



**General Dynamics European Land
Systems - Mowag GmbH, Kreuzlingen**

Report of the Statutory Auditor
to the Partners' Meeting on the

Financial Statements 2025



KPMG AG
Badenerstrasse 172
PO Box
CH-8036 Zurich

+41 58 249 31 31
kpmg.ch

Report of the Statutory Auditor to the Partners' Meeting of General Dynamics European Land Systems - Mowag GmbH, Kreuzlingen

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of General Dynamics European Land Systems - Mowag GmbH (the Company), which comprise the balance sheet as at 31 December 2025, the income statement for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

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

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

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

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

Management's Responsibilities for the Financial Statements

The Management is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Management 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 Management 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 Management 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 judgment 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 Managements' 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 Management 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.

Report on Other Legal and Regulatory Requirements

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

Based on our audit in accordance with Art. 818 para. 1 CO in conjunction with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Management complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Regula Tobler
Licensed Audit Expert
Auditor in Charge

Benjamin Contreras
Licensed Audit Expert

Zurich, 30 January 2026

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance sheet as of 31 December	Notes	2025	2024
		CHF	CHF
ASSETS			
Current assets			
Cash and cash equivalents		26,110,047	14,158,073
Cash pool due from shareholder		244,746,826	58,306,706
Trade accounts receivable			
- Third parties	2	46,689,136	20,367,391
- Group companies		45,352,077	23,129,090
- Subsidiaries		3,349,234	6,941,149
Other receivables			
- Third parties		97,343,504	103,690,819
Prepayments to suppliers			
- Third parties		21,743,945	20,632,490
- Group companies		285,153	285,153
- Subsidiaries		14,981,856	120,584,368
Inventories, work in process and non-invoiced services	3	305,902,421	449,925,883
Prepaid expenses and accrued income		14,737,360	2,020,465
		<u>821,241,559</u>	<u>820,041,587</u>
Non-current assets			
Investments	4	149,222	125,759
Property, plant and equipment	5	33,847,899	36,754,392
Intangible Assets	5	24,906,200	38,343,543
		<u>58,903,321</u>	<u>75,223,694</u>
		<u>880,144,880</u>	<u>895,265,281</u>

Balance sheet as of 31 December	Notes	2025	2024
		CHF	CHF
LIABILITIES AND QUOTAHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable		46,785,805	63,231,742
Prepayments from customers			
- Third parties		291,528,510	369,571,430
- Group companies		74,136,533	124,171,197
Other short-term liabilities			
- Third parties		24,504,681	13,370,712
- Group companies		8,863,345	1,371,176
- Shareholder		2,288,580	2,263,262
- Governing bodies (auditors)		20,000	120,000
Accruals for personnel		6,035,361	4,978,573
Accruals for taxes		0	0
		<u>454,162,815</u>	<u>579,078,092</u>
Non-current liabilities			
Provision for renewal		900,000	900,000
Contractual provisions (Warranty, Offset, Obsolescence)		18,679,889	5,739,098
Due commissions		4,049,063	0
Other provisions	8	7,941,813	12,521,302
		<u>31,570,765</u>	<u>19,160,400</u>
		<u>485,733,580</u>	<u>598,238,492</u>
Quotaholders' equity			
Quotaholders' capital		2,000,000	2,000,000
Legal retained earnings		1,000,000	1,000,000
Available earnings			
- Profit brought forward		244,026,789	287,789,348
- Net income for the year		147,384,511	6,237,441
		<u>394,411,300</u>	<u>297,026,789</u>
		<u>880,144,880</u>	<u>895,265,281</u>

Income Statement	Notes	2025	2024
		CHF	CHF
GROSS PROFIT			
Revenue from products, services and licenses		896,871,511	474,910,562
Change in inventory of finished goods and work in process as well as non-invoiced services		-127,868,321	107,697,780
Internally produced and capitalized assets		403,547	1,432,841
TOTAL Operating income		769,406,737	584,041,183
Material expenses		-253,475,890	-315,070,884
Personnel expenses		-110,327,731	-100,785,560
Repair and maintenance		-7,831,579	-5,996,497
Advertising and marketing		-7,159,702	-2,724,479
Administration and other operating expenses	12	-187,967,267	-140,283,964
Depreciation	5	-6,961,965	-7,738,912
Amortization	5	-13,437,343	-1,235,157
TOTAL Operating Expenses		-587,161,477	-573,835,453
Operating Result		182,245,260	10,205,730
Extraordinary, non-recurring or prior period expenses	11	6,136,417	15,890,956
Financial income		812,258	2,816,301
Financial expenses		-976,228	-5,093,788
Foreign exchange gains and losses		-19,208,776	-16,732,296
Gain / (Loss) from sale of fixed assets		-5,633	-9,001
Other income		331,923	132,026
INCOME BEFORE TAXES		169,335,221	7,209,928
TAXES		-21,950,710	-972,487
NET INCOME FOR THE YEAR		147,384,511	6,237,441

Notes to the financial statements

1 General

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company’s going concern, the company’s financial statements may be influenced by the creation and release of hidden reserves.

General Dynamics European Land Systems – Mowag GmbH (GDELS - Mowag; the Company) was a 100% owned subsidiary of General Dynamics Global Holdings Limited. ("GDGH"). The purpose of the company is the production of wheeled light tactical armored vehicles and related technologies and services. On 26 October 2017, GDGH transferred 100% of the ownership in the Company to General Dynamics Swiss Financial Management Limited ("GDSFM").

2 Trade accounts receivable - third parties

An allowance for doubtful accounts of CHF 1,742,806 (2024: CHF 1,742,806) was recorded in 2025 to cover amounts deemed uncollectible.

