

FNXBROWNING
GROUP

ACTIVITY REPORT 2024

DRIVING LEADING BRANDS
Est. Herstal, 1889

ACTIVITY **REPORT**

20
24

FNXBROWNING
GROUP

FNXBROWNING GROUP



FN Browning Group S.A.

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THE FN BROWNING GROUP

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VICE-PRESIDENT AND MINISTER FOR THE ECONOMY

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- D. OUR HISTORY
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.5 OUR GOVERNANCE

- A. BOARD OF DIRECTORS & COMMITTEES
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- E. OUR COMMITMENT TO SUSTAINABILITY



Yves Prete, Chairman of the Board



Julien Compère, CEO



MESSAGE FROM THE CEO AND THE CHAIRMAN

Dear readers,

We are pleased to present the 2024 Activity Report of the FN Browning Group.

2024 saw our group achieve major milestones that will be etched in our history — a history shaped by our employees, partners and customers over the last 135 years.

We announced the largest acquisition ever made by the FN Browning Group. Sofisport, which is based in France, is a world leader in the production of ammunition and their components. The two groups share a similar industrial culture and complementary expertise, which will firmly cement our position as a world leader in our field. This acquisition also strengthens our long-term resilience and establishes us as a leading industrial player in nine European and North American countries.

In the defence and security sector, our subsidiary FN Herstal has signed a 20-year partnership agreement with Belgian Defence. The agreement covers the production of small-calibre ammunition for Belgium, among other services. This strong commitment from the Belgian state gives FN Herstal long-term visibility and enables it to invest in new ammunition production lines at our Herstal and Zutendaal facilities.

Furthermore, throughout the year, our three FN subsidiaries have consistently demonstrated their dedication to meeting the immediate and medium-term needs of the armed forces of Europe and NATO, as well as their global allies. At a time when countries are seeking to strengthen their strategic autonomy and security of supply, our Defence & Security subsidiaries are fully committed to fulfilling their role as reliable suppliers and partners.

The geopolitical context has clearly influenced the performance of our Defence & Security division, which has achieved robust results. These results also reflect FN Herstal's swift recovery and growth.

In 2024, the macroeconomic situation put pressure on household purchasing power in Europe and North America, negatively affecting the hunting and shooting sports segment. However, our Browning subsidiaries have demonstrated impressive resilience in this challenging environment, showcasing the expertise of our teams and the strength of the Browning and Winchester* brands, which are renowned for their exceptional reliability.

All of this enabled the FN Browning Group to achieve solid results once again at the end of 2024, further reinforcing our robust financial position. We can therefore look to the future with confidence and reaffirm our commitment to all our stakeholders: "To set market-leading standards that anticipate the needs of the most demanding defence institutions, law enforcement agencies, and responsible firearm owners and hunters."

In 2025 and beyond, we will continue to "drive leading brands".

Yves Prete
Chairman

Julien Compère
CEO

As at 31 December 2024, the acquisition was subject to the fulfilment of conditions precedent, in particular relating to competition law and regulatory requirements.

*Winchester is a registered trademark of Olin Corporation.



1.2

EDITORIAL BY
PIERRE-YVES JEHOLET

**Vice-President and Minister for the
Economy, Industry, Digital Technology,
Employment and Training**

In times of geopolitical change, the importance of the defence industry cannot be overstated. A state's operational capabilities depend on the strength of its industrial base. Sovereignty hinges on technological mastery. Security is underpinned by companies and the women and men who design, innovate and manufacture.

In Wallonia, the FN Browning Group has consistently embodied this strategic value chain.

For decades, the group has combined industrial excellence, innovation and economic strength. Its activities extend far beyond the defence sector — the group is now active in several other major strategic markets, including civilian shooting sports and public safety.



This diversity is FN Browning's strength. It demonstrates the company's ability to continuously adapt, and its culture of excellence and expertise is recognised by senior leaders in many armies and police forces, as well as by stakeholders in shooting sports worldwide.

Its products are synonymous with dependability, and its strong foundations are a valuable asset. This position is no accident; it is based on a tradition of excellence, as well as the group's ability to reinvent itself, diversify and anticipate changes in the sector.

The Walloon Government is firmly committed to supporting this dynamic.

Our approach is guided by three clear priorities:

- > Firstly, raising awareness of the strategic importance of these activities, which are often caricatured despite being central to our sovereignty and security.
- > Secondly, we actively support companies in their development through financing, exporting and networking, both nationally and internationally, as well as facilitating regulatory procedures.
- > Thirdly, we aim to strengthen skills by fostering close partnerships between industry and our training providers to address recruitment and skills challenges.

We are aware that the upcoming increase in demand will require a skilled workforce. To this end, we are collaborating with manufacturers to create career paths, launch training programmes, and secure employment opportunities. This ambition is also reflected in our attention to the subcontracting chain. SMEs must be able to plan ahead, anticipate requirements and invest.

The FN Browning Group is sending clear signals. With its clear desire to consolidate, the group is confirming its position as a European leader. By launching the FNX Ventures fund, the group is helping to bring about tomorrow's innovations. By setting up an electronic board manufacturing workshop in Herstal, the group is strengthening our strategic autonomy in a vital part of the industrial chain. The strategy is clear: consolidation, integration and acceleration.

As Minister for the Economy and Industry, I would like to commend the FN Browning Group for its commitment. Your group is much more than an industrial flagship — it is a strategic player for Wallonia and Europe. The Walloon Government will continue to support you with clarity, determination and pride.

1.3

OUR
MILESTONES
IN 2024

FNXBROWNING
GROUP





JANUARY

FEBRUARY



Browning North America and Browning International introduce the X-Bolt 2, the next generation of their famous bolt-action rifle, with state-of-the-art ergonomic and technical improvements. Browning also presents the new A15 Hunter, a lightweight 20-gauge shotgun.



