security continues to pose complex challenges

In 2024, Operational Technology security faced rising challenges as critical infrastructure remained a prime target for cyber-threats. Geopolitical tensions fueled state-sponsored attacks on primary industries crucial to national security, while supply chain vulnerabilities were exploited to breach OT systems. Adversaries advanced their tactics, repurposing IT and OT malware to launch more sophisticated and targeted attacks. The continuous convergence of IT, OT and cloud environments expanded the attack surface, enabling adversaries to exploit weaknesses and vulnerabilities in remote monitoring and control systems. Legacy infrastructure remains a significant concern, as many OT environments rely on outdated systems and IoT devices that often cannot be patched, leaving critical operations exposed to exploitation.

Data breaches in OT environments continued to rise, exacerbated by a global shortage of skilled cybersecurity professionals, particularly those with expertise in OT systems. In 2024, new and updated regulations aimed at strengthening OT security were introduced to address the growing risks to critical infrastructure. Frameworks such as the NIS2 Directive and TSA Security Directives mandated stricter compliance requirements, focusing on improved risk management, incident response, proactive monitoring and reporting standards for OT environments.

To address these risks, Kudelski Security has been supporting organizations in developing strategies to integrate IT and OT security strategies, implement proactive approaches, and align operations with evolving regulatory requirements. These measures are essential to protect OT environments and reduce exposure to the rapidly changing threat landscape.

2024 MARKET HIGHLIGHTS

› CYBERSECURITY

This year, Kudelski Security accelerated transformation with the successful adoption of MDR ONE Resolute, a groundbreaking solution to effectively address current and emerging threat detection and response requirements.

Kudelski Security continued to focus on providing proactive and reactive cybersecurity services, enabling clients to promptly prevent, identify and mitigate cyber-threat and improve their resilience against cyber-attacks.

Accelerating transformation with differentiated services

Kudelski Security remained committed to MDR excellence while expanding into Operational Technology (OT) security and proactive services. Kudelski Security continued to grow its presence in the EMEA region and the United States, enhancing its ability to deliver tailored security solutions and adaptable service models to meet the evolving needs of its local clients. Expansion activities were supported by sustained participation in key regional industry events, ongoing CISO-level guidance and strategic hires to provide localized, first-class security expertise.

Kudelski Security's expansion into critical infrastructure such as energy, healthcare, utilities, luxury as well as the consumer-packaged goods industry, has been a key factor in its sustained growth. The segment's expertise in Operational Technology (OT) networks has driven large security assessments and opened up new opportunities in managed OT services.

Great adoption of MDR ONE Resolute

A major highlight of 2024 was the successful market adoption of Kudelski Security's new service, MDR ONE Resolute, launched in December 2023. Delivering risk-based detection and response capabilities augmented by AI, this service has already been adopted by over 60 clients, demonstrating strong market demand and reinforcing Kudelski Security's position as a leader in the MDR space.

The adoption of MDR ONE Resolute has led to the securing of multi-year contracts, reflecting clients' confidence in our ability to deliver robust and scalable security solutions. By providing comprehensive visibility into threats across various environments — including endpoints, identity, network, cloud, SaaS, operational technology and vulnerability intelligence — MDR ONE Resolute empowers organizations to proactively manage their security posture.

This strategic initiative underscores our commitment to driving a standard of innovation and excellence in cybersecurity that moves the needle on risk and has a material impact on our clients' ability to protect against threats.

Continued recognition for MDR excellence

With the continued investment in innovative MDR capabilities, Kudelski Security added to the range of recognitions in 2024:

- Gartner recognized Kudelski Security for the seventh consecutive time as a top MDR vendor in its Market Guide for Managed Detection and Response (MDR) Services;
- Gartner also recognized Kudelski Security for the fifth consecutive time as a top MDR vendor in its Market Guide for Digital Forensics and Incident Response Services;
- ISG recognized Kudelski Security as a 'rising star' for Switzerland in its ISG's 2024 Cybersecurity Provider Lens Quadrant.

From reactive to proactive security

The digital landscape has become increasingly complex, with businesses relying on interconnected systems, cloud platforms, and remote operations. These advancements, while beneficial, have introduced new vulnerabilities and expanded the attack surface. Recognizing this shift, we have focused on creating solutions that preemptively identify and mitigate risks, ensuring that security is an integral part of the enterprise's digital transformation journey.

Throughout 2024, Kudelski Security solidified its commitment to helping organizations transition from reactive security postures to proactive, risk-driven strategies. This shift was driven by the launch of advanced services designed to reduce enterprise digital asset exposure and address the evolving threats faced. A cornerstone of this proactive approach is our Risk-Based Vulnerability

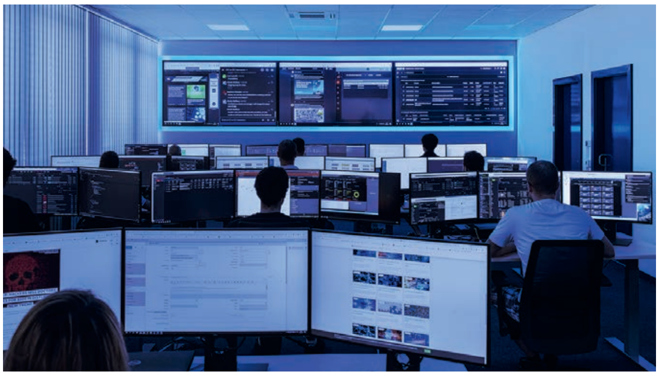
Management (RBVM) services. By prioritizing vulnerabilities based on their criticality and potential impact, these services enable enterprises to focus resources on the most significant threats to their operations. Through automated scanning, dynamic threat intelligence and tailored remediation strategies, RBVM not only minimizes exposure but also streamlines the vulnerability management process.

This approach represents a fundamental evolution in enterprise security. By reducing exposure to threats before they materialize, we are helping businesses safeguard their operations, embrace innovation securely, maintain customer trust and stay ahead of the threat curve.

New AI Security Service portfolio

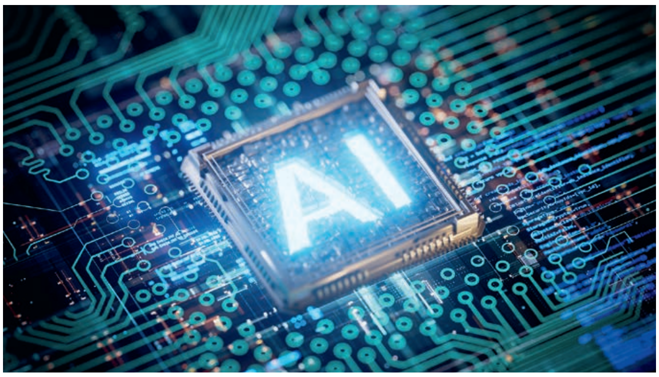
In 2024, the introduction of new security capabilities for artificial intelligence represented a strategic milestone in the growth of our portfolio. Kudelski Security's new AI Security portfolio is a comprehensive suite of services designed to help businesses address the unique risks posed by AI-powered systems and applications. These capabilities empower organizations to adopt AI securely, effectively, and in compliance with regulations.

As AI technologies become integral to business operations, they introduce a new and complex attack surface that malicious actors can exploit. Kudelski Security has been focused on AI security and enabling innovation for over five years – long before the advent of mainstream AI tools like ChatGPT and Microsoft Copilot. Leveraging this extensive technical and cybersecurity expertise, the business has developed a portfolio of services that provides both strategic and tactical support to secure AI applications, their associated systems and the broader operating ecosystem. As businesses continue to adopt AI at a rapid pace, Kudelski Security's AI Security Services portfolio provides the assurance that security is an integral part of the design and deployment of AI technologies. This proactive approach not only mitigates risks but also ensures that AI systems operate safely and in compliance with industry regulations.



MDR ONE Resolute integrates AI to detect new threats and respond to the most sophisticated attacks.

Kudelski Security's expansion into critical infrastructure such as energy has been a key factor in its sustained growth.



Kudelski Security's new AI Security portfolio helps businesses to adopt AI securely.

WHERE THE DIGITAL WORLD BECOMES THE REAL WORLD

INTERNET OF THINGS

SAFEGUARDING ASSETS THROUGH IoT INNOVATION

The Internet of Things (IoT) continues to redefine industries by connecting physical assets to digital systems, unlocking operational efficiencies. With its asset tracking solutions, Kudelski IoT offers innovative technologies that safeguard vehicles, keys, and other high-value assets while addressing challenges like theft, loss and fraud.

Similarly, the IoT security landscape continues to evolve rapidly, with new technological advancements like quantum computing introducing both opportunities and security challenges. Here also, Kudelski IoT remains at the forefront, focusing on embedded device protection.

Vehicle theft continues to rise

In 2024, vehicle theft remains a significant concern in the U.S. and Canada. The U.S. has seen a sharp increase in thefts, driven by organized crime and technological exploits that make accessing vehicle systems easier. A 2024 report by the National Insurance Crime Bureau (NICB) indicates that over 1 million vehicles were stolen in 2023 in the United States, costing billions in losses. Meanwhile, in Canada, the Insurance Bureau of Canada (IBC) reported that vehicle theft claims exceeded USD 1.5 billion in 2023—a 254% increase over five years—with Ontario experiencing a staggering 524% rise since 2018.

Dealerships use new technology to combat theft and loss

The upward trend in car theft has spurred new developments in tracking and anti-theft technologies, increasing the popularity of vehicle tracking solutions for businesses and consumers alike because of the benefits they provide. Kudelski IoT's RecovR addresses these challenges by providing dealerships and consumers with advanced tracking and recovery systems to protect their vehicles.

Car dealerships also face operational disruptions from misplaced keys and rising theft rates. Lost keys cost individual dealerships an average of USD 30 000 annually in replacement costs. RecovR for Keys streamlines operations by providing instant key tracking, reducing downtime and enhancing customer experiences. This solution also minimizes theft risks, helping dealerships improve efficiency and profitability.

Addressing ID fraud in the dealership

Additionally, dealerships are facing a surge in the use of falsified identification documents in the vehicle purchase process. A 2022 survey revealed that 84% of dealerships noticed an increase in identity fraud in the last three years, with 79% experiencing vehicle losses due to such fraud in the past year. Kudelski IoT is addressing this with advanced ID verification solutions that complement its RecovR asset tracking products, ensuring secure, user-friendly transactions and maintaining profitability.

Asset tracking in agriculture

Agriculture is another industry affected by asset loss and tracking challenges. Farming increasingly relies on real-time location awareness of high-value equipment. Integration with central data systems like the John Deere Operations Center enables farmers to access a unified view of their equipment and to manage all their resources strategically, maximizing efficiency and sustainability. Kudelski IoT's RecovR asset tracking solution supports these efforts by enhancing operational efficiency, aligning with the agriculture sector's push for resource management.

The evolution of the regulatory landscape

Governments worldwide are enacting IoT security regulations to protect public safety. Standards like ISO/IEC 27001, ISO/SAE 21434, and IEC 62443 provide frameworks for securing IoT systems. Regional mandates, including the EU Cyber Resilience Act (CRA) and U.S.

IoT Cybersecurity Improvement Act, further underscore the growing emphasis on lifecycle security. With its extensive security experience across various domains, Kudelski IoT helps manufacturers navigate these requirements, ensuring compliance and competitive advantage, from chip to cloud.

Security standards

Standards bodies like the Connectivity Standards Alliance (CSA) are also raising the bar for smart home security, notably through initiatives like the Matter standard, which requires robust security protections for all participating devices. Matter Casting, a new Matter specification released in 2024, supports secure media streaming and provides a cross-platform alternative to incumbent standards like Apple AirPlay and Google Chromecast. Kudelski's extensive experience in both device security and content security positions the company ideally to be a key supplier to this market.

CSA's Product Security Working Group goes beyond Matter to focus on enhancing IoT device security by developing best practices and guidelines to protect all types of devices and data from cyber-threats. Kudelski IoT actively participates in this working group, contributing its insights to shape security requirements across the IoT industry. It also supports manufacturers in meeting these evolving standards to ensure a safe and interconnected ecosystem.

Semiconductor manufacturers embed security by design

In response to new security regulations and standards in IoT, semiconductor manufacturers are increasingly turning to Kudelski IoT for help in ensuring their products can be provisioned and managed throughout the lifetime of the products they are embedded in. To meet this need, Kudelski IoT has expanded its keySTREAM system, a highly secure platform for provisioning and managing IoT devices. It has also updated its KSE Security IP portfolio to support quantum-resistant cryptography, ensuring devices are protected against future quantum computing threats.

Get your lost keys back fast with RecovR for keys, the new, simple and reliable asset tracking solution.

RecovR™

RecovR expands to the agriculture industry, partnering with the John Deere Operations Center.

The RecovR tracking device was deployed at 1,000 rooftops accross North America in 2024.

2024 MARKET HIGHLIGHTS

Kudelski IoT achieved significant milestones in 2024, marked by new partnerships, product launches, and recognitions.

Our commitment to asset tracking, embedded device security and secure IoT ecosystems has been reinforced by strategic collaborations, expanded product offerings and increasing industry recognition.

Asset tracking

Kudelski IoT's asset tracking solutions, led by the RecovR solution, have expanded into partnerships with financial services companies like Ally, Assurant and JM&A. This expansion highlights the adaptability of RecovR, which allows businesses to monitor and protect valuable assets across vast operational landscapes.

A partnership with the Canadian Automobile Dealers Association (CADA) further broadened RecovR's reach in North America, emphasizing its position as a premier solution for lot management and vehicle theft recovery. Additionally, collaboration with the U.S. Defense Innovation Unit showcased RecovR's ability to track aerospace ground equipment, underscoring its flexibility and utility across various applications and cementing RecovR's status as an approved solution for sale to U.S. government entities.

At the end of 2024, RecovR was implemented at 1,000 rooftops across North America.

Security Labs

Kudelski IoT Security Labs continued its focus on IoT device evaluation and standards compliance as the labs celebrated their 25th anniversary. The Security Labs became an approved Open Compute Project's S.A.F.E. Security Review Provider, helping datacenter equipment providers ensure the security of their products.
The Security Labs also became an official authorized testing lab for prominent platforms like Zoom, reinforcing its role in certifying devices to meet strict security standards. These recognitions underscore the Labs' commitment to supporting device manufacturers in the development of resilient IoT products.

Kudelski IoT Security Labs is observing a significant increase in demand for IP and copyright infringement analysis services, as rights holders seek to protect their intellectual property from unauthorized use in an increasingly digital and interconnected world. Companies across various industries are experiencing challenges in safeguarding proprietary technologies and content from misuse, counterfeiting and unauthorized reproduction. With advanced tools and expertise, Kudelski IoT Security Labs provides comprehensive analysis to identify and address instances of IP infringement, helping rights holders maintain control over their assets, reduce risks associated with IP theft and uphold the integrity of their innovations in the marketplace.

The automotive industry forms the backbone of RecovR's activities.

RecovR works with the US Defense Innovation Unit for the tracking of aerospace ground equipment.

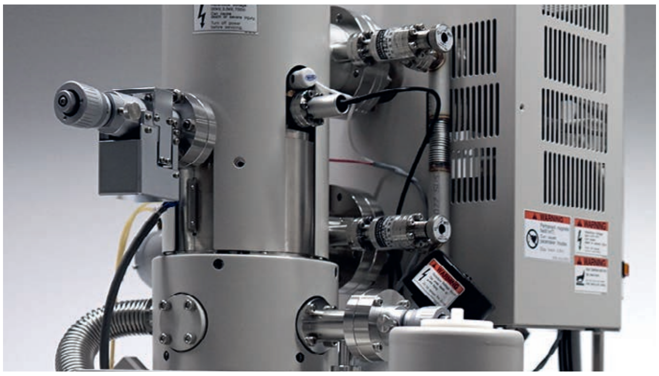
keySTREAM, semiconductors and provisioning

In the semiconductor and provisioning domain, Kudelski IoT's keySTREAM platform continues to be a vital resource for semiconductor manufacturers looking to build secure foundations into their IoT chipsets and enable them to be managed throughout their lifecycle.

Partnering with industry leaders like STMicroelectronics, Microchip and Infineon, Kudelski IoT has integrated its technologies and services across providers and industries, allowing for secure onboarding, data integrity and over-the-air updates. Kudelski IoT's Matter certificate service continues to simplify the process of obtaining Device Attestation Certificates essential for Matter-compliant devices, and the company is now working with chipset manufacturers to allow their chips to be provisioned for Matter in the factory, ensuring they are ready for market more quickly without compromising security. These strategic alliances highlight Kudelski IoT's commitment to embedding robust security at the hardware level, providing manufacturers with comprehensive lifecycle management for secure, trusted IoT deployments.

Kudelski IoT also achieved a critical milestone with the launch of its KSE Security IP, now enhanced with post-quantum cryptography (PQC) support, positioning it as a future-ready solution for securing semiconductors against emerging quantum computing threats. As quantum technology advances, the potential for quantum-based attacks poses serious risks to traditional cryptographic methods. Kudelski's KSE Security IP addresses this challenge by incorporating PQC algorithms designed to withstand quantum-powered decryption, providing robust, long-term protection for connected devices and their data.

This launch underscores Kudelski IoT's commitment to pioneering security solutions that adapt to the evolving landscape of cybersecurity threats, ensuring semiconductor resilience and security for years to come.



Kudelski IoT Security Labs conduct security assessment for a wide range of customers.

With its keySTREAM system, Kudelski IoT ensures chipset security, helping smart home manufacturers achieve Matter compliance for their devices.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

This report was prepared in compliance with the directive on information relating to corporate governance issued by the SIX Exchange Regulation and in compliance with Swiss corporate law. Unless otherwise stated herein, the information provided in this report reflects the situation as of December 31, 2024.

1. Group structure and shareholders

1.1. Group structure

Kudelski SA has its registered offices in Cheseaux-sur-Lausanne. The company has been structured as a holding company since 1999 and its shares have been listed on the SIX Swiss Exchange since August 2, 1999.

The structure of Kudelski SA and its affiliated companies (the “Kudelski Group” or the “Group”) is shown below – sections 1.1.1 to 1.1.3.

1.1.1. Description of the issuer’s operational Group structure

The Group’s operational activities is split into three divisions. Prior to February 2025, these 3 divisions were: Digital TV, Cybersecurity and Internet of Things (IoT). In February 2025, the Group’s business activities were reorganized around Core Digital Security, which combines the Digital TV division with fundamental core security technologies from the IoT division, IoT, which is focused on asset tracking solutions, and Cybersecurity.

Each division is responsible for defining and managing its research and development, sales and marketing, services, support and operations functions. The Finance, Legal, Human Resources, Business Development and Innovation and Corporate IT departments support the entire organization.

Prior to February 2025, the Digital TV division was organized under a Chief Marketing Officer (CMO) and a Chief Operating Officer (COO), with sales, marketing and product management reporting to the CMO and R&D, operations, and business transformation reporting to the COO. Since February 2025, the Chief Operating Officer (COO) assumed management of these functions for the entire Core Digital Security division.

The Cybersecurity division is organized around 3 activities: Managed Detection and Response (MDR) services, Advisory services, and Technology sales and optimization.

Prior to February 2025, the Internet of Things (IoT) division was organized around IoT Secure Solutions, IoT Security Technology & Systems and IoT Security Services (Lab & Design). Beginning in February 2025, IoT is focused on IoT Secure Solutions for asset tracking and new solutions.

Results by sector are presented in note 5 to the Kudelski Group’s 2024 financial statements.

Main operating companies held directly or indirectly by Kudelski SA

The list of the Group’s main operating companies is provided in note 56 to the Kudelski Group’s 2024 financial statements.

Additional information is also included in the 2024 Annual Report’s key figures.

1.1.2. All listed companies belonging to the issuer’s Group

Kudelski SA, the parent company of the Group, is a Swiss holding company based in Cheseaux-sur-Lausanne in the canton of Vaud. Kudelski bearer shares are listed on the SIX Swiss Exchange (Ticker: KUD; Sec. No. 001226836/ ISIN: CH0012268360). As of December 31, 2024, the market capitalization of Kudelski SA bearer shares was CHF 68 173 245.

Kudelski SA and its subsidiaries did not hold any bearer shares of Kudelski SA.

1.1.3. The non-listed companies belonging to the issuer’s consolidated entities

Information about the company name, registered office, share capital and holdings owned by non-listed Group companies included in the scope of consolidation is shown on pages 149 and 161 of the Kudelski Group’s 2024 financial statements.

INTERNATIONAL PRESENCE*

** Indicates countries in which the Group maintained a representation.*

		DIGITAL TV	CYBERSECURITY	IOT
EUROPE	Switzerland	■	■	■
	Germany	■	■	□
	Spain	■	■	□
	France	■	■	■
	Italy	■	□	□
	Norway	■	□	□
	The Netherlands	■	■	□
	Portugal	■	□	□
	United Kingdom	■	■	□
AMERICAS	USA	■	■	■
	Argentina	■	□	□
	Brazil	■	□	□
	Chile	■	□	□
	Colombia	■	□	□
	Mexico	■	□	□
	Peru	■	□	□
AFRICA	South Africa	■	□	□
MIDDLE EAST	United Arab Emirates	■	□	□
ASIA / PACIFIC	Australia	■	□	□
	China	■	□	□
	South Korea	■	□	□
	India	■	■	■
	Indonesia	■	□	□
	Singapore	■	■	□

1.2. Significant shareholders

As of December 31, 2024, Kudelski SA has two significant shareholders. The first one consists of a group of shareholders related to the Kudelski family ("Family Pool") with a total of 58.62% of the voting rights of Kudelski SA (see the table below). The Family Pool comprises Mr. André Kudelski, Mrs. Marguerite Kudelski, Mrs. Isabelle Kudelski Haldy, Mrs. Irène Kudelski Mauroux and their respective descendants. Members of the Family Pool own the shares of Kudelski SA directly or through an investment structure of which they are the beneficiaries.

The second significant shareholder ("Kudelski Family outside the Pool*") is composed of two discretionary and irrevocable trusts, whose beneficiaries are members of the family of Mr. André Kudelski.

As of December 31, 2024, the Kudelski Family outside the Pool held a total of 4.09% of the voting rights of Kudelski S.A. (see below). In its capacity as a protector of these trusts, Mr Antoine Foetisch in Singapore, freely exercises the voting rights of the shares held by these trusts. To the Group's knowledge, no other shareholder or group of shareholders holds more than 3% of the voting rights.

All announcements made by Kudelski SA to the SIX Exchange Regulation can be found on the SIX Swiss Exchange website at the following address: https://www.six-group.com/fr/products-services/the-swiss-stock-exchange/market-data/shares/share-explorer/share-details.html?valorId=CH0012268360CHF4#/ and then clicking on the "Significant shareholders" link.

1.3. Cross-shareholdings

The Group has no knowledge of the existence of any cross-shareholdings.

AS OF DECEMBER 31, 2024	REGISTERED SHARES	BEARER SHARES	SHARE CAPITAL HELD	VOTING RIGHTS
Family Pool	46 300 000	10 962 923	27.83%	58.62%
Kudelski Family outside the Pool*		4 000 000	7.14%	4.09%

** On January 28, 2022, the ad hoc publicity of the SIX Swiss Exchange has advised that the trustee beneficiaries are not required to report positions held by trusts.*

2. Capital structure

2.1. Amount of ordinary, band and conditional capital as at 31.12.2024

Ordinary capital

The share capital of Kudelski SA is CHF 448 652 048. It is divided into 51 451 506 bearer shares with a nominal value of CHF 8.00 per share and 46 300 000 registered shares with a nominal value of CHF 0.80 per share. Each share confers the right to one vote. All shares are fully paid up. Articles 6 and 7 of the articles of association of Kudelski SA, which can be found on the company's website at the following address: https://www.nagra.com/sites/default/files/2024-04/STATUTS_Kudelski_2024_04_19.pdf, also contain a capital band clause and two conditional capital clauses (see section 2.2 below). Information regarding the capital can be found in note 26 to the Kudelski Group's 2024 financial statements and note 3.7 to the Kudelski SA financial statements in the Kudelski Group's 2024 financial statements.

2.2. Specific information concerning capital band and conditional capital

Capital band

According to Article 7 of the articles of association of Kudelski SA, the Board of Directors is authorized to reduce or increase the share capital in one or more stages until April 19, 2029, and subject to the exhaustion of the capital band at an earlier date, within a bandwidth of Fr. 403'358'864.- (lower limit) to Fr. 492'994'160. - (upper limit). The Board of Directors is authorized to reduce the share capital by canceling up to 5,139,206 A shares and 4,630,000 B shares, and to increase the share capital by issuing up to 5,139 206 A shares to be fully paid up and 4,630,000 B shares to be fully paid up. The Board of Directors is also authorized to reduce or increase the share capital by reducing or increasing the par value of A or B shares.

The price and date of issue, the nature of the contributions, the date from which the new shares shall give entitlement to dividends, and the other terms and conditions of share issuance shall be determined by the Board of Directors. In this context, the Board of Directors may issue new shares through the firm subscription of a financial institution, a syndicate of financial institutions or another third party and make a subsequent offer of these shares to existing shareholders or to third parties (if the preferential subscription rights of existing shareholders have been canceled or have not been duly exercise). The Board of Directors may authorize, restrict or excluded the trading of preferential subscription rights. The Board of Directors may authorize the expiration of preferential subscription rights which have not been duly exercised, place at market conditions the rights or shares in relation to which preferential subscription rights have been allocated but not exercised, or use them otherwise in the interest of the company.

The preferential subscription rights of shareholders may be excluded and allocated to third parties or to the company itself by the Board of Directors, in particular with a view to (i) the acquisition of companies, parts of companies or financing the entire or partial acquisition of other companies, in Switzerland or abroad, or to enable the conclusion and/or implementation of strategic partnerships, and (ii) raise funds quickly and flexibly, when such an operation would be difficult to achieve, or could not be carried out under favorable conditions, without the exclusion of the preferential subscription rights of existing shareholders.

All statutory restrictions on the transfer of shares are applicable to new registered shares.

Conditional capital

The articles of association of Kudelski SA (Articles 6 and 6bis) provide two clauses related to conditional capital for a total amount of CHF 82 898 000 (18.48% of the existing share capital) structured as follows:

- according to Article 6 of the articles of association (conditional capital for option or subscription rights), the share capital of Kudelski SA can be increased by a maximum amount of CHF 2 898 000 (0.65% of the existing capital) through the issuance of a maximum of 362 250 bearer shares with a nominal value of CHF 8.00 per share, to be fully paid up, as and when the option rights or share subscription rights which will be granted to the employees of the company and of affiliated companies are exercised. There are no preferential subscription rights for shareholders. Share option or subscription conditions are determined by the Board of Directors. Issuance at a price below market conditions is authorized; and
- according to Article 6bis of the articles of association (conditional capital for conversion rights), the share capital of Kudelski SA can be increased by a maximum amount of CHF 80 000 000 (17.83% of the existing capital) through the issuance of a maximum of 10 000 000 bearer shares with a nominal value of CHF 8.00 per share, to be fully paid up, as and when the conversion rights related to the convertible bonds of the company or its subsidiaries are exercised.

There are no preferential subscription rights for shareholders. The preferential subscription right of shareholders to the issuance of a convertible bond may be limited or excluded by decision of the Board of Directors on valid grounds, namely (a) if the convertible bonds are placed primarily in markets outside Switzerland, or (b) if the issuance proceeds contribute (i) to the financing or refinancing of acquisitions of companies or firms, (ii) to the financing of other strategic investments of the Group, or (iii) to financing the redemption of all or part of convertible bonds previously issued by the company or its subsidiaries.

