

ACTIVITY REPORT

20  
23

**FNX**BROWNING  
GROUP

DRIVING LEADING BRANDS

Est. Herstal, 1889



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# ABOUT THE FN BROWNING GROUP

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Yves Prete, Chairman of the Board



Julien Compère, CEO

## 7.7

MESSAGE FROM THE CEO  
AND THE CHAIRMAN OF THE  
BOARD

Dear Reader,

In 2024, the FN Browning Group is celebrating its 135<sup>th</sup> anniversary.

Since 1889, we have been designing and manufacturing small arms renowned worldwide for their dependability and innovation, meeting the needs of the most demanding armed forces, law enforcement agencies, responsible firearm owners and hunters.

To mark this anniversary, we have changed our name from Herstal Group to FN Browning Group. While our headquarters remain firmly rooted in Herstal, our new name brings together what has built our outstanding reputation over the decades: our leading brands. It also illustrates our history, the meeting between the Belgian manufacturer FN Herstal and the American inventor John Moses Browning, who together at the turn of the 20th century redefined the standards of their industry and made their mark as pioneers of modern weaponry.

We are particularly pleased to present today our first Activity Report, which has been designed with the openness, transparency and comprehensiveness that we believe is essential today, particularly in the current geopolitical and security context.

Our leading expertise is more important than ever. In 2023, we have once again demonstrated that we are a first-class, reliable partner that NATO and EU member states, as well as their allies around the world, can rely on to strengthen their strategic defence capabilities and better protect our countries.

In this context, we are honoured to present an exclusive interview with Belgian Defence Minister Ludivine Dedonder, who talks in detail about the unprecedented changes that have affected NATO, Belgian and European defence since the start of the Russian invasion of Ukraine.

This 2023 Activity Report also paints a portrait of the FN Browning Group as it is today, presenting, among other things, our subsidiaries and their latest developments, our industrial and R&D capabilities, our products and services, and our financial results.

Today, we can confidently say that our Group is stronger and more resilient, industrially, commercially and financially, than it was at the beginning of 2023. This is largely due to the remarkable work of all our workers in Belgium, the United States, Portugal, the United Kingdom, Finland and Japan, whose daily excellence makes our brands leading-market standards and sources of inspiration in their respective fields.

In 2024, we will keep on "driving leading brands".

Julien Compère  
CEO

Yves Prete  
Chairman of the  
Board of Directors



# 1.2

## EXCLUSIVE INTERVIEW

### Ludivine Dedonder, Belgian Minister of Defence

Minister of Defence from 1 October 2020, Ludivine Dedonder has been at the forefront of Europe's security paradigm shift. With the support of the federal government, she has initiated and led major reforms since her first months at the helm of the Ministry of Defence. She has also been a driving force in strengthening cooperation between the Belgian armed forces and industry, both for R&D purposes and for strategic autonomy and security of supply, as demonstrated by the 20-year partnership between Belgian Defence and FN Herstal, approved by the Belgian federal institutions in November 2023.

#### What are the main areas of transformation in Belgian defence today?

**Ludivine Dedonder:** "From the very beginning of my mandate, the consolidation and rebuilding of the Ministry became a necessity. To support my policy, I set up a committee of experts to assess the global security context and its possible developments in order to evaluate and prepare the necessary capability requirements. Several plans were then launched: the POP plan, which focused on personnel, the pay rise that had been awaited for 20 years and an unprecedented recruitment campaign; then the Quartier plan, which put an end to the closure of barracks and advocated a geographical distribution

of military units throughout the country, as well as the renovation of infrastructures and the project to build two new military districts, more integrated and open to local economic activity; finally the STAR plan, which focused on developing the capabilities of military units. The STAR plan includes a real partnership strategy with industry in the field of research and development... A Copernican revolution in the role of defence since the Cold War."

#### You have launched structural plans, in particular the STAR plan and DIRS. How will they strengthen Belgian defence?

**L.D.:** "The STAR plan aims to consolidate Defence and give it the capabilities it needs to play its role as a security partner, both nationally and within the armies of the EU and NATO. It is therefore a path of consolidation and development that is taking shape, but planned to meet the challenges inherent in such a policy: personnel trained and ready for the arrival of capabilities, and ad hoc infrastructure to accommodate the new capabilities, built at the right time. This initial path of consolidation and development is accompanied by a path of gradual budgetary growth. The STAR plan is the structural response to capacity needs and can be seen as an ambition translated into targets and resources that will be allocated to meet needs as the service is rebuilt and ramped up.

The DIRS has a complementary ambition to that of the STAR plan, which is to enable Defence to support industrial defence research and development, with an emphasis on dual-use technologies. Since technological control is crucial to the European Union's strategic autonomy, I have implemented this

policy, which makes Defence a partner of industry. This will enable our armed forces to benefit from the best technological developments, but also our industries to participate in the development and production of future defence capabilities, thanks to their mastery of differentiated technological building blocks. To achieve this, I have given us the means to match our ambitions, with a budget of 1.8 billion euros by 2030. To appreciate the scale of this policy, we need only compare it with that of the previous legislature, which allocated a budget of €8 million per year to support research.

#### In recent years, the Belgian Ministry of Defence has forged closer strategic links with the French, Luxembourg and Dutch armies. What lessons can we learn from this to strengthen European defence cooperation?

**L.D.:** "The Belgian Ministry of Defence has no ambition to act alone in operational missions. On the contrary, defence operations are always carried out within the framework of resolutions and international mandates legitimised by the United Nations, NATO or the European Union. This is one of the pillars of our doctrine. Military personnel therefore always operate in an international environment and our effectiveness depends on the interoperability of our resources and personnel. The Belgian Defence was a pioneer in this interoperable approach to its capabilities. Historically, it was the naval component that initiated these strategic alliances based on capabilities similar to those of our neighbours. Today, we are recognised and observed for this.



Moreover, the European Union's Strategic Compass is directly in line with our historical approach: not only does it aim to collectively fill the capability gaps in European defence, but above all it promotes and encourages the search for ever greater interoperability.

This is the lesson to be learnt from the Belgian method of strategic rapprochement: capabilities strengthened by their interoperability and personnel recognised for their ability to work in multinational formations.

#### Are European defence and NATO a contradiction in terms?

**L.D.:** "Some would have us believe this, but the reality is quite different. Of NATO's 32 members, 23 are also members of the European Union. So there is indeed a European pillar within NATO, and it is this pillar that I want to strengthen with our European partners. The aim is to make European capabilities more integrated and interoperable, and to build genuine European strategic autonomy. The defence of Europe and NATO are therefore not in competition, they are complementary.

#### What are the main lessons for European countries from Russia's invasion of Ukraine?

**L.D.:** "Russia's war of aggression in Ukraine is a stinging demonstration that authoritarian regimes will never back down in the face of democracies unless they show unity and solidarity. United, democracies are strong. This is one of the great lessons of the history of NATO and the European Union: these institutions have guaranteed peace among their members since the end of the Second World War. This is all the more true because two traditionally neutral European democracies, Finland and Sweden, joined NATO to guarantee their security and preserve peace.

When a democracy like Ukraine, which has expressed its desire to join the EU and NATO, becomes the target of an authoritarian regime, solidarity between democracies becomes an absolute necessity. If we remained divided, we would be sending a message to undemocratic regimes, encouraging them to attack other nations with impunity and in defiance of international rules.

**What are the objectives of the Belgian government (Ministry of Defence) in its partnership with FN Herstal?**

**L.D.:** "The Belgian government's approval of the partnership with FN Herstal is a major step forward for the country's independence in the field of small arms and ammunition. This partnership will guarantee security of supply for the next 20 years and reduce its dependence on foreign suppliers. The partnership also promises to benefit the Belgian economy. Significant investments will be made in Herstal and a new production line will be built in Zutendaal, creating jobs throughout the country. The partnership is also part of the European ASAP initiative - Act in Support of Ammunition Production - which aims to guarantee the operational capability of European armed forces by ensuring a sustainable supply and strategic autonomy in terms of small arms and ammunition. Finally, the partnership meets future needs in terms of quality and quantity. It will provide Belgium with the technologies and capabilities it needs to meet tomorrow's challenges."

**FN Herstal was founded in the 19th century to equip the young Belgian army. How would you describe the link between the institution (the army) and the company today?**

**L.D.:** "There is a unique historical relationship between FN Herstal and Belgian Defence, forged in the course of our national history. Today, with FN Herstal, Belgium has a leading player in the defence sector with a worldwide reputation. The link between FN and Defence is twofold and serves the interests of both parties: on the one hand, it enables the company to continue to identify Defence's needs, develop appropriate solutions and then propose them. Secondly, it ensures that the Belgian Armed Forces have the most effective means of equipping their personnel and capabilities."

**What should be the priorities of the industry in order to contribute even more to the strengthening of the European defence pillar?**

**L.D.:** "The security context has highlighted the importance of the responsiveness of the industry, which has to maintain a high level of demand, not only to rebuild the arsenals of the European armies, but also to support Ukraine. This challenge also concerns access to raw materials for our industries,



## A 20-YEAR PARTNERSHIP BETWEEN FN HERSTAL AND BELGIAN DEFENCE

On 17 November 2023, the Belgian government approved the implementation of a long-term strategic partnership between the Belgian Defence and FN Herstal, contributing to the strategic autonomy objectives of the EU and NATO.

Conceived as a multinational framework open to other European countries, it guarantees Belgium's security of supply of small calibre ammunition for a period of 20 years and also includes joint R&D projects and the maintenance of the armed forces' small arms in operational condition. It will also improve and simplify the administrative and financial management of the armed forces' small arms stocks.

Thanks to the predictability it brings, the partnership paves the way for the intensification of investments that have been underway at Herstal and Zutendaal for several years. It will allow a significant increase in ammunition production, the reintroduction of 5.56 and 7.62mm calibre ammunition and the creation of sustainable jobs at both sites.



the availability of labour and compliance with safety standards. In the context of strong and widespread demand in the sector, companies should focus more on complementarity and synergies than on competition within the same sector of activity".

**Conversely, what more could the EU and its member states do to strengthen their defence industries?**

**L.D.:** "The Russian invasion of Ukraine has turned the European geopolitical order on its head, creating new uncertainties and revealing structural challenges for the European Union. As President of the Council of the European Union, Belgium has a unique opportunity to play a decisive role in Europe's response to these challenges."

Our Presidency is an opportunity to help shape the future of the European Union, to put forward concrete proposals for deepening European defence and to demonstrate our commitment as a reliable and constructive Member State. In the field of defence, the Belgian Presidency will therefore seek to promote the implementation and operationalisation of the Strategic Compass, as well as European strategic autonomy. Finally, Belgium will promote initiatives aimed at developing a stronger and more resilient European defence industrial and technological base.

Recent crises, such as COVID and the urgent need to support Ukraine, have shown how fragile Europe is in terms of its strategic autonomy, i.e. its ability to produce what it needs. Europe must regain its strategic autonomy and have a sufficient industrial base to be self-sufficient.

The Belgian Presidency of the European Union will be a crucial period for Europe. Our commitment is clear: to build a stronger, safer and more autonomous Europe, capable of meeting the challenges of the 21<sup>st</sup> century.



# 1.3

THE FN  
BROWNING  
GROUP



## 1. DRIVING LEADING BRANDS

### 1.1 Company profile

The FN Browning Group is a global company that supplies world-leading brands: FN, Browning, Winchester\* and Noptel.

Their products and services have always been renowned for their innovation and dependability and have an extraordinary legacy with the world's most demanding customers.

The Group organises its activities into two main divisions:

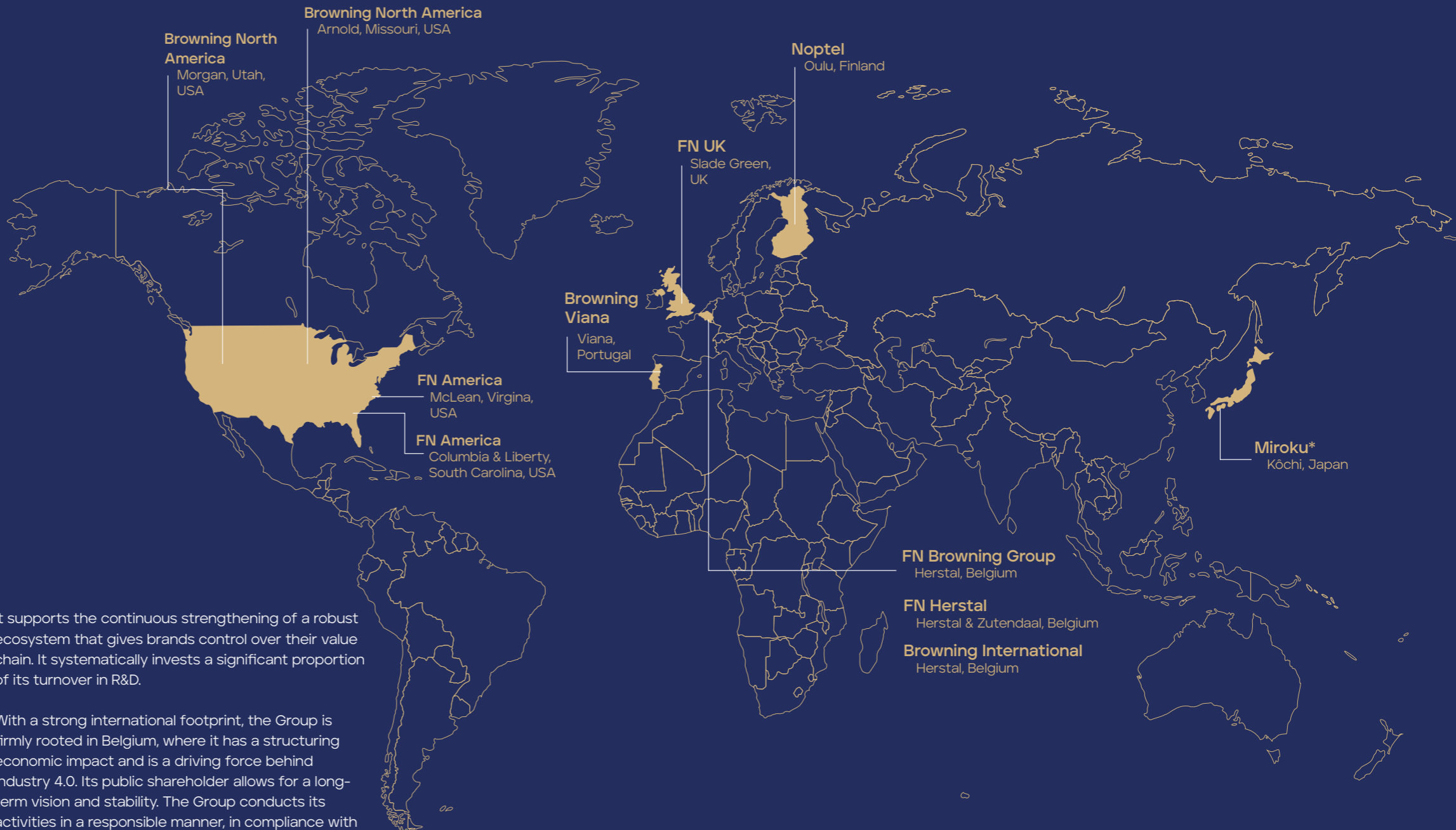
- /1 Defence & Security Division
- /2 Hunting & Sport Shooting Division.

The Group's core objective is to drive the growth and prosperity of its leading brands by continuously supporting operational excellence and fostering a robust industrial and R&D ecosystem.

Building on the strong heritage of innovation and reliability of its brands, the Group is committed to ensuring that new products and services set market-leading standards that anticipate the needs of its customers in terms of safety and performance, and are a source of inspiration in their respective fields.