FN America expands the FN 509 series with new pistols, including the FN 509 CC Edge™ XL, the FN 509 Fullsize MRD, the FN 509 Compact MRD with Quick-Detach Compensator, as well as FN 509 Limited Edition models.



Browning International presents the B525 Composite Adjustable Shotgun. On the European market, Browning International also introduces composite versions of its BAR 4X and Maral 4X rifles, two firearms that customers can fully configure on a dedicated website (configurator.browning.eu/).

The FN Browning Group and Wallonie Entreprendre announce the creation of FNX Ventures. This investment fund aims to support innovative European start-ups in the field of new security technologies.

FN Herstal, John Cockerill and the Walloon Region join forces to support a research programme at the University of Liège focusing on artificial intelligence in the field of defence. See section 2.2.B for more information.



Noptel introduces the brand-new LL-60A LineLiDAR sensor that combines excellent precision and high measurement rates, enabling dense angular resolution even in harsh environmental conditions. The company also launches its new website.



Browning Viana produces the first barrels with its new QPQ equipment. The new process, for civil products only, replaces hexavalent chromium with a surface hardening process that complies with the REACH regulation. See section 3.1.B for more information.

The University of Louvain-la-Neuve DEFRA AMC3 project is launched with the aim of developing an automated methodology for the cyber certification of software and networks, which will support the robustness of FN SAM® software solutions.

MARCH



Delegates from 22 NATO member and partner countries and representatives of their small arms industries gather at the FN Herstal HQ for the meeting of NATO's Subgroup on the Interchangeability of Small Arms Ammunition.

Browning International launches a new Winchester website designed to promote the use of lead-free ammunition in Europe (leadfree.winchester.eu).



On International Women's Rights Day, the town of Herstal, the group's management and the trade unions unveil a plaque commemorating the FN Herstal women's strike. This major strike in 1966 had a worldwide impact, demanding equal pay for equal work.



APRIL



Browning International launches new Winchester* website for the European market (www.winchester.eu)

MAY



Noptel introduces the new LRF-15A Laser Rangefinder Module, which combines excellent range capability beyond 10km with tiny size and high measurement rates up to 500Hz.



FN Herstal delivers the thousandth FN® M2HB-QCB .50 cal machine gun to the French Army as part of a major MRO contract that includes the overhaul and conversion to the QCB configuration of several thousand Marshall Plan-era firearms.



FN Herstal launches a new variant of the FN MINIMI® light machine gun (M249) with a long rail feed cover.

FN Herstal is awarded two European Defence Fund projects. E-CUAS, coordinated by Leonardo, aims to develop a robust Counter-Unmanned Aircraft Systems architecture for the protection of critical infrastructure. MARTE, led by Rheinmetall and KNDS Germany, is focusing on the development of future main battle tank technologies. See section 2.2.C for more information.

JUNE

The Herstal Group becomes the FN Browning Group. This change of name is accompanied by a complete brand identity (www.fnbrowninggroup.com). In line with its policy of transparency and openness, the Group also publishes an Activity Report for the first time.

FNXBROWNING GROUP

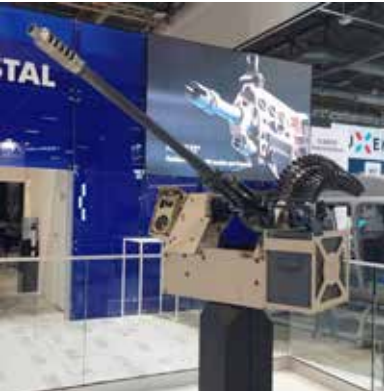


An FN Herstal team wins the Belgian prize for the "best solution" in the "Improve Situational Awareness" challenge at the EU Defence Innovation Scheme (EUDIS) Hackaton, which took place simultaneously in six different locations across Europe.

The Belgian Ministry of Defence officially signs the 20-year contract between FN Herstal and Belgian Defence for the production of all ammunition in calibres 5.56, 5.7, 7.62 and 12.7 mm. The partnership also includes the management of small arms stocks, including maintenance and replacement, and joint R&D projects.



The FN EVOLYS® ultra-light machine gun comes standard with a different type of buttstock (now M4), following feedback from in-depth testing by potential customers during their own evaluation.



At the EUROSATORY trade show in Paris, FN Herstal presents its DEFENDER® Medium remote weapon station equipped with a Northrop Grumman M230LF 30mm Bushmaster chain gun.

JULY



FN UK represents the Group at the 90th anniversary of the Cenotaph Parade in London, in the presence of the Belgian King Philippe. The parade pays tribute to Belgian and British soldiers and highlights the Belgian British fraternity on the Yser front during the First World War.

AUGUST



FN America announces the expansion of the strategic licensing and manufacturing alliance with TV Ammo, Inc. to produce True Velocity's .338 Norma Lightweight Medium Machine Gun for U.S. and Allied military units.

A 20-YEAR PARTNERSHIP WITH BELGIUM

In June 2024, the Belgian government signed a 20-year partnership agreement between Belgian Defence and FN Herstal, the Group's Belgian subsidiary. The aim of the partnership is to contribute to the security of supply and strategic autonomy objectives of Belgium and its European and NATO allies.

The partnership consists of the production of small calibre ammunition for Belgian Defence over a period of 20 years (ammunition in 5.7mm, 5.56mm, 7.62mm and 12.7mm calibres).

FN Herstal will also contribute to the maintenance of the Belgian Defence's small arms in operational condition, which includes the supply, replacement, management, maintenance and digitisation of the small arms stock. The Belgian Defence and FN Herstal will carry out joint R&D projects.

The partnership was conceived as a multilateral framework open to other European countries, with the Belgian government contributing to the European Defence Technological and Industrial Base (EDTIB), interoperability and European and NATO defence initiatives.