If the convertible bond is not offered preferentially to shareholders, (a) the convertible bonds must be sold to the public under market conditions, (b) conversion rights must be exercised within a period of seven years from the day of issuance of the respective bond, and (c) the conversion price must be at least equivalent to market conditions at the time of the issuance of the bond.

As of December 31, 2024, Kudelski SA had issued 59 442 bearer shares on the basis of conditional capital for option or subscription rights. These new bearer shares will be entered in the commercial register in accordance with Article 653g of the Code of Obligations. As of December 31, 2024, the available amount of conditional capital for option and subscription rights was therefore CHF 2 898 000, representing a maximum of 362 250 bearer shares with a par value of CHF 8.00 each.

As of December 31, 2024, Kudelski SA had not issued any option rights within the meaning of Article 6 of the articles of association or any convertible bonds within the meaning of Article 6bis of the articles of association. The conditional capital for option or subscription rights under Article 6 of the articles of association may, however, be used in the context of the employee share purchase plan (see section 2.7 below).

2.3. Changes in the capital of Kudelski SA

IN THOUSAND CHF	31.12.24	31.12.23	31.12.22
Registered share capital	37 040	37 040	37 040
Bearer share capital	411 612	411 137	409 434
Legal reserve	90 000	90 000	90 000
Capital contribution reserve	65 914	65 914	65 914
Net profit	-12 941	-186 502	-42 179
Retained earnings	-210 039	-23 987*	-19 182*
TOTAL SHAREHOLDERS' EQUITY	**381 586**	**394 052**	**578 851***

*For information relating to changes in capital which have taken place in 2024, 2023 and 2022, please refer to the Group's corresponding financial statements. These reports can be found on the Kudelski SA website at www.nagra.com/investors/publications. Information regarding the capital contribution reserve can be found under note 3.7 to the Kudelski SA financial statements in the Kudelski Group's 2024 financial statements. *Erratum: figures shown have been corrected as per the applicable financial report.*

2.4. Shares and participation certificates
The structure of the share capital of Kudelski SA is described in section 2.1 above.
In compliance with the 3rd paragraph of the section 18 of articles of association, class A and B shareholders are represented on the Board of Directors.

Kudelski SA does not have participation certificates.

2.5. Dividend-right certificates
Kudelski SA does not have dividend-right certificates.

2.6. Limitations on transferability and nominee registrations
Shares of Kudelski SA that are listed on the stock exchange are issued to the bearer. For these shares, the exercise of shareholder rights does not depend on an entry in the share register. There are therefore no statutory restrictions on their transfer or the exercise of shareholder rights through nominees.

The registered shares of Kudelski SA are not listed on the stock exchange. As of December 31, 2024, they were all owned by the Kudelski "Family Pool" (see section 1.2 above). Pursuant to the articles of association of Kudelski SA, subject to the provisions of the Swiss Federal Act on Intermediated Securities, registered shares may be transferred upon delivery of the endorsed share certificate, subject to the approval of the Board of Directors and registration in the share register.

Article 9 of the articles of association of Kudelski SA allows the Board of Directors to refuse the approval of the transfer of registered shares in one or more of the following cases:

a) If there exists good cause within the meaning of Article 685b paragraph 2 of the Swiss Code of Obligations, i.e. if admission of the acquirer as a shareholder would be incompatible with the objective of Kudelski SA or could jeopardize the economic independence of the company. This would in particular be the case if the acquirer could prejudice the company directly or indirectly, or if transfer of the shares could jeopardize the existing majorities.

b) If the company offers to acquire the shares from the seller of the shares at their fair value at the time of the request for its own account, for the account of other shareholders or for the account of third parties.

c) If the acquirer does not expressly declare that he is acquiring the shares in his own name and for his own account.

Article 9 of the articles of association also provides that if the shares are acquired by inheritance, division of an estate, marital property rights or as a result of debt enforcement proceedings, the company may only refuse its consent if it offers to acquire the shares at their fair value.

In the event of a dispute, the fair value is determined by the court having jurisdiction in the place where the company has its registered office. The company bears the costs of such valuation. The purchase offer is deemed accepted if the acquirer does not reject it within one month of having been informed of the fair value.

2.7. Convertible bonds and options

Convertible bond
The Kudelski Group has no outstanding convertible bond.

Options
The company has no outstanding options.

Share purchase plan
In 2004, the Kudelski Group introduced a share purchase plan for the employees of certain companies of the Group, enabling those employees to buy Kudelski SA bearer shares on favorable terms. Each participant can subscribe annually to this plan up to a maximum amount of 7.7% of his/her gross annual salary.

The share purchase price is the closing price of the Kudelski SA share listed on the SIX Swiss Exchange on the day of subscription with a discount of up to 42%. However, the shares are subject to a three-year blocking period from the date of purchase.

A chart showing employee participation in this plan for the year 2024 can be found in note 40 to the consolidated financial statements.

3. Board of Directors

The Board of Directors is the highest executive body of the company. It has the non-transferable and inalienable responsibilities set forth by the law and the articles of association. As of January 1, 2025, the Board of Directors consisted of eight members elected at the Annual General Meeting of Shareholders.

Three Committees, an Audit Committee, a Strategy Committee and a Nomination and Compensation Committee, have been created by the Board of Directors and are responsible for specific tasks (see sections 3.5.1to 3.6).

Mr. Mark Beariault, who is not a member of the Board of Directors, was appointed as Corporate Secretary by the Board of Directors.

3.1. Members of the Board of Directors

	YEAR OF BIRTH	NATIONALITY	EDUCATION	FIRST ELECTION	END OF TERM OF OFFICE
ANDRÉ KUDELSKI* Chairman of the Board and Chief Executive Officer Executive Board Member	1960	Swiss and American	**DEGREE IN PHYSICAL ENGINEERING** École polytechnique fédérale de Lausanne (EPFL), Switzerland	1987	17.04.2025
CLAUDE SMADJA Deputy Chairman of the Board and Lead Director Non-Executive Board Member	1945	Swiss	**DEGREE IN POLITICAL SCIENCE** University of Lausanne, Switzerland	1999	17.04.2025
PATRICK FOETISCH Non-Executive Board Member	1933	Swiss	**DOCTORATE IN LAW** University of Lausanne, Switzerland **BAR EXAM**	1992	17.04.2025
LAURENT DASSAULT Non-Executive Board Member	1953	French	**DEGREE IN BUSINESS LAW** **DEGREE FROM ESLSCA** École supérieure libre des sciences commerciales appliquées, Paris, France	1995	17.04.2025
PIERRE LESCURE Non-Executive Board Member	1945	French	**DEGREE IN LITERATURE AND JOURNALISM** Centre de formation des journalistes, Paris, France	2004	17.04.2025
MARGUERITE KUDELSKI Non-Executive Board Member	1965	Swiss	**ENGINEERING DEGREE IN MICROTECHNOLOGY** **DOCTORATE IN MICROTECHNOLOGY** École polytechnique fédérale de Lausanne (EPFL), Switzerland **EXECUTIVE MBA** IMD Lausanne, Switzerland	2006	17.04.2025
ALEC ROSS Non-Executive Board Member	1971	American	**DEGREE IN HISTORY** Northwestern University, USA	2014	17.04.2025
MICHAEL HENGARTNER Non-Executive Board Member	1966	Swiss and Canadian	**DOCTORATE IN BIOLOGY** Department of Biology, MIT, Cambridge, USA **EXECUTIVE MBA** IMD Lausanne, Switzerland	2020	17.04.2025

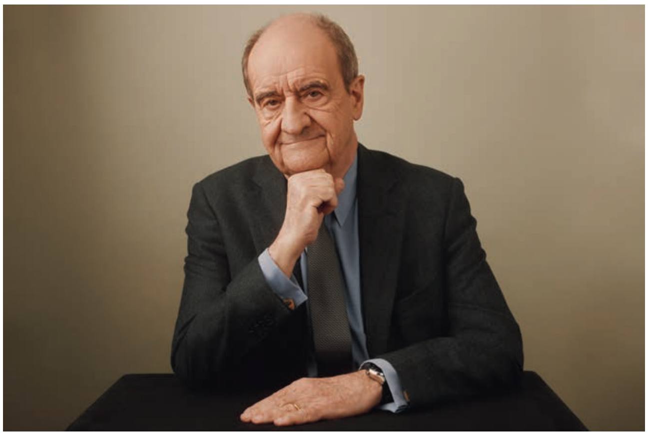
**André Kudelski is the only member of the Board of Directors to combine his Board duties with an executive function within the Group (Chief Executive Officer). Apart from Mr. Kudelski, no other member of the Board of Directors performed any executive function within the Group during the past three years.*

ANDRÉ KUDELSKI

CLAUDE SMADJA

PATRICK FOETISCH

LAURENT DASSAULT



PIERRE LESCURE

MARGUERITE KUDELSKI

ALEC ROSS

MICHAEL HENGARTNER

ANDRÉ KUDELSKI

André Kudelski began his career in 1984 as a Research & Development (R&D) engineer with Kudelski SA. In 1986, after a short-term assignment in Silicon Valley, he returned to work in the family business firstly as Pay-TV Product Manager, then as Director of Nagravision SA, a company in charge of the Pay-TV sector. Mr. Kudelski then took over from his father Stefan Kudelski and from 1991 became Chairman and Chief Executive Officer of the parent company Kudelski SA.

[1] *As per section 18 of the articles of association and as described below In section 3.3, mandates for legal entities under common control are deemed to constitute a single mandate.*

Current mandates in the Kudelski Group:

- Kudelski Security, Inc., in USA, Executive Chairman and Chief Executive Officer
- Kudelski Security Holdings, Inc., in USA, Executive Chairman and Chief Executive Officer
- Nagravision Sàrl, in Switzerland, Board Member and Chief Executive Officer
- Nagra USA, LLC., in USA, Executive Chairman and Chief Executive Officer
- NagraStar LLC, in USA, Co-Chairman
- OpenTV, Inc., in USA, Executive Chairman and Chief Executive Officer
- NAGRA PLUS SA, in Switzerland,Chairman and Chief Executive Officer (until December 20, 2021)
- SKIDATA GmbH, in Austria, Member of the Supervisory Board (until September 12, 2024)
- Kudelski Corporate, Inc., in USA, Chairman and Chief Executive Officer (until December 31, 2024, merged into Nagra USA, LLC)

Positions in third-party legal entities outside the Kudelski Group:

- Montreux Media Venture SA, in Switzerland, Chairman
- Publicis Groupe SA, in France, Lead Director of the Board, Member of the Remuneration Committee, member of the Nominating Commitee and of the Audit and Financial risk Committee
- Restaurant de l'Hôtel de Ville de Crissier SA, in Switzerland, Chairman
- Sunset Music SA, in Switzerland, Board member

Important positions in non-profit or charitable third party legal entities:

- Innosuisse, Swiss Innovation Agency, Chairman[1]
- STS forum (Science and Technology in Society), Non-Profit Organization, in Japan, Council member[1]
- Venture Foundation, in Switzerland, member of the foundation board[1]
- Comité d'economiesuisse, in Switzerland, member
- École polytechnique fédérale de Lausanne (EPFL), in Switzerland, Strategic Advisory Board member
- Fondation du Festival de Jazz de Montreux, in Switzerland, Chairman
- Foundation Swiss Digital Initiative, in Switzerland, member of the foundation board
- Greater Phoenix Economic Council (GPEC), in USA, member of the Executive Committee
- Swiss-American Chamber of Commerce, in Switzerland, Vice-Chairman
- Fondation pour le soutien de la recherche et du développement de l'oncologie, in Switzerland, Chairman

CLAUDE SMADJA

After fifteen years with Télévision Suisse Romande (TSR) as Deputy Editor of the Information Department, Claude Smadja joined the management of the World Economic Forum in 1987, a position that he held until 1992. He then returned to TSR as Director of Information until 1996, in which year he was appointed Managing Director of the World Economic Forum. In June 2001, Claude Smadja set up his own strategy consultancy Smadja & Smadja, a strategic advisory firm that collaborates on strategic issues with multinationals and government bodies and organizes international events.

Current mandate in the Kudelski Group:

- Nagravision Sàrl, in Switzerland, Board member

Positions in third-party legal entities outside the Kudelski Group:

- Smadja & Smadja Strategic Advisory SA, in Switzerland, Board member

Neither Mr. Smadja nor any organization he represents has any material business relationship with Kudelski SA or any of its subsidiaries.

PATRICK FOETISCH

Patrick Foetisch is an independent lawyer specializing in contracts and finance at an international level. He acts as legal counsel to Group companies as and when required, bringing to bear his in-depth knowledge of their activities to provide assistance and legal advice.

Current mandates in the Kudelski Group:

- Nagravision Sàrl, in Switzerland, Chairman
- Nagra France SAS, Chairman
- NAGRA PLUS SA, in Switzerland, Board member (until December 20, 2021)
- SmarDTV SAS, in France, Chairman (until December 8, 2023)
- SKIDATA GmbH, in Austria, Member of the Supervisory Board (until September 12, 2024)

Positions in third-party legal entities outside the Kudelski Group:

- AMRP Handels AG, in Switzerland, Chairman
- Alpcom SA, in Switzerland, Board Member
- Bernard Nicod Holding SA, in Switzerland, Board Member
- BN Family Office SA, in Switzerland, Board Member
- Campak AG, in Switzerland, Board Member
- Edel Immobilien AG, in Switzerland, Board Member
- Fineges Société Anonyme de Participations SA, in Switzerland, Board Member
- Liauba SA, in Switzerland, Board Member
- Tavana AG, in Switzerland, Chairman

LAURENT DASSAULT

After a career spanning thirteen years in the banking sector, Laurent Dassault joined the Dassault Group in 1992 where he holds important positions. Today he assumes around thirty mandates, including those of the Dassault Group, mainly in the financial, industrial and wine-producing sectors.

Current mandate in the Kudelski Group:

– SKIDATA GmbH, in Austria, Chairman of the Supervisory Board (until September 12, 2024)

Current mandates in Groupe Industriel Marcel Dassault SAS (France)[1]:

– Arqana SAS, in France, advisor to the Directoire (Managing Board)
– Artcurial Développement Sàrl, in France, Co-manager (Co-gérant)
– DASSAULT BELGIQUE AVIATION S.A., in Belgium, Board member
– DASSAULT INVESTISSEMENTS Sàrl, in France, Managing Director
– Financière Louis Potel & Chabot SAS, in France, Censor
– Immobilière Dassault SA, in France, Chairman of the Supervisory Board
– Groupe Industriel Marcel Dassault SAS, in France, Supervisory Board member
– Les Amis de la fondation Serge Dassault, in France, Chairman
– Rond-Point Immobilier, in France, Supervisory Board member
– SITAM America Corp., USA, Board member

Positions in third-party legal entities outside the Kudelski Group and Groupe Industriel Marcel Dassault:

– Vivendi SE (European Company, listed at Euronext Paris), in France, member of the Supervisory Board and member of the audit committee
– 21 Invest SA, in France, member of the Supervisory Board
– FLCP et Associés SASU, in France, member of the Supervisory Board
– LA MAISON SA, in Luxemburg, member of the Supervisory Board
– Laurent Dassault Rond Point (LDRP) SCI, in France, Associé gérant
– Laurent Dassault Rond Point II (LDRP II) SAS, in France, Chairman
– Lepercq, de Neuflize & Co. Inc., in United States, Board member
– L. REAL ESTATE SCA SICAR, in Luxemburg, Chairman of the Investors Committee

Important positions in non-profit or charitable third-party legal entities:

– Amis du FRAC (Fonds Régional d'Art Contemporain en Aquitaine), in France, Chairman
– Amis du Centre Pompidou Association, in France, Board member
– Association pour la Diffusion Internationale de l'Art Français (ADIAF), Board member
– Comité des Champs-Elysées, association, in France, Board member
– Fonds pour Paris, association, in France, Board member
– Fondation Maeght, in France, Board member
– Société des Amis des musées d'Orsay et de l'Orangerie, in France, Vice President

Neither Mr. Dassault nor any organization he represents has any significant business relationship with Kudelski SA or any of its subsidiaries.

[1] *As per section 18 of the articles of association and as described below In section 3.3, mandates for legal entities under common control are deemed to constitute a single mandate.*

PIERRE LESCURE

Save for a two year period (1972-1974) as a television news presenter for Antenne 2, Pierre Lescure spent the first fifteen years of his professional career with the RTL, RMC and Europe 1radio stations where he successively occupied a variety of positions, in particular Deputy Editor and Director of Programs. In 1981 he returned to television as News Director of Antenne 2. From 1984, he worked with André Rousselet on the launch project for the Pay-TV channel CANAL+ where he was appointed Director and then Chief Executive Officer. From 1993 to 2002, he was Chairman and Chief Executive Officer of the CANAL+ Group. From 2000 to 2002, Pierre Lescure was also co-Chief Executive Officer of Vivendi-Universal. Since 2002, he has been Chairman and Chief Executive Officer of AnnaRose Production SAS, a company active in audio-visual and cinematographic production as well as in communication consultancy services. From 2008 to 2014, he directed the Théâtre Marigny in Paris. Since July 1, 2014, Pierre Lescure has served as President of the Cannes Festival. Since September 2014, Pierre Lescure has been a regular TV columnist for the daily show "C à vous" which is broadcast on France 5, the French TV channel. Since January 2023, Pierre Lescure has presented the weekly cinema program "Beau geste" on the French television channel "France 2".

Current mandate in the Kudelski Group:

– Nagra France SAS, in France, CEO

Positions in third-party legal entities outside the Kudelski Group:

– ANNAROSE PRODUCTIONS Sàrl, in France, Chairman and CEO
– Mediawan SAS, in France, Member of the Advisory Board
– Mediawan Holding SAS, in France, Member of the Advisory Board

Neither Mr. Lescure nor any organization he represents has any material business relationship with Kudelski SA or any of its subsidiaries.

MARGUERITE KUDELSKI

From 1991 to 1999, Marguerite Kudelski had her first professional experience with the electromechanical and electrical machinery laboratory of EPFL and worked in parallel as an R&D engineer within the Nagra Audio division of the Kudelski Group. In 1999, she became R&D manager with Précel SA in Neuchâtel (then a Kudelski Group company) before being appointed CEO and managing director of this company in 2000, a position she held until the end of 2002. After various marketing and financial analysis jobs for NagraID in 2003, she took responsibility for key projects for the Group within the finance department from 2004 to 2006. In 2007, Marguerite Kudelski became an independent consultant (business development and management) before taking over, in December 2011, the management of the historical activity of the Kudelski Group, audio, which was transferred to the company Audio Technology Switzerland SA. Within this company, she exercises the function of Chairman of the Board of Directors. Until the end of 2014, Marguerite Kudelski was also responsible for the R&D department. Since 2017, Marguerite Kudelski has been a member of the boards of directors of Wire Art Switzerland SA and of Bovay & Partenaires SA, of which she is the president in 2020. She is also a member of the committee of experts for Switzerland Innovation (2017) and treasurer of the committee of the Mobsya association (2021).

Positions in third-party legal entities outside the Kudelski Group:

- AudioTechnology Switzerland SA, in Switzerland, Chairwoman
- Bovay & Partenaires SA, in Switzerland, Chairwoman
- Wire Art Switzerland SA, in Switzerland, Board member

Important positions in non-profit or charitable third-party legal entities:

- Switzerland Innovation, Foundation, in Switzerland, member of the Expert Committee
- Association Mobsya, in Switzerland, Board member

Apart from the mandates and functions mentioned above, neither Mrs. Kudelski nor any organization she represents has any significant business relationship with Kudelski SA or any of its subsidiaries.

ALEC ROSS

Alec Ross began his professional career in 1994 as a teacher with the Teach for America program in underprivileged neighborhoods of Baltimore. He joined Enterprise Community Partners (formerly Enterprise Foundation) two years later, a non-profit organization based in Columbia, Maryland, which develops affordable housing throughout the USA, where he held the position of Special Assistant to the Chairman. In 2000, Alec Ross co-founded the One Economy Corporation, a non-profit organization that organizes programs to help low-income people worldwide, for which he worked for eight years. In parallel, he joined the presidential campaign of President Barack Obama in 2007 as the Coordinator of the Technology, Media & Telecommunications Policy Committee and then as Project Manager and member of the Technology, Innovation and Government Reform Policy Group. From April 2009 to March 2013, Alec Ross was Senior Advisor for innovation to US Secretary of State Hillary Clinton. Since then, he has been Senior Fellow at the School of International and Public Affairs of Columbia University and a Distinguished Senior Fellow at John Hopkins University, and he is the author of the New York Times bestseller "The Industries of the Future" (Simon & Schuster) published in February 2016. He also advises investors, enterprises and government officials, helping them to understand the influence of factors located at the crossroads of geopolitics, markets and disruptive technologies. He is a Board Partner at Amplo, a global venture capital fund and since September 2020, Alec Ross is a Distinguished Visiting Professor at Bologna Business School of l'Università di Bologna, in Italy. He is most recently the author of the book "The Raging 2020s" (Henry Holt) published in September 2021.

Positions in third-party legal entities outside the Kudelski Group:

- Amplo, in USA, Board partner
- Jobbatical Inc., in Estonia, Supervisory Board member
- Pelliconi, in Italy, Supervisory Board Member
- Telerivet Inc., in USA, Board member
- Il Sole 24 Ore, In Italy, Supervisory Board member

Important positions in non-profit or charitable third-party legal entities:

- Baltimore Community Foundation, in USA, Board of Directors
- Bologna Business School Foundation, in Italy, Board of Directors
- Truman Center for National Policy, in USA, Board of Advisors

Mr. Ross has never been part of a management body of the Kudelski Group. Neither he nor any organization he represents has any significant business relationship with Kudelski SA or any of its subsidiaries.

MICHAEL HENGARTNER

Michael Hengartner obtained a Ph.D. In Biology in 1994 from the Massachusetts Institute of Technology (MIT) in USA, where he studied with Nobel laureate H. Robert Horvitz. Following his Ph.D. and for seven years he led a research group at the Cold Spring Harbor Laboratory in the USA. In 2001, he became the first occupant of the Ernst Hadorn Endowed Chair for molecular biology at the Institute of Molecular Life Sciences at the University of Zurich (UZH). From 2009 to 2014, he was dean of the Faculty of Science, and from 2014 to 2020 president of UZH. From 2016 to 2020, he also served as president of Swiss universities, the Rectors' Conference of Swiss Higher Education Institutions. From 2020, Mr. Hengartner has served as President of the ETH Board (Swiss Federal Institutes of Technology) and Chairman of the Executive Committee of the ETH Domain. Mr. Hengartner holds an Executive MBA from IMD, Lausanne obtained in 2008 and is the recipient of several awards for his research on the molecular basis of apoptosis, including an honorary doctorate from Sorbonne Université. In 2010, Mr. Hengartner received the Credit Suisse Award for Best Teaching at UZH. He founded a number of start-up companies, including the biotech company Devgen NV, in Belgium (in 1997). Mr. Hengartner chairs the Board of Directors of the Novartis Venture Fund (Switzerland) since 2024 and sits on the investment committee of the Novalis Venture Fund (Belgium) since 2018.

Positions in third-party legal entities outside the Kudelski Group:

- Novalis Biotech Fund, in Belgium, Scientific Advisor and Advisory Board member
- Novartis Bioventures Ltd., in Switzerland, Chairman of the Board of Directors
- Aseptuva AG, in Switzerland, Advisory Board Member.

Important positions in non-profit or charitable third-party legal entities:

- Switzerland Innovation, Foundation, in Switzerland, member of the Foundation Board
- World.Minds Foundation, in Switzerland, member of the Foundation Board
- digitalswitzerland, association, in Switzerland, member of the Steering Board
- IMD-International Institute for Management Development, Lausanne, in Switzerland, member of the Foundation Board
- Europa Institut at the University of Zurich, association, in Switzerland, member of the Board
- Avenir Suisse, foundation, in Switzerland, member of the Board of trustees
- GESDA (Geneva Science Diplomacy Anticipator), Foundation, in Switzerland, member of the Foundation Board and head of the Academic Forum
- Swiss Science Center Technorama, in Switzerland, member of the Foundation Board
- Ernst Göhner Stiftung, foundation, in Switzerland, member of the foundation Board
- Ludwig-Maximilians-Universität München, in Germany, Member of the University Council
- University of Heidelberg, in Germany, member of the Academic Advisory Council
- Swiss Institute of International Studies, association, in Switzerland, member of the Board of Trustees
- International Cell Death Society, in USA, member of the Advisory Board

Mr. Hengartner has never been part of a management body of the Kudelski Group. Neither he nor any organization he represents has any significant business relationship with Kudelski SA or any of its subsidiaries.

3.2. Other activities and vested interests

Please refer to the individual profiles of Board members under section 3.1 above.

3.3. Articles of association provisions on the number of permitted activities

In compliance with section 18 of the articles of association, members of the Board of Directors may exercise no more than five positions in senior management or administrative bodies of third-party legal entities whose shares are listed on a stock exchange and no more than ten positions in other third-party legal entities.

A company is not considered a third-party legal entity according to this provision, and is therefore not taken into account when calculating the maximum number of mandates mentioned above, if:

1. it controls another company directly, indirectly or jointly with third parties for which a position is being carried out, or is controlled by such company; or

2. the position is carried out at the company's request.

Positions carried out for legal entities directly or indirectly controlled by a single individual or legal entity, or by a single group of individuals or legal entities acting in concert, or at the request of one of these individuals or legal entities, are deemed to constitute a single position for the purposes of this provision.

3.4. Election and terms of office

The Board of Directors is composed of one to ten members. Board members are individually elected at the Annual General Meeting for a period of one year. The term of office ends on the day of the next Annual General Meeting. All members may be reelected. The year of the first election as well as the end of term of office for each member are mentioned under section 3.1 above.

The articles of association of Kudelski SA do not contain any special provisions regarding the election of the Chairman.

3.5. Internal organization structure

The Board of Directors performs inalienable and nontransferable duties prescribed by the law (see section 3.6 below) with the support of its three committees: Audit, Strategy, and Nomination and Compensation. The internal organization of the Board of Directors is defined in the articles of association.

3.5.1. Allocation of tasks within the Board of Directors

Except for the Chairman who is elected at the Annual General Meeting, the Board of Directors establishes itself by appointing its Vice Chairman. The Board of Directors may delegate the management of the company to one of its members who shall act as Chief Executive Officer of the company. If the Chairman is elected to exercise the function of Chief Executive Officer, the Board of Directors shall also elect a "Lead Director" from among its members. The management of the company is delegated in full to the Chief Executive Officer or to the Executive Board. A Corporate Secretary may be appointed from outside of the Board of Directors.

The Chairman of the Board of Directors leads the discussions of the Annual General Meeting, ensures that the minutes are taken, is in charge of the protocol and directs meetings of the Board, informs the Board members of the business development and the company's financial results, represents the company with administrative and/or judicial authorities, subject to mandates granted by the Board of Directors to a third party, an officer or one of its members.

The Vice Chairman may call meetings of the Board of Directors. He or she shall chair Board meetings and the Annual General Meeting if the Chairman is absent.

According to Article 25 of Kudelski SA's articles of association, the Board of Directors may delegate the management of the company to the Chief Executive Officer, unless otherwise stipulated by the law. In his or her management, the Chief Executive Officer acts according to the directives issued by the Board of Directors and in the interests of the company. He or she also provides before each meeting of the Board of Directors a report outlining key aspects of the current business situation.

In the Group's current structure, Mr. André Kudelski holds the positions of Chairman of the Board of Directors and Chief Executive Officer. This situation guarantees a rapid and fluid information and decision-making process, enabling the company to respond operationally and strategically at the pace required by developments in the sectors of activity pursued by the Group. As the functions of Chairman and Chief Executive Officer are held by the same person, the Board of Directors has appointed Mr. Claude Smadja as Lead Director.