To achieve this, the Group establishes a vision, a strategic framework and organises the necessary resources throughout its subsidiaries, which retain operational autonomy based on their in-depth knowledge of their respective markets.

The Group creates a virtuous circle. It nurtures a corporate culture centred on its workers and based on tolerance, mutual respect, and open-mindedness. It encourages the exchange of best practices and synergies.



It supports the continuous strengthening of a robust ecosystem that gives brands control over their value chain. It systematically invests a significant proportion of its turnover in R&D.

With a strong international footprint, the Group is firmly rooted in Belgium, where it has a structuring economic impact and is a driving force behind Industry 4.0. Its public shareholder allows for a long-term vision and stability. The Group conducts its activities in a responsible manner, in compliance with applicable local, national and international laws and regulations, and in accordance with its environmental, social and governance commitments.

### 1.2 Our geographical footprint

Headquartered in Herstal, Belgium, the FN Browning Group employs over 3,000 people worldwide.

It has subsidiaries in Belgium, the United States, Portugal, Finland and the United Kingdom, and is also a shareholder in a Japanese company listed on the Tokyo Stock Exchange. In each of these countries, the Group has offices as well as first-class industrial facilities.

FN BROWNING GROUP							
DEFENCE & SECURITY DIVISION				HUNTING & SPORT SHOOTING DIVISION			
FN Herstal	FN America	FN UK	Noptel	Browning North America	Browning International	Browning Viana	Miroku*

\*Through Browning North America, the Group holds a 13.27% stake in Miroku.

## 2. OUR NEW IDENTITY

### A new name

In 2024, the Group is changing its name to FN Browning Group, succeeding the Herstal Group. But FN Browning Group is much more than a change of name. The Group's new name is supported by a comprehensive brand identity that reflects its strategy and details its vision, mission and the drivers that guide its actions. Above all, the new name underscores what has made the Group's outstanding global reputation and the pride of its workers for several generations, two world-leading brands: FN and Browning.



Production of electronic boards, in Herstal

## OUR VISION

*"To set market-leading standards that anticipate the needs of the most demanding defence institutions, law enforcement authorities and responsible firearm owners and hunters."*

## OUR MISSION

*"We drive the growth and prosperity of our leading brands by continuously supporting operational excellence and fostering a robust industrial and R&D ecosystem."*



John Moses Browning and the management of FN Herstal

# FN X BROWNING GROUP

Our new logo combines the FN and Browning brands with a symbol that is both a multiplier and a sign of unity. This makes perfect sense, as neither brand could have become what it is today without the other.

The history of the two brands goes back to the decisive meeting between John Moses Browning and FN Herstal at the end of the 19<sup>th</sup> century: their collaboration led to the design and manufacture of pioneering firearms that are at the origin of modern weaponry. Today, Browning and FN firearms continue to be a source of inspiration in their respective fields and set global standards in terms of innovation and dependability.

### Three core drivers

Both the day-to-day actions and the strategy of the FN Browning Group are guided by three core drivers: to be a Visionary, to be a Facilitator of Excellence, and to be a Trusted Partner.

#### 1 / Visionary: we are forward-looking

We are determined to anticipate our challenges and the future needs of our customers and partners.

We develop appropriate and ambitious strategies and the human, financial, R&D and industrial resources needed to implement them.

We are proactive, flexible and innovative. We anticipate our growth drivers and key technological developments and seize the right opportunities at the right time. We create the innovations that will make us successful in the future, notably through cutting-edge R&D, to which we systematically devote a significant proportion of our revenues.

Our Group is one team. We work with all our entities, whose technical expertise, human qualities and in-depth knowledge of their respective markets are key assets. We encourage synergies, the joint development of new projects and the joint pursuit of our environmental, social and governance goals.

We are a driving force within our ecosystem and our businesses, helping them to develop in a sustainable and responsible manner.

True to the heritage of our brands, we have a bold vision for our Group to remain a world leader in each of our businesses.

#### 2 / Facilitator of Excellence: we are results-driven

Every strategy must be implemented, and it is the Group's responsibility to provide all its workers with the tools they need to excel.

We strengthen the security and control of our value chains and support industrial independence. We do this by developing and managing an ecosystem of companies, industrial resources, research centres and reliable partners through well-planned internal and external growth.



A soldier equipped with the FN MINIMI® machine gun (M249)

We work closely together within the Group and support the operational autonomy of our businesses.

We promote effective collaboration and encourage synergies to maximise the transfer of skills, economies of scale and exchange of best practice.

We strive to ensure that the Group's workers enjoy a high quality of working life, enabling them to develop both professionally and personally and to deploy their talents to the full.



The FN 303® compressed air launcher

#### 3 / Trusted Partner: we are a reliable and trusted partner in all our actions

We are committed to maintaining our reputation for reliability and to meeting our environmental, social and governance targets.

We are a trusted partner to our colleagues. Together, we maintain a constructive relationship based on listening, sharing and respect. We promote a quality of working life that fosters professional and human fulfilment. We give Group companies operational autonomy based on their in-depth knowledge of their respective markets.

We are a trusted partner to our customers and partners, consistently delivering the most dependable products and services, including in terms of safety and performance.

In the highly regulated armaments sector, we develop a relationship of mutual trust with governments and public stakeholders.

We strive to maintain a high level of trust between our Group and our shareholder. We are convinced that our public shareholding is an additional guarantee of an ethical approach and a long-term vision that benefit our commercial and innovation objectives.

Our roots remain in Belgium, where we are the driving force behind Industry 4.0, while evolving in an international corporate culture based on tolerance, mutual respect and open-mindedness.

#### Shared values

Since 2022, the workers of all FN Browning Group companies have shared the same core values. "Leading, Together, through Dedication and Trust". Each of these four values corresponds to a set of behaviours expected of everyone within the Group.

These values and behaviours help to promote key concepts such as excellence, innovation and agility (Leading), communication and transversality (Together), passion and commitment to customers and partners (Dedication), and ethics, integrity and mutual respect (Trust).



The Browning B25 shotgun, manufactured in Herstal

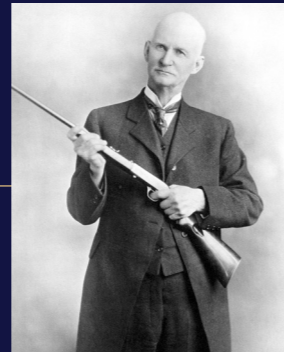
## 19<sup>TH</sup> CENTURY OUR FOUNDATIONS

### 3. OUR HISTORY

The FN Browning Group has an exceptional history dating back to the 19<sup>th</sup> century, a history that carries with it a heritage of gunsmithing expertise built up over many centuries.

Thanks to the union between John M. Browning and FN Herstal, the Group has excelled over the decades by designing and manufacturing products that have always been at the forefront of their respective sectors, meeting or anticipating the needs of the most demanding customers.

After 135 years of success, this story continues today.



1878

John M. Browning founds Browning Arms Company in Ogden, Utah.



1889

Gunsmiths from Liège found the "Fabrique Nationale d'Armes de Guerre" (renamed FN Herstal in the 1970s).



1897

FN Herstal and Browning partner to manufacture state-of-the-art firearms in Belgium.



1900

In addition to firearms, FN Herstal manufactures bikes, cars and motorbikes and will do so for the next 65 years.

## 1930s



1920s

John M. Browning designs the .50-caliber M1921 machine gun and the Browning B25 over-under shotgun, still in production in Herstal a century later.



1932

FN Herstal adapts its machine guns to aircraft, the forerunners of today's integrated weapon systems.

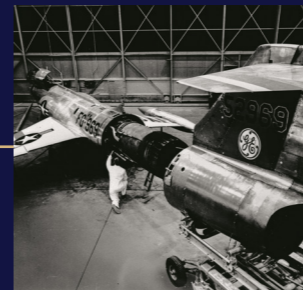
1935

FN Herstal markets the Browning Hi-Power.



1938

FN Herstal moves its ammunition factory from Bruges to Zutendaal, Belgium.



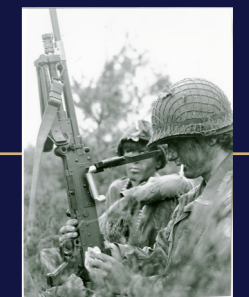
1948

FN Herstal manufactures engines and valves and will continue to do so until the 1990s, notably for Mirage, F16, Boeing and Airbus aircraft and Ariane rockets.



1953

FN Herstal introduces the FN® FAL and designs the NATO-standard 7.62 calibre ammunition.



1958

FN Herstal markets the FN MAG®/FN® M240 machine gun.



## 1960s



1965

Browning joins forces with Miroku in Japan, in which the Group is now a shareholder.



1966

FN women stand up to claim equal pay for equal work, with worldwide impact.

Browning designs the BAR rifle for hunters, produced in Viana since 1976.

## 1970s



1973

Browning Viana is established in Portugal to manufacture Browning products.



1974

FN Herstal introduces the FN MINIMI® / FN® M249 SAW.



1977

The Group acquires Browning Arms Company.

FN Herstal establishes FN MI and then opens FN Manufacturing in Columbia, South Carolina.



1978

FN Herstal markets airborne pod systems.

## 1980s & 1990s



1980

FN Herstal designs the NATO-standard 5.56 calibre ammunition.



1987

Browning Arms Company markets Winchester\* Repeating Arms products.



1990

FN Herstal markets the 5.7x28mm calibre FN P90® and FN Five-seven®.



1998

The Walloon Region acquires the Group.



2000s

Browning introduces outstanding new Winchester\* and Browning products throughout the decade, including the B525 in 2002 and the X-Bolt in 2009.



2003

FN Herstal markets the FN 303 less lethal launcher.



FNH USA is founded in Virginia and diversifies into law enforcement.



## 2010s



2008

The Group creates the Ars Mechanica Foundation to manage its heritage.



2010

FN Herstal introduces the deFNder® remote weapon station.



Designed jointly with the US SOCOM, FN Herstal manufactures the FN SCAR® / FN® MK 16 and 17.



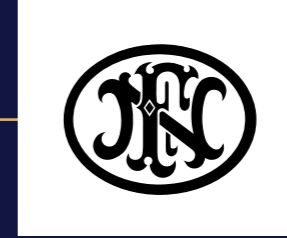
2011

The Group acquires optoelectronics company Noptel, Finland.



2012

Browning presents the B725 over-under shotgun.



2014

FNH USA and FN Manufacturing merge to become FN America.

The group acquires Manroy, now FN UK.



2017

Browning International partners with Kite Optics.

Noptel launches the ultra-long-range laser rangefinder module LRX-25A.

## EARLY 2020s



2021-2022

FN Herstal presents the ultralight FN EVOLYS® machine gun and the FN HiPer® pistol.

FN Herstal launches its own production line for electronic boards.



2023

FN America builds a new production site in Liberty.

Browning Viana completes major factory expansion with state-of-the-art technology.



FN Herstal will produce all ammunition for Belgian Defence for the next 20 years.



FN® e-novation launches the FN Smart ProtectorR®

FNxBROWNING GROUP

2024

The group celebrates its 135<sup>th</sup> anniversary and is renamed FN Browning Group.

## 4. INDUSTRIAL EXCELLENCE

From the outset, the FN Browning Group has been an industrial company that combines human, technical and technological excellence. The exceptional expertise of the men and women who work in the industrial units, the mastery of the manufacturing processes and the control of the value chain are the basis for the exceptional dependability of the Group's branded products. The industrial units in Belgium, Portugal, the United Kingdom, Finland, the United States and Japan are all certified to high quality standards, including ISO 9001, EN/AS 9100 and Nadcap (National Aerospace and Defense Contractors Accreditation Program).



FN Herstal, Belgium

### Vertical integration

The Group's industrial resilience is based on a high degree of control over its value chain, which combines extensive in-house integration of key skills with a network of highly reliable local partners.



The Group has considerable in-house expertise, with its industrial units having integrated and continually improved a wide range of skills over its 135-year history. These include high-precision mechanics with skills in machining, materials knowledge, metallurgical and chemical treatments, and barrel and gunsmithing. In addition to mechanics, the Group has extensive expertise in pyrotechnics for ammunition and electronics for high-tech equipment.

Where necessary, the Group's industrial units also bring in new know-how, particularly critical know-how with high added value. In 2022, FN Herstal opened a production line for electronic boards.



Browning Viana, Portugal

### Automation and the human touch

The industrial units of the FN Browning Group have always sought to be at the forefront of technology, or at least to use the best technologies to achieve optimum product reliability. The introduction of numerical control of machines, robotics in production and 3D printing at an early stage are examples of these.

On the other hand, human expertise is irreplaceable for high value-added tasks that are unique to the Group's brands. It is the combination of technological processes and human know-how that gives the products their excellence in every respect.

### Local ecosystems

The industrial entities work with suppliers and subcontractors. In this respect, the FN Browning Group carefully ensures its industrial resilience and the control of its supply chain, among other things, by favouring the geographical proximity of its partners for each of its entities. As a result, the factories have

often a strong social, economic and industrial impact in the regions where they are located.

Over the decades, the industrial units have created solid local ecosystems made up of companies that have grown and developed with the brands and their quality requirements.

### Industry & the environment

The Group's industrial units comply with applicable environmental regulations (see "1.5 Our commitment to sustainability").

Respect for the environment has long been a focus for the Group and is reflected in the treatment and management of waste and wastewater.

### A safety culture

Worker safety and quality of life in the workplace are priorities for the Group's industrial units which are committed to continuous improvement. In each plant, training, risk analysis and meetings dedicated to worker safety are systematic.

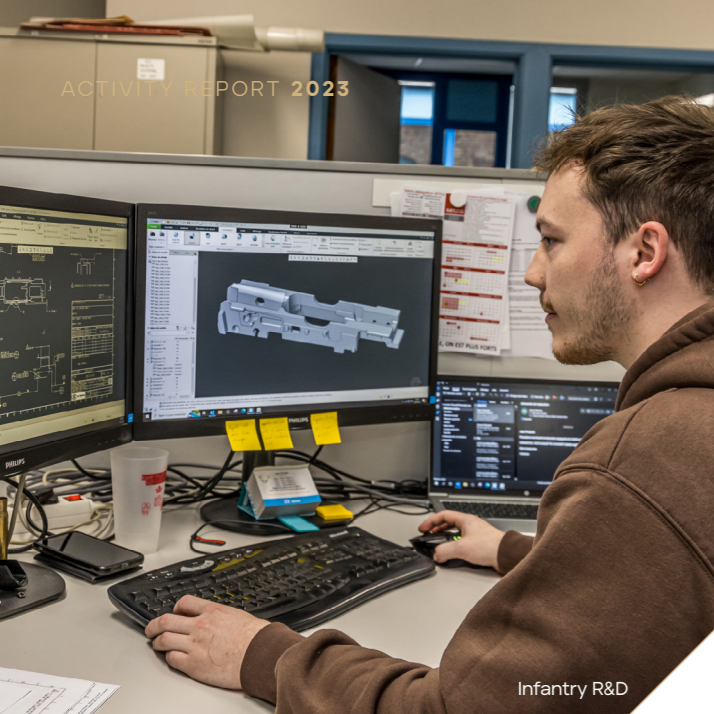
Some industrial sites also meet requirements specific to their type of activity, such as the Zutendaal site where FN Herstal produces ammunition.



### Knowledge transfer

Workers are trained from the day they are hired, particularly in the specifics of the small arms industry and in the processes and tools unique to the Group's industrial units. Specific know how has always been passed on through pairing apprentices with experienced employees, a process that has been formalised and continues to this day.