The partnership has paved the way for the intensification of investments that have been underway for several years in Herstal and Zutendaal. These investments, which are currently underway, will enable a significant increase in ammunition production, the reintroduction of 5.56 and 7.62mm ammunition and the creation of about 100 jobs at the two sites.



SEPTEMBER

The US Army is supporting FN America and FN Herstal in developing the FN VICTOR®-LTS a cutting-edge technology designed to improve collective force-on-force training. See section 2.2.A for more information.

The Group publishes a study by HEC - University of Liège on the socio-economic impact in Belgium of the industrial activities of its subsidiaries and the robustness of their local supply chain.

The DEFRA MONA project of the University of Liège, in which FN Herstal participates, is coming to an end, resulting in a demonstrator of energy recovery technologies for small arms accessories.



The FN Browning Group publishes its new Ethics Charter, which is shared by all its subsidiaries worldwide. This charter defines values that serve as guidelines to enable employees to behave ethically in carrying out their duties. See section 1.5.C for more information.

THE GROUP'S IMPACT IN BELGIUM

In 2024, HEC/University of Liège published a study on the impact of the FN Browning Group on the Belgian economy.

An industrial ecosystem

Part of this study concerned the Group's local industrial ecosystem. According to the study, 67% of its suppliers are Belgian companies and 90% come from the Benelux-France-Germany region. In Belgium alone, this represents 1,200 Walloon, Flemish and Brussels companies with a purchasing volume of 220 million euros in 2022.

The HEC/University of Liège study also analysed the cumulative additional production, i.e. the multiplier effect of the group's activities on the activities of its suppliers. It estimates that for every million euros the Group buys from its suppliers, more than half a million euros of additional production is generated in the local economy.

The study highlighted the historical, long-standing relationships that some suppliers have with the Group's subsidiaries. Relationships based on trust that have allowed the Group and its industrial partners to grow together over the decades.

9,000 people

In 2022, the FN Browning Group employed more than 1,700 people in Belgium. Using the multipliers of the Federal Planning Bureau, the study estimates that the FN Browning Group's activities in Belgium generate around 4,000 jobs (direct, indirect and induced) and thus support 4,000 households or 9,000 people.

OCTOBER

The FN Browning Group also plays an important role in the financing of public services. In the period 2018-2022 alone, the Group has paid a sum of almost 385 million euros to the various branches of the Belgian federal state.



On Friday 13 December, the new Vice-President of the Walloon Government and Regional Minister for the Economy, Pierre-Yves Jeholet, visited the FN Herstal site. Pierre-Yves Jeholet is also the Minister responsible for the Walloon Region's shareholdings in various companies, including the FN Browning Group. During his visit, he wanted to see the workers at work, meet the trade union delegations and discuss business priorities with the group's executives. In the photo opposite, he visits the FN Herstal factory with CEO Julien Compère.



FN Herstal welcomes ambassadors from several EU Member States to its headquarters in Herstal, Belgium, on the initiative of Hungary as part of its EU Presidency.



FN Browning Group takes part in the state visit of the Belgian King and Queen to France with a presentation of the CaMo programme of the French and Belgian armies, in which FN Herstal is involved.



FN America announces that the Waterbury Police Department in Connecticut has selected the FN 509® MRD-LE as their new duty pistol and that the Wake County Sheriff's Office, the largest county in North Carolina, has become the first agency to select the FN 509® Fullsize MRD-LE.



Noptel is introducing its new line of Wide Beam Laser Rangefinder Modules, specifically designed for observing and monitoring small objects against large backgrounds, such as birds and drones in the sky, or people and boats on stormy seas.

NOVEMBER

The FN Browning Group announces that it has entered into exclusive negotiations to acquire Sofisport, a world leader in ammunition with headquarters in Paris and industrial facilities in France, Italy, Spain, the United Kingdom and Canada.

Noptel introduces the LL-45A LineLiDAR sensor, which offers a narrower field of view and a new channel binning feature for extended range.

In Europe, Browning International launches a new sales portal dedicated to B2B products (www.dealer.browning.eu). This initiative aims to facilitate transactions and improve shopping experience, with previous invoices, orders and delivery notes, frequently purchased products and detailed information on product stock.

DECEMBER

The Small Arms Ammunition Technologies (SAAT) project of the European Defence Fund is officially launched. This four-year initiative, coordinated by FN Herstal and carried out by a European consortium of 18 European partners, aims to standardise small calibre ammunition at European level. See section 2.2.C for more information.

EXCLUSIVE NEGOTIATIONS WITH SOFISPORT

In November 2024, the FN Browning Group announced that it had entered into exclusive negotiations to acquire Sofisport, a world leader in the manufacture of ammunition and components. This acquisition, which has been approved by Sofisport’s shareholders, is subject to various legal and regulatory obligations and is expected to be completed in 2025.

With Sofisport, the FN Browning Group would strengthen its position among the world’s top three manufacturers of small arms and ammunition.

This acquisition is both historic in scale and strategic in industrial and commercial terms. Sofisport’s subsidiaries, including Nobel Sport, Cheddite and Sofiam, have extensive expertise in the manufacture of shotshell components, including powders, casings and primers.

The two groups have much in common and complement each other. Together, the FN Browning Group and Sofisport offer a complete range of firearms and shotshell ammunition. They are also highly vertically integrated, with factories deeply rooted in their territory and ecosystem, which contributes to their resilience.

Headquartered in Paris and heir to expertise dating back to the 19th century, Sofisport employs 1,000 people at fifteen sites in France, Italy, Spain, the United Kingdom and Canada.

SOFISPORT SA



FNX VENTURES

In February 2024, the FN Browning Group and its shareholder Wallonie Entreprendre announced the creation of FNX Ventures.

With an initial capital of 20 million euros, FNX Ventures supports European start-ups in the pre-seed and seed phases, i.e. young companies that are starting to generate their first revenues.