The Lead Director ensures the independence of the Board of Directors vis-à-vis the Chairman and Chief Executive Officer as well as the management of the company; he or she also chairs the Board of Directors' meetings if a conflict arises between the interests of the Chairman and Chief Executive Officer and those of the company. The Lead Director may independently call and lead a meeting of the independent members of the Board of Directors if the interest of the company requires an independent deliberation. He or she ensures a process for evaluating the performance of the Chairman of the Board of Directors and the Chief Executive Officer.

3.5.2. Members list, tasks and area of responsibility for each committee of the Board of Directors

With the exception of the Nomination and Compensation Committee, whose members are elected individually by the Annual General Meeting, the Committees are constituted by the Board of Directors which appoints their members and chairpersons. The Board Committees meet as often as is necessary. The Board of Directors delegates to its committees supervisory and preparatory tasks within their sphere of competence, subject to the provisions of the articles of association. The Committees report on a regular basis to the Board of Directors. Committee reports are used as a decision-making tool by the Board of Directors.

Audit Committee

The Audit Committee is composed of at least three non-executive members of the Board of Directors. At least one of the Committee members must have proven accounting experience. All members have knowledge or practical experience in the field of financial management.

The Audit Committee meets at least three times a year. The Audit Committee may at any time request detailed risk analyses of the Group's various sectors of activity or in any specific area of its choice.

The Committee calls on experts outside the Board of Directors where this is deemed necessary for the successful completion of its tasks.

President / Member	AUDIT COMMITTEE	STRATEGY COMMITTEE	NOMINATION AND COMPENSATION COMMITTEE
André Kudelski		Member	
Claude Smadja	President	Member	Member
Laurent Dassault		Member	
Patrick Foetisch			President
Marguerite Kudelski	Member		
Pierre Lescure		President	Member
Alec Ross	Member	Member	Member
Michael Hengartner		Member	

The Audit Committee supervises the company's internal financial reporting process and ensures its integrity, transparency and quality. It ensures the relevance and consistency of the company's accounting methods. It reviews reports of the company's internal audit department and makes appropriate recommendations to the Board of Directors.

It assesses the quality of work of external auditors. The Audit Committee reviews the auditing fees, ensures execution of the yearly audit plan and assesses the efficiency of the auditors in identifying and solving issues related to the Group or to the financial statements. The Audit Committee provides appropriate recommendations to the Board of Directors concerning renewal of the engagement of external auditors or, where necessary, their replacement. The Committee ensures that the recommendations of external auditors are monitored and ensures their independence.

The Committee provides regular reports offering its recommendations to the Board of Directors with regards to the adequacy, effectiveness and accuracy of accounting procedures. The Commitee also supervises the preparation of the Group's sustainability report.

Strategy Committee
The Strategy Committee is composed of at least four members of the Board of Directors, including the Chairman and Vice Chairman. It meets at least twice a year.

The purpose of the Strategy Committee is to review and define Group strategy. It develops strategic options with a view to ensuring the long-term enhancement of the Group's competitive position and its shareholder value. To this end, the Strategy Committee examines market trends and the Group's competitive position, considers and proposes future growth initiatives, especially through investments, divestments and reorganization.

To define strategic choices, the Strategy Committee relies upon information supplied by the management, the members of the Board of Directors and, if deemed necessary, by external advisors.

The Strategy Committee periodically reviews the appropriateness of the Group's objectives, structure and organization designed to achieve the strategic objectives. The Strategy Committee makes proposals to the Board of Directors, which has ultimate decision-making power on strategy. It reviews also research and development projects and evaluates the competitiveness, value and coherence of such projects in relation to the strategic objectives.

Nomination and Compensation Committee
The Nomination and Compensation Committee is composed of at least three non-executive members of the Board of Directors, who are elected individually at the Annual General Meeting upon recommendation of the Board of Directors. It meets at least twice a year.

The Nomination and Compensation Committee assists the Board of Directors in setting up and periodically reviewing the company's compensation policy and strategy, its guidelines and its performance criteria. The Committee is responsible for setting the compensation for each member of the Board of Directors and the Executive Board. The exception to this principle is the compensation of the members of the Nomination and Compensation Committee, which is fixed by the Board of Directors itself.

The Nomination and Compensation Committee also assists the Board of Directors in making proposals at the Annual General Meeting regarding the compensation of the members of the Board of Directors and of the Executive Board (refer to section 5: Compensation, shareholdings and loans). The Committee presents proposed director nominations to the Board of Directors, which submits them to the Annual General Meeting. At the request of the Chief Executive Officer, the Committee reviews applicants for Executive Board positions or promotions and may interview candidates if desired.

3.5.3. Working methods of the Board of Directors and its Committees

The cooperation and allocation of competencies between the Board of Directors and its Committees are described in section 3.5.2.

The Board of Directors meets at least four times a year, but as often as is required for the proper conduct of business. In 2024, the Board of Directors and its Committees met as follows:

Board of Directors	9 times
Strategy Committee	4 times
Audit Committee	3 times
Nomination and Compensation Committee	3 times

The participation of members of the Executive Board to the discussion and decisions of the Board of Directors are described in section 3.7 below. Average attendance at Board meetings was 92.3%. Meetings of the Board of Directors lasted on average four hours. Most Committee meetings lasted on average three hours. Both the external auditors of the company from PricewaterhouseCoopers SA and the company's internal auditor attended the portions of the Audit Committee meetings that were relevant to them.

3.6. Definition of areas of responsibility

Please see also section 3.5.1 for details of the internal organization of the Board of Directors and the position of Chief Executive Officer.

Board of Directors

The Board of Directors:

- is responsible for the overall management of the company and issues all necessary directives;
- determines the organization of the company;
- determines the organization of the accounting, financial control and financial planning systems as required for management of the company;
- appoints and dismisses persons entrusted with managing and representing the company;
- exercises overall supervision of the persons entrusted with managing the company, in particular with respect to compliance with the law, articles of association, regulations and directions given;
- prepares the Compensation report;
- compiles the annual report, prepares the Annual General Meeting and implements its resolutions; and
- notifies the court in the event that the company is over-indebted.

Executive Board

The Board of Directors has delegated full management of the company to the Chief Executive Officer, subject to legal requirements and the above-mentioned internal organizational structure. The Chief Executive Officer therefore coordinates the operations of the Group companies.

3.7. Information and control instruments vis-à-vis the Executive Board

Because of the nature of the industry, mechanisms for controlling Group management and information feedback systems are very important. The Kudelski Group has therefore put in place information and control instruments, at different levels, which it improves on a continuous basis. These instruments concern strategy, operations, finance, legal, intellectual property, human resources and information management.

Supervision

- The Chief Executive Officer submits a report to the Board of Directors prior to each Board meeting, highlighting material aspects of the current business situation (e.g. key contracts, sales trends, market trends and human resources matters) for each Group entity and activity.

- Board members receive weekly or quarterly press digests concerning the Group, depending on the amount of relevant news flow; they may also receive other informative documents concerning the Group and its entities, as well as a message from the Chief Executive Officer whenever the CEO deems it necessary.

- At least once a year, members of the Executive Board and other senior members of management, including each business unit leader, are invited to present their activities to the members of the Board of Directors. Members of the Board of Directors may also ask questions directly to company executives as and when they see fit.

At each Board meeting, if justified by the business situation and depending on the agenda, members of the Executive Board, senior managers of the companies of the Group or in charge of specific areas, as well as outside experts, are invited to present specific subjects to the Board of Directors.

Operations and strategy

- Executive Board members coordinate their actions and take decisions related to the management of the Group during "Executive Board Committee" meetings, the frequency and duration of which are tailored to the needs of the Group. Other senior members of management are invited to attend such meetings as may be necessary to provide input on topics discussed. This committee generally met once every two weeks for an average of three hours in 2024.

- Management of the Digital TV, Cybersecurity and IoT divisions is supported by an "Executive Board Group Operations" committee composed of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Marketing and Sales Officer (until the 17th of January 2025), the Chief Operating Officer (COO), as well as senior management of each division. Other senior members of management are invited to attend such meetings as may be necessary to provide input on topics discussed. This committee meets in principle twice a month for 2.5 hours and reviews in particular selected relevant topics for each division. Synchronization between the Executive Board, the "Executive Board Group Operations" and other senior members of management, including the General Counsel, Head of Legal Affairs and Corporate Secretary, Senior Vice President, Head of Human Resources, Senior Vice President, Business Development and Innovation and Senior Vice President, Chief Information Officer, is achieved within the "Executive Board Group Executive Management" committee which meets in principle every month for at least one hour.

- Strategy of the Group is discussed among the members of the Executive Board and the senior members of man-agement of the Group, including senior managers from the business units and corporate support functions, who meet on a quarterly basis to review key trends, product and market developments and other relevant matters relating to the strategy of the Group and its business lines. Group strategy is also reviewed regularly with the Strategic Committee of the Board of Directors.

- For certain specialized activities of the Group, ad hoc committees composed of a cross-disciplinary team of internal experts may be created to evaluate market, strategic, operational, legal and financial risks and opportunities. These ad hoc committees manage processes relating to the evaluation of such risks and opportunities, propose actions and monitor implementation of their decisions. There are several committees, including the security committee, privacy committee and intellectual property and innovation committee. Decisions, activities, information and comments arising from these committees are conveyed to the Executive Board members and other senior managers of the Group as appropriate.

Finance

- The Controlling group conducts regular financial and operational analyses intended to identify operational and financial risks throughout the value chain of the various activities of Group companies and proposes and coordinates necessary improvements and corrective actions. This group makes available a platform of analytical data and analysis tools to the Executive Board and departments within the company.

- Every month, the Controlling group prepares a number of reports that are made available to the management. Those reports are then adapted and made available to each regional head and business unit with the corresponding analytical metrics. The reports include: a report providing an overview of the Group's profit and loss broken down by activity and showing profit trends and budget over-runs/shortfalls, with adaptations based on quarterly revisions of the annual forecast by entity, as well as their operational indicators; a sales report including region, client and sales type-specific analysis as well as their respective margins; a report on the operational cost trends broken down by cost center, and a monthly and quarterly report on the cash-flow situation and projections for the Group and for each segment for the current year and the coming year.

- In addition, the Group has an internal control system based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) reference system. This system aims at providing "reasonable assurance" as regards the performance and efficiency of operations, the reliability of financial information and reporting, and compliance with laws and regulations in force. A team is in charge of internal controls. The various processes are periodically reviewed and analyzed by the external auditors (PricewaterhouseCoopers SA).

Legal

- The Legal department provides advice and consultation as part of the Group's decision-making processes and as part of the activities of all Group departments in order to better mitigate and manage legal risks as well as to ensure appropriate levels of compliance with the Group's policies.

- The Legal department is involved with the negotiation and approval of contracts entered into by Group companies and maintains contract management and electronic archiving tools to ensure efficient tracking of contracts.

- The Legal department is responsible for overseeing litigation, government investigations and other regulatory matters for Group companies and supports the company's privacy committee, which is responsible for ensuring compliance with the various data privacy laws and regulations in the countries in which the company operates.

- The Legal department includes the intellectual property team that is responsible for protecting, developing and managing the Group's intellectual property portfolio. In addition, the Legal department works in close collaboration with the Business Development and Innovation department to monetize the Group's intellectual property portfolio.

Business Development and Innovation

- The Business Development and Innovation department, in close collaboration with the intellectual property team of the Legal department, works to monetize the Group's intellectual property portfolio.

- The Business Development and Innovation department identifies and spearheads multiple business development initiatives to expand beyond the Group's current product and services portfolio. Leveraging a strong team of data scientists with deep expertise in AI and Large Language Models (LLM), the department accelerates innovation and data-driven decision-making across new ventures, ranging from cybersecurity, where we automate and improve threat detection and mitigation, to digital media, where we focus on generative AI content authentication and traceability. The department also manages the launch of new products and services, such as Sporfie and Insight, into new markets.

- The Business Development and Innovation department manages a company-wide innovation process and maintains a positive innovation momentum in the organization to further boost motivation and institutionalize the innovation process.

- The Business Development and Innovation department is responsible for managing strategic transactions involving the companies of the Group, including mergers and acquisitions (M&A), joint ventures, equity investments and divestments as well as key partnerships in support of the Group's business strategy.

Human Resources

- The Human Resources department is responsible for recruiting and hiring the talent necessary for the Group to achieve its business objectives, developing and promoting high-performing employees and ensuring succession planning. The department manages training programs and supports other educational opportunities for employees that are tailored to the needs of the Group.

- The Human Resources department oversees the processes designed to assist managers with the evaluation of employee performance against objectives of the Group and individual employee objectives. In addition, the department has implemented an employee engagement survey platform that provides management with regular employee feedback concerning relevant topics.

- In respect of the Group's values, the Human Resources department advises employees and managers from all Group departments on a daily basis in employment-related matters.

Information Management

- The Corporate IT department has developed and implemented a series of policies and procedures concerning IT security (for the use of computer systems, data protection, monitoring, systems management back-up, etc.) to set appropriate risk limits and to provide a reliable Information System environment.

- The Corporate IT department regularly reviews the infrastructure of its systems to ensure their evolution in accordance with the new standards and rules that apply to them.

- The information systems infrastructure is monitored 24/7 by the teams of the Cyber Fusion Center of Kudelski Security.

Main identified risks and treatment

- The main identified risks are listed below. The various information and control instruments of the Board of Directors with respect to the Executive Board described above in section 3.7 are used to monitor of each risk appropriately and according to its criticality for the Group. The communications of the Chairman and Chief Executive Officer to the Board of Directors ensure regular and appropriate information flow and the activities of the committees of the Board of Directors guarantee appropriate supervision by the members of the Board of Directors of the decisions of the Executive Board.

- The business segments in which the Kudelski Group's Digital TV division operate are evolving rapidly and constantly require the Kudelski Group to offer products and services that are flexible enough to respond quickly to the commercial and technological changes of the digital media industry. While management anticipates a stabilization of revenue decline followed by renewed growth through emerging offerings, including Artificial Intelligence-driven analytics platforms and enhanced anti-piracy solutions, market acceptance of these innovative product lines remains uncertain.

- The Cybersecurity and Internet of Things segments are still in varying degrees of development and as such both fields of activities generate losses. The Group has identified attractive opportunities in these markets. However, while the Group believes it has unique assets to profitably address these fields of activities, it may take longer than planned for these activities to reach break-even. Given the nature and degree of maturity of these activities, there is no assurance that the relevant strategies will be successful.

- The markets in which the Group operates and the customers to whom the Group sells its products and services are subject to significant regulation by governmental agencies around the world, particularly in the areas of data privacy, consumer protection, media content distribution and cybersecurity. Significant changes to or uncertainty regarding government regulations may affect our business, our product development decisions and the willingness of market participants to adopt our products and services. In addition, political instability and war affecting the markets in which the Group operates may disrupt the Group's business operations, supply chain and customer demand.

- Rapid technological advancement may require substantial ongoing investment in research and development, potentially affecting short-term profitability and resource allocation. In addition, emergence of disruptive technologies or business models in core markets could challenge existing revenue streams and require rapid strategic adaptation.

- The Group provides its products and services in many countries with different currencies, but payments are made mainly in US dollars and Euros. The Group's suppliers are paid in different currencies. Fluctuations in foreign exchange rates may affect the Group's results of operations and financial position.

- Kudelski Group's results could be impacted if the security provided by its products is compromised and if the Group fails to put in place adequate counter measures.

- The operating results and growth of the Kudelski Group could decrease if the customer base of the Group's customers does not continue to increase.

- The Group's success depends on its ability to attract and retain qualified personnel. Competition for hiring and retaining highly qualified personnel is high.

- A leak of confidential, proprietary or personal information held by the Group could adversely affect the Group's activities.

- Increasing complexity of global taxation regulations and potential changes in international taxation frameworks could affect the Group's financial structure and operational efficiency.

4. Executive Board

4.1. Executive Board members

	DATE OF BIRTH	NATIONALITY	POSITION	EDUCATION
ANDRÉ KUDELSKI	1960	Swiss and American	**CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO) OF THE GROUP**	**Degree in Physical Engineering** École polytechnique fédérale de Lausanne (EPFL), Switzerland
MAURO SALADINI Executive Vice President of the Group	1966	Swiss	**CHIEF FINANCIAL OFFICER (CFO)**	**Degree in Electrical Engineering** Swiss Federal Institute of Technology, Zurich (ETH Zurich), Switzerland **MBA,** INSEAD, France
MORTEN SOLBAKKEN Executive Vice President of the Group	1970	Norwegian	**CHIEF OPERATING OFFICER (COO), DIGITAL TV**	**Master of Science** Norwegian University of Science and Technology (NTNU)
NANCY GOLDBERG* Executive Vice President of the Group	1964	American	**CHIEF MARKETING OFFICER (CMO), DIGITAL TV**	**High School Diploma** Glendora, CA, USA

* *Effective January 17, 2025, Nancy Goldberg stepped down from the Executive Board and her role as Executive Vice President and Chief Marketing Officer Digital TV.*

ANDRÉ KUDELSKI (CEO)

Please refer to section 3.1 above

MAURO SALADINI (CFO)

Mauro Saladini started his professional career in 1990 as a financial services consultant with Accenture. In 1995, he joined Thema Consulting, where he set up the Zurich subsidiary and took responsibility for cash-flow and risk management activities. In 1997, he joined McKinsey & Co, where he became a partner in 2001. He worked in particular on corporate finance and strategy projects relating to various industries, mainly media and telecommunications. In addition, Mauro Saladini was in charge of the Swiss Media Practice and was joint-head of the European Media Practice. He has been the Chief Financial Officer and Executive Vice President of the Kudelski Group since February 1, 2003.

Current mandates in the Kudelski Group:

- Kudelski Security Inc., in USA, Board member and Executive Vice-President
- Kudelski Security Holdings Inc., in USA, Board member and Executive Vice-President
- Nagra Media Beijing Ltd., in China, Supervisor
- Nagra Media UK Limited, in United Kingdom, Director
- Nagra USA, LLC., in USA, Executive Vice-President
- OpenTV, Inc., in USA, Board member and Executive Vice-President
- Nagra Media Germany GmbH, in Germany, Managing Director (until January 1, 2022)
- SKIDATA GmbH, in Austria, Vice-Chairman of the Supervisory Board (until September 12th, 2024)
- SKIDATA, INC, in USA, Director (until September 12, 2024)
- Kudelski Corporate, Inc., in USA, Board member and CFO (until December 31, 2024, merged into Nagra USA, LLC)

MORTEN SOLBAKKEN (COO)

Morten Solbakken started his professional career in 1995 as a satellite system engineer in Telenor International. From there, he held numerous positions in the Telenor structure dealing in particular with strategy and business development around the pay TV assets as well as the management of Telenor's ownership in international satellite organizations. From 2007 to 2011, he was Chief Strategy Officer in Telenor Broadcast Holding AS (owner of Canal Digital, Telenor Satellite, Norkring and Conax). In March 2011, Mr. Solbakken was appointed COO at Telenor Broadcast Holding, and Chairman of the Boards of Conax, Telenor Satellite and Norkring. Morten Solbakken joined Conax as acting CEO in September 2011 and was made CEO from December 2011 – driving a transformation of the company including the process which led to the acquisition of Conax by the Kudelski Group in April 2014. He became COO, Digital TV and Executive Vice President of the Kudelski Group on January 1, 2018.

Current mandates in the Kudelski Group:

- iWedia S.A., in Switzerland, Chairman of the Board
- Nagravision AS, in Norway, Chairman of the Board
- Nagravision Sàrl, in Switzerland, Executive Vice President, Chief Operating Officer
- Nagravision Italia Srl, in Italia, Chairman of the Board
- NexGuard Labs B.V., in Netherlands, Director
- NexGuard Labs Netherlands B.V., in Netherlands, Director
- Nagravision Iberica SLU, in Spain, Board member
- SmarDTV SA, in Switzerland, member of the Board of Directors (until June 28, 2022)
- Digital Video Norge Drift AS, in Norway, Chairman of the Board (until February 16, 2023
- Kudelski Corporate, Inc., in USA, member of the Board of Directors and Executive Vice-President (until December 31, 2024, merged into Nagra USA, LLC)

NANCY GOLDBERG (CMO)

Nancy Goldberg started her professional career in 1982 as an independent athlete (Rock Climber and Snowboarder) and pursued this competitive life until 1992. Nancy Goldberg then started a new and challenging career path in the media & entertainment industry ("M&E industry"). For 6 years she worked in different companies, starting as a line producer and an investment analyst. In 1999, Nancy Goldberg joined Technicolor Inc. as a financial analyst for the Home Entertainment division. During her 5-year tenure, she became VP Operational Finance, Creative Services and negotiated strategic acquisitions and partnerships in the US and Europe for the post-production market within the M&E industry. From 2004 to 2008, Nancy Goldberg was with Ascent Media Group LLC where, in her final role as VP, Corporate Development, she had global responsibilities that included integrated digital service offerings, negotiating strategic partnerships and developing market opportunities with the major film studios, production companies and sports franchises. After 18 months as a VP Strategic Business Development for RealNetworks, Inc., Nancy Goldberg worked for Technicolor, Inc. from 2010 to 2015 as SVP Global Strategic Accounts where she was responsible for all sales and marketing activities for her major studio customers and developed business models enabling new technologies and services for content protection, distribution and consumption activities. In 2015, Nancy Goldberg joined Deluxe Entertainment Service Group Inc. as SVP Head of Global Strategic Accounts where she served as primary account manager for Warner Bros and 21st Century Fox, as well as OTT providers such as Netflix, Amazon, Apple and Google. Additionally, Nancy Goldberg had oversight for the transition of a portion of Warner Bros technical in-house operations to Deluxe. In 2017, Nancy Goldberg decided to become a Strategic Business Consultant for various companies developing key business and partnership opportunities, helping to identify the intrinsic value of technologies, products and services for their customers. In December 2018, Nancy Goldberg joined Amazon Web Services as a consultant within their Professional Services Group, acting as a M&E industry expert and working with the major studios and OTT organizations such as Warner Bros, Disney and Hulu. In June 2019, Nancy Goldberg joined the Kudelski Group as Chief Marketing Officer, in charge of the sales and marketing of the Kudelski Group's Digital TV division and as Executive Vice President and member of the Executive Board of Kudelski SA. Nancy Goldberg has stepped down from Executive Board since January 17, 2025.

Mandates in the Kudelski Group until January 17, 2025:

- Kudelski Security, Inc, in USA, Board member
- Kudelski Security Holdings, Inc., in USA, Board member and Executive Vice President
- Nagra Media (Taiwan) Co. Ltd, in Taiwan, Board member
- Nagra USA LLC., in USA, Executive Vice-President
- OpenTV, Inc., in USA, Board member and Executive Vice President
- Nagravision Asia Pte. Ltd. in Singapore, Director
- Kudelski Corporate, Inc., in USA, Board member and Executive Vice President (until December 31, 2024, merged into Nagra USA, LLC)

4.2. Other activities and vested interests
Please refer to the individual profiles of members of the Executive Board under section 4.1 above.

4.3. Articles of association on the number of permitted activities
In accordance with section 25 of the articles of association, members of the Executive Board may exercise no more than two positions in senior management or administrative bodies of third-party legal entities whose shares are listed on a stock exchange and no more than five positions in other third-party legal entities.

A company is not considered a third-party legal entity according to this provision, and is therefore not taken into account when calculating the maximum number of positions mentioned above, if:

1. it controls the company directly, indirectly or jointly with third parties, or is controlled by it; or

2. the position is carried out at the company's request.

Positions carried out for legal entities directly or indirectly controlled by a single individual or legal entity, or by a single group of individuals or legal entities acting in concert, or at the request of one of these individuals or legal entities, are deemed to constitute a single position for the purposes of this provision.

For members of the Executive Board who are also members of the Board of Directors, the maximum number of positions in the senior management or administrative bodies of third-party legal entities is governed exclusively by Article 18 of the articles of association and as mentioned above in section 3.3 of this report.

4.4. Management contracts
As of December 31, 2024, Kudelski SA and its subsidiaries had not entered into any management contract with companies outside the Group.

5. Compensation, shareholdings and loans

For details relating to the compensation, shareholdings and loans to members of the Board of Directors and Executive Board of Kudelski SA, please refer to the 2024 compensation report.

6. Shareholders' participation rights

6.1.Voting rights restrictions and representation

6.1.1. In accordance with the articles of association of Kudelski SA, there are no restrictions on voting rights and no statutory Group clauses or rules on granting exceptions.

6.1.2. There are currently no statutory provisions on granting instructions to an independent representative or on any form of participation in the General Meeting by electronic means.

6.2. Quorum required by the articles of association

The articles of association of Kudelski SA do not impose any majority higher than contemplated by law for reso-lutions of the General Meeting of Shareholders.

The General Meeting is validly constituted regardless of the number of shareholders present and/or the number of shares represented.

6.3. Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders must be called at least 20 days before the date of the meeting. The notice of the General Meeting is published in the Swiss Official Gazette of Commerce.

6.4. Inclusion of items on the agenda

Items on the agenda are mentioned in the notice. According to article 699b of the Swiss Code of Obligations, shareholders may request the inclusion of an item on the agenda if they together hold at least 0.5% of Kudelski SA's share capital or voting rights. The calling and the inclusion of an item on the agenda must be requested in writing, listing the items and motions. The articles of association of Kudelski S.A. do not contain any provision going beyond the legal regime on this point.

6.5. Entries in the share register

Kudelski SA shares that can be traded on the SIX Swiss Exchange are bearer shares; consequently, there is no register of shareholders for this category of shares.

7. Changes of control and defense measures

7.1. Duty to make an offer

Kudelski SA has no provision in its articles of association on "opting-out" within the meaning of Article 125 para. 3 or 4 of the Federal Act on Financial Market Infrastructure (FMIA) or "opting-up" within the meaning of Article 135 para. 1 LIMF. This means that if a shareholder reaches the limit laid down by the Swiss Financial Market Infrastructure Act (art. 135 LIMF: 33 1/3% of the voting rights), he will be required by the same law to submit a takeover bid on all bearer shares of the company that it does not yet hold, at the minimum price defined in Article 135 para. 2 LIMF.

7.2. Clauses on changes of control

To the knowledge of the Group, no such agreement exists.

8. Auditors

8.1. Duration of the mandate and term of office of the lead auditor

The auditors of Kudelski SA are PricewaterhouseCoopers SA (Lausanne). Some companies affiliated with the Group are audited by other auditors. The auditors were reappointed by the Annual General Meeting of Shareholders of Kudelski SA of April 19, 2024 for a statutory period of one year. The PricewaterhouseCoopers SA mandate began in 1985. It has been under the responsibility of Ms. Corinne Pointet Chambettaz since January 1, 2024. The auditor in charge is replaced at the latest seven years after the year in which he/she first occupied this position, as specified in Article 730a paragraph 2 of the Swiss Code of Obligations.

8.2. Auditing fees

The Kudelski Group paid PricewaterhouseCoopers the sum of CHF 596 000 for auditing services for the year 2024. Auditing services are understood to mean the work required each year to examine the consolidated accounts of the Group and its subsidiaries and to prepare the reports required under the laws of each country.

8.3. Additional fees

The Kudelski Group paid PricewaterhouseCoopers for additional services for the year 2024 the sum of CHF 301 000 for tax advisory services. No other additional services have been provided in 2024.