Knowledge is also shared and transferred between industrial units.



Infantry R&D

## 5. DRIVING INNOVATION

Innovation has always been at the heart of the FN Browning Group's DNA. Its main objective is to anticipate its customers' needs by offering them state-of-the-art, relevant and reliable solutions. To achieve this, the FN Browning Group devotes a significant proportion of its turnover to R&D. Its Defence and Security Division invests around 10% of its revenues in R&D. It is this unwavering commitment to innovation that has made the FN Browning Group brands the world leaders they are today, and their products a source of inspiration in their respective fields.

### Our people are our greatest asset

Exceptional products require exceptional people. The R&D departments of the Group are supported by more than 200 talented people who combine cutting-edge expertise, and a passion for technology and innovation. They design and develop high performance products using state-of-the-art production tools and machinery, including computer aided design software, digital simulation, product configuration management, prototype workshop and test facilities.

### Hunting & Sport Shooting Division

Browning's R&D teams in Europe and the US are responsible for the design and development of all new Browning and Winchester\* firearms. Their respective R&D departments work closely together as most products sold around the world share common platforms.

The teams are made up of highly skilled professionals, including engineers, designers, specialist technicians, gunsmiths, prototype managers and quality specialists. They have state-of-the-art knowledge in a wide range of areas specific to rifles and shotguns, including semi-automatic firearms and the use of a variety of high quality materials.

Team experts draw up factory plans and provide them with technical support, as well as manage technical administrative aspects, such as the traceability of product development and materials. They also provide support for product qualification processes and after-sales services.

\*Winchester is a registered trademark of Olin Corporation

Browning International's R&D teams collaborate with those of FN Herstal in a wide range of areas, from anticipating European environmental requirements to managing the plans for the B25 shotgun manufactured by FN Herstal.

#### Example of R&D projects:



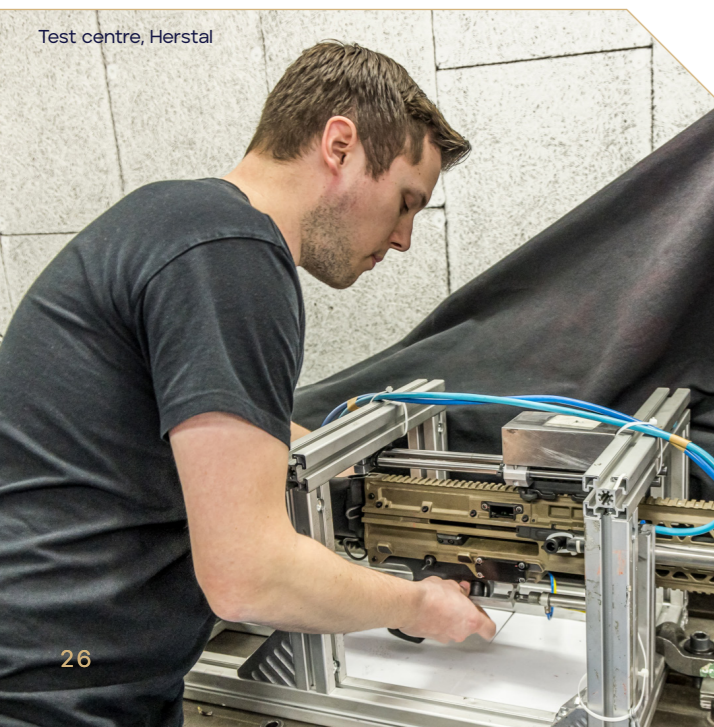
#### BROWNING X-BOLT 2 SPEED CARBON FIBER

The X-Bolt 2 Speed Carbon Fibre SR features a redesigned bolt and receiver, as well as a lightweight carbon fibre wrapped stainless steel barrel with threaded muzzle. In addition to its Hawg muzzle brake, which reduces felt recoil up to 76%, it features a new composite stock and is adjustable for length of pull, comb height and grip angle, for a custom fit to the rifle. The new X-Bolt required the design and testing of carbon fibre barrels, which Browning North America developed with Preferred Barrels to supply complete carbon fibre wrapped barrels to the Miroku factory.

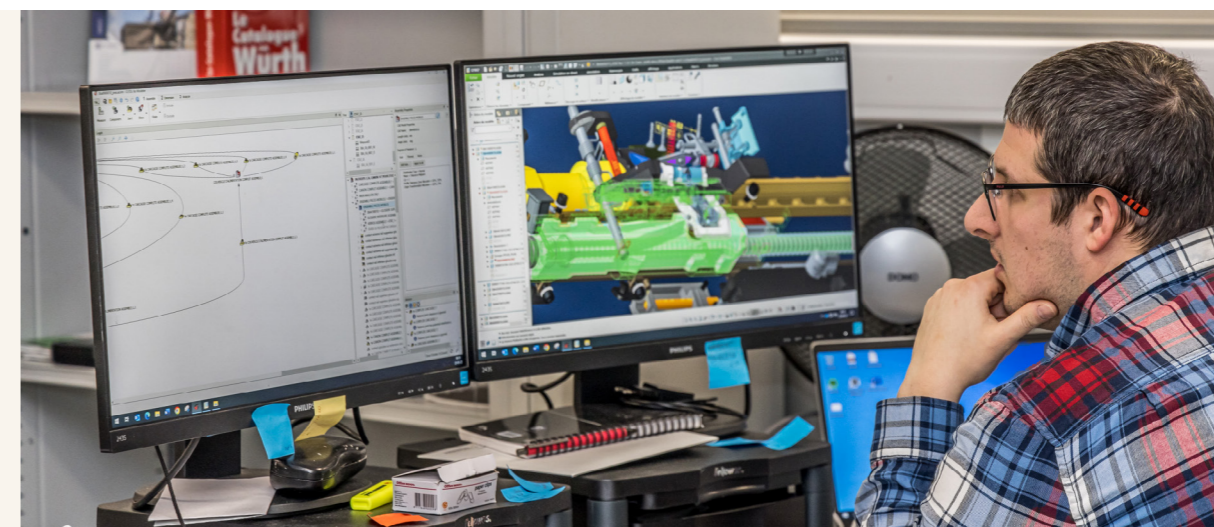


#### THE BROWNING 4X RANGE

In 2023, Browning International launched the new BAR 4X and Maral 4X on the European market. The 4X range combines Browning's high quality standards with an innovative approach based on customisation. An online configurator allows customers to create a firearm to their exact specifications. The options available open the way to more than 400 different variations. The 4X range has also been an opportunity for R&D teams to further improve the accuracy, safety, shooting comfort and aesthetics of the rifles. The 4X modular concept required extensive coordination with Browning Viana to adapt the industrial process.



Test centre, Herstal





## Defence & Security Division

### 1 / Small arms

The Infantry R&D departments of the FN subsidiaries specialise in cutting-edge innovations in small arms. They are made up of different units, including design offices and project teams. In addition to designing and developing new products, they provide technical support, maintenance and development for existing product ranges. Prototyping workshops and test centres manufacture new components and evaluate product performance. Technical and administrative support departments develop and maintain the range of product-related accessories, manage product configuration from inception to end-of-life, and produce technical support documentation.

#### Example of R&D projects:



#### FN EVOLYS®

The FN EVOLYS® is a new generation ultra-light machine gun. It combines the firepower of a belt-fed machine gun with rifle characteristics including: ergonomics, automatic and semi-automatic firing modes, a day and night sight rail and suppressor, whilst still being extremely low weight. The design of the FN EVOLYS® required unprecedented development and adaptations for a machine gun, inclusive of materials.



#### FN REFLEX™

Designed by FN America for the US market, the FN REFLEX™ is a completely new micro-compact pistol with advanced ergonomics and handling. It has a slim, one-inch thick profile combined with a revolutionary fire control group with an internal hammer that produces the best-in-class trigger feel. The pistols are available in both standard and MRD configurations.

### 2 / Ammunition

Ammunition R&D is part of FN Herstal's Infantry R&D department and operates both in Herstal and in the laboratory at the company's ammunition production plant in Zutendaal, Belgium.

#### Example of R&D projects:



#### NON-TOXIC PRIMER COMPOSITION

FN Herstal is developing a new chemical composition for primers that does not contain lead styphnate in order to meet the requirements of the European REACH regulation. New primers must meet the highest military criteria in terms of safety and performance. The change in composition must also be highly reliable to meet NATO requirements in terms of extreme temperatures, wear or erosion of the firearm and stability over time.



### 3 / Integrated weapon systems

The Systems Division develops FN's integrated weapon systems, including the deFNder® remote weapon stations. Based in Herstal, the R&D team comprises a hardware and software design office, responsible for the design and programming of electronic equipment and software, and a mechanical design office, a prototyping unit and technical support, responsible for mechanical development, simulations, the supply of components for prototypes and mechanical, electrical and electronic support. Together with the Integrated Logistics Support department, the R&D department is also involved in carrying out technical analyses in terms of safety, reliability, maintainability, testability and ergonomics.

#### Example of R&D projects:



#### SEA DEFNDER®

The R&D team is involved in the further development of the Sea deFNder® Mk2 remote weapon station. This includes long-range optical systems, image-processing algorithms for threat detection, identification and recognition, and solutions for decoupling the line of fire from the line of sight to enable the optics to be aimed at the target while simultaneously steering the weapon in a direction compatible with the expected position of the target, taking into account its time of flight. This requires the use of high-precision sensors combined with complex algorithms and communications.



#### UNMANNED GROUND VEHICLES

The Systems Department is involved in projects with the integration of remote weapon stations on unmanned vehicles, while leaving the firing decision to human operators. In June 2023, the TERA-team, comprising FN Herstal, the French-German Research Institute of Saint-Louis (ISL), Exail and Soframe, won the Ubiquity prize at the COHOMA II challenge organised by the French Defence Innovation Agency and Battle-Lab Terre. Each of the participating teams had to carry out a tactical mission, manoeuvring and articulating automated systems from an armoured vehicle.

#### 4/ FN® e-novation

FN® e-novation provides innovative solutions that integrate state-of-the-art electronics and software into small calibre firearms to enhance the user's capabilities. The department's teams work closely with their colleagues at Noptel for developments in optics and rangefinding, and with the R&D Infantry teams for integrating electronics into portable firearms.

Products marketed under the FN brand include the FN Elity® ballistic calculator for long-range firearms and the FN® FCU fire control unit for grenade launchers. The FN® e-novation range also includes the FN® Smart Armoury solution to optimise fleet management of both weapons and accessories.

##### Example of R&D projects:



##### FN VICTOR®

The FN VictorR® is a high-tech device that combines an intelligent camera and image processing software that can be integrated into a portable firearm or launcher, with a range of cutting-edge applications.

It can be used as an individual and collective training system. The user interface shows the intended point of impact and the movement of the firearm before and after each shot, allowing the shooter's strengths and weaknesses to be measured.

In 2023, FN Herstal also introduced the Smart Protector®-303T, a compressed air launcher that detects human physiognomy and drastically reduces the risk of injury during law enforcement and public security operations. A world first in a safe, proportionate response.



##### INTELLIGENT SMALL ARMS FLEET MANAGEMENT

FN® e-novation provides solutions for the intelligent management of small arms fleets. Its products include FN SmartCore®, an integrated shot counter in firearms, and FN® SAM management software. Together with FN® Smart Armoury, they provide a state-of-the-art solution for managing a fleet of small arms and their accessories.



#### European Defence Fund

The European Defence Fund (EDF) represents a strategic initiative of the European Commission aimed at strengthening the Defence Technological and Industrial Base. Through collaborative programmes for the development of defence systems, the EDF promotes innovation and synergy within the European defence ecosystem.

FN Herstal has proactively engaged in EDF programs, strategically using them to complement its internal R&D roadmap. By participating in EDF initiatives, FN Herstal expands its technology base and cultivates valuable relationships with key industry stakeholders across Europe. In addition, EDF projects play a key role in reinforcing the fit-to-market approach. Programme requirements are jointly developed with several EU defence organisations, positioning them as the ultimate end customers. This collaborative effort not only enhances European interoperability, but also addresses the critical need for multinational acquisition of future defence systems.

FN Herstal is participating in joint development programmes to strengthen both its Infantry and Integrated Weapon Systems capabilities and to develop a diversification axis.

The Integrated Weapon Systems Department, for example, is active in several programmes, including:

- The EDIP JEV CUAS project aims to develop a European Counter Unmanned Aerial Systems capability against small to medium-sized drones. This Leonardo-led project started in 2022 and will end in 2024.

- The EDF MARSEUS project is developing a collaborative combat architecture to enhance existing missile systems with a Beyond Line of Sight capability. Led by MBDA France, the project started in 2023 and will end in 2025.

The Infantry Department is working on the EDF ACHILE programme, which aims to design an open standard architecture for soldier systems and demonstrate new enhanced capabilities for dismounted soldiers. The project, led by SAFRAN, started in 2023 and will end in 2026.

FN Herstal has recently been awarded three projects within the EDF 2023 framework :

- BELDEFEND : the aim of this initiative is to organise a hackaton for the European Defence Innovation Scheme (EUDIS) in Belgium, together with Sopra Steria. The hackaton will take place in 2024.

- The EDF E-CUAS project, led by Leonardo aims to mature Counter Unmanned Aerial System technologies to counter the ever-growing threat of small drones. The project is expected to start at the end of 2024.

- The EDF MARTE project (Main ARmored Tank of Europe) will study the upgrading of current and the development of future main battle tank technologies capable of outstanding operational effectiveness and mission success in all possible future scenarios. The project, led by Rheinmetall and KNDS Germany, is scheduled to start at the end of 2024.

# 1.4

## OUR GOVERNANCE

## OUR SHAREHOLDER

The FN Browning Group is owned by Wallonie Entreprendre, an economic and financial instrument of the Walloon Region, itself an entity of the Belgian federal state. The Walloon Region acquired the group in 1997 and has held 100% of its shares ever since.

## Board of Directors & Committees

The Belgian entities of the Group moved to a common corporate approach. This provided the opportunity to enhance the integration of good governance principles as laid out in the 2020 Belgian Code on Corporate Governance.