The fund specifically targets start-ups working in the fields of cybersecurity, protection technologies and technologies for dual civil and military use.

The fund's strategy is to be a minority shareholder, taking stakes of between 200,000 and 500,000 euros for an initial investment, with follow-on investments of up to 2 million euros. In addition to financial support, FNX Ventures provides strategic advice, access to markets and increased credibility for its partners.

Contribution of the FN Browning Group

In addition to its financial contribution, the FN Browning Group offers the start-ups supported by the fund technical and technological expertise, for example to validate the feasibility of projects and anticipate market needs, access to its vast industrial and commercial network, which strengthens the credibility of the start-ups supported, and strategic synergies.

The year 2024

The first year of FNX Ventures confirmed the relevance of creating an investment fund to support the European security technology ecosystem.

2024 was a year of learning and structuring for FNX Ventures, with its first investment in French company Original Custom Components and a robust deal flow of more than 330 companies.

For the coming years, FNX has identified several areas for progress, including increasing the number of investments, prioritising differentiating innovations in sometimes homogeneous sectors such as cybersecurity, strengthening its international presence and improving its visibility on the market.

Among the technological trends identified, Artificial Intelligence is emerging as an obvious future technology, representing 10% of the start-ups analysed by FNX Ventures. Drones (unmanned and autonomous systems) are another notable trend, representing 16% of the companies identified in 2024.

Organisation

FNX is governed by two main bodies. The Supervisory Board is made up of two representatives of the FN Browning Group, two representatives of Wallonie Entreprendre and an independent chairman. The Investment Committee is made up of two members of the FN Browning Group and three independent experts specialising in investments in start-ups and the defence and security sectors.

A FIRST INVESTMENT

In December 2024, FNX Ventures committed to participate in the 500,000-euro financing round for French start-up Original Custom Components.

Founded in Nîmes by two aeronautical engineers and now based in Toulon, France, Original Custom Components has developed new patented materials that are particularly light and suitable for the manufacture of cutting-edge products, including sound suppressors.

These products, produced using additive manufacturing in France and the Netherlands, are targeted at a wide range of sectors, from automotive to marine and defence.

This first round of funding represents a major turning point for the start-up, allowing it to continue to innovate, extend its applications to new sectors and conquer new markets.



1.4

ABOUT
OUR GROUP

FNXBROWNING
GROUP





A. OUR GROUP

DRIVING LEADING BRANDS

The FN Browning Group is an international company that markets world-renowned brands: FN, Browning, Winchester¹ and Noptel. Their products and services are recognised worldwide for their innovation and dependability and enjoy an outstanding reputation among the most demanding customers and partners.

The Group’s subsidiaries include FN Herstal, FN America, FN UK, Browning North America, Browning International, Browning Viana, Noptel and FNX Ventures². The Group is also a shareholder in the Japanese company Miroku³.

OUR ORGANISATION

The Group organises its activities into divisions. The Defence & Security Division includes products and services for national defence institutions and law enforcement agencies. The Hunting & Sport Shooting Division includes all products for hunters and responsible firearm owners.

FN BROWNING GROUP	
DEFENCE & SECURITY	HUNTING & SPORT SHOOTING
FN Herstal FN America FN UK Noptel	Browning North America Browning International Browning Viana Miroku ³

GEOGRAPHICAL FOOTPRINT

Headquartered in Herstal, Belgium, the FN Browning Group employs more than 3,000 people worldwide. It has subsidiaries in Belgium, the United States, Portugal, Finland and the United Kingdom, and is also a shareholder in Miroku³, a Japanese company listed on the Tokyo Stock Exchange. In each of these countries, the Group has offices and first-class industrial facilities.

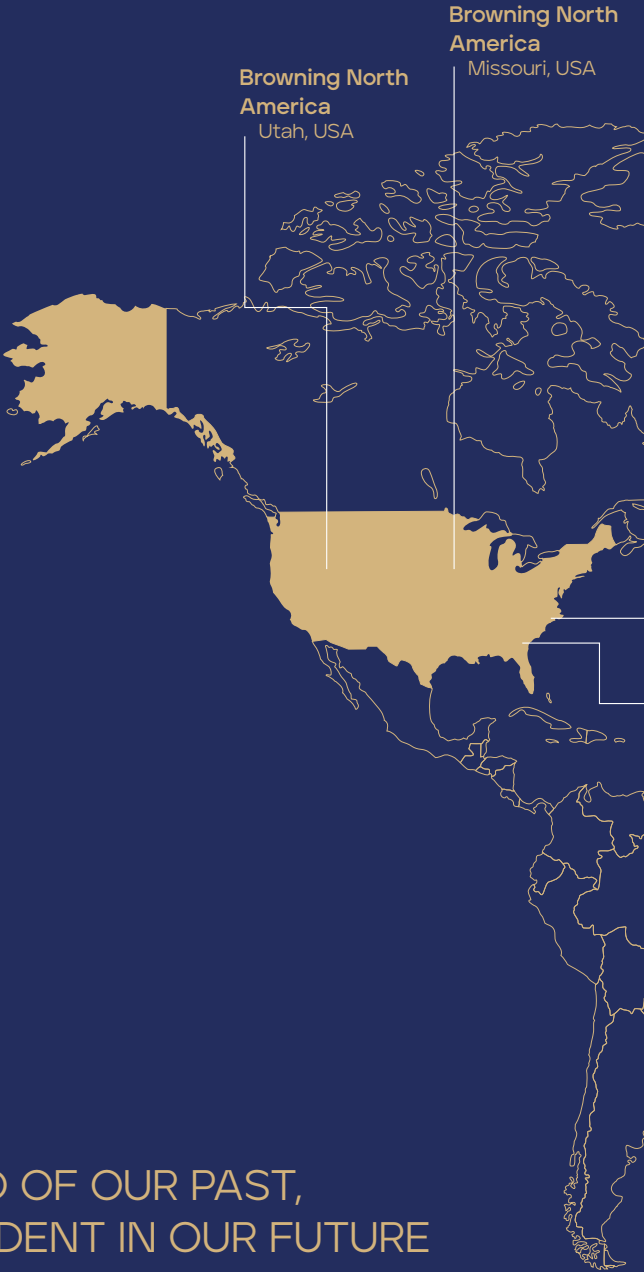
FN Herstal also has a liaison office in Singapore to provide local support to its Asian partners, and Browning International has two commercial entities in France and the United Kingdom specifically dedicated to the hunting and sport shooting markets in these two countries.