8.4. Information instruments pertaining to the external audit

The aim of the Audit Committee of the Board of Directors is to provide effective and regular supervision of the company's financial reporting processes in order to ensure their integrity, transparency and quality. To this end, it is responsible for monitoring the work, including additional services, of the external auditors.

PricewaterhouseCoopers provides the Audit Committee with a detailed report before each Committee meeting regarding the execution and results of its work for the Kudelski Group, proposals to correct or improve identified problems and the implementation status of decisions made by the Audit Committee.

The auditor's representatives, including the auditor in charge of the Group's audit, are regularly invited to take part in meetings of the Audit Committee as external participants.

Representatives from PricewaterhouseCoopers were invited this year to all three meetings of the Audit Committee. They do not participate in any discussions and decisions of the Audit Committee regarding the auditors. For more information on the Audit Committee, and particularly on the selection, evaluation and independence criteria please refer to sections 3.5.2 and 3.5.3 above.

9. Information concerning quiet periods

The Kudelski Group maintains quiet periods during which members of the Board of Directors and certain employees, including senior members of management, members of the finance department and other employees who may reasonably be expected to have access to price-sensitive information, are prohibited from trading in securities of Kudelski SA. The company maintains a regular quiet period that commences each June 30 and December 31 and ends after the Group's financial results for the first half and full year, respectively, are publicly disclosed. In addition, the company will institute a quiet period on an ad hoc basis in the event that it is in possession of non-public, price-sensitive information. Such ad hoc periods will be in effect until the price-sensitive information is disclosed publicly or ceases to become price-sensitive information. During quiet periods, communication of financial or other price-sensitive information is restricted to specific authorized employees.

10. Information policy

The Kudelski Group keeps investors regularly informed of the following developments:

- progress of business and major new contracts;
- changes in the management of the Group;
- acquisitions or sales of companies; and
- half-year and annual financial results.

Press releases are issued in compliance with the rules in force of the SIX Exchange Regulation concerning ad hoc publicity and are available on the Group's website simultaneously with their publication. A link on the home page of the Group's web site allows direct access to press releases. The Group communicates as often as necessary in this manner. Press releases are generally published in French and in English. In certain specific cases, a German version is also provided. They are available in these languages on the website.

Persons wishing to receive Kudelski Group press releases may subscribe to a mailing list using a form available on the Kudelski Group website: https://www.nagra.com/media/subscription.

Financial results are presented to investors and financial analysts during a press conference held twice a year. Persons invited can also follow the conference by audio webcast.

The Group's website is a regularly updated source of information. The Investor Relations section contains a list of the principal dates of the corporate calendar (publication of results, Annual General Meeting and presence at major trade shows) as well as the Group's main publications (annual report and half-year report). Mr. Marc Ausoni is in charge of investor relations (+41 21 732 05 49, marc.ausoni@nagra.com).

The Group's main website links and e-mail addresses are on the last page of this report.

Important dates

- April 17, 2025: Annual General Meeting, Cheseaux-sur-Lausanne, Switzerland

- August 26, 2025: Publication of the Interim Financial Report and Press Conference

COMPENSATION REPORT

1. Introduction

This report was prepared in compliance with the directive on information relating to corporate governance issued by the SIX Exchange Regulation and in compliance with Swiss corporate law. This Compensation Report is audited. Unless otherwise mentioned, the information provided in this report reflects the situation as of December 31, 2024.

This Compensation Report refers to the articles of association of the Company, which are available at the following address: https://www.nagra.com/investors/publications.

2. Compensation approval by General Meeting

In compliance with section 28 of the articles of association, upon the proposal of the Board of Directors, each year the Annual General Meeting shall separately approve the maximum aggregate amount of compensation awarded to the Board of Directors and the Executive Board. The Board of Directors shall submit a separate proposal to the vote of the Annual General Meeting regarding:

- the maximum aggregate amount granted to the Board of Directors for the compensation of its members for the period up to the following Annual General Meeting; and
- the maximum aggregate amount granted to the Executive Board for the fixed and variable compensation of its members for the following periods, respectively: as regards fixed compensation, the period from the beginning of July of the current fiscal year through the end of June of the following fiscal year; as regards variable compensation, the current fiscal year.

The Board of Directors may submit proposals to the Annual General Meeting regarding compensation for different periods affecting all members of the Board of Directors or the Executive Board or only certain members.

Votes at the Annual General Meeting on compensation related proposals are binding. If one or more of the aforementioned amounts are rejected at the Annual General Meeting, the Board of Directors shall make an alternative proposal for approval at the same Annual General Meeting or a subsequent General Meeting. Compensation payments for activities by members of the Board of Directors and the Executive Board in other legal entities directly or indirectly controlled by the Company are authorized. Compensation paid by these legal entities is included as part of the compensation submitted for approval at the Annual General Meeting.

The Company, or any other legal entity directly or indirectly controlled by it, may pay compensation prior to its approval at the Annual General Meeting, subject to subsequent approval and an obligation to repay such compensation in the event it is not approved at the General Meeting.

In compliance with section 29 of the articles of association, if the maximum global compensation of the Executive Board already approved at the General Meeting is insufficient to cover compensation of members appointed after this approval, the Company, or legal entities controlled by it, may grant an additional amount for the compensation period already approved to remunerate and/or compensate for benefits the new member gave up or lost due to his/her change in employment. The additional amount shall not exceed 150% of the position replaced or the highest fixed compensation of the other members of the Executive Board on a pro rata temporis basis up until the end of the period for which the compensation was already approved.

3. Principles of compensation

The Compensation and Nomination Committee has adopted a compensation policy aligning the interests of Executive Board members with the Group's mid- and long-term strategy and shareholders' interests. Pursuant to this policy, compensation is based on the following principles:

- coherence of compensation levels with the tasks, workload and responsibilities assumed;

- appropriate match between compensation levels and current business, trends and evolution of the market and competitive environment of the Group as well as the mid- and long-term strategy of the Group;

- global assessment (not individually-based) of compensation to encourage a long-term vision of the Group's interests; and

- for Executive Board members, pay for performance to support both short-term and long-term Group objectives.

The Compensation and Nomination Committee (see section 3.5.2 of the Corporate Governance report) strives to maintain a competitive remuneration policy that ensures global compensation of the Executive Board members is comparable with those of their peers at multinational companies operating in the fields of digital television, cybersecurity and the Internet in Switzerland, in high technology centers, such as the West Coast of the USA, and in Western Europe. In addition, the Compensation and Nomination Committee aims to limit dilution of the capital of the Company by using equity as part of compensation only for a limited number of senior members of management, including the Executive Board (see section 4.2 below).

The Compensation and Nomination Committee does not use benchmarks or compensation consultancy services. It makes its own assessment of the compensation practices of the following types of companies:

- high technology companies listed on the Nasdaq or NYSE;

- high technology companies listed on the Euronext;

- high technology companies listed on the SIX Swiss Exchange and belonging to the Swiss Performance Index (SPI), Technology sector; and

- privately held high technology companies.

Specifically, the Committee assesses those companies from which prospective employee candidates may be employed or to which the Group may have lost prospective candidates, as well as competitors that are of a similar size and face comparable operational complexity as the Group. Such assessments also take into account the business environment in which the Group operates and the rapid pace of evolution required for success.

Due to the unique characteristics of the Group, including the breadth and variety of its products and services, the rapid evolution of its technologies and markets and the fast-moving competitive environment in which the Group operates, the Compensation and Nomination Committee considers that it is difficult to make direct comparisons with other companies and believes that the aforementioned elements are sufficient for purposes of its compensation policy.

The level of remuneration of the non-executive members of the Board of Directors is determined by their role with the Board of Directors and its Committees. The elements of their compensation are set out in section 4.1.

The total annual compensation of members of the Executive Board includes a fixed and a variable component. The variable component depends on the Group's results (both economic and strategic), the level of responsibility assumed and individual performance, which factors can in the aggregate have a positive or negative impact on the variable compensation of each Executive Board member. Variable compensation helps align the interests of Executive Board members with company strategy and shareholders' interests and ultimately seeks to reward value creation. The variable component is not expressed as a percentage of fixed compensation (see also section 4.2).

Currently, there are no provisions providing for a particular allowance or benefit – including with regard to blocking or vesting periods applicable to shares – in the event of a termination of the employment contract of an Executive Board member, in the event of a departure of a member of the Board of Directors or in the case of a change of control of the company. Executive Board members have employment contracts with an unlimited term and with a maximum of eleven month's termination notice expiring on the last day of a calendar month, both of which help promote stability within the management of the Group

4. Elements of compensation

Section 7 sets forth the compensation paid to the members of the Board of Directors and Executive Board in accordance with the Swiss corporate law requirements.

The elements of compensation for non-executive members of the Board of Directors are different than for executive members of the Board of Directors and the Executive Board members.

4.1. Members of the Board of Directors

In compliance with section 30 of the articles of association, the compensation of non-executive members of the Board of Directors is composed of a fixed annual fee, paid in cash, and an expense allowance.

Specific tasks or services performed for the Group by a non-executive member of the Board of Directors that fall outside of such member's Board responsibilities are generally compensated in cash and based on arm's length terms and conditions.

4.2. Members of the Executive Board

In compliance with sections 30 paragraphs 4, 31 and 32 of the articles of association (https://www.nagra.com/sites/default/files/2024-04/STATUTS_Kudelski_2024_04_19.pdf), the total annual compensation of the executive members of the Board of Directors and of the Executive Board members includes a fixed salary and a variable component.

Compensation is generally paid in a combination of cash, shares and payment in kind (including provision of a company car and reimbursement of all or part of health insurance premiums). The fixed salary is in principle paid in cash. The Compensation and Nomination Committee has discretionary authority to determine how the variable component is paid, taking into account such criteria as the dilutive effect of any share issuances.

A maximum of 50% of the variable compensation may be paid in Kudelski SA bearer shares that are blocked for a period of three or seven years at the election of the Executive Board member. Each Executive Board member may also elect to participate in the Group's share purchase plan adopted in 2004 (see section 2.7 of the Corporate Governance Report: Share purchase plan).

The total compensation of each Executive Board member is linked to his/her individual performance as well as the strategic, economic and operational performance of the Group. Key factors impacting variable compensation levels include the overall performance of the Group and its divisions, performance against the applicable member's department budget, contribution to strategic initiatives, achievement of individual objectives and the quality of management by such Executive Board member. Objectives of the Group are discussed and approved on a yearly basis by the Board of Directors, Strategy Committee, Compensation and Nomination Committee and Chief Executive Officer. Once approved, Group objectives are shared with the Executive Board members who, in addition to their individual performance objectives, shall have responsibility for achieving such objectives as determined by the Chief Executive Officer in agreement with the Compensation and Nomination Committee.

The Compensation and Nomination Committee assesses the achievement of Group objectives and of each Executive Board member's individual performance objectives. The Committee has discretionary authority to determine the relative weighting of the Group objectives and individual performance objectives as part of its assessment for determining the total compensation of each Executive Board member. In addition, the Compensation and Nomination Committee has the discretion to apply a positive or negative performance factor to each individual performance objective, which recognizes achievement or failure of individual performance objectives. This practice is designed to encourage each member of the Executive Board to optimize his/her performance against objectives.

5. Procedure for determining compensation

The Compensation and Nomination Committee determines the compensation policy and sets the compensation of each member of the Executive Board and the Board of Directors, other than the compensation of the Committee members which is decided by the full Board of Directors (see section 3.5.2 of the Corporate Governance Report, Compensation and Nomination Committee section). The Compensation and Nomination Committee reports every year on its activities to the Board of Directors.

The Chairman of the Board of Directors is invited to take part in the Committee's discussions related to compensation, other than discussions relating to the Chairman's own compensation.

Each year, the Compensation and Nomination Committee reassesses its compensation policy and determines the annual compensation of the Board of Directors and Executive Board members. Generally, this occurs during the first quarter of the year. During the same period, the Chief Executive Officer reviews the performance objectives of the Executive Board and presents his recommendations to the Board of Directors. The full Board of Directors will also determine the compensation of the members of the Compensation and Nomination Committee.

6. Special information regarding 2024

6.1. Changes to the compensation policy during the year under review

No major change was made to the Group's compensation policy for the 2024 financial year. In 2024, the entire variable compensation of the Executive Board members will be paid in cash (see section 7).

6.2. Special information regarding 2024

The compensation of each Executive Board member is determined globally, and the variable compensation of the Executive Board members is not based on the fixed salary as specified in section 3. The variable compensation of each Executive Board member represented between 35.0% and 66.0% of his total compensation, except for the Chief Executive Officer (see section 7). There is no pre-determined ratio between the variable component and the fixed salary; such ratio may be different from year to year. The different ratios of fixed to variable compensation among Executive Board members are based on their function and responsibilities within the Group and market practices. In 2024, certain members of management received an exceptional bonus linked to their respective performance and contributions to the SKIDATA sale transaction.

7. Compensation granted to members of the Board of Directors and members of the Executive Board

Total compensation paid directly or indirectly by Kudelski SA or one of its affiliated companies is described below. Compensation does not include reimbursement for business expenses incurred by members in the course of performing their responsibilities or representation allowances, which are not considered as compensation by the Swiss fiscal authorities.

For 2024 and 2023, no shares were granted to Executive Board members as part of their variable compensation.

YEAR 2024	BASE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN KUDELSKI SHARES (NUMBER)	VARIABLE COMPENSATION IN KUDELSKI SHARES CHF	OTHER * CHF	TOTAL 2024 CHF
BOARD OF DIRECTORS						
KUDELSKI ANDRÉ Chairman	564 292	– –	–	– –	–	**564 292**
SMADJA CLAUDE Vice Chairman	155 000	–	–	–	7 544	**162 544**
DASSAULT LAURENT Member	120 000	–	–	–	5 562	**125 562**
FOETISCH PATRICK Member	65 000	–	–	–	139 807 **	**204 807**
KUDELSKI MARGUERITE Member	60 000	–	–	–	3 798	**63 798**
LESCURE PIERRE Member	152 072	–	–	–	6 619	**158 691**
ROSS ALEC Member	90 000	–	–	–	5 870	**95 870**
HENGARTNER MICHAEL Member	60 000	–	–	–	3 798	**63 798**
TOTAL BOARD MEMBERS	1 266 363	–	–	–	172 999	**1 439 362**

YEAR 2024	BASE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN KUDELSKI SHARES (NUMBER)	VARIABLE COMPENSATION IN KUDELSKI SHARES CHF	OTHER *** CHF	TOTAL 2024 CHF
MANAGEMENT						
KUDELSKI ANDRÉ CEO	612 795	2 749 708			214 797	**3 577 300**
OTHER MEMBERS	1 629 400	1 923 310			64 511	**3 617 221**
TOTAL MANAGEMENT	2 242 195	4 673 018			279 308	**7 194 521**

* *This section includes social security charges.*
** *Compensation paid for his legal services rendered to several Group companies.*
*** *This section includes long service benefits and benefits in kind as well as expenditures constituting or increasing pension benefits.*

Two members of the management received their remuneration in USD. One member received part of the 2024 compensation in USD, which was converted using a 0.88076 exchange rate for 2024.

YEAR 2023 BOARD OF DIRECTORS	BASE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN KUDELSKI SHARES (NUMBER)	VARIABLE COMPENSATION IN KUDELSKI SHARES CHF	OTHER * CHF	TOTAL 2023 CHF
KUDELSKI ANDRÉ Chairman	517 504	– –	–	– –	–	**517 504**
SMADJA CLAUDE Vice Chairman	150 000	–	–	–	7 544	**157 544**
DASSAULT LAURENT Member	115 000	–	–	–	5 562	**120 562**
FOETISCH PATRICK Member	60 000	–	–	–	44 875 **	**104 875**
KUDELSKI MARGUERITE Member	55 000	–	–	–	3 798	**58 798**
LESCURE PIERRE Member	147 313	–	–	–	6 694	**154 007**
ROSS ALEC Member	85 000	–	–	–	5 870	**90 870**
HENGARTNER MICHAEL Member	55 000	–	–	–	3 798	**58 798**
TOTAL BOARD MEMBERS	1 184 817	–	–	–	78 142	**1 262 959**

YEAR 2023 MANAGEMENT	BASE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN CASH CHF	VARIABLE COMPENSATION IN KUDELSKI SHARES (NUMBER)	VARIABLE COMPENSATION IN KUDELSKI SHARES CHF	OTHER *** CHF	TOTAL 2023 CHF
KUDELSKI ANDRÉ CEO	584 161	993 785			60 570	**1 638 516**
OTHER MEMBERS	1 534 831	331 399			53 678	**1 919 908**
TOTAL MANAGEMENT	2 118 991	1 325 183			114 249	**3 558 423**

* *This section includes social security charges.*
** *Compensation paid for his legal services rendered to several Group companies.*
*** *This section includes long service benefits and benefits in kind as well as expenditures constituting or increasing pension benefits.*

Two members of the management received their remuneration in USD. One member received part of the 2023 compensation in USD, which was converted using a 0.8985 exchange rate for 2023.

8. Shareholdings and loans granted to members of the Board of Directors and members of the Executive Board

In compliance with section 33 of the articles of association, loans may be granted to a member of the Board of Directors or the Executive Board only under market conditions and, at the time they are granted, may not exceed the most recent total annual compensation of the member in question. Moreover, in compliance with section 28 paragraph 6, the Company, or any other legal entity directly or indirectly controlled by it, may pay compensation prior to its approval at the Annual General Meeting, subject to subsequent approval and an obligation to repay such compensation in the event it is not approved at the Annual General Meeting.

As of December 31, 2024 and 2023, no guarantees, loans, advances or borrowings in favor of members of the Board of Directors, members of the Executive Board or individuals closely related to such persons were outstanding.

Information concerning the shareholdings of the Board of Directors and management can be found in note 43 to the consolidated financial statements

9. Retirement benefits in addition to pension benefits schemes granted to members of the Board of Directors and members of the Executive Board

In compliance with section 34 of the articles of association, the Company, or legal entities controlled by the Company, may grant retirement benefits in addition to pension benefits schemes offered by the Company, or legal entities controlled by it, to members of the Board of Directors or the Executive Board. For a given annual compensation period, the value of such retirement benefits may not exceed the most recent total annual compensation of the member in question.

In addition, the Company or entities controlled by the Company may grant an annuity payment to former members of the Board of Directors or the Executive Board as retirement benefits in addition to pension benefits schemes offered by the Company or legal entities controlled by the Company. For each individual affected, the amount paid in this manner may not, for a one year period, exceed 30% of the last annual base salary of the person in question prior to his/her retirement. In lieu of an annuity, the Company may pay the retirement benefit as a lump sum payment, in which case, the amount is calculated according to actuarial calculation methods.

As of December 31, 2024 and 2023, no retirement benefits in addition to pension benefits schemes were in favor of members of the Board of Directors, members of the Executive Board or in favor of individuals closely related to such persons.

10. Positions in third party legal entities held by members of the board of directors and management

ANDRÉ KUDELSKI

- Publicis Groupe SA[1], Lead Director of the Board, Member of the Remuneration Committee, member of the Nominating Commitee and of the Audit and Financial risk Committee
- Montreux Media Venture SA, Chairman
- Restaurant de l'Hôtel de Ville de Crissier SA, Chairman
- Sunset Music SA, Board member

[1] *Third-party legal entity whose shares is listed on a stock exchange.*

CLAUDE SMADJA

- Smadja & Smadja Strategic Advisory SA, Board member

PATRICK FOETISCH

- AMRP Handels AG, Chairman
- Alpcom SA, Board Member
- Bernard Nicod Holding SA, Board Member
- BN Family Office SA, Board Member
- Campak AG, Board Member
- Edel Immobilien AG, Board Member
- Fineges Société Anonyme de Participations SA, Board Member
- Liauba SA, Board Member
- Tavana AG, Chairman

LAURENT DASSAULT

Current mandates in Groupe Industriel Marcel Dassault SAS[2]:

- Arqana SAS, advisor to the Directoire (Managing Board)
- Artcurial Développement Sàrl, Co-manager (Co-gérant)
- DASSAULT BELGIQUE AVIATION S.A., Board member
- DASSAULT INVESTISSEMENTS Sàrl, Managing Director
- Financière Louis Potel & Chabot SAS, Censor
- Immobilière Dassault SA, Chairman of the Supervisory Board
- Groupe Industriel Marcel Dassault SAS, Supervisory Board member
- Rond-Point Immobilier, Supervisory Board member
- SITAM America Corp., Board member

Positions in third-party legal entities outside Groupe Industriel Marcel Dassault:

- Vivendi SE (European Company, listed at Euronext Paris), in France, member of the Supervisory Board and member of the audit committee
- 21 Invest SA, member of the Supervisory Board
- FLCP et Associés SASU, member of the Supervisory Board
- LA MAISON SA, member of the Supervisory Board
- Laurent Dassault Rond Point (LDRP) SCI, Associé gérant
- Laurent Dassault Rond Point II (LDRP II) SAS, Chairman
- Lepercq, de Neuflize & Co. Inc., Board member
- L. REAL ESTATE SCA SICAR, Chairman of the Investors Committee

[2] *As per section 18 of the articles of association and as described below In section 3.3, position for legal entities under common control are deemed to constitute a single position.*

PIERRE LESCURE

- ANNAROSE PRODUCTIONS Sàrl, Chairman and CEO
- Mediawan SAS, Member of the Advisory Board
- Mediawan Holding SAS, Member of the Advisory Board

MARGUERITE KUDELSKI

- AudioTechnology Switzerland SA, Chairwoman
- Bovay & Partenaires SA, Chairwoman
- Wire Art Switzerland SA, Board member

ALEC ROSS

- Amplo, in USA, Board partner
- Jobbatical Inc., Supervisory Board member
- Pelliconi, Supervisory Board Member
- Telerivet Inc., Board member
- Il Sole 24 Ore, Supervisory Board member

MICHAEL HENGARTNER

- Novalis Biotech Fund, Scientific Advisor and Advisory Board member
- Novartis Bioventures Ltd., Chairman of the Board of Directors
- Aseptuva AG, Advisory Board Member.

Subject to the CEO, no Executive Board members held external positions at March 27, 2025.

Kudelski SA

Cheseaux-sur-Lausanne

Report of the statutory auditor
to the General Meeting

on the compensation report 2024

Report of the statutory auditor

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

Opinion

We have audited the compensation report of Kudelski SA (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the sections 7, 8 and 10 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the compensation report (sections 7, 8 and 10.) complies 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 compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the sections 7,8 and 10 in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

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

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

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report 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 a compensation report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is 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 this compensation report.

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:

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- Identify and assess the risks of material misstatement in the compensation report, 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.

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 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.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Nicolas Daehler
Licensed audit expert Auditor in charge	Licensed audit expert

Pully, 26 February 2025

FINANCIAL OVERVIEW AND STATEMENTS

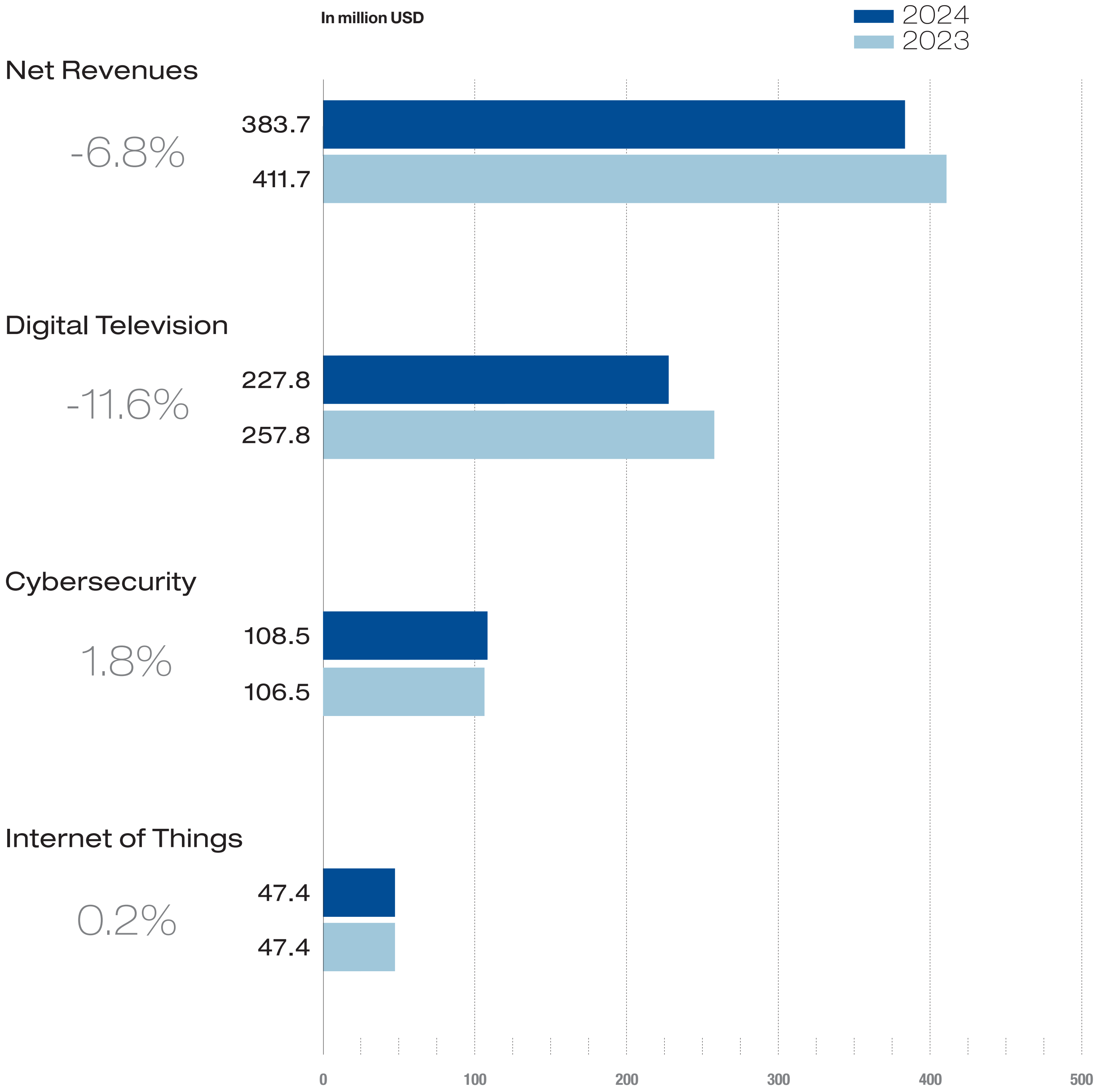
FINANCIAL OVERVIEW

In 2024, the Group underwent a major transformation with the sale of SKIDATA, redefining its operational scope. The transaction, at an enterprise value of EUR 340 million, generated over EUR 300 million in net cash after settling SKIDATA's EUR 30 million debt and covering transaction costs. Part of the proceeds was used to fully repay its CHF 145.9 million bond and all remaining bank debt, leaving it with a cash position of USD 126.3 million. In 2024, the Group operated through three business segments, Digital Television, Cybersecurity and Internet of Things, while SKIDATA was reported as discontinued operations.

During 2024, the Digital Television business navigated a phase of transformation, with a decline of 11.6%, leading to reduced profitability. Growth rates in the Cybersecurity segment were in the low single digits as management prioritized gross margin improvement to minimize segment losses and approach EBITDA break-even. The Internet of Things segment maintained revenue levels following two years of strong growth, though EBITDA losses increased due to accelerated investments to support future growth.

The Group's net revenues and other operating income decreased by 6.3% to USD 393.0 million in 2024, while the EBITDA loss for the year was at USD 13.1 million. The Group recognized an impairment change of USD 82.1 million on Digital Television goodwill in 2024. On the other hand, the sale of SKIDATA resulted in a net gain of USD 147.2 million. Consequently, the Group reported a net income of USD 10.6 million in 2024, representing a USD 35.1 million improvement compared to the previous year.