Yves Prete	Chairman
Astrid Pieron	Vice-Chair
Emmanuel Bois d'Enghien	Director
Fabienne Bozet	Director
Laurent Burton	Director
Derrick-Philippe Gosselin	Director
Marie-Kristine Vanboeckstal	Director
Olivier Vanderijst	Director
Joyce Wieczorek	Director
Julien Compère	CEO

### REMUNERATION & NOMINATIONS COMMITTEE

Yves Prete (Chairman), Fabienne Bozet, Julien Compère, Olivier Vanderijst, Joyce Wieczorek

### AUDIT & RISK COMMITTEE

Astrid Pieron (Chair), Fabienne Bozet, Marie-Kristine Vanboeckstal

## International Strategy Committee

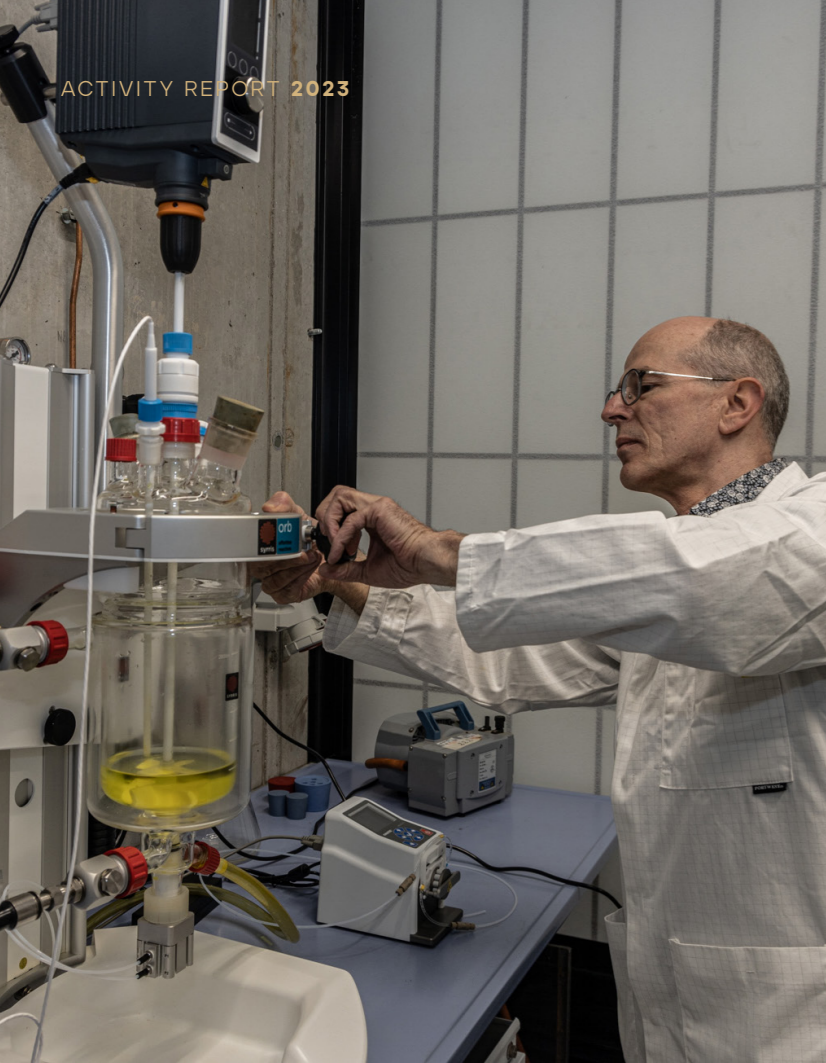
The International Strategy Committee consists of the members of the FN Browning Group Executive Committee and the CEOs of each subsidiary.

Julien Compère	CEO	FN Browning Group, FN Herstal, Browning S.A.
Michelle Cantoni	CEO	FN UK
Mark Cherpès	CEO	FN America
Rui Cunha	CEO	Browning Viana
Jean-Louis Dam	Industrial Director Browning-Winchester*	Browning SA
Marie-Pierre Dechene	CEO	Browning International
France Delobbe	General Counsel & Secretary General	FN Browning Group
Henry de Harenne	Head of Communications	FN Browning Group
Baudouin de Hepcée	Chief Financial Officer	FN Browning Group
Christophe Englebert	Chief Human Resources Officer	FN Browning Group
Laurent Forget	Chief Industrial & Technology Officer	FN Browning Group
Travis Hall	CEO	Browning North America
Thibaud Mezosy	Head of Strategy & Corporate Development	FN Browning Group
Mathieu Ryckewaert	Chief Sustainability & Governmental Affairs Officer	FN Browning Group
Arto Sepponen	CEO	Noptel
William Zoeter	Chief Information Officer	FN Browning Group

# 1.5

OUR  
COMMITMENT TO  
SUSTAINABILITY





Laboratory, Zutendaal, Belgium

In June 2023, the FN Browning Group adopted a 10-year strategy detailing its environmental, social and governance objectives, as well as those relating to the products manufactured by its subsidiaries. By implementing specific action plans, this strategy combines economic and industrial growth objectives with high ambitions in terms of sustainability, good governance and brand reputation.

### 4 key areas

The FN Browning Group's strategy is based on four main areas of action, each of which is made up of priority themes. These eight priority themes (below) are accompanied by specific objectives and, for each of them, a distinct action plan.

## ENVIRONMENT

Our ambition is to reduce our environmental footprint and contribute to the regeneration of ecosystems near the sites where we work and produce.

### Priority theme

- Reducing our CO<sub>2</sub> and greenhouse gas emissions

## SOCIAL

Our ambition is to be a company at the cutting edge of social progress, enabling everyone to integrate and live through work.

### Priority themes

- The health and safety of our teams
- Diversity and Inclusion
- A local, responsible and sustainable value chain

## GOVERNANCE

Our ambition is to carry out our mission with high standards of governance and to encourage our value chain to do the same.

### Priority themes

- Good governance, internal control and audit
- Cybersecurity and data control

## PRODUCTS

Our ambition is to constantly improve the quality and reliability of our products and services and to preserve the value of our brands.

### Priority themes

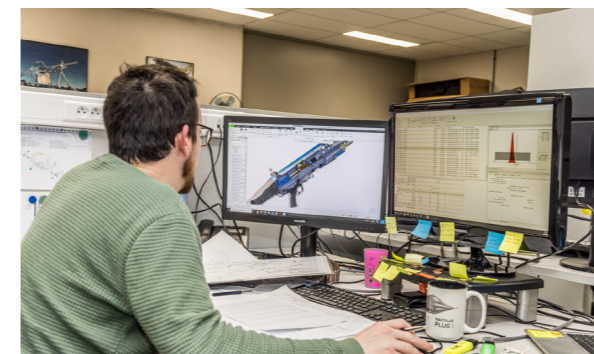
- Quality and reliability of our products
- Brand reputation

## 43 action plans

Each of the priority themes is accompanied by specific objectives. In total, the FN Browning Group and its entities have 43 specific objectives to achieve, 43 specific action plans to be implemented within a given timeframe.

The 43 objectives cover a wide range of topics, including: promoting local suppliers, standardising cyber security practices, introducing eco-design in product development, strengthening health and safety training, improving diversity in decision-making bodies, strengthening audit and the internal control system, securing supply chains and reducing the time taken to respond to complaints.

Each action plan has been assigned to a Group executive who will work with all relevant colleagues within the Group's entities. These individuals are supported and monitored by a dedicated steering committee under the leadership of the Group's Chief Sustainability Officer.



Research into the materials used for the new FN Evolvys® ultralight machine gun

## Elaboration

Approved by the Group's Board of Directors, the content of the strategy was developed through a participatory process that lasted almost a year. In addition to the CEOs of the subsidiaries and the members of the Executive Committee of the Group, key external partners contributed to this work. These included the General Staff of the Belgian Armed Forces, the Group's shareholder Wallonie Entreprendre, the social partners, the Walloon Ministry of the Economy, John Cockerill, an industrial partner, a company representing our local value chain and representatives of NGOs.

## THE GROUP'S STRATEGY IS TAKING OFF!

### Two concrete examples

#### FN Herstal, an energy producer

FN Herstal is installing photovoltaic panels on the roofs of its industrial buildings, enabling it to produce some of the electricity it consumes - sustainable electricity. In 2023, the company started installing 4,000 photovoltaic panels. By 2024, the company will produce 7% of its own electricity, and new panels will be added to the initial 4,000 to cover 25% of the factory's consumption in the medium term.



Other Group companies also have photovoltaic panels on their premises, notably Browning subsidiaries.

#### Greening an industrial site

In a few years' time, the area around the Herstal factory will be covered in a dense, biodiversity-friendly hedge. In 2023, FN Herstal employees and pupils from two local primary schools planted 3,400 shrubs on a wasteland between the plant and a local road. This initiative is in line with the Group's sustainability commitments, both in terms of the environment and in terms of involving the local ecosystem, starting with the town and its inhabitants.



## FOCUS ON GOVERNANCE

In 2023, the FN Browning Group continued its efforts to improve management structures and good governance practices, with highlights including the creation of an audit committee, the appointment of an internal auditor, the implementation of Group policies, the development of due diligence, the introduction of e-learning platforms and the creation of a cybersecurity forum.

### Group Policies

In 2023, building on the commitment made by senior management in 2022, the implementation of Group policies was launched across the Group with a single standard for all entities. The policies address the risk of corruption, money laundering, embargoes and sanctions, the handling of gifts and hospitality, and the identification and reporting of conflicts of interest. A whistleblower protection policy has also been introduced.

Several policies have been approved with regard to cyber and information security along with the appointment of a Chief Information Security Officer.

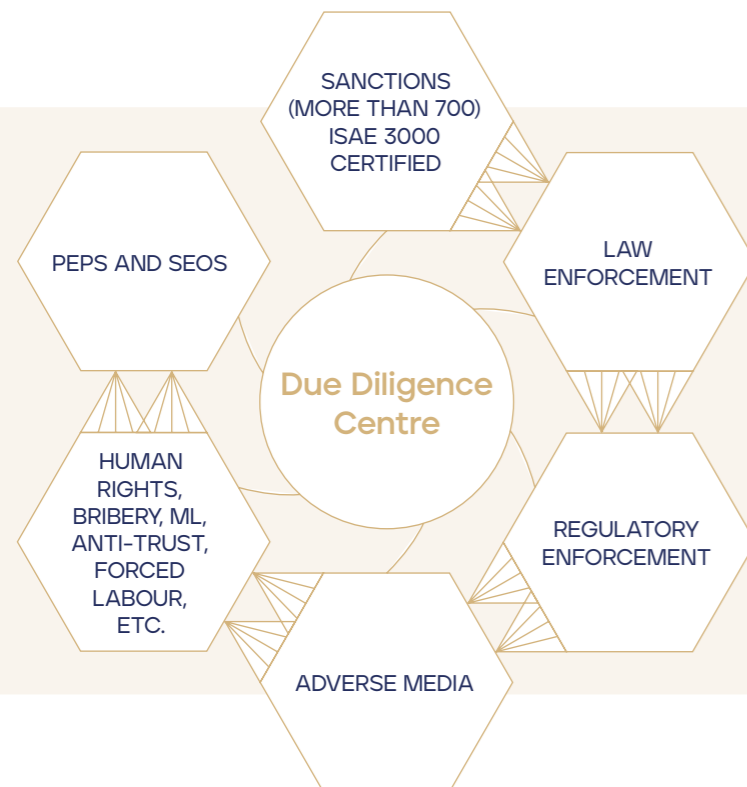
The policies are inspired by best practice and provide rules of conduct based on: legality, compliance, transparency, accountability, documentation and record keeping.

A risk-based and tailored approach was adopted for implementation. This allowed the specificities of each entity to be appropriately addressed according to their risk profile. New teams were created and new tools made available. A whistleblower channel was provided where one did not already exist.

### Due Diligence

A Business Partners' Code of Conduct, approved in 2022 in line with the Ten Principles of the UN Global Compact, was dynamically implemented in the Belgian entities in 2023. Due diligence procedures were also further refined by the Legal Department. Inspired by best practices, the compliance framework is implemented by focusing on the following building blocks: top management commitment, screening and processes, people and organisation, awareness and training, review and audit, record keeping and information security.

Internal expertise, supported by a Due Diligence Centre and high quality data, has been further developed. This enables screening against a range of concerns, including human rights abuses, sanctions lists, child exploitation and others.



Belgian companies screen against sanctions and politically exposed persons, but also against sixty special lists. In this way, due diligence screening covers a wide range of issues, including but not limited to: antitrust, bribery and corruption, fraud, money laundering, human rights, child exploitation, forced and slave labour, labour rights violations and various regulatory violations.



### Awareness and training

Two Group-level training campaigns using digital platforms were launched in 2023. A new Group-level team was created to manage the roll-out, with the collaboration of the Information Technology and Legal departments and the support of a project manager.

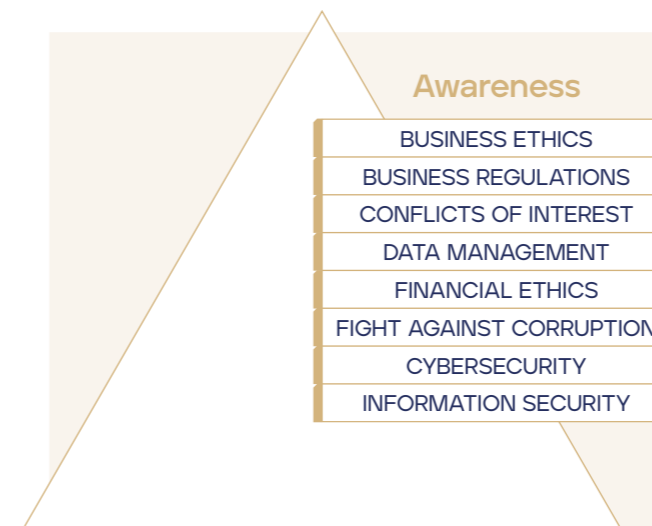
The interactive training modules covered the same content in several languages across the Group. The first campaign introduced a new training requirement in the form of monthly awareness modules on cyber and information security. The second campaign was a 100-day campaign on 6 different compliance topics: Business Ethics, Business Regulations, Conflicts of Interest, Data Management, Financial Ethics and Fight against Corruption, with an excellent completion rate of 95.5%.

### Cybersecurity

A two-day live cybersecurity forum was held in October 2023. Kicked off by senior management, the forum featured more than thirty live contributions. Topics ranged from introductions to key ideas to highly technical niche explanations, while also covering general compliance issues.

## EXTERNAL COMMUNICATIONS AND MARKETING

In 2022, the Group introduced Guidelines on external communications and marketing. Among other things, they set out principles for responsible marketing and commercial positioning that apply to all Group companies worldwide, including their publications on social networks and their relations with the press.



COMPLIANCE CAMPAIGN : 95,5% COMPLETION



# OUR ACTIVITIES IN 2023

- .1 OUR MILESTONES IN 2023
- .2 DEFENCE & SECURITY DIVISION
  - AN OVERVIEW
  - 2023 MARKET REVIEW
  - OUR PRODUCTS & SERVICES IN 2023
- .3 HUNTING & SHOOTING DIVISION
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  - EXCLUSIVE INTERVIEW: SAM GREEN,  
2023 WORLD ENGLISH SPORTING CHAMPION
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  - LINELIDAR SENSORS & LASER RANGEFINDER MODULES
  - ELECTRONIC BOARDS
  - FNX VENTURES
- .5 ARS MECHANICA
  - OUR FOUNDATION
  - ARS MECHANICA - DRIVING INNOVATION
  - OUR HERITAGE

# 2



# 2.1

## OUR MILESTONES IN 2023



In 2023, the FN Browning Group brands continued to excel in their respective markets. They launched new products, carried out cutting-edge R&D, won major contracts and made significant investments in their industrial facilities. All in all, the FN, Browning, Winchester\* and Noptel brands emerged from 2023 even stronger than before.

## JANUARY



### New Browning & Winchester\* products in North America

In North America, Browning unveils new product lines at the SHOT Show 2023. These include new Browning X-Bolt rifles, new Browning Citory shotguns, the introduction of the Winchester\* Xpert bolt action rimfire rifle, and outdoor products comprising a new line of back packs and waterfowl apparel.



### 4X: design your own rifle!

In Europe, Browning International launches the new BAR 4X and Maral 4X rifles, which combine the brand's high standards of reliability with an innovative approach based on online customisation by the customer. The options available open the way to more than 400 different variants, produced by Browning Viana in Portugal.

### Predictive maintenance

FN Herstal participates in cutting-edge research projects supported by the Walloon government's economic recovery plan. These include HUMSnet, which aims to develop a predictive maintenance system to improve the management of armament systems on a fleet of vehicles.

### New pistols in the USA

FN America unveils two new pistols with industry-leading capacity, control, and accuracy.

The FN 510™ Tactical is chambered in 10mm Auto, and the FN 545™ Tactical in .45 ACP.



### Browning International distributes FN pistols

In addition to Buck Mark pistols, Browning International begins distributing FN Herstal pistols to European retailers.



### Lead-free Winchester\* ammunition

In Europe, Browning International expands its range of lead-free Winchester\* ammunition to include Bismuth cartridges in 12 and 20 gauge and Special Plains cartridges in 12 gauge, as well as 180-gram Extreme Point Copper Impact bullets for big game hunting.