PROUD OF OUR PAST, CONFIDENT IN OUR FUTURE

In June 2024, the Group officially changed its name to FN Browning Group (formerly Herstal Group). This new name reflects the Group’s two iconic brands, which have built its global reputation, as well as its past and its future.

On the one hand, it evokes the decisive meeting in the 19th century between the Belgian industrialist FN Herstal and the American inventor John Moses Browning, who together pioneered modern weaponry, notably by producing semi-automatic and automatic firearms in series for the first time in history.

On the other hand, the name illustrates the Group’s management policy and its vision for the future. The Group’s vocation is to create a virtuous circle that encourages the exchange of best practices and synergies, supports the continuous strengthening of a solid ecosystem that gives brands control over their value chain, and systematically invests a significant part of its turnover in state-of-the-art industrial facilities and R&D.



¹ Winchester is a registered trademark of Olin Corporation.
² FN X Ventures is an investment fund created in 2024 by the FN Browning Group and its shareholder Wallonie Entreprendre.
³ FN Browning Group has a 13.27% shareholding in Miroku through its subsidiary Browning North America.



PURPOSE	MISSION	STRATEGIC DRIVERS
To set market-leading standards that anticipate the needs of the most demanding defence institutions, law enforcement authorities and responsible firearm owners and hunters.	We drive the growth and prosperity of our leading brands by continuously supporting operational excellence and fostering a robust industrial and R&D ecosystem.	<ul style="list-style-type: none"> > Visionary: we are forward looking > Facilitator of Excellence: we are results-driven > Trusted Partner: we are a reliable and trusted partner in all our actions

OUR PEOPLE

In all its subsidiaries, the Group fosters a culture that is employee-centric and based on tolerance, mutual respect and open-mindedness.

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).

B. INDUSTRIAL EXCELLENCE

The FN Browning Group has always combined human, technical and technological expertise to ensure the outstanding dependability of its products. The skills of its workers, mastery of manufacturing processes and control over the supply chain form the foundation for the Group's success. The Group's commitment to quality is further demonstrated by the certification of its industrial units to rigorous standards, including ISO 9001, EN/AS 9100 and NADCAP.

Value Chain

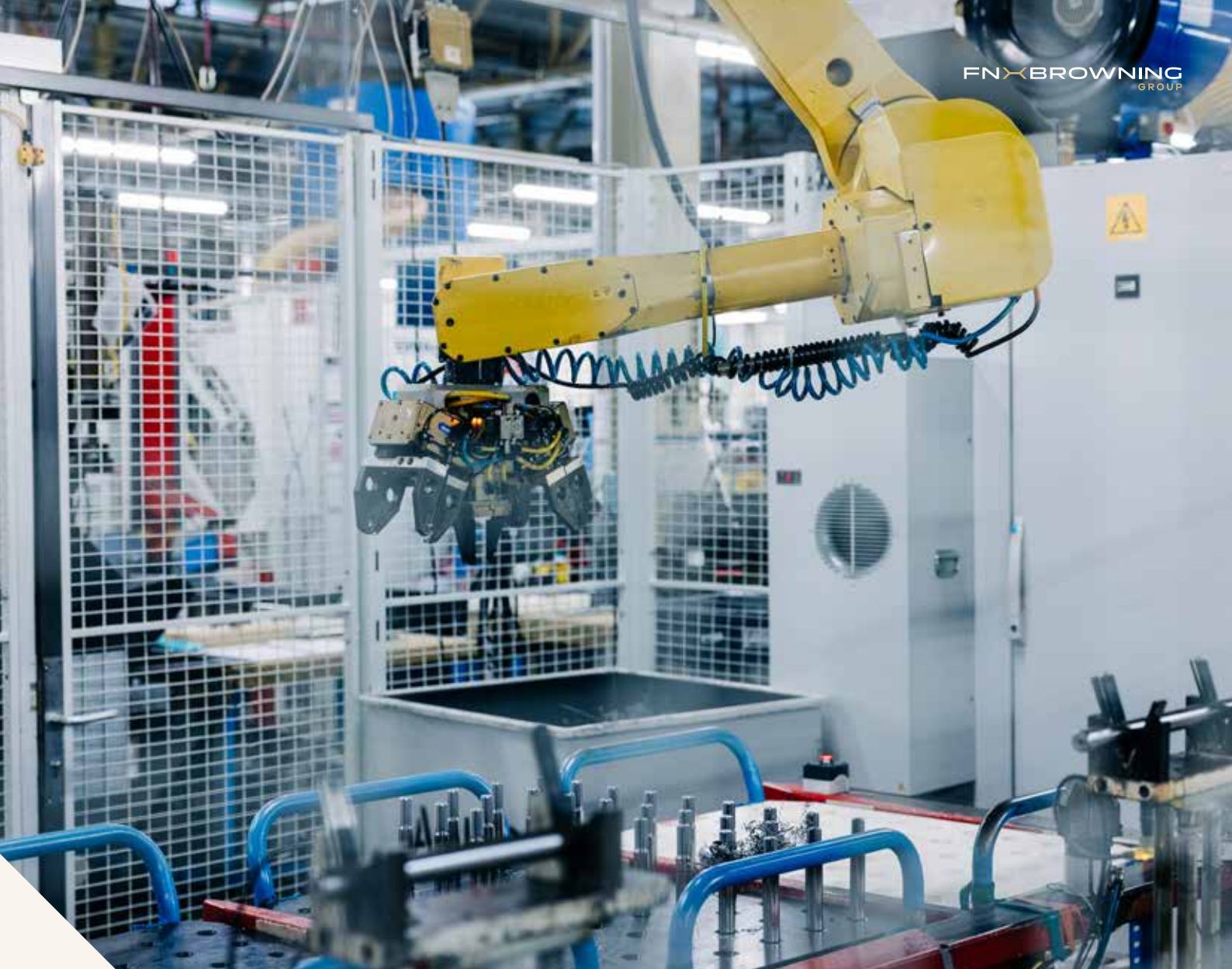
The Group's industrial resilience is built on a high level of control over its value chain.