GROUP REVENUES
BREAKDOWN BY SEGMENT



GROUP RESULTS

The sale of SKIDATA represents a transformative change for the Group and its operations. The transaction was completed in September 2024 at an enterprise value of EUR 340 million. After settling SKIDATA loans of approximately EUR 30 million and accounting for transaction costs and otheradjustments, the sale generated net cash proceeds exceeding EUR 300 million. The 2023 profit and loss statement has been restated to reflect the SKIDATA divestment.

This transaction significantly strengthened the Group's balance sheet, and was partially used for the repayment of the outstanding CHF 145.9 million bond in September 2024 and all remaining bank debt, resulting in a cash position net of debt of USD 125.7 million at the end of the year.

Until the reorganization announced in early 2025, the Group operated through three business segments following the decision to divest SKIDATA: Digital TV, Cybersecurity, and IoT. During 2024, Digital TV revenues declined by 11.6%, leading to reduced profitability. Growth rates in the Cybersecurity segment were in the low single digits as management prioritized gross margin improvement to minimize segment losses and approach EBITDA break-even. The IoT segment maintained revenue levels following two years of strong growth, though EBITDA losses increased due to accelerated investments to support future growth.

The Group's net revenues decreased by 6.8% to USD 383.7 million in 2024, representing a 7.1% decline in constant currency terms. Other operating income increased by USD 1.7 million to USD 9.3 million, primarily driven by a one-time payment of USD 5.3 million from a tenant of the Group's San Francisco office building. Following the divestment of a 24.95% stake in the entity holding this building, this entity is no longer consolidated.

Margin after cost of material decreased from USD 338.6 million to USD 314.7 million. As a percentage of total revenues, this margin declined from 80.8% to 80.1%, reflecting the shift in revenue mix from Digital TV to other segments.

Personnel expenses decreased from USD 258.2 million to USD 251.2 million compared to 2023. Following SKIDATA's deconsolidation, the Group's headcount decreased to 1,887 employees equivalent to 1,774 Full Time Equivalents (FTEs), representing a reduction of 131 FTEs at constant perimeter from the previous year-end. The IoT segment more than doubled its headcount to 212 FTEs through the transfer of R&D personnel from Digital TV and increased investments. Digital TV headcount decreased to 907 FTEs, while Kudelski Security headcount increased by 6 to 406 FTEs. Geographically, 53% of the Group's headcount is based in Europe, with Switzerland representing the largest location at 30% of total headcount. Asia-Pacific accounts for 28% and the Americas 19%. The Group reduced other operating expenses by USD 7.2 million to USD 76.6 million, including a USD 4.6 million release of provisions due to improved receivables collection.

The Group recorded an operating loss before depreciation and amortization of USD 13.1 million, compared to a USD 3.4 million loss in the previous year. Depreciation, amortization, and impairments increased from USD 14.4 million to USD 107.1 million. While ordinary depreciation and amortization declined by USD 2.1 million to USD 12.3 million, the Group recognized an impairment charge of USD 82.1 million on Digital TV goodwill in 2024. This impairment reflects the segment's revenue decline andsubsequent strategic reassessment, with revised projections based on the lower 2024 base. Additionally, depreciation and amortization includes a USD 12.7 million impairment related to the San Francisco office building. Consequently, for continuing operations, the Group reported a USD 120.2million EBIT loss in 2024.

NET RESULT

Interest expense increased by USD 11.4 million to USD 18.5 million. This increase primarily reflects USD 12.6 million of one-off interest expenses related to a senior secured bridge loan, which was obtained as a contingency measure for the bond repayment in case of timing delays with the SKIDATA sale. Finance expenses amounted to USD 2.0 million, mainly comprising a net foreign exchange gain and financial costs associated with the Group's receivables securitization program. The Group recorded a USD 2.7 million gain from the sale of its 22.5% interest in the entity holding its Cheseaux, Switzerland headquarters building, contributing to the USD 3.2 million share of results of associates. Income tax expenses totaled USD 13.7 million, including a USD 10.4 million charge from the impairment of a deferred income tax asset, reflecting lower projected earnings from Digital TV activities.

The Group completed the SKIDATA divestment at an enterprise value of EUR 340 million. The transaction generated gross proceeds of USD 359.3 million, with net proceeds of USD 339.3 million after adjusting for SKIDATA's cash position. The disposal resulted in a net gain of USD 147.2 million. Including SKIDATA's USD 14.6 million net result contribution, the net result from discontinued operations amounted to USD 161.7 million.

Consequently, the Group reported a net income of USD 10.6 million in 2024, representing a USD 35.1 million improvement compared to the previous year.

DIGITAL TV

Digital Television segment revenues experienced a decline of 11.6% to USD 227.8 million, primarily attributable to the ongoing contraction of the traditional Conditional Access System business. Notwithstanding the current challenging revenue trajectory of the segment, several product lines demonstrated strong performance and potential. Notably, the Advanced Security Platform product line achieved revenue growth of 47%. This suite of anti-piracy solutions secured multiple strategic contracts, including agreements with France Télévisions to replay content securely across devices and FanCode for Active Streaming Protection implementation. Additional contract wins include Telefonica, RAI, Sun NXT, and HBBTV. The OpenTV platform exhibited robust growth of 15%, while securing a new contracts with ERT in Greece. A significant milestone was achieved with the Canal+ entering into a 10-yearstrategic partnership with the Group to strengthen its fight against streaming piracy. Through this long-term collaboration, Canal+ will leverage the Group's comprehensive 360° streaming security solution, Active Streaming Protection, to combat content theft, prevent service fraud, and significantly reduce piracy across its consumer offerings.

The European Digital Television business generated revenues of USD 105.3 million, representing a 9.7% decrease compared to 2023. Revenue decline from major accounts including Liberty Global,

Vodafone, and Altice was primarily driven by reduced Connect fees and SSP platform utilization. Additionally, the comparative period benefited from a non-recurring set-top box transaction with Bulsatcom completed in 2023.

In the Americas region, Digital Television revenues declined by 15.7%, primarily impacted by continued subscriber attrition at Dish in North America. The South American market experienced material revenue deterioration, particularly from key accounts America Movil and Telefonica, relative to the prior year.

The Asia Pacific and Africa region recorded a revenue decline of 8.8%, primarily attributable to reduced license fees from operators such as Essel and the absence of significant set-top box transactions in 2024, compared to prior year sales to Starhub and TBC in Taiwan. The region benefited from positive contributions from smart card and royalty revenues generated by the Bakhresa Group in East Africa.

Digital Television segment margin after cost of material contracted from 90.3% to 87.6%, reflecting a shift in revenue mix toward CAMs and hardware components. Operating expenses decreased by USD 23.2 million before and USD 18.7 million after restructuring cost compared to the prior year, primarily due to ongoing efficiency enhancement initiatives. The segment generated EBITDA of USD 26.2 million, compared to USD 40.7 million in 2023. Depreciation and amortization of USD 90.0 million includes a goodwill impairment charge of USD 82.1 million, resulting in a negative EBIT of USD 63.7 million for the segment.

CYBERSECURITY

During 2024, the Group executed a strategic transformation of its Cybersecurity business, concentrating operational focus on areas demonstrating sustained value creation potential. A key initiative involved the implementation of a unified Enterprise Resource Planning system across European and American operations, enabling enhanced granularity and precision in revenue recognition methodologies. Consequently, the Group has adopted net revenue reporting for specific technology reselling transactions, replacing the previous gross basis approach. To facilitate meaningful comparative analysis, 2023 net revenues have been correspondingly restated. This restatement does not affect gross profit, operating income, cash flows, or other financial metrics.

The segment reported net revenues of USD 108.5 million, representing an increase of USD 1.9 million compared to 2023, while margin after cost of material improved by USD 2.3 million to USD 84.5 million. Revenue performance exhibited regional variability. European operations achieved growth of 9.1%, with revenues reaching USD 60.0 million, while the Americas region experienced a revenue decline of 6.5%, attributable to reduced technology reselling activity and the strategic consolidation of service offerings aimed at margin enhancement.

Managed Security Services revenue demonstrated robust growth of 11%, reaching USD 59.0 million, primarily driven by strong market adoption of MDR ONE Resolute, the next-generation managed detection and response service launched in December 2023. This service, which delivers AI-augmented, risk-based detection and response capabilities, has achieved market adoption by more than 60 clients, reinforcing Kudelski's leadership position in the MDR market. Managed Security Services now constitute more than 50% of segment revenues, evidencing successful execution of the strategic initiative to develop high-value, recurring revenue streams.

The Cybersecurity segment maintained strong cost discipline, achieving operating cost reductions of USD 2.8 million through effective expense management initiatives. As a result, the segment's loss before depreciation and amortization improved by USD 5.0 million to USD 4.8 million.

INTERNET OF THINGS (IoT)

The IoT segment demonstrated strong market positioning in 2024, while implementing operational enhancements to support sustainable growth. Revenue remained stable with a marginal increase of 0.2% to USD 47.4 million compared to 2023, representing a substantial 2.8-fold increase from 2022 levels. The asset tracking business maintained positive momentum throughout 2024. However, the strategic focus of the IoT division on developing and scaling this business resulted in revenue declines for Lab and IoT Security activities.

The segment's margin after cost of material increased by USD 1.3 million, improving from 50.0% in 2023 to 52.5% in 2024, demonstrating enhanced operational efficiency.

Operating expenditures increased by USD 10.0 million compared to the prior year, primarily attributable to the expansion of asset tracking operations and sales channels in the car dealership vertical and strategic investments in new asset tracking applications across multiple verticals, with particular emphasis on opportunities in sectors such as agriculture, waste management and construction. Consequently, the segment's operating loss before depreciation and amortization increased by USD 8.8 million to USD 21.7 million, reflecting strategic investments to capitalize on market growth opportunities.

CORPORATE

Corporate operating expenses comprise unallocated costs associated with corporate functions. Corporate costs in 2024 include two significant non-segmental items: other operating income of USD 5.7 million and an impairment charge of USD 12.7 million, both relating to the San Francisco office building. Operating expenses for 2024 and 2023 also include corporate costs associated with the former Public Access segment, as SKIDATA is reported as discontinued operations. SKIDATA-related expenditures of USD 5.3 million in 2023 are now reclassified as corporate costs. Such costs were only partially eliminated in 2024.Consequently, corporate operating loss before depreciation and amortization amounted to USD 12.7million in 2024, with net operating loss for the year totaling USD 25.4 million.

BALANCE SHEET

The balance sheet as of December 31, 2024 reflects the deconsolidation of SKIDATA assets and liabilities following the divestiture of this entity.

Total non-current assets decreased by USD 262.9 million to USD 328.7 million compared to December 31, 2023. Tangible fixed assets decreased by USD 60.7 million to USD 5.9 million, primarily reflecting the deconsolidation of SKIDATA-related assets. Intangible assets decreased by USD 142.2 million to USD 206.3 million, of which goodwill represents USD 205.4 million. The USD 129.6 million decreaseof goodwill is mainly attributable to an USD 82.1 million Digital TV goodwill impairment and the derecognition of SKIDATA goodwill. Financial assets at fair value of USD 34.3 million primarily comprise outstanding receivables transferred to the securitization program.

Total current assets decreased by USD 87.6 million to USD 242.3 million compared to December 31, 2023. The SKIDATA divestiture resulted in a reduction of USD 63.1 million in inventory to USD 14.7 million and USD 67.8 million in trade accounts receivables to USD 35.9 million. Cash and cash equivalents increased by USD 70.0 million to USD 126.3 million.

Total equity increased by USD 17.4 million, primarily driven by net income of USD 10.6 million and other comprehensive income of USD 25.3 million, mainly due to favorable currency translation adjustments, which was partially offset by a USD 12.5 million reduction in non-controlling interests and USD 6.1 million in dividends paid to non-controlling interests.

Non-current liabilities decreased by USD 30.2 million to USD 87.0 million, primarily comprising long-term lease obligations, with long-term financial debt fully repaid as of December 31, 2024. Current liabilities decreased by USD 337.7 million to USD 169.6 million, reflecting a USD 230.4 million reduction in short-term financial debt to USD 0.7 million. Principal current liability components include other current liabilities, predominantly comprising accrued expenses, contract liabilities consisting mainly of deferred income, and accounts payable.

CASH FLOWS

Cash flow from operating activities was negative USD 45.4 million in 2024. Operating cash flow includes adjustments related to the SKIDATA divestment and goodwill impairment, a USD 30.9 million negative impact from reduced trade accounts payable, and a positive USD 26.3 million movement in other networking capital components. Interest payments of USD 20.7 million primarily related to the bridge loan facility secured as a contingency against potential delays in the SKIDATA transaction closing.

The Group maintained disciplined capital expenditure management, with cash outflow for tangible and intangible assets totaling USD 5.2 million. The SKIDATA divestiture generated proceeds of USD 339.3 million, recorded under disposal of subsidiaries and operations. Additional divestment proceeds include USD 5.9 million from the sale of a 24.95% stake in the entity holding the San Francisco office building. USD 5.1 million from the disposal of the Group's interest in the entity holding the property in Cheseaux is recorded as sale of associated companies. Consequently, net cash flow from investing activities was positive USD 345.2 million.

Cash used in financing activities amounted to USD 225.9 million, reflecting the full repayment of outstanding debt obligations, including the CHF 150 million bond, SKIDATA-related debt, and all outstanding credit facilities. Additional cash outflows comprise lease obligation payments of USD 14.5million and dividend distributions to non-controlling interests of USD 6.1 million.

OUTLOOK

In early 2025, management implemented a comprehensive transformation of its operational structure. A new business segment, Core Digital Security, combines the Group's Digital TV business line with the lab and core security activities of the IoT segment. This new business segment will be able to leverage synergies among the Group's fundamental core security technologies as well as established industry relationships to improve its go-to-market approach and overall efficiency. The Sales organization has undergone a comprehensive transformation, transitioning from a geographic to a product-centric model and better aligning Sales and Marketing with delivery functions. Corporate IT functions have also been integrated into Core Digital Security to achieve additional operational efficiencies.

As a result of these measures, management expects to stabilize revenues from Digital TV customers in 2025, with the newly constituted Core Digital Security segment generating revenues in 2025 that are expected to be lower by an amount in the single digit millions as compared to Digital TV's 2024 revenues. At the same time, management will continue operating expense reduction initiatives. A restructuring program implemented in early 2025 will reduce headcount by 160 positions, primarily affecting Core Digital Security and corporate functions. Consequently, while the Core Digital Security segment will incorporate the transferred activities, management expects to maintain positive EBITDA,albeit below Digital TV's 2024 EBITDA levels.

The Cybersecurity segment's strategic growth plan for 2025 and beyond encompasses three primary initiatives: expansion of managed security operations, implementation of a structured services recovery program, and strategic entry into the operational technology market. Management projects accelerated growth in 2025, targeting high single-digit growth in both revenues and gross profit. Operating expensesare expected to increase moderately to support operational scaling while maintaining focus on profitability enhancement. The segment is expected to approach EBITDA break-even in 2025.

The IoT segment's 2025 strategic focus centers on asset tracking expansion, targeting growth through the development of indirect sales channels in the car dealership market and market entry into new verticals. Consistent with this focused approach, management is transferring Lab and IoT Security activities to the Core Digital Security segment, which will enable that segment to leverage established semiconductor industry relationships and capitalize on core security team synergies. Notwithstanding the reduced operational scope, management projects moderate revenue growth for this segment. The strategic realignment is expected to significantly reduce EBITDA loss, with projected full-year loss in the low single-digit millions.

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KUDELSKI GROUP CONSOLIDATED FINANCIAL STATEMENTS

KUDELSKI SA FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023)

In USD'000	Notes	2024	Restated 2023*
Revenues	5	383 728	411 700
Other operating income	6	9 280	7 607
Total revenues and other operating income		**393 008**	**419 308**
Cost of material, licenses and services		-78 358	-80 733
Employee benefits expense	7	-251 154	-258 182
Other operating expenses	8	-76 563	-83 778
Operating income before depreciation, amortization and impairment		**-13 067**	**-3 385**
Depreciation, amortization and impairment	9	-107 132	-14 398
Operating income		**-120 199**	**-17 783**
Interest expense	10	-18 452	-7 044
Other finance income/(expense), net	11	-1 950	-4 994
Share of result of associates	17	3 168	-128
Income before tax		**-137 433**	**-29 948**
Income tax expense	12	-13 724	-4 207
Net income for the period from continuing operations		**-151 158**	**-34 154**
Net result from discontinued operations	41	161 731	9 646
Net income for the period		**10 573**	**-24 508**
Attributable to:			
- Equity holders of the company		*11 412*	*-29 396*
- Non-controlling interests		*-838*	*4 888*
Earnings per share (in USD)			
Attributable to shareholders of Kudelski SA for bearer shares : basic and diluted (in USD)	13	0.2036	-0.5252
- Continuing operations		*-2.6653*	*-0.6824*
- Discontinued operations		*2.8689*	*0.1572*
Attributable to shareholders of Kudelski SA for registered shares : basic and diluted (in USD)	13	0.0204	-0.0525
- Continuing operations		*-0.2665*	*-0.0682*
- Discontinued operations		*0.2869*	*0.0157*

* Refer to note 4 for details regarding restatement as a result of an error and note 41 for details regarding restatement of a discontinued operation.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023)

In USD'000	2024	2023
Net income	**10 573**	**-24 508**
Other comprehensive income to be eventually reclassified into the consolidated income statement in subsequent periods:		
Currency translation differences	34 121	-19 443
Cash flow hedges, net of income tax	–	-84
	34 121	**-19 526**
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	-8 825	-15 533
	-8 825	**-15 533**
Total other comprehensive income, net of tax	**25 296**	**-35 059**
Total comprehensive income	**35 870**	**-59 567**
Attributable to:		
Shareholders of Kudelski SA	36 890	-64 726
- Continuing operations	*-158 263*	*-86 544*
- Discontinued operations	*195 153*	*21 818*
Non-controlling interests	-1 020	5 158

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

CONSOLIDATED BALANCE SHEET
(AT DECEMBER 31, 2024 AND 2023)

In USD'000	Notes	31.12.2024	31.12.2023
ASSETS			
Non-current assets			
Tangible fixed assets	14	5 921	66 571
Intangible assets	15	206 256	348 415
Right-of-use assets	16	34 717	48 500
Investments in associates	17	9 946	11 307
Deferred income tax assets	18	20 319	46 962
Financial assets at amortized cost	19	17 240	22 101
Financial assets at fair value through profit and loss	19	34 324	46 658
Other non-current assets	19	–	1 091
Total non-current assets		**328 722**	**591 606**
Current assets			
Inventories	21	14 738	77 877
Trade accounts receivable	22	35 856	103 654
Contract assets	22	2 866	17 019
Other financial assets at amortized cost	23	14 497	25 322
Other current assets	24	48 035	49 714
Cash and cash equivalents	25	126 336	56 376
Total current assets		**242 327**	**329 962**
Total assets		**571 050**	**921 567**
EQUITY AND LIABILITIES			
Equity			
Share capital	26	346 624	346 084
Reserves		-39 707	-76 132
Equity attributable to equity holders of the parent		**306 917**	**269 952**
Non-controlling interests	27	7 469	27 050
Total equity		**314 385**	**297 003**
Non-current liabilities			
Long-term financial debt	28	–	10 483
Long-term lease obligations	16	58 558	73 901
Deferred income tax liabilities	18	–	386
Employee benefits liabilities	29	23 043	22 653
Other long-term liabilities	30	5 432	9 786
Total non-current liabilities		**87 034**	**117 209**
Current liabilities			
Short-term financial debt	31	673	231 034
Short-term lease obligations	16	9 805	14 159
Trade accounts payable	33	30 414	84 190
Contract liabilities	34	55 977	59 632
Other current liabilities	35	71 310	113 357
Current income taxes		1 406	2 106
Derivative financial instruments	36	28	45
Provisions for other liabilities and charges	37	19	2 832
Total current liabilities		**169 631**	**507 355**
Total liabilities		**256 665**	**624 564**
Total equity and liabilities		**571 050**	**921 567**

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

CONSOLIDATED CASH FLOW STATEMENT

(FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023)

In USD'000	Notes	2024	2023
Net income for the year		**10 573**	**-24 508**
Adjustments for net income non-cash items:			
- Current and deferred income tax		15 992	-3 530
- Interests, allocation of transaction costs and foreign exchange differences		15 533	13 433
- Depreciation, amortization and impairment	9	107 132	30 729
- Share of result of associates	17	-3 544	-1 070
- Non-cash employee benefits (income) / expense		2 694	-542
- Additional provisions net of unused amounts reversed		-183	171
- Non-cash government grant income		-3 118	-5 354
- Other non-cash (income) / expenses		1 227	-3 099
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		11	-214
Adjustments for change in working capital:			
- Change in inventories		2 214	-2 310
- Change in trade accounts receivable		8 498	22 167
- Change in trade accounts payable and contract liabilities		-30 929	9 031
- Change in accrued expenses		-9 635	3 729
- Change in other net current working capital headings		26 327	27 376
Government grant from previous periods received		1 615	5 959
Dividends received from associated companies	17	503	1 041
Interest paid		-20 691	-8 769
Interest received		1 737	924
Income tax paid		-2 226	-1 312
Cash flow from operating activities		**-45 366**	**63 851**
Purchases of intangible fixed assets	15	-1 666	-2 827
Purchases of tangible fixed assets	14	-3 559	-4 202
Proceeds from sales of tangible and intangible fixed assets		55	280
Investment in financial assets and loans granted		–	-444
Divestment of financial assets and loan reimbursement		105	143
Net proceeds from the disposal of subsidiaries, expluding disposed cash	41	339 261	13
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		**345 202**	**-7 037**
Reimbursement of bank overdrafts, long-term loans and other non-current liabilities		-221 774	-46 826
Increase in bank overdrafts, long-term loans and other non-current liabilities		16 435	4 326
Payments of lease liabilities		-14 539	-15 664
Proceeds from employee share purchase program	40	52	73
Dividends paid to non-controlling interests		-6 081	-4 450
Cash flow from financing activities		**-225 907**	**-62 541**
Effect of foreign exchange rate changes on cash and cash equivalents		-3 969	-64
Net movement in cash and cash equivalents		**69 960**	**-5 791**
Cash and cash equivalents at the beginning of the year	25	56 376	62 167
Cash and cash equivalents at the end of the year	25	126 336	56 376
Net movement in cash and cash equivalents		**69 960**	**-5 791**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023)

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, 2023		**344 190**	**58 989**	**-38 273**	**-2 598**	**-27 990**	**27 254**	**361 573**
Net income		–	–	-29 396	–	–	4 888	-24 508
Other comprehensive income		–	–	-15 533	-84	-19 714	271	-35 059
Total comprehensive income		**–**	**–**	**-44 929**	**-84**	**-19 714**	**5 158**	**-59 567**
Employee share purchase program	40	657	-552	–	–	–	–	105
Shares issued to employees	40	1 238	-983	–	–	–	–	255
Dividends paid to non-controlling interests		–	–	–	–	–	-4 450	-4 450
Sale of non-controlling interest		–	–	–	–	–	-912	-912
December 31, 2023		**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	40	540	-465	–	–	–	–	75
Shares issued to employees	40	–	–	–	–	–	–	–
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**

Fair value and other reserves as of December 31, 2024 include kUSD -2 681 (2023: kUSD -2 681) of unrealized loss on available-for-sale financial assets and an unrealized gain of kUSD 0 (2023: kUSD 84) relating to cash flow hedges.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

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 in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The 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.

These consolidated financial statements were prepared under the historical cost convention, except for items to be measured at fair value as explained in the accounting policies below. The policies set out below are consistently applied to all years presented. 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 over the entity. Subsidiaries also comprise companies in which the Group does not own, directly or indirectly, more than one half of the voting rights but exercises power to govern their financial and operating policies and bears an over-proportional responsibility for the main risks. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary consists of the fair values of the assets transferred, the liabilities assumed by the former owners of the acquiree and the equity interest issued by the Group. Acquisition-related costs are expensed as incurred. The consideration transferred includes the fair value of any asset or liability resulting from any contingent consideration.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Identified assets acquired include fair value adjustments on tangible and intangible assets. When determining the purchase price allocation, the Group primarily considers development technologies, customer lists, trademarks and brands as intangibles.

Any contingent consideration which depends on the future financial performance of the acquired company ("earn out clause") is recognized at fair value on the acquisition date using management's best estimate of the final consideration payable. The portion of the contingent consideration deferred to a date more than twelve months after the balance sheet date is discounted to its present value and disclosed within other long-term liabilities.

The Group recognizes non-controlling interests as its proportionate share of the recognized amounts of identifiable net assets. Goodwill is initially measured as the excess of the aggregate value of the consideration transferred plus the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. Transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. The difference between the fair value of any consideration paid and the relevant acquired share of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the income statement. 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.

(d) Associates

Associates are entities over which the Group has significant influence but which are not subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of the associate but not the control of those policies. Significant influence is presumed to exist when the Group holds at least 20% of the associate's voting power. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. 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 asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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(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 sublicenses 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 accounting 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 substatively 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 that the difference will not reverse in the foreseeable future.

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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, except for land, which is shown at cost less 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. Such useful lives may be between 4 to 50 years. 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 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 the consolidated income statement.

(b) Fixed assets made available to clients

The Group makes equipment as well as smart cards available to clients within the scope of complete security solutions. The assets given to these clients remain the property of the Group and are initially recognized at cost and disclosed in the balance sheet under technical equipment and machinery. These assets are depreciated over the shorter of the duration of the contract and the economic life of the individual components, and the related expense is disclosed under depreciation.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production assets which take a substantial period of time to be ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(J) Intangible assets

(a) Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. It is denominated in the functional currency of the related acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets, while goodwill on acquisition of associates is included in investments in associates. All goodwill is considered to have an indefinite life, tested at least annually for impairment, and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.
Gains and losses on the disposal of an entity include the carrying amount of goodwill associated with the entity sold.

(b) Internal research and development

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) External research and development

Expenditures with external parties for research and development, application software and technology contracts are charged to the income statement as incurred if they do not qualify for capitalization. When capitalized, they are amortized over 4 to 10 years once development is achieved and the resulting products are ready for sale.

(d) Computer software

Acquired computer software licenses are capitalized in the amount expended to acquire the software and get ready it for its intended use. These costs are amortized on a straight-line basis over their estimated useful lives (three to four years). Costs associated with maintaining computer software programs are recognized as expense as incurred.

(e) Customer lists, Trademarks and Brands

Customer lists, trademarks and brands not acquired through a business combination are initially measured at cost. Following initial recognition, they are carried at cost less any accumulated amortisation and impairment losses, and are amortised over their useful economic life. Internally generated customer lists, trademarks and brands are not capitalised.

(f) Other intangibles in connection with business combinations

Under IFRS 3, in-process research and development, core development technologies, customer lists and trademarks are valued as part of the process of allocating the purchase price in a new business combination. The respective values are recorded separately from goodwill and are allocated to cash-generating units. Acquired intangibles are amortized on a straight-line basis over the following periods, with the expense recorded in the income statement:

	Over the useful life, in years
Core development technologies	4 - 10
Customer lists	10
Trademarks and brands	5

(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 liabilties 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 instruments in the following categories: financial assets or financial liabilities measured at fair value (either through other comprehensive income (OCI), or through profit or loss), and financial assets or financial liabilities measured at amortized cost. The classification depends 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

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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) Measurement
At initial recognition, the Group measures financial assets and liabilities 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 financial instrument and the cash flow characteristics of the asset or liability. The Group classifies its debt instruments into three measurement categories, amortized cost, fair value through profit or loss, or fair value through OCI.