## FEBRUARY



### High-tech products for France

The French Army equips its snipers with the FN Elity® ballistic calculator, marketed by FN Herstal and developed in partnership with Noptel. This order follows several months of testing by the Battle-Lab Terre, which showed that the calculator improves accuracy by 25%, reduces engagement time by 40% and reduces the weight of the sniper's equipment by 6kg.

## MARCH

### Growth in Finland

Noptel is expanding its optoelectronics manufacturing capacity by acquiring additional space at its Oulu facility and recruiting additional specialist technicians.

### Local communities

Workers from FN Herstal and Browning International, together with 60 pupils from two Herstal primary schools, plant 3,400 trees and plants next to the FN Herstal factory. The initiative is part of the Group's commitment to sustainability.



## APRIL

### A new factory in Liberty

FN America announces the upcoming construction of a new facility in Pickens County, South Carolina that will add 60,000 square feet to the company's manufacturing capacity.



### New Winchester\*

Browning International launches the Winchester\* Xpert® bolt-action rifle in .22 LR calibre.

### New products in the USA

FN America launches the FN Reflex™ and Reflex MRD 9mm pistols, as well as the FN 15 Guardian 5.56 calibre rifle.

## JUNE



### French army boosts new technologies

FN Herstal takes part in the COHOMA II Challenge, organised by the French Defence Innovation Agency and Battle-Lab Terre, which focuses on the contribution of robotic systems and human-robot interaction. The TERA team, of which FN Herstal is a member, wins 2<sup>nd</sup> prize and the prestigious "Ubiquity Prize".



### Ars Mechanica publishes Driving Innovation

The Ars Mechanica Foundation publishes the magnificent book Driving Innovation. This remarkably illustrated 400-page book tells the story of the FN Browning Group, from the birth of the FN and Browning brands in the 19<sup>th</sup> century to what they have become in the 21<sup>st</sup> century. A fascinating human, technical and industrial adventure, 135 years of innovation.

## SEPTEMBER

### Better service for European customers

Browning International successfully launches a new website dedicated to the European market, offering particularly simple and effective navigation.



### A new onboard weapons system

FN Herstal launches a new versatile weapon mount for land and naval platforms, fully MIL-STD certified. The FN® MWM is unveiled at the international DSEI trade show in London.



### A quality suppressor

FN America releases the FN Catch 22™Ti, the company's first rimfire suppressor and second instalment in its suppressor lineup following the FN Rush™ 9Ti.

## OCTOBER



### A first-rate industrial extension

In the presence of representatives of the Portuguese government, the town of Viana and the FN Browning Group management, Browning Viana celebrates its 50<sup>th</sup> anniversary and inaugurates a new extension to its factory, increasing its production capacity by 50%. The expansion also introduces state-of-the-art robotic solutions, modernises technologies and introduces in-house barrel production.



### Breaking ground in Liberty

Joined by South Carolina Governor Henry McMaster, Pickens County Council Chairman Chris Bowers and Ray Farley of Alliance Pickens Economic Development, FN America breaks ground on what will be the site of the company's second production facility in Liberty, Pickens County, South Carolina. The company will invest 33 million dollars to construct the future 60,000-square-foot facility over two phases beginning in April 2024 and will create 176 new jobs.

## NOVEMBER



### A world first for public safety

At the MILIPOL exhibition in Paris, FN Herstal presents a major advance in public safety. The FN Smart ProtectoR®-303T combines a compressed air launcher with on-board algorithms and processing capabilities that can detect the human physiognomy, significantly reducing the risk of serious injury.



### A 20-year partnership for strategic autonomy

The Belgian government approves the principle of a long-term strategic partnership between Belgian Defence and FN Herstal. The 20-year partnership, which is open to other European countries, aims to secure the supply of small calibre ammunition and maintain the Belgian Army's small arms fleet in an operational condition.

## DECEMBER

### Equipping law enforcement

FN America continues to strengthen its position with law enforcement agencies. Both the Waterbury Police Department (Connecticut) and the Indian River County Sheriff's Office (Vero Beach, Florida) selected the FN 509® MRD-LE pistol as the new sidearm for their sworn deputies.

### FN MAG® - M240: 65 years of dependability

In production since 1958, the FN MAG® machine gun celebrated its 65<sup>th</sup> anniversary in 2023. In service with the world's most demanding armed forces, including the vast majority of NATO members, it has quickly become the world reference in the field of medium machine guns. Synonymous with absolute reliability, it is now a symbol of FN's reputation and brand.



# 2.2

DEFENCE &  
SECURITY  
DIVISION

FN BROWNING  
GROUP



## 1. AN OVERVIEW

The Defence and Security Division comprises all FN Browning Group products and services marketed worldwide under the FN brand, including: small arms, ammunition, integrated weapon systems and high-tech equipment. These are currently in service with most of the armies, law enforcement agencies and special forces of European and NATO countries and their close allies around the world.

### Organisation

The division consists of FN Herstal and its subsidiaries. The US subsidiary was set up to produce most of the small arms for the Department of Defense locally in compliance with the Buy American Act. The Finnish and UK subsidiaries were acquired in 2011 and 2014 respectively. FN Herstal also has a liaison office in Singapore to provide close support to its customers in Asia.

### FN HERSTAL

Headquartered in Belgium, FN Herstal manages the Division's worldwide activities, with the exception of the US and UK markets for portable firearms. FN Herstal has been manufacturing small arms and weapon systems at its historic site in Herstal since 1889 and ammunition at its plant in Zutendaal since 1938.

### FN AMERICA

FN America manages FN's US activities in the military, law enforcement and civilian markets. The company has been present in the country with industrial facilities in South Carolina since 1981, and with offices in Virginia since 1998. In 2023, it announced plans to build a second plant.

### FN UK

FN UK is the UK's sole manufacturer of military assault rifles and machine guns. Formerly known as Manroy, it supplies the UK Ministry of Defence and law enforcement agencies, as well as providing industrial support to FN Herstal and FN America.

### NOPTTEL

Based in Finland, Noptel develops optoelectronic solutions. In addition to its own products (see Diversification), it designs and develops high-tech equipment under the FN brand, including advanced ballistic and sighting devices.

### Dependable & Innovative

For 135 years, FN products have been renowned worldwide for their dependability. This is guaranteed by exceptional quality standards and AS/EN 9100 certification (aerospace industry standard).

The quality of FN firearms and ammunition is the result of the exceptional know-how of its workforce and a policy of continuous investment in industrial facilities and, through R&D, in cutting-edge innovations.

FN also works closely with its customers and partners to identify their current and future needs and constantly improve its products and services. The success of the FN brand in creating a comprehensive range of solutions is linked to the fact that each product has been created as an innovative solution to specific military and law enforcement challenges.



The FN SCAR® rifle

## 2. 2023 MARKET REVIEW

### IN EUROPE AND THE REST OF THE WORLD

#### New security paradigm

The security situation on Europe's doorstep has radically changed the geopolitical paradigm, leading to new defence and security strategies at both national and EU level.

This paradigm shift has a direct impact on FN Herstal and FN UK, which are perfectly positioned to provide effective and reliable support to the armed forces of NATO member states and their allies around the world.



The FN MINIMI® (M249) light machine gun

### Developments in 2023

The geopolitical context initially required urgent assistance to Ukraine to meet its operational needs. European states provided military equipment, mainly from their own stocks and those of the defence industry. The impact of this first phase on FN Herstal and FN UK was relatively limited.

In 2023, however, states began to replenish their stocks on a new scale, both to strengthen their defence capabilities and to continue their support to Ukraine. This support was largely requested by NATO and the EU, and was also structured through multilateral EU initiatives.

This phase had a substantial impact on FN Herstal and FN UK. Firstly, it led to large one-off orders for small arms and ammunition. Secondly, the Belgian government approved the implementation of a 20-year partnership between Belgian Defence and FN Herstal, focusing on strategic autonomy and long-term security of supply, in particular for ammunition. This type of partnership is key for the industry, giving it the visibility it needs to make major investments. As a result, FN Herstal has significantly increased

its current and planned investments to boost its ammunition production capacity in Belgium, while also preparing for the possibility of other European states joining the partnership to secure their long-term strategic supply.

At the supranational level, the small arms sector has not always been included in EU initiatives, such as the ASAP programme, which did not cover small calibre ammunition. Nevertheless, the EU-led drive towards strategic autonomy, industrial resilience and cooperation between Member States has had a positive impact on FN Herstal. The company is also involved in cutting-edge R&D programmes funded by the European Defence Fund.



FN® airborne crew served weapon systems are equipped with FN MAG® or FN® M3M machine guns

### Exports, a key focus for FN Herstal

Located in a medium-sized country where investment in national defence is logically proportional, FN Herstal is highly dependent on exports. Although the majority of FN Herstal's customers and partners in 2023 were EU and NATO members, exports outside these geographical areas remain vital for the company in the medium and long term. FN Herstal is known worldwide for the dependability of its products and its capacity for innovation, which requires significant investment in R&D and, consequently, high sales volumes. The high level of satisfaction, trust and loyalty to FN Herstal's products among NATO and European allies in other parts of the world is therefore essential to the company and will remain so, certainly when demand in Europe begins to decline.



FN® land and sea mounted weapon systems can be equipped with FN MINIMI®, FN MAG®, FN® M2HB-QCB or FN® M3M machine guns

The FN MINIMI® (M249) light machine gun





The FN SCAR® rifle was designed to meet the specifications of the US SOCOM

IN THE UNITED STATES

The U.S. military market

The US Department of Defense (DoD) is always looking to acquire small arms and various types of accessories. Among the current trends, the DoD is clearly focused on the search for modularity, particularly in terms of calibre and the ability to change calibres for training or different missions. For example, several rifle programmes need to be able to switch from 6.5 to 7.62mm calibre, and medium machine guns in .338" calibre need to be able to switch to 7.62mm calibre, both for training and for cooperation with allies who may not use these calibres.

Thanks to its strong R&D capabilities and the quality of its products, FN America is perfectly positioned to effectively meet the DoD's expectations.



Both a supplier and a partner to the DoD

FN America's military sales increased in 2023. The products designed for the US armed forces, often developed in collaboration between FN America and the DoD, are manufactured in the United States at the company's plant in South Carolina. FN America also receives industrial support from FN Herstal and FN UK for certain product categories. In 2023, FN America announced the construction of a second plant, with work starting in 2024.

On the one hand, FN America remains a major supplier to the various branches of the US armed forces, for which it regularly records major orders. This was the case in 2023 for the Air Force, for rifles and light and medium machine guns. FN America also continued to supply the US SOCOM, the Marine Corps and the US Army. FN America has also anticipated their needs, for example by introducing 6.8 calibre conversion kits for FN machine guns such as the M240.

On the other hand, FN America is a leading partner of the US government in the development of new portable firearms. This is currently the case for the Lightweight Intermediate Calibre Carbine (LICC) and Assault Machine Gun (AMG) programmes, which are co-funded by the US government and in which US SOCOM units are also involved. In 2023, the company was also selected as one of two finalists of the US Army's xTechSoldier competition to develop innovative concepts for a Precision Grenadier System.



The FN SCAR® rifle is designed for armed forces, special forces and law enforcement

Commercial and law enforcement markets

In 2023, the US commercial market, as measured by the number of NICS background checks on people seeking to purchase a firearm, has declined.

However, FN America managed to increase its share of the handgun market with growth of 25%, supported by the successful launch of several products, including the FN 510, 545 and Reflex pistols and the signing of contracts with law enforcement agencies.

FN America's strategic focus on the law enforcement market is promising. In 2021, the Los Angeles Police Department announced that it had selected the FN 509 MRD-LE as its new duty pistol. New contracts in 2023 include the Waterbury Police Department and the Indian River County Sheriff's Office, whose sworn officers will now use FN pistols. The company has also signed agreements with Louisville Kentucky Metro Police Department, Pierce County and the Spokane, Washington law enforcement offices to adopt the FN 15 platform.

Furthermore, contracts alone do not explain FN America's growth in the law enforcement market, as a number of law enforcement agencies purchase their service firearms directly on the commercial market.



The FN P90® submachine gun



The 9x19mm FN HiPer® pistol

### 3. OUR PRODUCTS IN 2023

The Defence and Security Division offers its partners a wide range of FN products, including: portable small calibre firearms, integrated weapon systems, ammunition and high-tech equipment, recognised worldwide for their dependability, innovation, performance and safety. The Division also provides technology transfer services, as well as training, maintenance and retrofit services.

The images below are examples only and do not reflect the full range of FN products.

#### SMALL CALIBRE FIREARMS

FN firearms are designed and manufactured at the brand's industrial facilities in Belgium, the UK and the USA.

##### Less lethal

Less lethal systems are a proportionate solution for neutralising aggressive individuals without using potentially lethal firearms and reducing the risk of serious injury. Launchers developed and marketed by the company include the FN 303<sup>®</sup> compressed air launcher and the FN Smart Protector<sup>®</sup>-303T.

##### Pistols & Submachine guns

FN handguns are supplied to the defence, law enforcement and consumer markets in accordance with local legislation. This includes a range of pistols and the FN P90<sup>®</sup> submachine gun.



The new 9x19mm FN HiPer<sup>®</sup> combines fantastic ergonomics, reliability and safety in a single handgun.



The FN 303<sup>®</sup> less lethal compressed-air launcher



The FN EVOLYS<sup>®</sup> ultra-light machine gun



#### Rifles

Designed to meet the most demanding specifications of the US Special Forces (US SOCOM), the FN SCAR<sup>®</sup> models cover the full range of requirements with subcompact versions, 5.56mm and 7.62mm NATO assault rifles, a 40mm grenade launcher and high-precision sniper rifles.

#### Machines Guns

FN Herstal offers a complete range of machine guns, covering all potential requirements, from 5.56 mm to .50 calibre machine guns. They enjoy a firstclass reputation and are used by the world's most demanding armies. These include the FN EVOLYS<sup>®</sup>, FN MINIMI<sup>®</sup> (M249), the FN MAG<sup>®</sup> (M240), the FN<sup>®</sup> M2HB-QCB and the FN<sup>®</sup> M3M machine guns.

#### INTEGRATED WEAPON SYSTEMS

Integrated weapon systems are designed and manufactured by FN Herstal in Belgium, and include solutions for land, naval and airborne applications. Each system is custom designed in collaboration with the carrier manufacturer and/or the end user.

These include: Airborne Crew Served Weapon Solutions, Airborne Fixed Forward-Firing Solutions, Land and Sea Mounted Weapon Solutions and Remote Weapon Stations (the deFNder<sup>®</sup> range combines FN machine guns with the latest electronic, opto-electronic and software technologies to enable remote control).

#### AMMUNITION

FN Herstal manufactures ammunition in Belgium in Herstal and Zutendaal.

The company has been involved in the design and/or standardisation of the most widely used NATO standard calibres, including 5.56, 5.7, 7.62 and 12.7mm calibre ammunition.

The company enjoys an excellent reputation for its expertise and has an exceptionally complete control of all components, including primers.

#### HIGH-TECH EQUIPMENT

FN<sup>®</sup> e-novation develops innovative, high-tech solutions that integrate the latest electronic components and software into small calibre firearms to enhance the capabilities of the end user. Solutions include the FN Elity<sup>®</sup> ballistic calculator, the FN<sup>®</sup> FCU for 40mm LV/MV grenade systems, the FN Smartcore<sup>®</sup> and FN<sup>®</sup> SAM for improved small arms management, and the FN Victor<sup>®</sup>.