The Group boasts significant in-house expertise, with its industrial units having continuously improved a wide range of skills including high-precision mechanics, such as machining, materials knowledge, metallurgical and chemical treatments, and barrel and gunsmithing.

In addition, the Group has built strong knowledge in the fields of pyrotechnics for ammunition and electronics for advanced equipment.

Suppliers also play a pivotal role in the Group's operations, and the Group prioritises geographical proximity with them to bolster industrial resilience. This approach contributes to the strong social, economic and industrial impact of the factories in their respective locations.





Human Expertise

The workers recruited to join the group are chosen for their high level of skill. Human expertise is paramount for high-value tasks. Workers are trained from the day they are hired, with specific know-how always being passed on through pairing apprentices with experienced employees. This process has been formalised and continues to this day.

Automation

The industrial units of the FN Browning Group have always sought to lead the field in technological development, leveraging the most advanced solutions to ensure optimal product reliability. This commitment is exemplified by the early adoption of numerical control of machines, robotics, and 3D printing.

Industry and the Environment

The Group's industrial units comply with applicable environmental regulations (see "E. Our Commitment to Sustainability"). Respect for the environment has long been a key focus for the Group. This commitment is evident in various initiatives, such as prioritising local suppliers, installing energy-efficient lighting and photovoltaic panels, and implementing effective waste and wastewater treatment and management systems.

A safety culture

Worker safety is a priority for the Group, which is committed to continuous improvement. In each plant, training, risk analysis and meetings dedicated to worker safety are systematic. Some industrial sites also meet requirements particular to their industry, for instance the Zutendaal ammunition plant.

C. DRIVING INNOVATION

Innovation has always been at the heart of the FN Browning Group's DNA. The main objective is to offer state-of-the-art solutions with superior dependability or, as the Group's purpose puts it, "to set market-leading standards that anticipate the needs of the most demanding defence institutions, law enforcement authorities and responsible firearm owners and hunters".

The FN Browning Group devotes a significant proportion of its turnover to R&D. For example, its Defence and Security Division subsidiary, FN Herstal, invests between 10% and 15% of its revenues in R&D. It is this unwavering commitment to innovation that has made the FN Browning Group brands world leaders in their respective fields.

Our R&D community

Extraordinary products require extraordinary people. The Group's R&D departments are supported by more than 200 talented people who combine cutting-edge expertise with 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 workshops and testing facilities.

The Group's R&D departments also actively collaborate with industry, universities, research centres and defence institutions in Europe and North America.

Defence & Security

Small arms & ammunition

The Infantry R&D departments of FN Herstal, FN America and FN UK specialise in cutting-edge innovation in small arms. They are made up of various units, including design offices and project teams. As well as designing and developing new products, they provide technical support, maintenance and development for existing ranges. Prototyping workshops and test centres produce new components and evaluate product performance. The 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.

FN Herstal's R&D department also includes a specialised ammunition department operating both in Herstal and in the laboratory at the company's ammunition production facility in Zutendaal, Belgium.

Integrated Weapon Systems

The Systems department develops FN's integrated weapon systems, including the DEFENDER® 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, prototyping unit and technical support, responsible for mechanical development, simulations, supply of components for prototypes and mechanical, electrical and electronic support. In collaboration with the integrated logistics support service, the R&D department is also involved in carrying out technical analyses in terms of safety, reliability, maintainability, testability and ergonomics.

Since 2023, FN UK has also been involved in the development of FN systems, in particular the FN® Multi Weapon Mount for land and naval platforms.





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 Infantry R&D teams for integrating electronics into portable firearms.

Hunting & Sport Shooting

Browning's R&D teams in Europe and the USA 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.

The teams' experts draw up factory plans and provide technical support, as well as managing technical administrative aspects such as traceability of product development and materials. They also support product qualification processes and after-sales services.

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.

**Winchester is a registered trademark of Olin Corporation.*



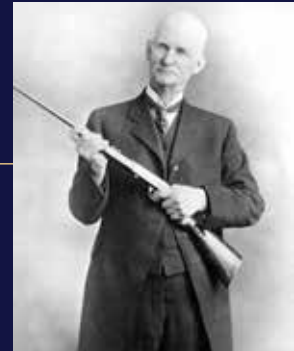
D. OUR HISTORY

The FN Browning Group has an exceptional history dating back to the 19th century, a history that includes expertise built up over centuries.

Thanks to the association between John M. Browning and FN Herstal, the Group has excelled over the decades in the design, manufacture and marketing of products and services that have always been at the forefront of their respective sectors, meeting or anticipating the needs of the most demanding customers and partners. The Group's brands have often set international standards and been true sources of inspiration in their fields.

After 135 years of success, the story continues today.

19TH CENTURY OUR FOUNDATIONS



1878

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

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, also known as the GP 35.



1938

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

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.

EARLY 20TH CENTURY



1889

Gunsmiths from Liège from 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.

POST-WORLD WAR II



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, "the right arm of the free world".

FN Herstal designs the 7.62 calibre NATO-standard ammunition, greatly improving interoperability between NATO armed forces.