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 and presented as '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. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through OCI are not reported separately from other changes in value.

(c) 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. The Group therefore concludes that the expected loss rates for trade accounts receivables are a reasonable approximation of the loss rates for contract assets.

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) Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.
The cost of work in progress and manufactured finished goods is comprised of direct production costs and an appropriate proportion of production overhead and factory depreciation. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories which are no longer part of production and sales plans are charged

to profit or loss.

(N) Trade accounts receivable

Trade accounts receivable are initially measured at fair value and subsequently valued using the amortized cost method.

(O) 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.

(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.

Where borrowings are made available through COVID-19 relief packages with interest rates below market, the Group recognizes a portion of the proceeds as a government grant. The grants are initially deferred and recognized in earnings on a systematic basis over the term of the loan as 'Other operating income'.

(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

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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' 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 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) Trade accounts payable

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

(V) 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.

(W) Dividends

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

(X) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. The Group considers this condition to be met when management is committed to a sale and a sale is highly probable of being completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying value or fair value less costs to sell.

(Y) 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, 2023. 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
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after January 1, 2025 or later periods, and which the Group has not early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's principal accounting policies are set out in note 1 of the Group's consolidated financial statements and conform to International Financial Reporting Standards.

Significant judgments and estimates are used in the preparation of the consolidated financial statements which, to the extent that actual outcomes and results may differ from these assumptions and estimates, could significantly affect the accounting in the areas described in this section.

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 Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the portion of tax losses carried forward which can be offset against future taxable profit (note 18). In order to assess whether there is any future benefit, forecasts are made of the future taxable profits by legal entity. Actual outcomes could vary significantly from forecasts of future profits and could therefore significantly modify the deferred tax asset and the income taxes. Furthermore, subsequent changes in tax laws, such as non-exhaustive changes in tax rates, the proportion of tax losses that could be offset with future profits or changes in forfeiting periods which occur after the accounts have been approved might affect the tax asset capitalized.

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 29) 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

Under IFRS 15, the Group evaluates whether it acts as a principal or an agent in transactions involving third-party goods or services. 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.

The determination of whether the Group is acting as a principal or an agent requires significant judgment and considers the following factors:

• 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 judgment 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 2024

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 principles 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 2023, 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 characteristics 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 2024

4. RESTATEMENT DUE TO ERROR

During 2024, the Group reassessed its revenue recognition methodology under IFRS 15 and identified an error in the previously issued financial statements for the year ended December 31, 2023. The error was due to misclassification whereby it was determined that certain transactions in the Group's Cybersecurity segment previously reported on a gross basis were more appropriately classified on a net basis. This restatement has no impact on the Group's operating income, cash flows or overall financial position.

Prior period amounts have been restated to conform to the current presentation as follows:

	Cybersecurity		
In USD'000	**2023 as Published**	**Correction**	**2023 Restated**
Revenues	119 316	-12 770	106 546
Cost of material, licenses and services	-37 135	12 770	-24 365
Operating income before depreciation, amortization and impairment	**-9 825**	**–**	**-9 825**

REVENUE CATEGORIES

	Cybersecurity		
In USD'000	**2023 as Published**	**Correction**	**2023 Restated**
Europe	54 988	–	54 988
Americas	63 778	-12 770	51 007
Asia and Africa	551	–	551
	119 316	**-12 770**	**106 546**
Sale of goods	10 362	–	10 362
Services rendered	80 331	–	80 331
Royalties and licenses	28 623	-12 770	15 852
	119 316	**-12 770**	**106 546**

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.

The Group reports three operating segments which are reflected in internal management reporting as follows:
- Digital TV
- Cybersecurity
- Internet of Things (IoT)

The Digital TV division provides end-to-end integrated solutions, including open conditional access solutions, which allow TV operators and content providers to operate a wide range of high value-added pay TV services on a secure platform, and middleware software solutions for set-top-boxes and other consumer devices, enabling an advanced end-user experience. The Digital TV operating segment also includes the Group's Intellectual Property activities as well as the development of new business initiatives such as watermarking, Insight and Sporfie.

The Cybersecurity division provides end-to-end cybersecurity solutions to a wide range of customers across multiple sectors, including advisory services, technology and resale services, managed security and custom developed proprietary solutions in domains not covered by existing commercial products.

The IoT division extends the existing Digital Television secure platform into new domains, enabling device security through identity authentication and firmware protection, data security to ensure the confidentiality, integrity and authenticity of sensitive data, and access management and active security protections to enable secure processing, local decision making and threat detection and response. In addition, IoT provides asset tracking solutions, including in particular a solution set for car dealerships enabling car dealers to manage and protect their car inventory and allowing consumers to locate stolen cars.

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	Digital TV 2024	Internet of Things 2024	Cyber-security 2024	Corporate Common Functions 2024	Total 2024
Revenues from external customers	227 826	47 432	108 470	–	383 728
Other operating income - operating segments	2 669	862	9	5 740	9 280
Total segment revenue and other operating income	**230 495**	**48 293**	**108 480**	**5 740**	**393 008**
Cost of materials, licenses and services	-30 958	-23 373	-24 027	–	-78 358
Operating expenses	-173 370	-46 667	-89 269	-18 410	-327 717
Operating income before depreciation, amortization and impairment	**26 166**	**-21 747**	**-4 816**	**-12 670**	**-13 067**
Depreciation, amortization and impairment	-89 850	-1 818	-2 726	-12 738	-107 132
Operating income - excluding corporate common functions	**-63 684**	**-23 565**	**-7 542**	**-25 408**	**-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**
	31.12.2024	31.12.2024	31.12.2024	31.12.2024	31.12.2024
Total segment assets	**413 030**	**60 569**	**87 017**	**–**	**560 617**

In USD'000	Digital TV Restated 2023	Internet of Things Restated 2023	Cyber-security Restated 2023	Corporate Common Functions Restated 2023	Total Restated 2023
Revenues from external customers	257 796	47 359	106 546	–	411 700
Other operating income - operating segments	6 817	790	–	–	7 607
Total segment revenue and other operating income	**264 613**	**48 149**	**106 546**	**–**	**419 308**
Cost of materials, licenses and services	-31 887	-24 481	-24 365	–	-80 733
Operating expenses	-192 051	-36 616	-92 006	-21 287	-341 959
Operating income before depreciation, amortization and impairment	**40 675**	**-12 948**	**-9 825**	**-21 287**	**-3 385**
Depreciation, amortization and impairment	-11 133	-724	-2 181	-360	-14 398
Operating income - excluding corporate common functions	**29 542**	**-13 672**	**-12 007**	**-21 647**	**-17 783**
Interest expense and other finance income/(expense), net					-12 037
Share of result of associates	-128	–	–	–	-128
Income before tax from continuing operations					**-29 948**
	31.12.2023	31.12.2023	31.12.2023	31.12.2023	31.12.2023
Total segment assets	**495 167**	**50 649**	**92 686**	**–**	**638 502**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

Prior year figures have been restated to reflect the divestment of SKIDATA (note 41) and the correction of an error (note 4).

In USD'000	31.12.2024	31.12.2023
Total segment assets	560 617	638 502
Cash and cash equivalents	4 597	2 666
Other current assets	103	184
Financial assets and other non-current assets	5 733	5 324
Change in scope	–	274 891
Total Assets as per Balance Sheet	**571 050**	**921 567**

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:

	Revenues from external customers		Non-current assets	
In USD'000	2024	Restated 2023	31.12.2024	31.12.2023
Switzerland	32 815	35 343	27 981	37 894
United States of America	136 576	150 605	146 731	266 516
France	37 729	37 290	5 265	32 767
Germany	20 305	20 714	3 638	4 769
Austria	2 384	2 443	0	40 005
Rest of the world	153 919	166 306	73 225	93 935
	383 728	**412 701**	**256 840**	**475 885**

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.

INFORMATION ABOUT MAJOR CUSTOMERS

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

REVENUE CATEGORIES

	Digital TV		Internet of Things		Cybersecurity	
In USD'000	2024	Restated 2023	2024	Restated 2023	2024	Restated 2023
Europe	105 253	116 511	4 609	4 547	59 996	54 988
Americas	76 345	90 617	42 764	42 506	47 679	51 007
Asia and Africa	46 228	50 667	59	306	795	551
	227 826	**257 796**	**47 432**	**47 359**	**108 470**	**106 546**
Sale of goods	20 869	32 578	38 316	37 987	17 050	10 362
Services rendered	129 558	144 350	7 520	8 020	80 782	80 331
Royalties and licenses	77 398	80 868	1 596	1 352	10 638	15 852
	227 826	**257 796**	**47 432**	**47 359**	**108 470**	**106 546**

6. OTHER OPERATING INCOME

In USD'000	2024	Restated 2023
Government grants (research, development and training)	3 088	2 846
COVID-19 subsidies	31	281
Income from rental of property	4 999	2 450
Gain on disposal of assets	-11	46
Gain on disposal of subsidiary	–	623
Contingent consideration received	–	945
Others	1 174	416
	9 280	**7 607**

7. EMPLOYEE BENEFITS EXPENSE

In USD'000	Note	2024	Restated 2023
Wages and salaries		205 576	213 042
Social security costs		27 099	27 560
Defined benefit plans expenses	29	8 981	6 904
Defined contribution plans expenses		4 580	5 167
Other personnel expenses		4 917	5 509
		251 154	**258 182**

8. OTHER OPERATING EXPENSES

In USD'000	2024	Restated 2023
Development and engineering expenses	11 363	10 375
Travel, entertainment and lodging expenses	16 352	16 288
Legal, experts and consultancy expenses	11 975	10 954
Administration expenses	3 830	3 224
Computer and telecommunications expenses	21 995	19 671
Building and infrastructure expenses	6 082	6 854
Marketing and sales expenses	5 290	7 067
Taxes other than income tax	1 677	2 031
Change in provisions	-4 559	4 140
Insurance, vehicles and others	2 558	3 174
	76 563	**83 778**

9. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

In USD'000	Note	2024	Restated 2023
Land and buildings	14	14 018	1 245
Equipment and machines	14	1 720	1 712
Total depreciation and impairment of tangible fixed assets		**15 739**	**2 957**
Land and buildings	16	7 646	6 906
Vehicles, equipment and other	16	25	35
Total depreciation and impairment of right-of-use assets		**7 671**	**6 941**
Intangible assets	15	83 722	4 501
Total amortization and impairment on intangible fixed assets		**83 722**	**4 501**
Depreciation, amortization and impairment		**107 132**	**14 398**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

10. INTEREST EXPENSE

In USD'000	Note	2024	Restated 2023
Interest expense:			
- Bond 2016-2024	32	1 933	2 544
- Bridge loan		12 595	–
- Net interest expense recognized on defined benefit plans	29	261	-166
- Interest on lease obligations	16	2 190	2 075
- Other interest and bank charges		1 472	2 590
		18 452	**7 044**

In 2024, the Group secured a CHF 150 million senior secured bridge loan to strengthen its cash position, serving as a contingency in case the SKIDATA sale did not close in time to repay the outstanding bond. The loan had a maturity of 18 months after the closing date. During 2024, the Group drew kCHF 15 000, which was repaid in full following the sale of SKIDATA. The agreement included a 6% commitment fee for one year on the undrawn portion of the facility, as well as a prepayment fee on the drawn portion. The cost of this credit facility, including transaction costs directly attributable to the borrowing, has been disclosed as 'Bridge loan' in the table above.

11. OTHER FINANCE INCOME/(EXPENSE), NET

In USD'000	Note	2024	Restated 2023
Interest income		1 986	1 366
Net gains/(losses) on foreign exchange related derivative financial instruments		559	12
Net foreign exchange transaction gains/(losses)		1 841	-809
Trade receivables securitization		-2 987	-3 299
Remeasurement of securitized beneficial interests	45	-2 945	-1 749
Others		-404	-515
		-1 950	**-4 994**

12. INCOME TAX EXPENSE

In USD'000	Note	2024	Restated 2023
Current income tax		-2 304	-2 964
Deferred income tax	18	-10 386	325
Non-refundable withholding tax		-1 035	-1 567
		-13 724	**-4 207**

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	2024	Restated 2023
Income before tax	**-137 433**	**-29 948**
Expected tax calculated at domestic tax rates in the respective countries	33 418	2 905
Effect of income not subject to income tax or taxed at reduced rates	947	1 013
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	735	2 327
Effect of temporary differences and tax losses not recognized and deferred tax assets written-off	-27 641	-9 770
Effect of changes in tax rates	80	-59
Effect of associates' result reported net of tax	83	–
Effect of disallowed expenditures	-328	-177
Effect of prior year income taxes	370	-90
Effect of non-refundable withholding tax	-1 035	-1 567
Tax expense	**-13 724**	**-4 207**

Income before tax for tax-transparent companies includes the full income before tax of non-fully-owned subsidiaries whose income taxes are paid by the subsidiaries' shareholders. However, the Group only recognizes its ownership percentage tax portion. The theoretical tax impact if the Group had recognized 100% of the taxes on these subsidiaries amounts to kUSD 1 207 (2022: kUSD 1 055) and is included in 'Other' in the above table.

The weighted average applicable tax rate increased from 9.7% in 2023 to 24.3 % in 2024. The increase can be explained by a different profit split between countries.

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	2024	Restated 2023
Net income attributable to bearer shareholders	10 469	-26 964
- Continuing operations	*-137 064*	*-35 036*
- Discontinued operations	*147 533*	*8 072*
Net income attributable to registered shareholders	943	-2 432
- Continuing operations	*-12 340*	*-3 159*
- Discontinued operations	*13 283*	*728*
Total net income attributable to equity holders	**11 412**	**-29 396**
Weighted average number of bearer shares outstanding	51 425 543	51 343 469
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)	0.2036	-0.5252
- Continuing operations	*-2.6653*	*-0.6824*
- Discontinued operations	*2.8689*	*0.1572*
Attributable to shareholders of Kudelski SA for registered shares : basic and diluted (in USD)	0.0204	-0.0525
- Continuing operations	*-0.2665*	*-0.0682*
- Discontinued operations	*0.2869*	*0.0157*

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 2024

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, 2023	**6 880**	**51 849**	**12 687**	**76 790**	**15 131**	**163 337**
Additions	–	10	930	1 987	1 275	4 202
Disposals and retirements	–	–	-995	-2 655	-1 403	-5 053
Currency translation effects	–	659	566	6 006	671	7 902
Reclassification & others	–	-399	423	298	-24	298
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 December 31, 2024	**–**	**–**	**9 448**	**28 785**	**10 089**	**48 322**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
As of January 1, 2023	**–**	**-12 646**	**-8 065**	**-62 160**	**-12 440**	**-95 311**
Systematic depreciation	–	-270	-975	-874	-838	-2 957
Disposals and retirements	–	–	965	3 368	1 358	5 691
Depreciation and impairment reclassified as discontinued operations	–	-519	-481	-3 485	-399	-4 884
Currency translation effects	–	-367	-272	-5 478	-537	-6 654
Reclassification & others	–	–	–	-24	24	–
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 December 31, 2024	**–**	**–**	**-6 775**	**-27 014**	**-8 613**	**-42 401**
Net book values as of December 31, 2023	**6 880**	**38 318**	**4 784**	**13 772**	**2 818**	**66 571**
Net book values as of December 31, 2024	**–**	**–**	**2 674**	**1 771**	**1 477**	**5 921**
Useful life in years	Indefinite	10 – 50	4 – 8	4 – 10	4 – 7	

In USD'000	31.12.2024	31.12.2023
Corporate buildings on land whose owner has granted a permanent and specific right of use	–	8 494

The Group reviews the estimated useful lives and residual values of its fixed assets on an ongoing basis, based upon, among other things, its experience with similar assets, conditions in the relevant market, and prevailing industry practice.

During 2024, the Group recognized an impairment adjustment on real estate assets prior to the sale of a subsidiary. The adjustment is primarily due to declining market rental and the termination of a significant lease agreement (note 27).

15. INTANGIBLE ASSETS

In USD'000	Technology	Customer lists, Trademarks & Brands	Software	Goodwill	Other intangibles	Total
GROSS VALUES AT COST						
As of January 1, 2023	**92 000**	**66 985**	**70 834**	**337 230**	**425**	**567 473**
Additions	361	–	2 466	–	–	2 827
Disposals and retirements	-1 141	-2 158	-407	–	–	-3 706
Reclassification & others	-1 003	–	705	–	–	-298
Currency translation effects	8 146	-1 072	5 557	-2 283	17	10 364
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 December 31, 2024	**65 362**	**49 087**	**46 118**	**287 451**	**253**	**448 271**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
As of January 1, 2023	**-83 339**	**-58 338**	**-66 344**	**–**	**-424**	**-208 445**
Systematic amortization	-438	-3 496	-567	–	–	-4 501
Recovery of amortization on disposal and retirements	495	1 078	322	–	–	1 896
Amortization reclassified as dicontinued operations	-2 319	-1 111	-1 331	–	-1	-4 762
Currency translation effects	-7 925	861	-5 352	–	-17	-12 433
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 December 31, 2024	**-65 249**	**-48 947**	**-45 482**	**-82 084**	**-253**	**-242 015**
Net book values as of December 31, 2023	**4 837**	**2 749**	**5 882**	**334 947**	**–**	**348 415**
Net book values as of December 31, 2024	**113**	**140**	**636**	**205 367**	**–**	**206 256**
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: Digital TV, 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 2024

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

2024	Carrying amount	Period of cash flow projections	Annual sales growth	Compound annual growth rate	Annual margin evolution	Terminal growth rate	Pre-tax discount rate
Goodwill CGU							
Digital TV	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						

2023	Carrying amount	Period of cash flow projections	Annual sales growth	Compound annual growth rate	Annual margin evolution	Terminal growth rate	Pre-tax discount rate
Goodwill CGU							
Digital TV	203 795	5 years	-9% to 5%	0.0%	Declining	2.0%	13.5%
Public Access	35 382	5 years	4% to 6%	5.1%	Stable	2.0%	14.3%
Cybersecurity	61 709	5 years	12% to 14%	12.7%	Improvement	2.0%	14.3%
IoT	34 061	5 years	22% to 35%	29.5%	Improvement	2.0%	13.5%
	334 947						

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.

Digital TV
Digital TV faced challenges in 2024, experiencing double-digit revenue decline across regional markets, necessitating a fundamental reassessment of the segment's strategy and operational approach. While new product initiatives including watermarking/streaming/anti-piracy solutions, OpenTV Enterprise, and Sports demonstrated encouraging growth trajectories, this positive momentum proved insufficient to offset the accelerating decline in legacy broadcast and broadband product lines. While Digital TV reduced its 2024 spendings, operating profit experienced material decline in 2024. As revised projections are built on the lower 2024 base, the Group took an impairment of USD 82.1 million on the Goodwill of this Cash-Generating Unit.

Digital TV 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.

Segment management assumes declining revenues over the first years of the planning period, as the subscriber base of established pay-TV operators is expected to continue shrinking. Revenue decline is expected to taper off and in the later years of the planning period, revenues are expected to stabilize and revert to growth, as emerging product lines (e.g., from Watermarking/streaming/anti-piracy and Sports activities) gain traction.

Cybersecurity
The Kudelski Security leadership team provided a 5-Year P&L forecast. To develop this plan, the leadership team reviewed and developed a forecast for each of its lines of business (technology, services, managed security) in each of the geographical areas of operation (US and EMEA). Management assumed growth rates by line of business and geography taking into account factors such as market outlook, positioning, growth investments and past track record. The gross margins for each business line are determined by projecting the anticipated business mix within each line. It is anticipated that managed security and services margins will continue to grow in line with historical patterns, while margins for technology are expected to remain stable at this year's levels. OPEX growth was determined taking into account the capacity required to deliver the planned revenue base and to sustain further growth. Group management evaluated and adjusted the forecast submission to take into account business development risks and to ensure that the strategic focus areas are in line with reasonable growth and spending assumptions.

In 2024, Kudelski Security executed a comprehensive strategic consolidation of operations, systematically evaluating and refocusing the business on areas demonstrating strong value creation potential. Cybersecurity is expected to continue to benefit from favorable technology adoption trends and maintain a growth momentum. For planning purposes, 2025 gross profit growth is anticipated to be in line with the average of 2023 and 2024. Gross profit growth is then expected to revert to higher historical rates over the planning period, as the segment continues to gain traction in the higher margin managed security services space and innovation space.

Internet of Things (IoT)
IoT revenue projections by business line are based on product sales projections and take into account the existing customer pipeline and backlog. Projections are subsequently adjusted at the Group management level to include contingencies related to the uncertainty of the business development. Operating cost assumptions are mainly based on the cost base required for the implementation of the current product roadmap as well as the further development of the product portfolio.

The IoT business plan is built on the hypothesis that the asset tracking product line will continue to gain traction. Following exceptional growth rates in 2022 and 2023, the IoT segment underwent a transformative year in 2024, characterized by a revenue consolidation at a high level and by operational optimization measures aimed at sustaining future growth.

The focus on developing and scaling the asset tracking business had unintended consequences for the Lab and IoT Security business, leading to stagnating revenue in 2024. Similarly, while some of the cost increases in this segment were justified by the need to establish a strong operating base to support future growth, a lack of focus on cost control is a further factor explaining the negative cost development.

These developments have prompted a strategic reorganization. Looking ahead to 2025, the IoT segment has refined its strategic focus to concentrate primarily on asset tracking, with a carefully planned expansion into indirect channel sales for car dealerships, and a gradual expansion into new verticals. As a result, the Group has decided to carve out the Lab and IoT Security activities from the IoT operating segment and to transfer them to the Digital TV segment.

Since an impairment has been recognized for Digital TV, any reasonably possible change in key assumptions, without adjustments to the cost structure, would result in additional impairment. Specifically:
- A 2% increase in the discount rate would lead to an additional impairment of USD 24.4 million.
- A terminal growth rate of 0% would result in an additional impairment of USD 17.8 million.
- A USD 10.0 million reduction in recurring revenue would lead to an additional impairment of USD 81.8 million.

For Cybersecurity and IoT, reasonably possible changes in the revenue growth assumptions could result in a potential Goodwill impairment. Although the annual planned growth assumptions have been reduced in the 2024 plan, a 7.09% (2023: 26.33%) reduction in the Cybersecurity segment (resulting in CAGR of 11.00%) and a 22.57% (2023: 16.10%) reduction in the assumed compound annual growth rate in the IoT segment (resulting in a CAGR of 18.3%), without any adjustment of 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 33.6 million and USD 69.9 million respectively (2023: USD 120.5 and USD 63.0).

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16. LEASING

In USD'000	31.12.2024	31.12.2023
Land and buildings	34 703	44 113
Vehicles, equipment and other	14	4 388
	34 717	**48 500**

In USD'000	Land	Building & leasehold facilities	Vehicles	Equipment	Total
GROSS RIGHT-OF-USE ASSETS					
As of January 1, 2023	**774**	**72 854**	**8 377**	**195**	**82 200**
Additions	633	7 703	2 802	16	11 153
Disposals and retirements	-782	-10 563	-3 446	-107	-14 898
Currency translation effects	23	2 949	227	2	3 201
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 December 31, 2024	**0**	**52 905**	**100**	**-0**	**53 005**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
As of January 1, 2023	**-158**	**-27 159**	**-4 306**	**-140**	**-31 763**
Systematic depreciation	–	-6 906	-35	–	-6 941
Recovery of depreciation on disposal and retirements	159	9 620	3 134	107	13 021
Depreciation reclassified as discontinued operations	-40	-4 317	-2 296	-32	-6 685
Currency translation effects	-2	-676	-108	-1	-787
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 December 31, 2024	**0**	**-18 202**	**-85**	**0**	**-18 288**
Net book values as of December 31, 2023	**607**	**43 505**	**4 348**	**40**	**48 500**
Net book values as of December 31, 2024	**0**	**34 703**	**14**	**0**	**34 717**
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 amont of kUSD 7 671 (2023: kUSD 6 941) and interest expense of kUSD 2 190 (2023: kUSD 2 075), and are recognized in the cash flow statement as adjustments for net income non-cash items in operating activities. Lease payments of kUSD 14 539 (2023: kUSD 15 664) which represent the reduction of the lease liability are recognized in the cash flow statement as an outflow from financing activities and include payments from operations that have been discontinued for kUSD 4 816 (2023: kUSD 6 989). Operating lease costs relating to short-term leases of kUSD 6 063 (2023: kUSD 6 103) and low-value leases of kUSD 185 (2023: kUSD 212) remain fully recognized as an operational expense. The total cash outflow for leases from continuing operations in 2024 was kUSD 18 162 (2023: kUSD 17 065).

The Group's remaining contractual maturities of lease obligations at December 31, 2024 and 2023 are as follows:

In USD'000	2024	2023
Within one year	9 805	14 159
In the second to fifth year inclusive	26 533	34 545
More than five years	32 025	39 356
	68 363	**88 061**

17. INVESTMENTS IN ASSOCIATES

In USD'000	Note	2024	2023
At January 1		**11 307**	**10 667**
Sale of controlling interest in subsidiary	27	6 085	–
Sale of an associate		-5 061	–
Share of profit - continuing operations		3 168	-128
Share of profit - discontinued operations		376	1 198
Dividends received		-503	-1 041
Decrease in scope		-5 057	–
Currency translation effects		-369	611
At December 31		**9 945**	**11 307**

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

		Interest held	
Name of associate	**Principal activity**	**2024**	**2023**
APT-SkiData Ltd, United Kingdom	Sales of Public Access products	0.0%	26.0%
SKIDATA Parking Systems, Hong-Kong	Sales of Public Access products	0.0%	26.0%
SKIDATA India Private Limited, India	Sales of Public Access products	0.0%	49.0%
SJack GmbH, Austria	Sales of Public Access products	0.0%	26.0%
Swiss Peak Experience SA, Switzerland	Sales of Public Access products	0.0%	45.0%
iWedia SA, Switzerland	Middleware for set-top-boxes	40.0%	40.0%
275 Sacramento Street LLC	Real estate company	25.0%	0.0%
Kudelski Buildings Sàrl	Real estate company	0.0%	22.5%

SUMMARIZED FINANCIAL INFORMATION OF THE GROUP'S ASSOCIATES

In USD'000	31.12.2024	31.12.2023
Total assets	51 578	109 394
Total liabilities	17 296	61 128
Net assets	34 281	48 266
Group's share of associates' net assets	9 946	13 628

	2024	2023
Revenue	46 613	51 965
Result of the period	4 484	3 762
Group's share of associates' result for the period	3 544	1 070

On April 19, 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. APT-SKIDATA Ltd, SKIDATA Parking Systems, SKIDATA India Private Limited, SJack GmbH and Swiss Peak Experience SA were divested during 2024 with the sale of SKIDATA (note 41).