FN<sup>®</sup> Pod systems on both sides of the helicopter, equipped with an FN<sup>®</sup> M3M machine gun



The Sea deFNder<sup>®</sup> remote weapon station



To discover the full range of FN products, visit their respective websites:

FN HERSTAL	FN AMERICA
FN UK	FN <sup>®</sup> E-NOVATION





### 360-DEGREE SERVICES

FN products are of high quality and remain in service for several decades. The subsidiaries of the Defence & Security Division therefore provide their partners with reliable support solutions throughout the operational life of all FN product ranges.

- Upgrading firearms and systems to the latest technical and technological developments and retrofitting outdated firearms to keep equipment in optimum condition.
- Technical training for instructors and armourers.
- Integrated logistics support.
- Assistance with the installation and integration of weapon systems on carriers.

### TECHNOLOGY TRANSFER

FN Herstal also offers technology transfer opportunities, including full licensing for national production. This can include the transfer of knowledge and technical skills to enable countries to manufacture FN products themselves or to maintain their equipment at an operational level.



Retrofit service for outdated firearms

## EXAMPLES OF NEW PRODUCTS IN 2023

### FN Smart Protector®-303T

The FN Smart Protector®-303T, by FN® e-novation, combines the FN 303® compressed air launcher with the advanced technologies of the FN VictoR®-SP to significantly reduce the risk of serious injury during law enforcement and public safety operations.

The electro-optical solution consists of an on-board camera and image processing software that detects human physiognomy in real time and provides audible and visual warnings, as well as an automatic trigger lock mechanism to prevent headshots.

The FN Smart Protector®-303T provides the most graduated and proportionate response. Highly accurate to selectively engaging an individual, the




Find out more about the FN Smart Protector®-303T on its dedicated website.

projectiles break up on impact to prevent penetration, creating a highly deterrent effect.

The FN Smart Protector®-303T also records images before, during and after the shot, providing valuable data for after-action reviews or forensic investigations.

### FN® MWM

Jointly developed by FN Herstal and FN UK, the FN® MWM is a new Multi Weapon Mount for ground and naval platforms, fully MIL-STD certified. The weapon interface can be adapted in minutes to accommodate machine guns of various calibres, including the FN® M2HB-QCB, FN MAG® and FN® M240, as well as 40mm automatic grenade launchers.

The FN® MWM has been developed, tested and qualified as part of a joint project between FN Herstal and FN UK. It features a hydraulic buffer system that ensures optimum weapon performance in all conditions and at all firing angles, while minimising the effects of recoil on the platform and the operator. The weapon mount is fully mechanical and therefore independent of the carrier's power supply.




Find out more about the FN® MWM on its dedicated website.




Find out more about the FN 510™ and FN 545™ pistols.

### FN 510™ & FN 545™

In 2023, FN America introduced new handguns, including the FN 510™ Tactical, chambered in 10mm, and the FN 545™ Tactical, chambered in .45 ACP. These are two big bore pistols in the FN striker-fired line with industry-leading capacity, control and accuracy.

Styled after the FN 509® Tactical, both pistols also feature a threaded barrel for muzzle devices, a red-dot optics cut-out and suppressor-height night sights. The styling and ergonomics of the FN 509® family of pistols, such as the enhanced grip texture, interchangeable backstraps and slide serrations, offer superior control for effective recoil management.

Both pistols feature FN's patented Low-Profile Optics Mounting System™, which is compatible with all major optics footprints.

## COMMERCIAL MARKET

## IN EUROPE

Some FN products are available on the European commercial market in strict compliance with national and local laws.

This applies in particular to certain handguns such as the FN 502™ and FN 509®, which are marketed by the Group's subsidiary Browning International.

## IN THE UNITED STATES

In addition to the Department of Defense and state and local law enforcement agencies, FN America also markets products through authorized dealers, which can be purchased by certain citizens and individual law enforcement officers.

On the commercial market:

- FN America strictly complies with all applicable federal, state and local laws.
- The company works exclusively with licensed distributors and dealers that comply with applicable federal, state and local laws. Each dealer must conduct background checks on each consumer purchaser through the FBI's NICS database.
- The firearms marketed by FN America are regulated by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), a federal agency operated under the US Department of Justice.
- Firearms intended for the commercial market strictly differ from military firearms. For example, FN does not sell automatic firearms in the commercial marketplace.



# 2.3

## HUNTING & SPORT SHOOTING DIVISION



## 1. AN OVERVIEW

The Hunting and Sport Shooting Division includes all FN Browning Group products marketed worldwide under the Browning and Winchester\* brands. While the Browning brand has been wholly owned by the Group since 1977, the Winchester\* brand is owned by Olin Corporation, for which the Group holds a licence to design, manufacture and market products.

### Organisation

Since 1998, the division's subsidiaries have been managed by the holding company Browning S.A. These include the wholly-owned companies Browning North America, Browning International and Browning Viana, as well as the listed company Miroku, in which the Group holds an interest.



## BROWNING NORTH AMERICA

Browning North America, based in Morgan, Utah, manages the division's activities in the United States and Canada. It markets all Browning products and Winchester\* firearms (excl. ammunition) in North America. The company also has a logistics centre in Arnold, Missouri.

## BROWNING INTERNATIONAL

Browning International is headquartered in Herstal, Belgium, with subsidiaries in France and the UK. It markets the Browning, Winchester\* (incl. ammunition) and Miroku brands outside North America, as well as Kite Optics and FN Herstal pistols.

## BROWNING VIANA

Browning Viana is located in Viana, Portugal. The company manufactures a wide range of Browning and Winchester\* firearms for both Browning North America and Browning International.

## MIROKU

Browning North America holds the Group's 13.27% interest in the Japanese company Miroku, based in Nankoku, Kōchi Prefecture. Founded in 1893, Miroku has been manufacturing Browning firearms since the 1960s.

### The Best There Is

Browning and Winchester\* firearms are renowned throughout the world for their dependability, including superior performance, durability and resistance.

Since the early 2000s, the implementation of procedures on a global scale has certified that all Browning and Winchester\* products are designed and manufactured to high standards, with a level of excellence identical to that of the military sector.

- Functional and endurance tests: these very demanding tests are designed to check that firearms function properly.
- Extreme conditions tests: during the development of a new product, these tests are designed to ensure that the firearm functions perfectly, from -30°C to +50°C.
- Torture tests: during the development of a new product, firearms are subjected to overpressure and obstruction tests to ensure safety, solidity and reliability.
- Firearm inspection: During production, each firearm is subjected to a wide range of checks and rigorous measures to ensure that it conforms to specifications.
- Firearm testing: 100% of the firearms are tested to ensure they are accurate and function perfectly.



The Browning X-Bolt rifle



Browning Viana, Portugal

### John Moses Browning Collection

FN Herstal remains active in the production of Browning firearms. In addition to the barrels of several Browning models manufactured in Herstal and then shipped to Browning Viana, the John Moses Browning Collection workshop continues to produce the B25 shotgun, the brand's masterpiece. Made by master craftsmen, the models are fine-tuned to the customer's requirements, including all the engraving, which is done by hand, making each gun a unique product.

\*Winchester is a registered trademark of Olin Corporation

## JOHN M. BROWNING AND FN HERSTAL

Although the Group only acquired Browning Arms in 1977, its history in the field of hunting and sporting firearms began in 1896 with the production of guns by FN Herstal. The meeting between FN Herstal and John M. Browning a year later marked a major turning point in the history of both companies. It led John M. Browning to make frequent trips to Belgium, where he found in FN Herstal an industrial partner with whom he would produce civil and military firearms at the cutting edge of technology. Their first collaboration was the FN-Browning 1899 semi-automatic pistol, followed by the FN-Browning 1900, the world's first mass-produced semi-automatic pistol. In 1902, FN Herstal produced the world's first automatic shotgun, the Auto-5, designed by John M. Browning. The collaboration between the two continued to be extremely fruitful over the following decades and lasted until John Moses Browning died in Herstal in 1926. At the time, he was putting the finishing touches to the B25, the first over-and-under shotgun in history to be mass-produced. A firearm that FN Herstal still produces a century later.



## UTAH, BROWNING'S ROOTS

Browning North America is based in Morgan, Utah, just outside Ogden, where John Moses Browning and his brothers inherited their father's gunsmithing business in 1879. John quickly became a prodigious inventor, renowned throughout the United States. He was able to synthesise and improve many of the techniques developed in the 19<sup>th</sup> century, such as the principle of semi-automatic firearms, to create successful products. All the major gun manufacturers of the time collaborated with him, including Winchester\* and Remington, to the extent that by 1895 90% of Winchester\* firearms were based on Browning patents. Known as the Thomas Edison of firearms, John Moses Browning registered 128 patents during his lifetime, laying the foundations for the mechanisms of modern firearms.

**Want to know more?**  
We invite you to read the book "Driving Innovation" by the Ars Mechanica Foundation.



## 2. 2023 MARKET REVIEW

### BROWNING NORTH AMERICA

#### Market slowdown

As the trend in NICS checks over the period 2019-2023 shows, the US hunting and shooting sports market continued to contract in 2023, as it has since peaking in 2020.

The main US markets can be segmented into the big box, distribution and independent dealers categories. In 2023, the big box market has come under increased pressure at the retail level as inventory levels expanded across major manufacturers. Retail management focused on reducing inventory levels by stopping the flow of incoming shipments. Large retailers began to reduce their purchasing budgets in the third and fourth quarters in order to bring inventories into line with lower sales volumes.

As purchases by major retailers declined in the second half of 2023, distribution absorbed the available capacity and experienced accelerated growth. Overall, the distribution segment of the market saw a combined increase in sales of 9.5% for Browning and Winchester\*, compared with an overall decline of 4.4% for the distribution market over the same period. The distribution segment accounts for almost a third of Browning and Winchester\* sales and has played a key role in gaining market share in underserved markets.

Demand for pre-orders from independent dealers has declined as the market has slowed. In addition, credit pressures and rising inventories have led to reduced open credit limits for deliveries.

#### Meeting financial targets

However, Browning has managed to meet its financial targets for 2023. Working closely with the teams at Browning Viana, Browning North America was able to leverage recent investments and plant expansions to support growth in its strategic products.

Despite the accelerated market slowdown following historic demand levels in 2021 and 2022, Browning North America ended 2023 ahead of its pre-Covid 19 sales figures. The key products that gained market share and increased retail sales year over year were primarily Browning Citori and A5 shotguns, Browning X-Bolt and BAR rifles, Winchester\* SXP shotguns and Winchester\* XPR rifles.



BROWNING INTERNATIONAL (EXCL. NORTH AMERICA)

Macroeconomic situation in Europe

In Europe, retailers, in particular, are paying more attention to their stocks.

The macroeconomic situation is one of the reasons for this. Inflation and the prices of various products and services have risen in several parts of Europe, reducing the purchasing power of households. In addition, wage growth has not always kept pace with inflation. This explains, for example, the decline in sales of entry-level hunting firearms.

Different local realities

Sales of hunting and sport shooting equipment also vary from country to country due to local conditions.

In Sweden, for example, the authorisation to sell AR15-type rifles to hunting licence holders has reduced sales of hunting firearms. In several European countries, the approval of night vision devices to control wild boar populations has had a negative

impact on sales of standard optics. Swine fever is still present in several regions of Eastern and Southern Europe, resulting in a ban on driven hunts. Finally, low numbers of migratory birds in France and Spain had a negative impact on small game ammunition and accessories.

A strategy for success

Browning International has achieved the second highest turnover in its history, just short of the 2022 figure. In a declining market, this performance is mainly due to particularly successful product launches.

For example, the launch of the Browning BAR 4X at the beginning of the year, with its particularly innovative modular approach, was a real success, particularly in the French and Italian markets.

The success of the 4X series is also due to the teams at Browning Viana. The 4X concept, which allows customers to design a unique rifle by choosing from a wide range of options, required a thorough adaptation of the factory's manufacturing processes to be able to produce more than 400 different models on time and in line with demand.

Browning International also increased its sales of Winchester\* ammunition, notably in Southern Europe. The products that have suffered most, however, are the less expensive firearms ranges.

Licences to export outside Europe have been reduced, which has had an impact on companies active in hunting and shooting sports. The authorisation of companies such as Browning International to export to countries outside the EU will be a key factor for future growth.



BROWNING VIANA

A key to success

For 50 years, Browning Viana has played a key role in the Hunting and Sport Shooting division, supplying high-quality firearms to Browning International and Browning North America. In October 2023, to celebrate its fiftieth anniversary, a major extension to the factory was inaugurated.

Quantity, quality, and flexibility

Browning Viana is a key element in the value chain of the Browning and Winchester\* brands, whose successful commercial strategy depends on the collaboration with the teams of the company and the quality of the work carried out there.

From 2018 to 2023, production has almost doubled, supporting the growth of Browning International and Browning North America in their respective markets. In addition to quantity and quality, one of the main challenges of the factory is flexibility, as Browning Viana has the capacity to manufacture 1,500 different products, from mass production to small quantities, including series of ten.

People

At Viana, as in the Group's other production units, it's the skills of the people that make the difference. In recent years, many engineers have joined the company, bringing with them cutting-edge technologies and new industrial approaches. Viana's growth is reflected in the evolution of its workforce. From around 400 in 2013, there are now more than 550, a careful evolution that best combines internal knowledge and the contribution of new colleagues.

The factory has several workshops, some of which are specifically dedicated to hunting and sporting firearms, such as woodworking. The industrial process also includes many other operations such as machining, turning and polishing. Before being assembled, the parts also undergo various surface treatments, as well as painting, engraving and camouflage.

A major extension

In 2023, Viana's 50<sup>th</sup> anniversary was accompanied by a new extension to the factory, which has increased production capacity by 50%. This increase in capacity was defined jointly, taking into account the medium and long-term needs of Browning International and Browning North America.

In addition to the increase in capacity, the extension included the integration of the production of barrels previously manufactured outside the Group, the modernisation of technologies, the introduction of robotic solutions and the creation of new firing tunnels. The expansion also included the installation of a QPQ treatment, which meets the requirements of the European REACH regulation and eliminates chromium from the plant.

The project had to be completed in a very short timeframe, while managing the increase in production with the existing equipment. Planning for the work began in 2021 and construction began in January 2023, a project that has gone smoothly, with the expansion largely operational since September 2023.

### 3. OUR PRODUCTS IN 2023

In 2023, the FN Browning Group's Hunting and Sport Shooting Division marketed a wide range of Browning and Winchester\* products, renowned throughout the world for their high quality and reliability.

The images below are examples only and do not reflect the full range of Browning and Winchester\* products.



### FIREARMS

#### Shotguns

Browning markets semi-automatic shotguns, over-and-under shotguns, pump-action shotguns and single-shot shotguns. Winchester\* models include semi-automatic shotguns, over & under shotguns and pump-action shotguns. Each Browning and Winchester\* model has its own options, such as: calibre (from 12 to 410), barrel length, materials (various types of wood and composites) and mechanisms (right-handed, lefthanded or ambidextrous).



BROWNING A5 SEMI-AUTOMATIC SHOTGUN

#### Rifles

Browning markets bolt-action rifles, lever-action rifles and semi-automatic rifles. Winchester\* models include bolt-action rifles, lever-action rifles, single-shot rifles, semi-automatic rimfire rifles and bolt-action rimfire rifles. In Europe, Browning also sells straight-pull rifles.

Each model has its own options, such as: calibre (from 17HMR to 9.3x62), barrel length, materials (various types of wood, laminate, composites) and mechanisms (right or left-handed).



BROWNING X-BOLT RIFLE

#### Pistols

Browning North America and Browning International both market Buck Mark pistols manufactured in Utah.