3 Inventory and work in process

Raw materials and supplies are valued at weighted average acquisition costs. Semi-finished goods are valued at manufacturing costs using standard costing. Work in process and non-invoiced services are valued at acquisition or manufacturing cost. The company has furthermore made use of a general value adjustment (allowance) admissible under tax law.

	2025	2024
	CHF	CHF
Inventory consists of the following:		
Inventory	168,491,664	186,740,313
Milestones	0	74,515
Work in process	297,851,614	491,103,541
Inventory and work in process - gross	466,343,278	677,918,369
Allowance	-160,440,857	-227,992,486
Inventory and work in process - net	305,902,421	449,925,883

Notes to the financial statements

4 Investments

On 15 January 2016, GDELS - Mowag established General Dynamics European Land Systems Denmark ApS. The company is domiciled in Copenhagen, Denmark, and GDELS - Mowag owns 100% of the capital and voting rights.

On 13 July 2017, GDELS - Mowag established General Dynamics European Land Systems Romania SRL. The company is domiciled in Bucurest, Romania, and GDELS - Mowag owns 99.9% of the capital and voting rights. On 15 July 2024, GDELS - Mowag acquired the remaining 0.1% of the capital and voting rights of GDELS Romania from GDELS Denmark and now owns 100% of the capital and voting rights.

On 3 July 2019, GDELS - Mowag established General Dynamics European Land Systems Botswana Proprietary Limited. The company is domiciled in Gaborone, Botswana, and GDELS - Mowag owns 100% of the capital and voting rights.

On 27 June 2025, GDELS - Mowag established GDELS-Fahrzeugwerke GmbH. The company is domiciled in Immenstaad, Germany, and GDELS - Mowag owns 100% of the capital and voting rights.

5 Property, plant and equipment (PPE) and Intangible Assets

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, PPE is depreciated using the declining balance method applying rates admissible under tax law. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

PPE and Intangible Assets consist of the following:

	2025 Depreciation and Amortization CHF	2025 Carrying value, net CHF	2024 Carrying value, net CHF
PPE:			
Land and buildings	1,776,191	21,955,211	23,606,593
Machinery	2,982,998	6,916,282	6,490,860
Furniture and fixtures	128,433	441,685	375,825
Office equipment	22,535	67,601	88,502
Other fixed assets	2,051,808	4,467,120	6,192,612
	<u>6,961,965</u>	<u>33,847,899</u>	<u>36,754,392</u>
Intangible Assets:			
P5 Romania	12,557,431	16,901,578	29,459,009
Eagle Driveline	879,912	8,004,622	8,884,534
	<u>20,399,308</u>	<u>58,754,099</u>	<u>75,097,935</u>

Notes to the financial statements

In 2022, internally generated intangible assets related to the P5 Romania contract of CHF 35,777,180 were capitalized. The assets represent product and production technology development for wheeled vehicle products and are amortized based on units delivered per contract.

In 2024, internally generated intangible assets related to the Eagle driveline of CHF 8,884,534 were capitalized. The assets represent product and production technology development for Eagle products and are amortized based on units delivered per contract.

6 Release of untaxed reserves

The net release of untaxed reserves amounted to CHF 67,791,372 in 2025 (CHF 0.00 in 2024).

7 Bank Guarantees

As of 31 December 2025, the Company has guarantees outstanding in the amount of CHF 302,117,431 (2024: CHF 482,961,389).

8 Other Provisions

We regularly assess our projects in relation to their hedged/unhedged exposure and the need for any provisions to be recorded. We believe we have adequately provided for all such risks as of 31 December 2025. As of 31 December 2025, a provision of CHF 6,441,813 was recorded to cover the mark to market value of all open currency forward contracts as of 31 December 2025 (2024: CHF 10,985,155).

Provisions of CHF 0 (2024: CHF 36,147) were recorded to cover program related costs.

Notes to the financial statements

9 Leasing

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet. The residual undiscounted amount of leasing obligations with a residual term of more than twelve months or which cannot be canceled within the next twelve months amounts to CHF 26,372,450 (2024: CHF 28,401,100) for the Tägerwilen lease and CHF 498,035 (2024: CHF 498,035) for the Ermatingen lease.

CHF 1,000	31.12.2025	31.12.2024
Up to 1 Year	3,316,239	3,089,924
2-5 Years	8,661,711	8,937,396
More than 5 Years	16,229,200	18,259,734
Total	28,207,150	30,287,054

10 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250.

11 Extraordinary Expenses

In 2025, an intercompany receivable in the amount of CHF 7,936,180 related to the income generated by Steyr out of the Steyr IP was booked (2024: intercompany receivable of CHF 15,888,271).

12 Administration and other operating expenses

Other operating expenses contain expenses which are related to customer programs and the administration of the company. In particular, they contain CHF 132,356,928 (2024: CHF 83,592,436) related to a subcontract to our subsidiary GDELS Romania for the delivery of semi-finished goods and services related to the Romania Piranha P5 contract.

Proposed Appropriation of Available Earnings	2025	2024
	CHF	CHF
Retained earnings brought forward	244,026,788	287,789,347
Net income for the year	147,384,511	6,237,441
Available earnings	391,411,299	294,026,788

The Managing Partners propose to the General Meeting the following appropriation of available earnings:

Dividend declared *	-100,000,000	-50,000,000
To be carried forward	291,411,299	244,026,788

* The dividend proposed is to be paid to the Company's shareholder (GDSFM) listed in note 1 to the financial statements by a direct set-off of the proposed dividend with the short term loan the Company has due from GDSFM and / or the cash pool due from GDSFM.