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	31.12.2024	31.12.2023
Deferred tax assets	20 319	46 962
Deferred tax liabilities	–	-386
	20 319	**46 576**

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Movement on the deferred income tax account is as follows:

In USD'000	Note	2024	2023
At January 1		**46 576**	**38 473**
Exchange differences		-1 298	1 936
Recognized against other comprehensive income		1 481	2 448
Change in scope of consolidation		-16 054	190
Income statement (expense)/income	12	-10 386	3 530
At December 31		**20 319**	**46 576**

The movement in deferred tax assets and liabilities during 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

In USD'000	At January 1, 2024	Income statement effect	Other compre-hensive income	Change in scope of consolida-tion	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**

And for 2023:

In USD'000	At January 1, 2023	Income statement effect	Other compre-hensive income	Change in scope of consolida-tion	Currency translation effects	At December 31, 2023
Deferred tax assets associated with						
- intangibles	1 637	-259	–	–	139	1 517
- employee benefits	233	678	2 448	–	83	3 442
- tax losses	27 560	914	–	-5	1 087	29 556
- provisions and other elements tax deductible when paid	3 090	1 563	–	49	34	4 736
- intercompany profit elimination	2 682	693	–	–	110	3 486
- leases	5 802	-876	–	–	473	5 399
- others	374	-29	–	–	32	378
Total deferred tax assets (gross)	**41 378**	**2 684**	**2 448**	**44**	**1 959**	**48 513**
Deferred tax liabilities associated with						
- intangibles	-1 412	718	–	119	56	-519
- provisions and accelerated tax depreciation	-473	283	–	27	10	-154
- others	-1 020	-156	–	–	-89	-1 264
Total deferred tax liabilities (gross)	**-2 905**	**845**	**–**	**146**	**-23**	**-1 937**
Net deferred tax asset/(liability)	**38 473**	**3 530**	**2 448**	**190**	**1 936**	**46 576**

UNRECOGNIZED TAX LOSSES CARRIED FORWARD

At the balance sheet date, the Group has unused tax losses and temporary differences of mUSD 1 314.2 (2023: mUSD 1 615.4) available for offset against future profits. A deferred tax asset has been recognized in respect of mUSD 223.1 (2023: mUSD 331.1) 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 1 091.1 (2023: mUSD 1 284.3) 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	2024	2023
Expiration within:		
One year	142.8	202.2
Two years	145.3	78.7
Three years	25.2	155.7
Four years	21.7	34.1
Five years	83.1	11.0
More than five years	673.1	802.7
Total	**1 091.1**	**1 284.3**

Despite some subsidiaries incurring losses, deferred tax assets on tax losses have been recognized based on expectations of future taxable profits, supported by management's assessment of sufficient probability of recovery in accordance with IAS 12.

19. FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

In USD'000	31.12.2024	31.12.2023
Financial assets at amortized cost:		
Loan – third party	11 928	11 928
State and government institutions	4 008	4 306
Trade accounts receivable (long-term portion)	379	3 951
Guarantee deposits	921	1 846
Prepaid expenses and accrued income (long-term portion)	3	71
Total financial assets at amortized cost	**17 240**	**22 101**
Financial assets at fair value through profit or loss:		
Equity instruments (level 3)	1 162	1 589
Securitized beneficial interests (level 3)	33 162	45 069
Total financial assets at fair value through profit or loss	**34 324**	**46 658**
Other non-current assets:		
Deferred rent	–	1 091
Total other non-current assets	**–**	**1 091**
Total	**51 563**	**69 850**

The equity instruments are measured using a discounted cash flow method provided by the company on a yearly basis.

The effective interest rate on third party loans is 2.00% (2023: 2.00%). State and government institutions include government grants for R&D projects that will not be received within the next 12 months. The long-term portion of trade accounts receivable includes, among others, discounted revenues related to the licensing of the Group intellectual property portfolio.

20. TRADE RECEIVABLES SECURITIZATION

In June 2023, the Group entered into an accounts receivable securitization program whereby trade receivables held by selected Group subsidiaries in Switzerland and the United States are sold to Kudelski Global Financing DAC, a special purpose entity domiciled and incorporated in Ireland (the "SPE"). Eligible receivables are sold to the SPE on an on-going basis at an agreed upon purchase price. Part of the consideration is received upfront in cash and part is deferred in the form of senior subordinated

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and junior subordinated notes issued by the SPE. Up to kUSD 50 000 of upfront cash consideration can be provided by the SPE under the program, financed by Norddeutsche Landesbank Gironzentrale ("NordLB"), as senior lender and Finacity Asset Management LLC., as intermediate subordinated lender and control party. The progam has a three-year term until June 2026. During the year ended December 31, 2024, the Group sold kUSD 400 909 (2023: kUSD 334 823) of trade receivables to the SPE. The loss on transfer of receivables, or purchase discount, which equates to the difference between the carrying amount of the receivable and the purchase consideration, was kUSD 5 201 (2023: kUSD 4 128) and has been recognized within 'Other finance income/(expense), net' in the Consolidated Income Statement.

As a lender to the SPE, the Group earns interest on its senior subordinated and junior subordinated loan receivables. During the year ended December 31, 2024, the Group earned interest of kUSD 2 477 (2023: kUSD 914) in respect of these loan receivables, recognized within 'Other finance income/(expense), net' in the Consolidated Income Statement.

The Group is engaged as master servicer to the SPE whereby the Group is responsible for the cash collection, reporting and cash application of the sold receivables. As master servicer, the Group earns a servicing fee equal to 0.5% of serviced receivables per annum. This results in the Group being exposed to variable returns. The servicing fee is paid out monthly by the SPE and is settled last in the priority of payments after settlement of all other amounts due. During the year ended December 31, 2024, the Group earned servicing fees of kUSD 348 (2023: kUSD 214) recognized within 'Other finance income/(expense), net' in the Consolidated Income Statement.

JUDGEMENTS RELATING TO CONSOLIDATION OF THE SPE

The Group does not own shares in the SPE or have the ability to appoint its directors. In determining whether to consolidate the SPE, the Group has evaluated whether it has control over the SPE, in particular, whether it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Receivables are sold to the SPE under the true sale opinion with legal interest transferred from the Group to the SPE. While the sale of receivables to the SPE is without recourse, the Group continues to be exposed to variability of risks and rewards associated with ownership as it is exposed to credit risk as senior subordinated and junior subordinated lender and has rights to variable returns in respect of its remuneration as master servicer.

The Group considers that the returns of the investees in the SPE are affected by the management of the receivables portfolio. In particular, it is the management of any impaired receivables that significantly impacts the variability of the returns of the SPE. The act of servicing receivables on a day-to-day basis does not constitute relevant activity, as this does not signficantly impact the returns of the SPE. The intermediate subordinated lender has the unabated ability to remove the Group as servicer of impaired receivables and take the decision to sell such receivables, giving it the unilateral power to affect the relevant activities of the receivables and thereby influence the variable returns. Accordingly, the Group has concluded that it does not control the SPE and therefore does not include the SPE in the Group's consolidation.

DERECOGNITION OF TRANSFERRED FINANCIAL ASSETS

The Group considers that when receivables are sold to the SPE, it has neither substantially transferred or substantially retained all the variability of risks and rewards associated with ownership of the receivables. The assets are pledged as security under the Senior loans, therefore the SPE is restricted from selling them. According to that, the Group concludes that control of the assets has not been transferrred and it should recognize the assets to the extent of its continuing involvement. This continuing involvement has been considered to equate to the investment in the junior and senior subordinated loans. At December 31, 2024, the sale of trade receivables has resulted in the recognition of loans to the SPE totalling kUSD 37 856 (2023: kUSD 46 818), presented within 'Financial assets at fair value through profit and loss' in the Consolidated Balance Sheet. The carrying value of these financial assets represent the Group's maximum exposure to loss from the SPE. As senior subordinated and junior subordinated lender to the SPE, the Group has a security interest in the sold receivables. This interest is junior to that of the senior lender, NordLB.

The investment in the senior subordinated and junior subordinated loans is carried at fair value with changes in the fair value recognized in profit or loss. The Group's expected credit loss in respect of the loans at December 31, 2024 was kUSD -4 694 (2023: kUSD -1 749). The valuation has been considered as level 3 in the IFRS fair value hierarchy since it is not primarily based on observable inputs (refer to note 45).

21. INVENTORIES

In USD'000	31.12.2024	31.12.2023
Raw materials	3 213	4 177
Work in progress	–	8 774
Finished goods	11 525	64 925
	14 738	**77 877**

The cost of inventories recognised as an expense in continuing operations includes kUSD 2 468 (2023: kUSD 1) in respect of write-downs, and has been reduced by kUSD 0 (2023: kUSD 151) 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 -3 092 (2023: kUSD -3 493).

22. TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

In USD'000	31.12.2024	31.12.2023
Trade accounts receivable	43 898	116 169
Less: provision for impairment	-8 508	-14 358
Trade accounts receivable related parties	465	1 843
Trade accounts receivable - net	**35 856**	**103 654**
Contract assets	3 636	18 605
Less: provision for impairment	-770	-1 587
Contract assets - net	**2 866**	**17 019**

Before accepting a new customer, the Group performs a credit scoring to assess the potential customer's credit quality and defines specific credit limits. Limits and scoring are regularly reviewed. Furthermore, for low value added business deliveries, the Group usually works on a back to back basis.

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

	Contract assets		Trade accounts receivable	
In USD'000	**2024**	**2023**	**2024**	**2023**
January 1,	**-1 587**	**-2 334**	**-14 358**	**-15 194**
Provision for impairment charged to income statement	-140	-139	-2 128	-1 481
Utilization	–	–	676	1 872
Reversal	797	956	4 320	295
Change in scope	97	-3	2 915	1 295
Translation effects	61	-66	67	-1 144
December 31,	**-770**	**-1 587**	**-8 508**	**-14 358**

The creation and release of the provision for impairment are included in other operating expenses in the income statement. Provisions recognized for the impairment of trade receivables amount to kUSD -2 128 (2023: kUSD -1 481). Amounts charged to the provision for impairment account are written-off when there is no expectation to recover additional cash.

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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, 2024 and 2023 were determined as follows:

In USD'000	Gross carrying amount	Expected loss rate	Provision for impairment 31.12.2024	Gross carrying amount	Expected loss rate	Provision for impairment 31.12.2023
Trade accounts receivable not overdue	25 117	0.4%	103	64 818	0.4%	258
Past due:						
- not more than one month	4 709	1.1%	52	16 467	0.5%	75
- more than one month and not more than three months	2 542	4.3%	110	11 919	1.4%	169
- more than three months and not more than six months	1 676	8.8%	148	5 279	5.7%	301
- more than six months and not more than one year	2 377	37.7%	895	5 370	36.9%	1 982
- more than one year	7 478	96.3%	7 198	12 316	94.0%	11 572
Total	**43 898**		**8 508**	**116 169**		**14 358**
Contract assets	3 636	21.2%	770	18 605	8.5%	1 587
Total	**3 636**		**770**	**18 605**		**1 587**

The expected loss rates are based on payment profiles of sales from the individual Group companies and corresponding historical credit losses. The average loss rates displayed above may vary due to the mix of outstanding receivables within the Group companies.

23. OTHER FINANCIAL ASSETS AT AMORTIZED COST

In USD'000	31.12.2024	31.12.2023
Other receivables - third parties	3 273	1 931
Other receivables - related parties	1 378	1 476
Advances to suppliers and employees	692	4 829
State and government institutions	9 154	17 087
	14 497	**25 322**

24. OTHER CURRENT ASSETS

In USD'000	31.12.2024	31.12.2023
Prepaid expenses	9 778	16 093
Accrued income	38 240	33 592
Other assets	16	29
	48 035	**49 714**

25. CASH AND CASH EQUIVALENTS

In USD'000	31.12.2024	31.12.2023
Cash at bank and in hand	96 276	49 151
Short-term deposits	30 059	7 225
	126 336	**56 376**

The effective interest rate on short term deposits was 4.45% (2023: 0.00%). The Group only enters into transactions with highly rated banks.

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26. SHARE CAPITAL

ISSUED AND FULLY PAID SHARE CAPITAL

The share capital consists of 51 451 506 (2023:51 392 064) bearer shares at CHF 8.00 par value each and 46 300 000 (2023: 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 346 624 (2023 kUSD 346 084).

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 (2023: 10 000 000) bearer shares at CHF 8.00 each to satisfy convertible bond exercise right and 362 250 (2023: 421 692) bearer shares at CHF 8.00 each to satisfy option exercise or share subscriptions to employees.

27. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries in which it has material non-controlling interests, before any intercompany elimination:

	31.12.2024		31.12.2023	
In USD'000	**Nagrastar**	**275 Sacramento Street LLC**	**Nagrastar**	**275 Sacramento Street LLC**
Non-controlling interests percentage	**50.0%**	**See note below**	**50.0%**	**50.1%**
Non-current assets	1 630	–	1 580	37 743
Current Assets	20 758	–	20 741	210
Non-current liabilities	–	–	8	50
Current liabilities	7 451	–	6 557	190
Total Equity	**14 937**	**–**	**15 756**	**37 712**
Non-controlling interests percentage	50%	See note below	50%	50.1%
Theoritical amount of non-controlling interests	7 469	–	7 878	18 894
Carrying amount of non-controlling interests	**7 469**	**–**	**7 878**	**18 894**
	–			
Revenue	16 100	5 608	18 369	4 183
Net result	4 181	-7 673	5 555	2 529
Total comprehensive income	4 181	-7 673	5 555	2 529
Total comprehensive income allocated to non-controlling interests	2 090	-3 844	2 777	1 267
Dividend paid to non controlling interests	-2 500	-2 831	-2 500	-1 353
Net increase /(decrease) in cash and cash equivalents	1 414	-142	-907	-28

These companies are treated as subsidiaries because the Group controls them either by financing or bearing an over-proportional responsibility for the main risks.

SALE OF CONTROLLING INTEREST IN SUBSIDIARY

On May 1, 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 adjustment of kUSD 12 739 in order to properly reflect the market value of the subsidiary's real estate assets prior to the sale. This adjustment is primarily the result of deteriorating market rental conditions and the termination of a significant lease agreement with a major tenant.

Subsequent to the sale transaction, management has determined the Group no longer has a controlling financial interest in 275 Sacramento Street LLC and therefore no longer consolidates the entity. All activity prior to the deconsolidation event has been included in the consolidated income statement for the year ended December 31, 2024 in continuing operations. The carrying value of the Group's retained membership interest in 275 Sacramento Street LLC is kUSD 6 245 and is included as 'Investment in associates' in the consolidated balance sheet as of December 31, 2024.

28. LONG TERM FINANCIAL DEBT

In USD'000	31.12.2024	31.12.2023
Long-term bank loans	–	10 483
	–	**10 483**

Long-term bank loans effective interest rate is 0.49% (2023: 3.09%).

29. 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 (2023: thirteen) other post-employment benefit plans treated as defined benefit plan according to IAS 19. Post-employment benefit plan may include jubilee and termination benefits. Other post-employment benefit plans are not funded. The reduction of the number of plans is due to the divestment of SKIDATA during 2024 (note 41). The financial impacts relating to this divestment are disclosed as 'Structure variations' in the tables below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

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

In USD'000	31.12.2024	31.12.2023
Fair value of plan assets	237 039	260 738
Defined benefit obligation	-260 082	-283 391
Funded status	**-23 043**	**-22 653**
Other comprehensive income	17 937	27 591
Prepaid/(accrued) pension cost	-40 980	-50 244
Funded status	**-23 043**	**-22 653**

In accordance with IAS 19, the following amount is recorded as net pension cost in the income statement for the financial years 2024 and 2023:

In USD'000	Note	2024	Restated 2023
Service cost		-9 036	-7 297
Amortization of gains/(losses)		-13	10
Curtailment gain / (loss)		69	76
Impact of plan amendment		–	308
Total recognized in employee benefits expense	**7**	**-8 981**	**-6 904**
Interest cost		-3 709	-5 162
Interest income		3 448	5 328
Total recognized in interest expense	**10**	**-261**	**166**
Net pension (cost)/income		**-9 242**	**-6 738**

The impact of plan amendment relates to a 2024 change in benefits of the French pension plans.

The main assumptions used for the calculation of the pension cost and the defined benefit obligation for the years 2024 and 2023 are as follows:

	31.12.2024	31.12.2023
Switzerland		
Financial assumptions:		
- Discount rate	1.05%	1.50%
- 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	4.97%	4.47%
- Rate of future increase in compensations	5.19%	4.91%
- Turnover *(on average)*	5.1%	7.5%

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

	31.12.2024	31.12.2023
Weighted average duration of the defined benefit obligation in years		
Switzerland	16.8	16.2
Abroad	10.9	10.7

The changes in defined benefit obligation and fair value of plan assets during the years 2024 and 2023 are as follows:

A. Change in defined benefit obligation

In USD'000	2024	2023 Restated
Defined benefit obligation as of 1.1.	**-283 391**	**-226 883**
Service cost	-9 492	-7 297
Employees' contributions	-6 208	-6 394
Interest cost	-3 886	-5 162
Change in demographic assumptions	-346	4 884
Change in financial assumptions	-20 303	-32 418
Other actuarial gains / (losses)	-3 135	3 790
Benefits payments	16 752	8 502
Exchange rate difference	18 456	-22 441
Curtailment	69	76
Plan amendment	–	308
Structure variations	31 403	-356
Defined benefit obligation as of December 31,	**-260 082**	**-283 391**

Changes in demographic assumptions result from analysis of trends over the last six years and the impacts are disclosed in the above table under 'Changes in demographic assumptions'. Other actuarial gains/(losses) are experience gains/(losses) arising due to differences between assumed and actual results.

B. Change in fair value of plan assets

In USD'000	2024	2023
Fair value of plan assets as of 1.1.	**260 738**	**222 221**
Interest income	3 448	5 328
Return on plan assets excluding interest income	13 284	5 354
Employees' contributions	6 208	6 394
Employer's contribution	7 949	8 090
Benefit payments	-16 752	-8 728
Structure variations	-20 699	–
Exchange rate difference	-17 137	22 079
Fair value of plan assets as of December 31,	**237 039**	**260 738**

The actual return on plan assets amounts to kUSD 16 731 in 2024 (2023: kUSD 10 682) and includes an assumed interest income. The estimated employer's contribution to the pension plans for the year 2025 is kUSD 6 720.

The categories of plan assets, all of which are easily convertible to cash, are stated at their fair value at December 31, 2024 and 2023 as follows:

In USD'000	31.12.2024	Proportion in % 31.12.2024	31.12.2023	Proportion in % 31.12.2023
Cash	1 725	0.7%	6 885	2.6%
Swiss bonds	19 419	8.2%	21 380	8.2%
Non-Swiss bonds	70 046	29.6%	74 840	28.7%
Swiss shares	40 595	17.1%	43 573	16.7%
Non-Swiss shares	35 564	15.0%	41 493	15.9%
Real estate	41 739	17.6%	43 205	16.6%
Alternative investments	27 951	11.8%	29 363	11.3%
Total	**237 039**	**100.0%**	**260 738**	**100.0%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

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
2025	13 470	247
2026	11 114	–
2027	12 151	–
2028	9 992	191
2029	10 703	171
2030-2034	50 698	924

The following table shows the sensitivity of the defined benefit pension obligations to the principal actuarial assumptions based on reasonably possible changes to the respective assumptions occurring at the end of the reporting period:

	Change in 2024 year-end defined benefit obligation		Change in 2023 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	-19 867	-187	-20 121	-663
50 basis point decrease in discount rate	22 779	203	23 019	716
50 basis point increase in rate of salary increase	148	n/a	574	n/a
50 basis point decrease in rate of salary increase	-157	n/a	-592	n/a
50 basis point increase in rate of pension increase	12 992	n/a	12 919	n/a
50 basis point decrease in rate of pension increase	-11 792	n/a	-11 417	n/a
50 basis point increase of interest in saving accounts	7 142	n/a	7 586	n/a
50 basis point decrease of interest in saving accounts	-6 795	n/a	-7 218	n/a
50 basis point increase of turnover	-875	n/a	-643	n/a
50 basis point decrease of turnover	906	n/a	664	n/a

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

30. OTHER LONG TERM LIABILITIES

In USD'000	31.12.2024	31.12.2023
Long-term loans - third parties	5 208	5 738
Deferred consideration	–	1 679
Contingent consideration	–	1 679
Other long-term liabilities	–	373
Deferred income	225	316
	5 432	**9 786**

The effective interest rate on long-term loans is 0.00% (2023: 0.00%.)

Deferred and contingent consideration balances included the long-term portions of deferred fixed and contingent earn-out payments in connection with business acquisitions. The related balances were divested during 2024 with the sale of SKIDATA (note 41).

31. SHORT TERM FINANCIAL DEBT

In USD'000	Note	31.12.2024	31.12.2023
CHF 150 million 1.5% bond 2016/2024	32	–	172 629
Short-term bank borrowings		2	53 390
Other short-term financial liabilities		671	5 015
		673	**231 034**

The average effective interest rate paid in 2024 for short-term bank borrowings was 5.95% (2023: 4.64%).

32. BOND

In September 2016, Kudelski SA issued a CHF 150 million bond with a subscription price of 100%, bearing an annual interest rate of 1.5% and maturing on September 27, 2024 at par. The proceeds amounted to kCHF 150'000 (kUSD 154 384) less issuance costs of kCHF 665 (kUSD 684) totaling an initial net proceed of kCHF 149'335 (kUSD 153 700) and resulting in an effective interest rate of 1.58%. On September 27, 2024, the Group reimbursed nominal value kUSD 172 549 relating to the 2016-2024 bond. Bond is recognized in the consolidated balance sheet as of December 31, as follows:

In USD'000	2024	2023
Initial balance	**172 629**	**157 610**
Amortization of transaction costs less premium	61	92
Reimbursement	-172 549	–
Currency translation effects	-140	14 927
Liability component as of December 31	**–**	**172 629**

33. TRADE ACCOUNTS PAYABLE

In USD'000	31.12.2024	31.12.2023
Trade accounts payable – third parties	30 414	84 141
Trade accounts payable – related parties	–	48
	30 414	**84 190**

34. CONTRACT LIABILITIES

In USD'000	31.12.2024	31.12.2023
Amounts due to customers for contract work	2 959	2 752
Advances from clients	2 739	16 768
Deferred income	50 279	40 112
	55 977	**59 632**

35. OTHER CURRENT LIABILITIES

In USD'000	31.12.2024	31.12.2023
Accrued expenses	57 259	88 735
Payable to pension fund	1 608	7 592
Other payables	12 443	17 030
	71 310	**113 357**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

36. 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.

	Assets		Liabilities	
In USD’000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Held-for-trading:				
- Foreign currency options	–	–	-28	–
- FX swaps	–	–	–	-45
Total of derivatives financial instruments	**–**	**–**	**-28**	**-45**

There were no amounts included in the cost of hedging reserve and no long-term derivative instruments outstanding at December 31, 2024 and 2023. For 2023, amounts included in cost of hedging reserve during the year related to the time value of options. All the amounts in the hedging reserve were in respect of transaction-related items, namely forecast sales transactions. The notional amount of options qualifying for hedge accounting amounted to mUSD 12 and mEUR 24 with maturities between January and October and average strike rate of USD/CHF 0.9880 and EUR/CHF 0.9953 in 2023.

37. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

In USD’000	**Restruc-turing provisions**	**Provision for warranty**	**Litigations and others**	**Total 2024**	**Total 2023**
As of January 1	**22**	**2 750**	**60**	**2 832**	**2 600**
Additional provisions	79	–	12	91	981
Change in scope of consolidation	–	-2 535	-43	-2 578	–
Unused amounts reversed	–	-150	–	-150	-720
Used during the year	-81	-8	-27	-116	-89
Exchange differences	-1	-56	-2	-60	61
As of December 31	**19**	**0**	**0**	**19**	**2 832**
Thereof:					
- Short-term	19	–	–	19	2 832
- Long-term	–	–	–	–	–
	19	**–**	**–**	**19**	**2 832**

Restructuring provisions

Restructuring provisions in 2024 and 2023 primarily relate to headcount reduction measures impacting the Group’s Digital TV operations.

Litigations and others

A number of Group companies are the subject of litigation arising out of the normal conduct of their business, as a result of which claims could be made against them. Such claims, in whole or in part, might not be covered by insurance. This provision disclosed in short-term covers legal fees and lawsuits and is valued according to management’s best estimate.

Provision for warranty

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

38. RESEARCH AND DEVELOPMENT

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

In USD’000	**2024**	**Restated 2023**
Research and development	106 257	108 244

39. DIVIDEND

Since year end, no distribution has been proposed by the Board of Directors. No distributions were paid by the Group during the year ended December 31, 2024.

40. 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 2024	Shares 2023
Shares underwritten by employees	49 535	61 485
Bonus shares from ESPP	9 907	12 297
Total employee share program	**59 442**	**73 782**
Amount paid by employee (In USD'000)	52	73
Booked corporate charges (excluding social charges) (In USD'000)	23	32
	75	**105**

SHARES ISSUED TO EMPLOYEES

In 2024, 0 (2023: 138 987) bearer shares of Kudelski SA were given to employees for no consideration as part of their compensation, of which 0 (2023: 124 467) include a seven-year blocking period, 0 (2023: 14 520) include a three-year blocking period. The fair value recognized for this equity based compensation is kUSD 0 (2023: kUSD 255).

41. DISCONTINUED OPERATIONS

On September 13, 2024, the Group completed the sale of its interest in SKIDATA to ASSA ABLOY for total consideration of kUSD 339 261. Accordingly, the financial results of SKIDATA have been presented as a discontinued operation for the current and comparative prior period.

FINANCIAL RESULTS OF DISCONTINUED OPERATIONS

The results of SKIDATA for the period from January 1, 2024 to September 13, 2024 and for the year ended December 31, 2023 are as follows:

In USD'000	2024	2023
Revenues and other operating income	214 011	329 403
Expenses	-192 202	-313 663
Operating result	**21 808**	**15 740**
Finance costs	-4 965	-6 085
Operating result before tax from discontinued operations	**16 844**	**9 655**
Income tax	-2 267	-9
Net operating result from discontinued operations	**14 577**	**9 646**
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**	**9 646**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

CASH FLOW INFORMATION FOR DISCONTINUED OPERATIONS

In USD'000	2024	2023
Cash flow used in operating activities	10 426	41 897
Cash flow used in investing activities	-3 246	-3 169
Cash flow from financing activities	-8 096	-15 051

NET ASSETS OF THE DISPOSAL GROUP

The following represents the assets and liabilities of SKIDATA considered part of the disposal group:

In USD'000	13.09.2024	31.12.2023
Non-current assets:		
Tangible fixed assets	24 054	22 423
Intangible assets	47 581	46 422
Right-of-use assets	20 753	14 973
Investments in associates	5 164	4 940
Deferred income tax assets	16 549	11 242
Financial assets at amortized cost	1 278	1 040
Financial assets at fair value through profit and loss	344	344
Total non-current assets	**115 723**	**101 383**
Current assets:		
Inventories	58 509	57 521
Trade accounts receivable	47 030	61 264
Contract assets	36 239	15 254
Other financial assets at amortized cost	12 041	8 941
Other current assets	2 804	3 863
Cash and cash equivalents	20 012	22 543
Total current assets	**176 635**	**169 387**
Total assets of the disposal group	**292 358**	**270 770**
Non-current liabilities:		
Long-term financial debt	9 590	9 595
Long-term lease obligations	11 261	10 588
Deferred income tax liabilities	2 139	376
Employee benefit liabilities	11 528	9 695
Other long-term liabilities	3 440	3 376
Total non-current liabilities	**37 958**	**33 630**
Current liabilities:		
Short-term financial debt	20 776	23 376
Short-term lease obligations	6 443	5 829
Trade accounts payable	20 823	33 907
Contract liabilities	36 847	21 720
Other current liabilities	28 358	27 643
Current income taxes	–	1 095
Provisions for other liabilities and charges	2 536	2 810
Total current liabilities	**115 785**	**116 378**
Total liabilities of the disposal group	**153 743**	**150 008**
Components of OCI recycled upon disposal	**31 550**	**37 147**
Total net assets of the disposal group	**170 165**	**157 909**

42. 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 2024	Sale of goods and services 2023	Purchase of goods and services 2024	Purchase of goods and services 2023	Amounts owed to related parties 31.12.2024	Amounts owed to related parties 31.12.2023	Amounts owed by related parties 31.12.2024	Amounts owed by related parties 31.12.2023
APT-Skidata Ltd	–	–	–	–	–	–	–	715
SKIDATA Parking System Ltd	–	–	–	–	–	–	–	226
SKIDATA India Private Limited	–	–	–	–	–	–	–	450
HVK Logistics	–	–	–	–	–	–	54	12
Fonds de prévoyance Kudelski-Nagra	–	–	–	–	987	6 678	–	–
275 Sacramento Street LLC	–	–	1 850	–	–	–	–	–
Total associated companies	**–**	**–**	**1 850**	**–**	**987**	**6 678**	**54**	**1 402**
Audio Technology Switzerland SA	–	–	–	–	–	–	1 789	1 916
Kudelski Buildings Sàrl	–	–	4 067	3 904	15	–	–	–
Kudelski Horizon Sàrl	–	–	52	51	5	48	–	–
Kudelski Global Financing DAC	400 909	334 823	–	–	–	–	33 162	45 069
Total other related	**400 909**	**334 823**	**4 118**	**3 955**	**21**	**48**	**34 951**	**46 986**

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). APT SKIDATA, SKIDATA Parking System Ltd and SKIDATA India Private Limited are sales representative companies for SKIDATA Group which was divested during 2024 (note 41).