In North America, Browning North America also sells the 1911-22 and 1911-380 pistols, while in Europe, Browning International sells FN pistols, including the FN 502® and FN 509®.



BROWNING BUCK MARK PISTOL

### EQUIPMENT & CLOTHES

Browning and Winchester\* market a wide range of clothing, including: trousers, shirts, T-shirts, casual and hunting jackets, caps and gloves.

Browning and Winchester\* also sell a range of accessories including: recoil reducers, choke tubes, sound moderators, gun locks, shooting glasses, ear protectors, gun cleaning equipment, cases, dog guards and safes for the safe storage of firearms.



#### B25, Browning's masterpiece

The design of the B25 reflects John Moses Browning's perfect knowledge of the world of hunting. As a hunter himself, he sought the right balance, the exact proportions and the best design. The B25, the world's first over-and-under shotgun to be mass-produced, is both a masterpiece and a work of art.

Since 1931, the B25 has been entirely handcrafted in Belgium at the John Moses Browning Collection. The master gunsmiths at FN Herstal carry out almost every customisation project submitted by Browning customers. Each firearm is fully assembled, adjusted, engraved and finished in strict accordance with the specifications and wishes of its future owner.

Want to know more about the B25? Visit the John Moses Browning Collection website:



To discover the full range of Browning and Winchester\* products, visit the online catalogues on their respective websites:



BROWNING (INTERNATIONAL)



BROWNING (UNITED STATES & CANADA)



WINCHESTER\* (INTERNATIONAL)



WINCHESTER\* (UNITED STATES & CANADA)



The Browning BAR 4X rifle.



EUROPE ONLY

Ammunition & optics

In Europe only, Browning International markets Winchester\* ammunition for law enforcement, sport shooting and hunting. This includes bullets for rifles, pistols and rimfire, as well as shotshells for hunting and sport shooting.

Winchester\* ammunition is available in many different calibres, in bullets from .22lr to 9.3x74R and in shotshells from 12-89 to 410-76.

Since 2017, Browning International has also partnered with Belgian manufacturer Kite Optics to distribute its products. These include high precision optical instruments, including rifle scopes.

The 4X range: modular Browning firearms

In Europe, Browning International launched the new BAR 4X and Maral 4X rifles at the beginning of 2023. This new range combines Browning's standards of reliability and quality with an innovative approach based on modularity and customisation. Customers can now design and customise a BAR or Maral rifle to their exact specifications, either at home or at their local gun shop. The options available open the way to more than 400 different variants. This innovative approach has been a great success with the company's customers since its launch.

The Configurator is available on the Browning International website, which you can access by scanning the QR code below:



MARAL 4X

**See through the eyes of a Kite.**

Compared to a human, the red Kite can spot an object that is eight times further away. Its eye structure allows it to distinguish tiny details from great distances and provides superior light transmission to catch prey at dawn and dusk. As a hunter it's only normal to be envious. But here's some good news. The KITE RSP HD 2-12x50 gives you the power of a 12x superior zoom. Its HD lenses offer an ultra-sharp image and color quality from the center to the edges of the field of view, even at low light conditions. And like the Kite, it's designed to perform in all weather conditions. We teamed up with BROWNING® to present a competitive quality offer without compromise. That bird is not just a logo, it puts the bar where it should be.

To find a dealer and more information visit [www.kiteoptics.com](http://www.kiteoptics.com)

**KITE OPTICS**  
UNCONDITIONAL PERFORMANCE

4. EXCLUSIVE INTERVIEW

Sam Green, 2023 World English Sporting Champion, swears by Browning

The success of Browning International's sponsored shooter Sam Green once again underlines the brand's reputation for excellence. The Englishman with the easy smile took the top prize in the 2023 edition of the World English Sporting held at the prestigious EJ Churchill range.

Here, Sam tells us what the experience was like.

Sam Green

"I fire close to 15,000 shells a year and I've only ever had to do maintenance on it. No other manufacturer can guarantee that."

Always aim higher

"Becoming world champion is an indescribable feeling, it's unreal," says Sam, his voice still brimming with emotion. "I didn't believe it until I saw my name at the top of the board." But, like Browning, Sam isn't one to rest on his laurels. "I started aiming for the nationals when I was regional champion. When I won the nationals, I started aiming for the European championship. After Europe, the world. Now I want to win more and more world championships."

Browning, more than a sponsorship

Browning and Sam is more than a sponsorship. It's a powerful story built on trust. "I wouldn't give up my Ultra XS for anything in the world," he promises. "I use my gun every day."

I've been taking it to every competition for the last seven years. This is the only shotgun I shoot with. I fire close to 15,000 shells a year and I've only ever had to do maintenance on it. No other manufacturer can guarantee that. What's more, the gun is perfectly balanced and ultra high performing."

Hunting, the best training?

As you will have realised, work and perseverance are the cornerstones of Sam's success. However, you're hardly likely to meet Sam when you're loosing off some shells with your mates. "I only train in competitions; I never go out shooting for fun. Competitions, even a low-grade local one, give me a chance to excel myself. Hunting is my daily training routine."

Sam Green

"The main thing is work, perseverance... and a Browning!"

In fact, it was hunting that took Sam Green on the path to becoming the world's best sporting clays shooter. "I shot my first pheasants with a 410" he remembers, nostalgically. "I entered my first competition, which was held on one of the Queen's estates, when I was thirteen... That was the first time I shot at clays instead of game. And I won my category, which was the under-16s!"

"The main thing is work, perseverance... and a Browning!"



Sam Green uses a Browning Ultra XS, an extremely reliable shotgun. Sporting clays, a gruelling and technique-oriented discipline, can take on very different forms. Parcours in open fields, in undergrowth, and the majority approaching and retreating clay. With the ULTRA XS, the user can change the settings in a matter of seconds. Browning offers several models, including those shown below.



# 2.4

## DIVERSIFICATION



## 1. LINELIDAR SENSORS & LASER RANGEFINDER MODULES

A world reference in advanced optoelectronics

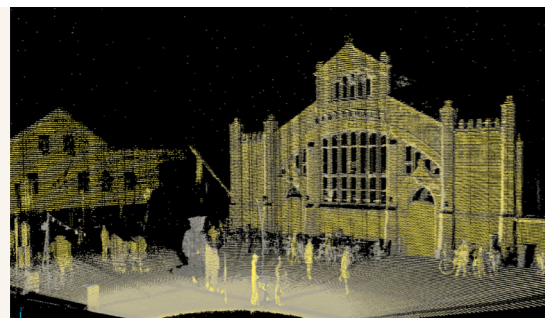
### About Noptel

Noptel, the Group's Finnish subsidiary, specialises in the design and manufacture of innovative optoelectronic products using advanced technologies in the field of distance measurement. Based in Oulu, Finland, the company designs, manufactures and markets long-range laser rangefinder modules and LineLIDAR sensors.

Noptel has a large global customer base for its advanced products, which are used in a wide range of activities including: traffic and speed control, offshore rescue, reconnaissance, border control, construction and urban planning, mining and drones.

### 2023 market review

Noptel achieved historically high sales in 2023. In particular, the market for Noptel's long-range laser rangefinder modules, with a range of 39 km, proved to be highly profitable. In this market segment, the company offers products that are world renowned



The LineLIDAR sensor LL-60A

Find out more about Noptel's products and see examples of different applications on the company's website:



for their high performance. Despite increasing competition from Chinese products, Noptel has maintained a remarkable market share.

The company completed its expansion programme in March 2023, increasing its production area from 450 m<sup>2</sup> to 620 m<sup>2</sup>. This space is both sufficient for current production and will allow additional workstations to be added to meet future needs.

Noptel did not launch any new products in 2023, however, it has continued to invest in innovation, developing its core technologies and expanding its production facilities in Oulu, Finland. The company is perfectly positioned and sized to launch new world-class products in 2024, as planned.



Noptel headquarters, in Oulu.

## Products & Applications

### LINELIDAR SENSORS

**Noptel LineLIDAR** is an innovative and versatile sensor for near range shape detection, with exceptional precision. The sensor enables the creation of point clouds for various profiling applications, including:

- Traffic control: This can be used to detect, count, profile and classify vehicles. It can also be used to monitor and assess road conditions, such as snow quantity.
- Construction and urban planning: it can be used for the capture and creation of 3D models for concept visualisation, project planning or industrial use.
- Mining, forestry, agriculture: it can be used to capture and visualise terrain in 3D.

### LASER RANGEFINDER MODULES

The rangefinder modules use pulsed time-of-flight technology and are designed to operate reliably in a wide range of environmental conditions. These are compact, eye-safe laser rangefinder modules with ranges of several kilometres to over 30km for a variety of applications from multi-purpose systems to handheld devices:

- The Ultra Long Range Series are compact laser rangefinder modules with a range of over 30km and high accuracy of 0.01 - 0.5m.
- The Long Range Series are small and powerful laser rangefinder modules with ranges from 6 to 12 km and high accuracy of 0.01 - 0.5 m.
- The Mid Range Series are compact and tiny laser rangefinder modules with ranges of 3 - 5 km and accuracies of 0.01 - 0.5 m.



The applications are very diverse and include the following areas of activity:

- Airborne systems (drones & UAV)
- Reconnaissance systems (observation and surveillance, border and port control)
- Offshore rescue and naval systems
- Vehicle Mounted Systems
- Traffic (Speed Control, Tunnels, Surveys)
- Aiming applications (ballistics, sights)



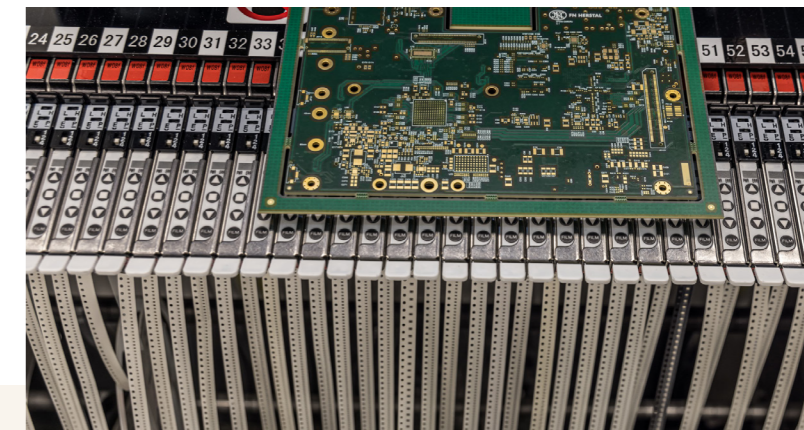
## 2. ELECTRONIC BOARDS

In 2022, FN Herstal opened its own production line for electronic boards. The aim of integrating this cutting-edge industrial process into Herstal was to guarantee the availability of these components, which are essential for the production of the company's on-board weapon systems, in particular the deFNder® stations. Since June 2023, FN Herstal has also allowed third-party companies to access its facilities and produce high-quality electronic boards.

There are few sources of supply in Europe. FN Herstal has therefore started to offer component production for external companies, which, as is the case for FN Herstal, will help to strengthen their value chain, in sectors such as: defence, aerospace, automotive, rail, medical instruments and nuclear.

### Supply Security & Value Chain

With its own production line, FN Herstal now has a reliable supply of small, medium and large series of electronic boards, manufactured to the highest production standards, with strict quality control. The reliability of the units is ensured by the state-of-the-art production and testing equipment installed in Herstal.



## 3. FNX VENTURES

In early 2024, the FN Browning Group and its shareholder Wallonie Entrepreneurs announced the creation of FNX Ventures, an investment fund dedicated to new technologies. With a capital of 20 million euros, FNX Ventures aims to support young innovative companies operating in the Benelux, France and Germany in cutting-edge fields such as cybersecurity, dual technologies and new materials.

FNX Ventures positions itself as a key growth partner for companies seeking significant expansion at an early stage of their development. With an initial commitment of at least 200,000 euros for pre-seed start-ups and up to 500,000 euros for seed-stage companies, the fund aims to support around twenty start-ups. These investments could reach up to 2 million euros per company, depending on their development.

FNX Ventures offers companies a decisive financial contribution for their growth, as well as concrete industrial and commercial support. FN Browning Group can effectively integrate these young companies into its ecosystem by giving them access to its commercial network and its expertise in R&D, engineering and industrialisation.



Visit the FNX website to learn more about the company.



# 2.5

## ARS MECHANICA





## 1. OUR FOUNDATION

### Heritage management

Over the course of its 135-year history, the FN Browning Group has produced a wide range of military and civilian products, from machine guns and shotguns to turbojets and motorcycles. In 2008, the Group decided to create a not-for-profit foundation to preserve these witnesses to technological change and the societies in which they were designed.

According to its statutes, the main objective of the Ars Mechanica Foundation is "to collect, preserve, manage, protect and promote a heritage consisting of objects or documents of historical, industrial, technological, commercial or cultural interest, produced, designed or associated with past, present or future companies of the Group, in order to preserve the testimony of the rich industrial past of Liège and, more generally, of the world, to which these companies have made a major contribution". Thanks to its legal status, the Foundation guarantees the continuity of all the assets of the FN Browning Group.

### Preserving & promoting

Since then, through the Ars Mechanica Foundation, the FN Browning Group has pursued a proactive policy of preserving and promoting its outstanding industrial, cultural and scientific heritage. Although its heritage is private, it is also an important public heritage in the sense that it contributes to the great regional and global history of the mechanical arts through the links forged between the Group's subsidiaries and the regions in which they are located.

### Strategy

In 2021, the Ars Mechanica Foundation has developed a global strategy based on three areas of activity - scientific research, conservation and communication - and has drawn up a five-year plan to define and

implement the resources needed to "make know-how known". The aim is not only to turn its heritage into a museum, but also to provide the FN Browning Group with a dynamic strategic tool, Corporate Heritage Marketing, a real competitive advantage capable of generating economic and social value by exploiting a rich and varied history and creating strong emotional and identity links both inside and outside the company.

Finally, through its heritage management policy, the Foundation wishes to remind people that heritage is a privileged link of communication with civil society, enabling us to address the issues of our time and the common denominator of the Group's subsidiaries. In this way, the Ars Mechanica Foundation aims to be a conservatory of mechanical arts at the service of the FN Browning Group and its subsidiaries, as well as a cultural and promotional showcase for the company.

## 2. DRIVING INNOVATION

### A brand new book

In 2021, the Ars Mechanica Foundation has repositioned itself with a new visual identity and new communication tools. It has made a strategic change and extended its activities internationally, with the aim of consolidating the brand image of the FN Browning Group. It was at this time that the management decided to ask the Foundation to publish a new book on the Group's history. The aim was to update and complete the previous edition by including the last 20 years, during which the FN Browning Group has undergone a major transformation.

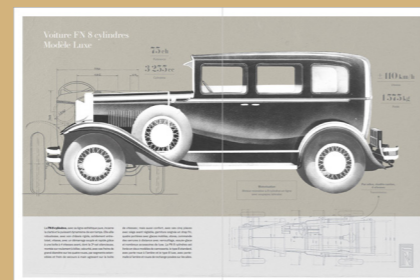
Few companies can boast such a long and rich history. Few Belgian companies, in particular, can boast such an international group, with a worldwide sales network and industrial facilities in Belgium, Finland, Portugal, the United Kingdom, Japan and the United States.

Since it was founded in 1889, the Group has always been as bold in its industrial and commercial strategy as it has been resilient over time. A defence industry is de facto influenced by geopolitics. Diversification has always enabled it to sustain economic activity. But its ability to reinvent itself comes above all from its capacity to innovate, i.e. to offer products that represent a major development in the global defence sector.