1958

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



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

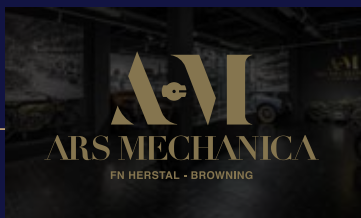
Browning Arms Company markets Winchester* Repeating Arms products.



1990

FN Herstal markets the 5.7x28 mm calibre FN P90® and FN Five-seveN®.

2010s



2008

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



2010

FN Herstal introduces the DEFENDER® 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.

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 X BROWNING
GROUP

The group celebrates its 135th anniversary and is renamed FN Browning Group.

*Winchester is a registered trademark of Olin Corporation.

21ST CENTURY



1998

The Walloon Region acquires the Group.



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



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.



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.

2024



FN® e-novation launches the FN SMART PROTECTOR®



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



FN Browning Group and Wallonie Entreprendre create FNX Ventures, an investment fund dedicated to supporting security technology start-ups.



FN Browning Group enters into exclusive negotiations to acquire Sofisport, world leader in shotshell ammunition.

E. ARS MECHANICA FOUNDATION

Throughout 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, cars and motorcycles.

In 2008, the group decided to create a non-profit foundation to preserve these witnesses to technological change and innovation. The aim of the Ars Mechanica Foundation is to collect, preserve, manage, protect and promote this heritage, which consists of objects or documents of historical, industrial, technological, commercial or cultural interest produced, designed or associated with the Group's companies.

"Driving innovation": the book

In 2023, the Ars Mechanica Foundation published a book entitled "Driving Innovation". The new 400-page book, published by the Mercator Fund, has a clear layout that gives way to large-format images. The iconography is supported by extensive captions and the book is interspersed with technical sheets on the productions that have marked the Group's history.

AN FN BROWNING EXHIBITION IN 2025

From 25 April to 27 July 2025, the Ars Mechanica Foundation is organising a major exhibition on the history of the FN Browning Group and its subsidiaries at the La Boverie Museum in Liège, Belgium. The exhibition is an opportunity for the general public to discover a heritage that has long been difficult to access, and to show what the group was and is today.

Visitors can discover the main products manufactured by the Group's companies in their current fields of activity, but also through all their past diversifications. Machine guns and hunting firearms will be on display alongside FN motorbikes, FN cars, Browning golf clubs and even FN turbojets!

The Foundation also offers enthusiasts an exhibition of works by renowned artists illustrating the two bases on which the Group's history has been built: Europe and the United States.





Six themes

The exhibition is divided into six themes, which together represent the DNA of the FN Browning Group. Firstly, visitors will be able to see that the Group's history is based on a five-century-old armament tradition in Liège, which will help them to understand the context of the creation of FN Herstal, which was initially created to respond to a national military market before expanding internationally. They will then be able to discover the civil sector, which is a combination of two different cultural worlds: European and American, with the Browning and Winchester* brands. The next section is devoted to the company's diversification cycle in precision mechanics from the end of the 19th century to the end of the 1980s, including cars and motorcycles. The last two sections deal with the development of the company up to the present day and give a voice to those who have contributed to the Group's success: its employees.

**Winchester is a registered trademark of Olin Corporation.*

La Boverie

The La Boverie Museum houses the permanent collections of the Fine Arts Museum of the City of Liège and has a large area of 3,000 m² dedicated to temporary exhibitions. Built for the 1905 World Fair in Liège, the building has undergone a complete restoration to ensure that the rooms meet international conservation and exhibition standards. It is also situated in a strategic and easily accessible location for visitors, close to the Guillemins international train station.



1.5

OUR
GOVERNANCE



A. BOARD OF DIRECTORS & COMMITTEES

Board of Directors & Committees

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.

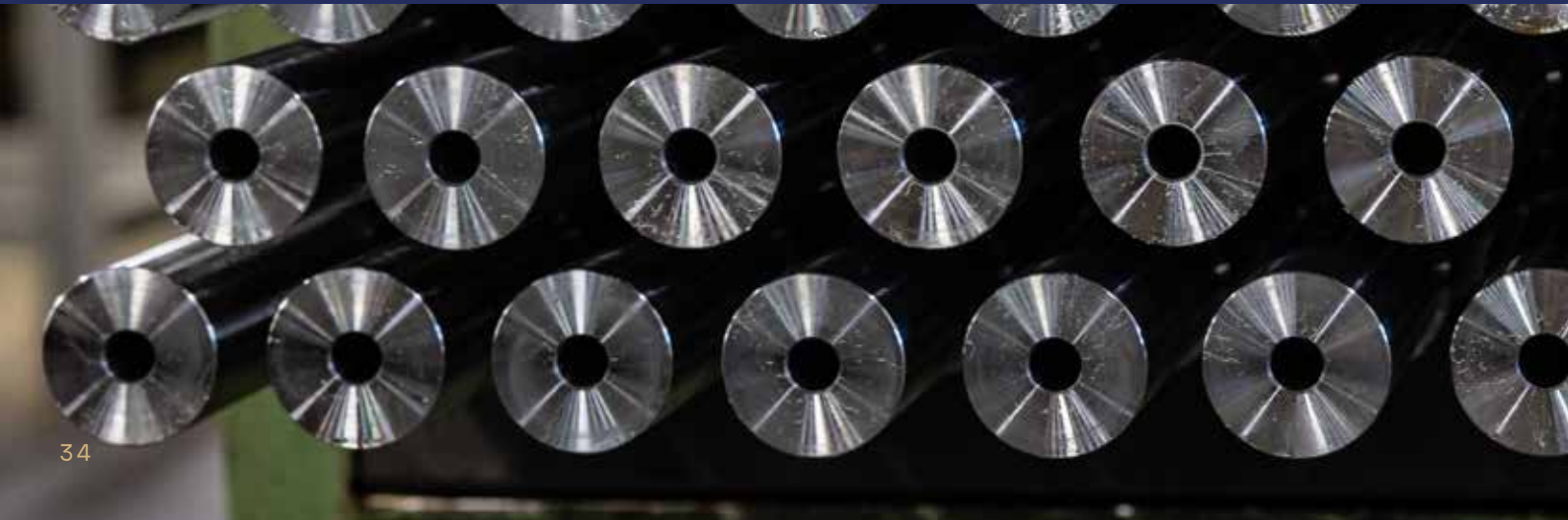
Yves Prete	Chairman
Astrid Pieron	Vice-Chair
Emmanuel Bois d'Enghien	Director
Fabienne Bozet	Director
Laurent Burton	Director
Derrick-Philippe Gosselin	Director
Marie-Kristine Vanbockestael	Director
Olivier Vanderijst	Director
Joyce Wieczorek	Director
Julien Compère	CEO