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, there were two transactions with related parties whereby the Group sold its interests in Kudelski Building Sàrl and 275 Sacramento Street LLC. Additional information is disclosed in note 17 and note 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	2024	2023
Salaries and other short-term employees benefits	9 793	5 466
Post-employments benefits	67	68
	9 859	**5 533**

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43. SHAREHOLDINGS AND LOANS

PRINCIPAL SHAREHOLDERS

	Voting rights		Shareholdings	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
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, 2024 and 2023, the members of the Board of Directors and members of Group management had the following interest in the company:

	31.12.2024	31.12.2023
	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	215 854
Solbakken Morten, COO	118 315	118 315
Goldberg Nancy, CMO	81 595	81 595
Total Management (excluding CEO)	**359 349**	**415 764**

The Kudelski family pool also owns 46 300 000 registered shares of Kudelski SA as of December 31, 2024 and 2023.
No loans were granted in 2024 and 2023 to the members of the Board of Directors and Group management.

At December 31, 2023, Mauro Saladini owned kCHF 60 nominal value of the bond that has been repaid in 2024.

44. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial assets and liabilities are classified as follow as of December 31, 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	30	–	5 208	5 208
Short-term financial debt	31	–	673	673
Short-term lease obligations	16	–	9 806	9 806
Trade accounts payable	33	–	30 414	30 414
Other current liabilities:				
- payable to pension fund	35	–	1 608	1 608
- other payables	35	–	12 443	12 443
- accrued expenses	35	–	57 259	57 259
- current income tax		–	1 406	1 406
Derivative financial instruments (level 2)	36	28	–	28
		28	**177 374**	**177 402**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

And for 2023:

Assets as per balance sheet date December 31, 2023 (in USD'000)	Note	Financial assets at fair value through profit or loss	Financial Assets at amortized costs	Total 31.12.2023
Financial assets and non-current assets:				
- equity instruments with no quoted market price (level 3)	19	1 589	–	1 589
- securitized beneficial interests	19	45 069	–	45 069
- long-term loans	19	–	11 928	11 928
- state and government institutions	19	–	4 306	4 306
- trade accounts receivable - long-term portion	19	–	3 951	3 951
- guarantee deposits	19	–	1 846	1 846
- prepaid expenses and accrued income (long-term)	19	–	71	71
Trade accounts receivable	22	–	103 654	103 654
Other current assets:				
- state and government institutions	23	–	17 087	17 087
- other receivable (third and related parties)	23	–	3 407	3 407
Cash and cash equivalents	25	–	56 376	56 376
		46 658	**202 624**	**249 282**

Liabilities as per balance sheet date December 31, 2023 (in USD'000)	Note	Financial liabilities at fair value through profit or loss	Financial Liabilities at amortized costs	Total 31.12.2023
Long-term financial debt	28	–	10 484	10 484
Long-term lease obligations	16	–	73 901	73 901
Other long-term liabilities:				
- deferred consideration	30	–	1 679	1 679
- contingent consideration (level 3)	30	1 679	–	1 679
- loans and others	30	–	6 111	6 111
Short-term financial debt	31	–	231 034	231 034
Short-term lease obligations	16	–	14 159	14 159
Trade accounts payable	33	–	84 190	84 190
Other current liabilities:				
- payable to pension fund	35	–	7 592	7 592
- other payables	35	–	17 030	17 030
- accrued expenses	35	–	88 735	88 735
- current income tax		–	2 106	2 106
Derivative financial instruments (level 2)	36	45	–	45
		1 724	**537 022**	**538 746**

45. 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	31.12.2024	31.12.2023
Financial assets at fair value through profit or loss:				
- equity instuments with no quoted market price	level 3	19	1 162	1 589
- securitized beneficial interests	level 3	19	33 162	45 069
Total financial assets			**34 324**	**46 658**
Financial liabilities:				
- derivative financial instruments	level 2	36	28	45
- contingent consideration (long-term portion)	level 3	30	–	1 679
Total financial liabilities			**28**	**1 724**

The fair value of level 3 equity instruments with no quoted market price is determined using a discounted cash flow method provided by the company. The fair value of securitized beneficial interests are determined using a discounted cash flow method provided by the control party which considers the credit quality of the underlying assets. Level 3 contingent consideration consisted of earn-out payments on companies that have been acquired by the Public Access segment and were divested during 2024 with the sale of SKIDATA (note 41).

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, 2023	**–**	**1 137**	**-1 547**
Sale of receivables	334 823	–	–
Cash on SPE account	9 951	–	–
Funding drawn	-33 820	–	–
Settlement of trade receivables, net	-263 866	–	–
Acquisition	–	336	–
Interest income (recognized in other finance income/(expense), net)	1 128	–	–
Interest received	-797	–	–
Remeasurement (recognized in other finance income/(expense), net)	-1 749	–	-75
Purchase discount (recognized in other finance income/(expense), net)	-4 128		
Discount effect (recognized in interest expense)	–	–	-113
Currency translation adjustment	3 527	116	55
Balance at December 31, 2023	**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**

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 2024

46. MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

The following table analyses the Group's remaining contractual maturities for its non-derivative financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table below includes both interest and principal cash flows. The adjustment columns represent the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet. Balances due within one year equal their carrying amounts as the impact of discounting is not significant.

In USD'000	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
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Bonds	–	175 317	–	–	–	–	–	-2 688	–	172 629
Long-term bank loans	–	–	–	11 198	–	–	–	-714	–	10 483
Other long-term financial liabilities	–	–	5 208	5 159	–	6 335	–	-1 709	5 208	9 786
Short-term financial debt	673	55 013	–	–	–	–	–	-1 623	673	53 390
Other short-term financial liabiliities	–	5 015	–	–	–	–	–	–	–	5 015
Trade accounts payable	30 414	84 190	–	–	–	–	–	–	30 414	84 190
Payable to pension fund	1 608	7 592	–	–	–	–	–	–	1 608	7 592
Accrued expenses	57 259	88 735	–	–	–	–	–	–	57 259	88 735
Other payables	12 443	17 030	–	–	–	–	–	–	12 443	17 030
Lease obligations	11 419	14 412	30 824	36 608	34 683	51 303	-8 562	-14 263	68 363	88 061
Derivatives	28	45	–	–	–	–	–	–	28	45
Total	**113 843**	**447 350**	**36 032**	**52 965**	**34 683**	**57 639**	**-8 562**	**-20 998**	**175 995**	**536 956**

47. SENSITIVITY ANALYSIS

Foreign currency

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters utilizing derivative instruments.

The Group is mainly exposed to the CHF and the EUR. The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in the CHF and a 10% (2023: 10%) increase or decrease in the EUR compared to the presentation currency. The sensitivity rate used approximates the fluctuation considered by management when performing risk analysis. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items and adjusts their translation at period end for the above mentioned change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in post-tax profit when the foreign currency strengthens against the relevant currency.

	CHF		EUR	
In USD'000	**2024**	**2023**	**2024**	**2023**
Post-tax net income				
- Increase	-4 750	4 415	4 321	-8 513
- Decrease	4 637	-4 415	-4 321	8 513
Comprehensive income (post-tax effect)				
- Increase	–	-1 450	–	4 351
- Decrease	–	1 450	–	-4 351

Interest rates

The sensitivity analysis aims to disclose the impact of a market change in interest rates. The sensitivity analysis below is based on the exposure to interest rates for financial instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of financial instruments that have floating rates.

The following rates, corresponding to each currency, represent management's assessment of the reasonable possible change in interest rates for purposes of reporting interest rate sensitivity. Prior year sensitivity has been re-presented for comparison purposes:

- USD: increase of 100 basis points and decrease of 100 basis points (2023: 100 basis points increase or 100 decrease)
- EUR: increase of 100 basis points and decrease of 100 basis points (2023: 100 basis points increase or 100 decrease)
- CHF: increase of 100 basis points and decrease of 100 basis points (2023: 100 basis points increase or 100 decrease)

If interest rates had been higher/lower on the above mentioned possible change in interest rates and all other variables were held constant, the Group's:
- post-tax profit for the year ended December 31, 2024 would increase by kUSD 956 and decrease by kUSD 956, respectively. (2023: decrease by kUSD 18 and increase by kUSD 18). This is mainly due to the interest rate exposure of the Group's interest-bearing cash balances.
- other comprehensive income would not be impacted in 2024 and 2023.

Equity prices

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

48. COLLATERAL RECEIVED AND GIVEN

In USD'000	31.12.2024	31.12.2023
Guarantees in favor of third parties	2 991	5 408

49. RISK CONCENTRATION

At December 31, 2024 and 2023, 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 45).

50. FINANCIAL INSTRUMENTS - UNREPRESENTATIVE RISK EXPOSURE AT REPORTING DATE

The quantative data required for IFRS 7 disclosures encompassing market, credit and liquidity risk for the year ended December 31, 2024 was representative of the Group risk profile at that date and is determined by Group management to be representative for future periods.

51. CAPITAL RISK MANAGEMENT

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

The Board of Directors seeks to maintain a prudent balance between different components of the Group's capital. Group management monitors capital through various metrics, including operating cash flow. The operating cash flow to net financial debt ratio is currently not a relevant metric as the Group does not have any net financial debt: as of end of 2024, the Group had a net cash position of USD 126.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

52. NET DEBT RECONCILIATION

In USD'000	31.12.2024	31.12.2023
Cash and cash equivalents	126 336	56 376
Long-term financial debt	–	-10 483
Long-term lease obligations	-58 558	-73 901
Short-term financial debt	-673	-231 034
Short-term lease obligations	-9 805	-14 159
Net debt	**57 300**	**-273 202**

In USD'000	Note:	Cash and cash equivalents	Long-term debt	Short-term debt	Lease obligations	Total
Net debt at January 1, 2023		**62 167**	**-182 172**	**-76 883**	**-88 812**	**-285 700**
Cash flows		-5 727	–	–	–	-5 727
Reclassification		–	162 350	-162 350	–	
Transfer from Payables and other current liabilities		–	-1 046	-4 297	–	-5 343
Lease addition		–	–	–	-11 153	-11 153
Reimbursment of bank overdrafts, long-term loans and lease obligations		–	16 122	30 704	15 664	62 490
Increase in bank overdrafts, long-term loans		–	–	-4 326	–	-4 326
Covid 19 subsidies		–	-244	–	–	-244
Termination of leasing contracts		–	–	–	1 994	1 994
Accrued interests		–	–	–		–
Foreign exchange adjustments		-64	-5 401	-13 882	-5 754	-25 101
Amortization of transaction cost less premium and gain on bond repurchase	28	–	-92	–	–	-92
Net debt at December 31, 2023		**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
Reimbursment 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	28			-64		-64
Net cash / (debt) at December 31, 2024		**126 336**	**0**	**-673**	**-68 363**	**57 300**

53. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On February 4, 2025, the Group announced a reorganization of its operational structure following the divestment of SKIDATA during 2024. The transformation aligns with the Group's ongoing effort to strenghten its core digital security business and includes various cost-reduction measures including workforce reductions across the Group's business segments and corporate functions. The changes announced are expected to be substantially completed during the first half of 2025.

In accordance with IAS 10 - Events after the Reporting Period, the Group has evaluated this subsequent event to determine its impact on the financial statements. As the reorganization plan was communicated after the reporting period but before the financial statements were authorized for issue, it is considered a non-adjusting event. Therefore, no provisions or adjustments have been made to the financial statements for this event.

54. PRINCIPAL CURRENCY TRANSLATION RATES

	Year end rates used for the consolidated balance sheet		Average rates used for the consolidated income and cash flow statement	
	2024	2023	2024	2023
1 CHF	1.1049	1.1834	1.1354	1.1130
1 EUR	1.0397	1.1071	1.0816	1.0814
100 NOK	8.8136	9.8325	9.3006	9.4760
1 GBP	1.2550	1.2741	1.2778	1.2435
100 BRL	16.2413	20.5917	18.6271	20.0334
100 INR	1.1689	1.2021	1.1951	1.2109
1 SGD	0.7369	0.7580	0.7482	0.7447
1 AUD	0.6228	0.6832	0.6595	0.6645

55. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorised for issuance on February 26, 2025.

56. PRINCIPAL OPERATING COMPANIES

Company	Place of incorporation	Activity	Digital TV	Cyber-security	Internet of Things	Public Access	Corporate	Percentage held 2024	2023
Nagravision Sàrl	CH – Cheseaux	Solutions for Digital TV and Cybersecurity	•	•	•			100	100
Nagra France SAS	FR – Paris	Solutions for Digital TV	•					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 digital TV support	•					50	50
OpenTV Inc	US – Delaware	Middleware for set-top-boxes and IoT solutions	•		•			100	100
Nagravision AS	NO – Oslo	Solutions for Digital TV	•					100	100
Kudelski Security, Inc.	US – Minneapolis	Cybersecurity Solutions		•				100	100
SKIDATA Group	AT – Gartenau	People and car access systems				•		0	100
Kudelski SA	CH – Cheseaux	Holding, parent company of the Group					•	100	100
Kudelski Corporate, Inc.	US – Delaware	Support					•	M	100

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2024

57. 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 internal control system is based on the COSO framework with a dedicated internal control team in place.

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 2024

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 2024, the consolidated balance sheet as at 31 December 2024, 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 consolidated financial statements pages 98 to 150 give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 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, 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), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach

Overview

Overall group materiality: KUSD 1'950

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.

As key audit matters the following areas of focus have been identified:

Goodwill impairment tests Cybersecurity, Internet of Things and Digital TV

Sale of SKIDATA

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.

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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 1'950
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 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.

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.

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 Digital TV

Key audit matter	How our audit addressed the key audit matter
As described in Note 15 to the consolidated financial statements, the Group has goodwill totalling KUSD 205'367 at 31 December 2024, comprising KUSD 59'215 related to the Cybersecurity segment, KUSD 32'684 related to the Internet of Things segment and KUSD 113'469 related to the Digital TV segment. We focused on the goodwill related to Cybersecurity, Internet of Things and Digital TV in view of the significance of the amounts involved, and the judgement used by management to estimate future financial results. 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.	We assessed the Group's allocation of goodwill to the CGUs Cybersecurity, Internet of Things and Digital TV 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 segments. We obtained the Group's impairment analysis for CGUs Cybersecurity, Internet of Things and Digital TV and performed the following procedures: - 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.

Refer to note 2 – Critical accounting estimates and judgements and note 15 – Intangible assets for details of management's impairment test and assumptions.	- 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 segments. - Together with our specialists, we evaluated the reasonableness of the discount rates applied for the three segments. - 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. As a results of our procedures, we determined that the conclusions reached by management with regards to the recoverability of the carrying amounts of goodwill are reasonable and supportable.

Sale of SKIDATA

Key audit matter	How our audit addressed the key audit matter
As described in the Note 41 to the consolidated financial statements, the Group completed the sale of its interest in SKIDATA to ASSA ABLOY for total consideration of KUSD 339'261. Given the significance of the transaction on the consolidated financial statements, we consider the transaction to be a key audit matter for our audit The transaction involved a substantial proceeds from sale and required careful evaluation of the terms and conditions of the sale agreement.	We assessed the accounting and the related disclosures of the transaction in accordance with the relevant accounting standards by performing the following: - We read the sale agreement, including the terms and conditions of the transaction, to understand the nature of the sale and the consideration received by the entity. -We identified the risks associated with the accounting for the transaction, including the potential for overstatement or understatement of the net result, the carrying value of net assets sold, the transaction costs , and the completeness of disclosures. - We performed substantive testing to verify the accuracy and completeness of the sale transaction, including testing the underlying documentation. - We evaluated whether the sale transaction was accounted for in accordance with relevant accounting standards, and disclosure requirements. On the basis of the work performed, we concluded that the sale of SKIDATA was appropriately accounted for and disclosed in the 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 do 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 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.

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- 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

Corinne Pointet Chambettaz Licensed audit expert Auditor in charge	Nicolas Daehler Licensed audit expert

Pully, 26 February 2025

BALANCE SHEET AT DECEMBER 31, 2024 AND 2023

ASSETS

In CHF'000	Notes	31.12.2024	31.12.2023
Current assets			
Cash and cash equivalents		4 161	2 253
Accounts receivable from Group companies		15 514	12 490
Other current receivables and prepaid expenses	3.2	229	489
Total current assets		**19 904**	**15 232**
Fixed assets			
Loans to Group companies		49 835	173 534
Loan to third parties	3.3	30 266	38 166
Investments	3.4	347 592	533 682
Total fixed assets		**427 693**	**745 382**
Total assets		**447 597**	**760 614**

SHAREHOLDERS' EQUITY AND LIABILITIES

In CHF'000	Notes	31.12.2024	31.12.2023
Short-term liabilities			
Short-term interest-bearing liabilities :			
- Bank, short-term borrowings		–	24 970
- Bond	3.5	–	145 925
Other short-term liabilities :			
- due to third parties		465	933
- due to Group companies		30 338	142 287
Accrued expenses		1 080	1 346
Short term provisions	3.6	–	11 819
Total short-term liabilities		**31 883**	**327 280**
Long-term liabilities			
Other long-term liabilities :			
- due to Group companies		34 127	39 282
Total long-term liabilities		**34 127**	**39 282**
Total liabilities		**66 010**	**366 562**
Shareholders' equity			
Share capital		448 652	448 177
Legal reserves:		–	
- from retained earnings		90 000	90 000
- from capital contribution		65 914	65 914
Retained earnings		-210 039	-23 537
Net (loss) / income		-12 941	-186 502
Total shareholders' equity	**3.7**	**381 587**	**394 052**
Total liabilities and shareholders' equity		**447 597**	**760 614**

INCOME STATEMENT AND PROPOSAL FOR APPROPRIATION OF AVAILABLE EARNINGS FOR THE YEAR 2024

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

In CHF'000	Notes	2024	2023
Other non operating income		6	5
Financial income	4.1	36 733	4 730
Gain (loss) on sale of investments	4.2	171 108	–
Administrative and other expenses		-17 866	-3 055
Financial expenses and exchange result	4.3	-14 037	-4 580
Impairment of financial fixed assets	4.4	-188 266	-182 969
Income/(loss) before tax		**-12 322**	**-185 868**
Direct taxes (other than income tax)		-618	-634
Net income/(loss)		**-12 941**	**-186 502**

PROPOSAL FOR APPROPRIATION OF AVAILABLE EARNINGS FOR THE YEAR 2024

In CHF'000	Legal reserves from capital contribu-tion	Retained earnings
Balance brought forward from previous year	65 914	-210 039
Net result	–	-12 941
Total available earnings	**65 914**	**-222 980**

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 2024

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; Digital TV, 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 2024

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	31.12.2024	31.12.2023
Prepaid expenses	41	202
Other accounts receivable	188	287
	229	**489**

3.3 LOAN TO THIRD PARTIES

As of December 31, 2024, the loan to third parties includes kCHF 29 878 (2023: kCHF 37 804) 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 388 (2023: kCHF 362) correspond to a loan to another third party.

3.4 INVESTMENTS

DIRECT INVESTMENTS

Company	Location	Activity	Share capital		Percentage held and voting rights 2024	2023
Nagravision Sàrl	CH – Cheseaux	Solutions for Digital TV	kCHF	20 000	100	100
Nagravision Iberica SL	ES – Madrid	Sales and support Digital TV	kEUR	3	100	100
Nagra France SAS	FR - Issy-Les-Moulin-eaux	Solutions for Digital TV	kEUR	10 472	100	100
Nagra Media Germany GmbH	DE – Ismaning	Services	kEUR	25	100	100
Nagra USA LLC / Kudelski Corporate Inc.	US – Phoenix	Holding	kUSD	10	100	100
SKIDATA GmbH	AT - Salzburg	Public access	kEUR	3 634	S	100
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 Digital TV	kNOK	1 111	100	100
iWedia SA	CH - Lausanne	Solutions for Digital TV	kCHF	750	40	40
Kryptus Segurança da Informaçao Ltda.	BR - Sao Paulo	Cyber Security 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	Cyber Security Solutions	kEUR	1	100	100

M: Merged companies
L: Liquidated companies
S: Sold

In 2024, Kudelski Corporate Inc. was merged into Nagra USA LLC through a reverse merger.

NOTES TO THE FINANCIAL STATEMENTS 2024

SIGNIFICANT INDIRECT INVESTMENTS

Company	Location	Activity	Share capital		Percentage held and voting rights 2024	2023
Nagra USA, LLC	US – Phoenix	Services, sales and support	kUSD	10	M	100
OpenTV Inc.	US - Delaware	Middleware for set-top-boxes	kUSD	112 887	100	100
NagraStar LLC	US – Englewood	Smartcards and digital TV support	kUSD	2 043	50	50
Kudelski Security Inc.	US - Minneapolis	Cyber Security Solutions	kUSD	0	100	100
SKIDATA Benelux BV	NL – Barenbrecht	Public access	kEUR	91	S	100
SKIDATA (Schweiz) AG	CH - Adliswil	Public access	kCHF	150	S	100
SKIDATA Inc.	US – Van Nuys	Public access	kUSD	5 510	S	100
SKIDATA Australasia Pty Ltd	AU – Melbourne	Public access	kAUD	5 472	S	100

3.5 BONDS

In CHF'000	2024	2023
Initial balance	**145 925**	**145 925**
Repurchase	–	–
Repayment	-145 925	–
Liability component as of December 31	**–**	**145 925**

On September 27, 2016 the company also 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 SHORT TERM PROVISIONS

The short-term provisions consists in an unrealized exchange gains in foreign currencies for kCHF 0 (2023: kCHF 11 819).

3.7 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, 2022	**446 474**	**90 000**	**65 914**	**-23 537**	**578 852**
Share capital increase	1 702	–	–	–	1 702
Net loss	–	–	–	-186 502	-186 502
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

In CHF'000	31.12.2024	31.12.2023
51'451'506 / 51'392'064 bearer shares, at CHF 8 each	411 612	411 137
46'300'000 registered shares, at CHF 0.80 each	37 040	37 040
	448 652	**448 177**

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	2024	2023
Conditional share capital as of January 1	83 374	85 076
Employee share purchase plan	-476	-590
Shares allotted to employees	–	-1 112
Conditional share capital at December 31	**82 898**	**83 374**
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:		
362'250 / 421'692 bearer shares, at CHF 8 each	2 898	3 374
	82 898	**83 374**

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 2024

MAJOR SHAREHOLDERS

	Voting rights		Shareholdings	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Kudelski family pool	59%	59%	28%	28%
Kudelski family interests outside Kudelski family pool	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	2024	2023
Dividends received from Group subsidiaries	19 906	2 308
Foreign exchange gains	13 013	–
Interest on loans to Group subsidiaries	1 203	1 420
Income from the securitization program	2 487	1 002
Interest on loans to third parties	124	–
	36 733	**4 730**

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	2024	2023
Net currency exchange result	–	12
Interest on loans from Group subsidiaries	-10 851	-707
Interest expenses and bank charges	-3 186	-3 886
	-14 037	**-4 580**

4.4 IMPAIRMENT OF FINANCIAL FIXED ASSETS

In CHF'000	2024	2023
Value adjustment on investments and loans to subsidiaries	185 600	181 491
Provision on loan to third parties	2 666	1 478
	188 266	**182 969**

As part of our 2024 impairment assessment, we concluded that the recoverable amounts of the Digital TV and Internet of Things were lower than their respective carrying value. Consequently, we recognized an impairment charge of kCHF 166 600 (2023: kCHF 171 428) for the Digital TV cash-generating unit and kCHF 19 000 (2023: kCHF 12 386) for the Internet of Things cash-generating unit. 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	31.12.2024	31.12.2023
Guarantee commitments		
Commitment in favor of third parties and Group companies	400	30 196
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 2024 and 2023 did not exceed ten people.

Kudelski SA

Cheseaux-sur-Lausanne

Report of the statutory auditor
to the General Meeting

on the financial statements 2024

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 2024, 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 financial statements pages 157 to 164 comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Our audit approach

Overview

Overall materiality: KCHF 4'475

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 matters the following areas of focus have been identified:

Valuation of investments in subsidiaries and loans to Group companies

Sale of SKIDATA

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.

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Overall materiality	KCHF 4'475
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 347'592 and KCHF 49'835 respectively. The Company has allocated the investments in subsidiaries and loans to Group companies to three Cash Generating Units (CGUs): Digital TV (DTV), Cybersecurity (CS),Internet of Things (IoT). We focused on these areas in view of the significance of the amounts involved, some business segments' operating performance during 2024 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 judgment of growth rates. Refer to note 2 – Accounting policies: Financial Assets and note 4.4 – Impairment of financial fixed assets.	We obtained an understanding of management's process and controls over the valuation of investments and loans to Group companies. We obtained the 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.

Our audit approach allowed us to conclude on the valuation of investments in subsidiaries and loans to Group companies.

Sale of SKIDATA

Key audit matter	How our audit addressed the key audit matter
As described in the Note 4.2 to the financial statements, the Group completed the sale of its interest in SKIDATA (including all of its subsidiaries, but without Skidata Inc., which was owned by another Group entity) to ASSA ABLOY for total consideration of KCHF 287’965. This sale during the year ended 31 December 2024, was identified as a key audit matter due to the significant impact on the financial statements associated with the transaction. The sale involved a substantial consideration and required careful evaluation of the terms of the sale agreement.	We assessed the accounting and the related disclosures of the transaction in accordance with the relevant accounting standards by performing the following: - We read the sale agreement, including the terms and conditions of the transaction, to understand the nature of the sale and the consideration received by the entity. -We identified the risks associated with the accounting for the transaction, including the potential for overstatement or understatement of the net result, the carrying value of net assets sold, the transaction costs, and the completeness of disclosures. - We performed substantive testing to verify the accuracy and completeness of the sale transaction, including testing the underlying documentation. - We evaluated whether the sale transaction was accounted for in accordance with relevant accounting standards, and disclosure requirements. On the basis of the work performed, we concluded that the sale of SKIDATA was appropriately accounted for and disclosed in the 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Corinne Pointet Chambettaz Licensed audit expert Auditor in charge	Nicolas Daehler Licensed audit expert

Pully, 26 February 2025

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This report is published in English and French, except for the Financial statements which are only published in English. In case of inconsistency between the English and the French version of the Corporate Governance report and the Compensation report, the English version prevails.

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