### A 400-page book

"Driving Innovation", a phrase that has echoed throughout the company's history, was the natural subtitle for this new work. It has also permeated its production, since it is not simply a compilation of previous works, but a complete overhaul of the texts and illustrations, with a new layout in keeping with today's aesthetic tastes. The new 400-page book, published by the Mercator Fund, has a clear layout that gives way to large-format images that are emotionally charged by the uniqueness and choice of subjects. The iconography is supported by extensive captions and, as a novelty in this genre, the book is interspersed with technical sheets on the productions that have marked the Group's history.

On 3 July 2024, the FN Browning Group will be celebrating 135 years of technological innovation and unique know-how, which have enabled it to design, manufacture and market high quality, increasingly innovative products, with the aim of achieving the maximum satisfaction of its customers and partners. This is a tradition and a commitment that the company intends to continue, and which is highlighted in the new book "Ars Mechanica - Driving Innovation".





### 3. OUR HERITAGE

#### The Ars Mechanica Foundation collections

The collections are based on a study of the various past and present products of the FN Browning Group, divided into 10 themes:

- Armament: Defence and Security
- Armament: Hunting and Sport shooting
- Bicycles
- Cars
- Motorcycles
- Aeronautics
- Space
- Miscellaneous agricultural products
- Browning Sports Division
- Industrial equipment

The strategy for managing the collection was first to gather and create internal links within the company to get a good idea of our material heritage. We then used this knowledge to define the next phases of collection management worldwide: preserving, enriching, enhancing.

#### Heritage management policy

The private exhibition space of the Ars Mechanica Foundation:

The Ars Mechanica Foundation's vocation as a museum has led to the opening of a private showroom on the Herstal site, where the products that have made the FN Herstal, Browning and Winchester\* brands so successful can be exhibited. This showcase is a real tool for promoting the company's brand image.

#### The collections

Restoration of a pair of Fabrique Nationale sidelock ejector guns, a luxury model (engraved) and a standard model (war bronze) in calibre 12/65.



FN 300 motorcycle, 1904

Single cylinder, 1 speed, 308 cc, belt drive

The FN 300 was one of the first motorcycles produced by the Fabrique Nationale. Produced from 1902 to 1904, with a total of 6,000 units built, it was a great commercial success for the Fabrique Nationale.

FN-Browning semi-automatic pistol Model 1899 calibre 7.65x17mm Browning.

This pistol, of which only a few thousand were produced, foreshadowed the FN-Browning 1900 pistol that was to be mass-produced.



Series of 6 over-and-under ejector guns and express rifle model FCS25 (B25) and CCS25 from different periods and qualities.



Pair of side-by-side boxlock ejector syst. Anson & Deeley (FN standard) and Fabrique Nationale sidelock ejector gun. Both shotguns are engraved in the Liège style (fine English tapestry engraving and floral decoration) by H. Corombelle, a well-known engraver of the first half of the 20<sup>th</sup> century.

The sidelock shotgun is a replica of the one presented by the City of Liège to Field Marshal B. Montgomery during his official visit to Liège on 4 April 1946.

On display at the Grand Curtius Museum.

FN M86 motorcycle, 1936

Single cylinder, 4-speed, 497 cc, chain drive

Launched in 1934, the M86 was undoubtedly the most popular FN motorcycle of the decade. A total of 1,453 units were sold in all versions (500 A, B and Grand Prix), as well as to the armed forces, who appreciated its robustness. Equipped with a single-cylinder 4-stroke engine with overhead valves controlled by protected rocker arms and a four-speed gearbox with foot selector, the FN M86 Super Sport was comfortable and powerful for its time, capable of reaching speeds of 130 km/h. Its performance was enough to earn it a place in numerous sporting competitions. The model shown here is fitted with a sidecar made by 'Précision', a Belgian manufacturer of the time.



# FINANCIALS

# 3

- .1 WORD CFO
- .2 AUDITOR'S REPORT
- .3 KEY FIGURES
- .4 CONSOLIDATED BALANCE SHEET
- .5 CONSOLIDATED INCOMES STATEMENT



## 3.1

## WORD FROM THE CFO

*The FN Browning Group has emerged stronger from 2023.*

*In 2023, the Group reported a total turnover of 908 million euros, its second highest turnover ever. The Defence & Security Division contributed more than 500 million euros and the Hunting & Sport Shooting Division more than 400 million euros.*

*Group operating profit reached 90 million euros, an all-time high. The EBITDA margin also improved, rising from 10% in 2022 to over 14% in 2023.*

*There were a number of notable developments among the Group's subsidiaries. FN Herstal has returned to positive profitability, thanks to sales of more than 300 million euros and successful cost reduction plans implemented in 2022 and 2023. Noptel, our Finnish subsidiary, had a historic year in terms of sales and operating profit.*

*The order book for 2024 and 2025 is historically high for Defence & Security.*

*We also recorded an increase in inventories of finished products, linked to the decline in demand in the commercial market. These are expected to be gradually sold off during 2024.*

*In 2023, the Group invested 50 million euros in capital expenditure. This mainly consisted of investments to increase production capacity, among others at Browning Viana, to modernise industrial equipment and to support innovation.*

*During the year, the FN Browning Group stepped up its efforts to strengthen internal control and improve risk management and governance. It is also investing in new information systems, including a new ERP to be implemented at FN America in 2024 and at FN Herstal in 2025. This will help to improve the efficiency of management processes, internal control and data analysis, which in turn will improve decision-making.*

*By the end of 2023, all subsidiaries had solid financial, industrial and commercial fundamentals, enabling the FN Browning Group to look forward to 2024 with confidence.*



## 3.2

## AUDITOR'S REPORT (EY)

## Report on the Audit of the Consolidated Financial Statements

## Unqualified opinion

We have audited the accompanying consolidated financial statements of Herstal S.A., which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated profit and loss account for the year then ended and the notes thereto, and which show a consolidated balance sheet total of €1,241,822 thousand and a consolidated profit and loss account for the year of €75,484 thousand.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and the financial position of the consolidated group as of 31 December 2023, and of the results of its operations and its cash flows for the year then ended in accordance with Belgian law.

## Basis of our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as applicable in Belgium. We also applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") in effect at the balance sheet date but not yet adopted at national level. Our responsibilities under these standards are described in more detail in the section of this report entitled "Our Responsibilities in the Audit of the Consolidated Financial Statements".

We have complied with all ethical requirements relevant to our audit of the consolidated financial statements in Belgium, including those related to independence.

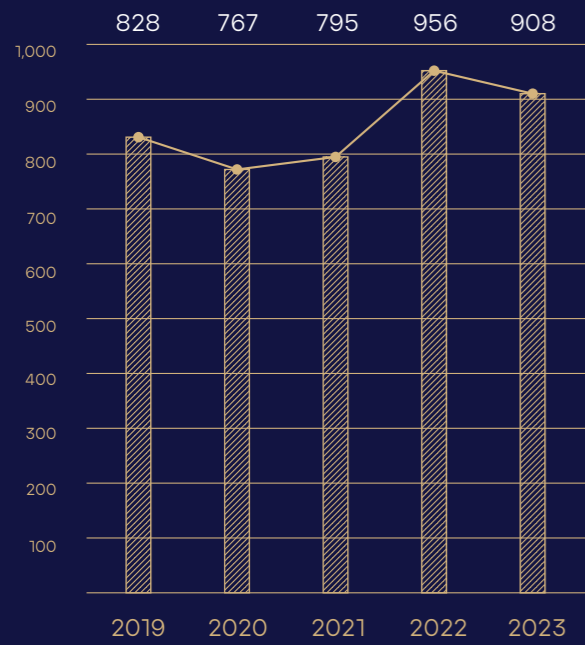
We obtained the explanations and information we required for our audit from the Directors and Officers of the Company and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



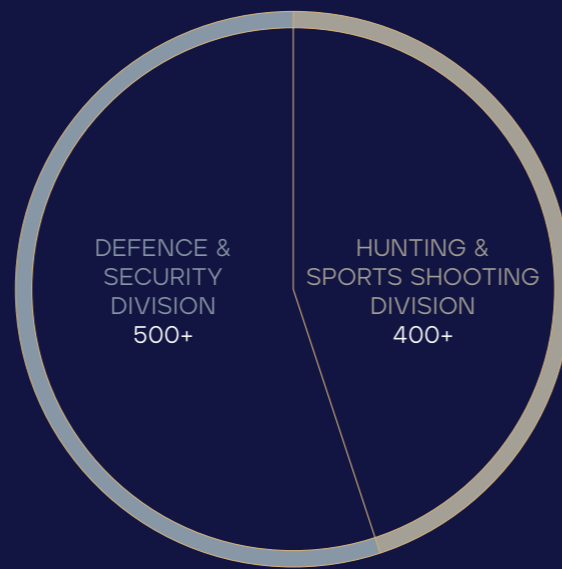
# 3.3

## KEY FIGURES

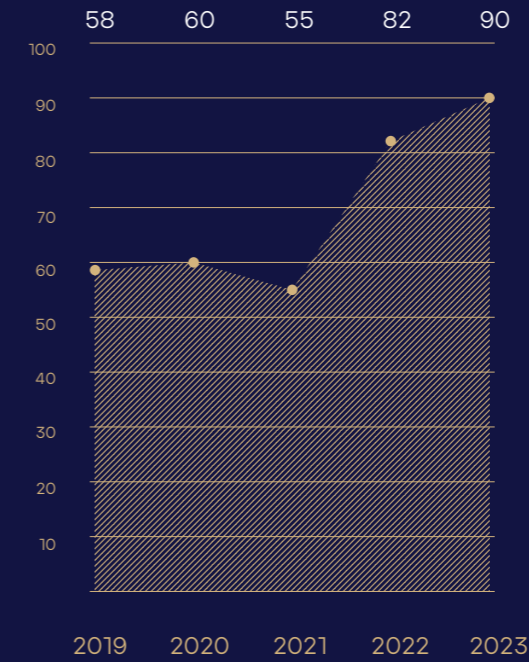
Evolution of net sales (in MEUR)



2023 - Net sales by division



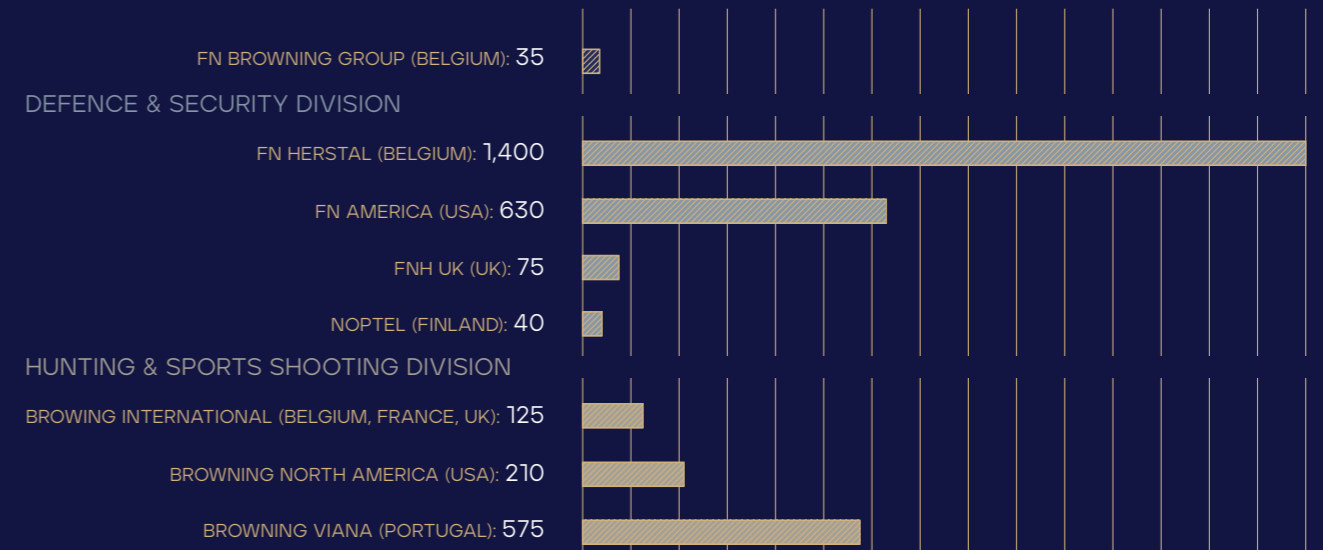
Evolution of EBIT (in MEUR)



2023 - Consolidated Key Figures

NET SALES	908
EBIT	90
NET CASH POSITION	255

2023 - Our people



## 3.4 CONSOLIDATED BALANCE SHEET

ASSETS	2023	2022
	<i>in million euro</i>	<i>in million euro</i>
<b>FIXED ASSETS</b>	<b>171 121</b>	<b>146 668</b>
Intangible assets	29 522	17 729
Goodwill on consolidation	538	682
Tangible assets	137 324	124 456
Financial assets	3 736	3 801
<b>CURRENT ASSETS</b>	<b>1 070 702</b>	<b>988 794</b>
Long term amounts receivable	25 550	24 298
Inventories and Contract In Progress	499 139	411 405
Receivables within one year	275 986	257 039
Short term investments	37 738	220 860
Cash at bank & in hand	217 739	67 936
Deferred charges & accrued income	14 549	7 257
<b>TOTAL ASSETS</b>	<b>1 241 822</b>	<b>1 135 462</b>
<b>LIABILITIES</b>	<b>2023</b>	<b>2022</b>
	<i>in million euro</i>	<i>in million euro</i>
<b>EQUITY</b>	<b>808 930</b>	<b>759 169</b>
Share capital	202 127	202 127
Consolidated reserves	593 859	533 388
Badwill	2 307	2 307
Exchange rate differences	9 414	21 002
Investment grants	1 223	345
<b>MINORITY INTERESTS</b>	<b>76</b>	<b>64</b>
<b>PROVISIONS</b>	<b>88 832</b>	<b>86 666</b>
Provisions for risks and charges	88 832	86 666
Deferred taxes	0	0
<b>LIABILITIES</b>	<b>343 984</b>	<b>289 563</b>
Payables more than one year	1 307	1 685
Payables within one year	314 397	272 525
Accrued charges & deferred income	28 280	15 353
<b>TOTAL LIABILITIES</b>	<b>1 241 822</b>	<b>1 135 462</b>

## 3.5 CONSOLIDATED INCOME STATEMENT

	2023	2022
	<i>in million euro</i>	<i>in million euro</i>
<b>Sales and services</b>	<b>966 362</b>	<b>989 858</b>
<b>Cost of sales and services</b>	<b>(876 107)</b>	<b>(908 324)</b>
<b>Operating profit (loss)</b>	<b>90 255</b>	<b>81 534</b>
<b>Financial income</b>	<b>24 088</b>	<b>19 860</b>
<b>Financial expenses</b>	<b>(19 400)</b>	<b>(61 915)</b>
<b>Profit (loss) before taxes</b>	<b>94 943</b>	<b>39 479</b>
<b>Deferred taxes allocations</b>	<b>(2 359)</b>	<b>(530)</b>
<b>Transfers from deferred taxes</b>	<b>2551</b>	<b>13 480</b>
<b>Current taxes</b>	<b>(19 686)</b>	<b>(25 405)</b>
<b>Net profit (loss)</b>	<b>75 450</b>	<b>27 024</b>
<b>Companies at equity profit (loss)</b>	<b>34</b>	<b>36</b>
<b>Consolidated profit (loss)</b>	<b>75 484</b>	<b>27 060</b>
<b>Minority Interests</b>	<b>13</b>	<b>33</b>
<b>Income part of the Group</b>	<b>75 471</b>	<b>27 027</b>





**FN**X**BROWNING**  
GROUP

[fnbrowninggroup.com](https://fnbrowninggroup.com)

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