REMUNERATION & NOMINATIONS COMMITTEE

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

AUDIT & RISK COMMITTEE

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

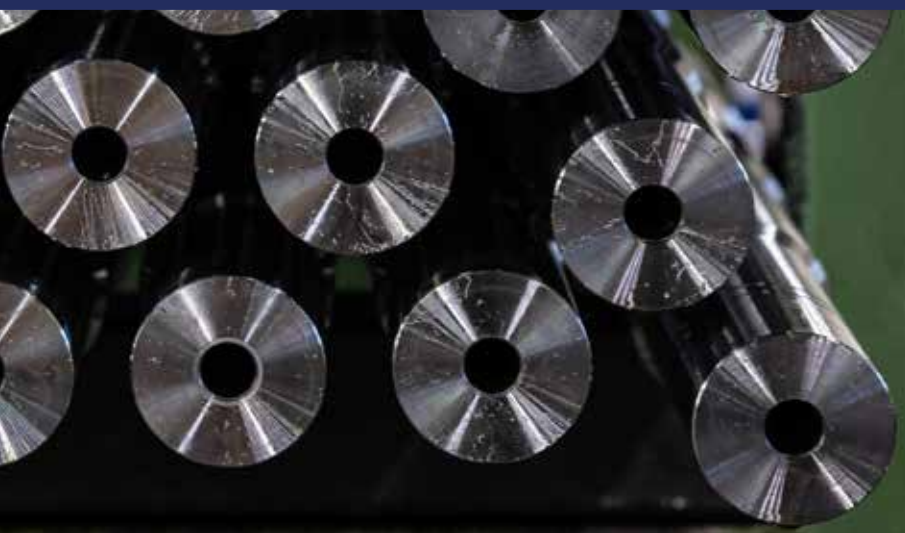


International Strategy Committee

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 Mezosi	Head of Strategy & Corporate Development	FN Browning Group
Mathieu Ryckewaert	Chief Sustainability & Governmental Affairs Officer	FN Browning Group
Arto Sepponen	CEO	Noptel
William Zoater	Chief Information Officer	FN Browning Group

*Winchester is a registered trademark of Olin Corporation.





B. STRATEGY

In line with its purpose, mission and values (see 1.4 About the Group), the FN Browning Group's strategy is focused on responding to and anticipating the needs of its customers and partners in order to guarantee them products and services at the forefront of dependability, innovation and competitiveness. Customers fall into two categories: defence and security professionals, i.e. armed forces, law enforcement agencies, security companies, and hunters, sport shooters and responsible firearms owners.



A changing context

Many parameters of the global environment in which the Group and its subsidiaries operate have changed significantly in recent years, making it necessary to adapt.

In the Defence & Security sector, the tense geopolitical context is leading many countries to increase their military spending and strengthen their strategic autonomy. One of the Group's home markets, Europe, is particularly affected by this paradigm shift, which is creating new requirements and challenges for the defence industry, as well as opportunities.

Another important aspect is technological developments, such as advances in robotics, drones and artificial intelligence, which are changing the way wars are fought and therefore require constant and extremely rapid cutting-edge innovation from the industry.

Regarding the Hunting & Sport Shooting Division, the macroeconomic situation and inflationary pressures are leading to a reduction in household budgets, which is affecting the sales of all Hunting & Sport Shooting companies.

Finally, all the Group's businesses are affected by the ongoing trend towards consolidation in the small-calibre solutions sector. This has a direct impact on competition and requires a clear differentiation strategy.

A strategic roadmap

Taking all these factors into account, the FN Browning Group has carried out an in-depth analysis and drawn up a strategic roadmap based on two elements: consolidation of its core businesses and growth in new adjacent segments.

This approach has led to the strengthening of the industrial presence of the subsidiaries by relying on cutting-edge technologies, the introduction of new solutions, including high-tech products, and the extension of activities to products complementary to those of the subsidiaries' core businesses.

Strategic priorities

The Group's strategy is to maintain its leadership in its core businesses through organic growth, with highly innovative and dependable products, and through selective horizontal and vertical integration.

The ammunition sector is clearly one of the Group's strategic priorities, with the aim of strengthening its capacity as a systems provider, i.e. a player capable of offering global solutions. Two examples of this priority are the 20-year partnership with the Belgian Defence, which will secure its supply (contract signed in June 2024), and the ongoing acquisition of Sofisport, a world leader in hunting and sport shooting shotshell ammunition and their components (the transaction will be completed once the transaction has been approved by the competent authorities).



C. COMPLIANCE

In 2024, the FN Browning Group continued its efforts to improve management structures and good governance practices, with highlights including the appointment of a Compliance Officer, the launch of its consolidated Group Compliance Programme by building the structure of its future Group Code of Conduct as a matrix to all its implemented and future policies.

In a nutshell, inspired by best practices, the Group Compliance Programme 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.

Our future Group Code of Conduct

In 2024, the Compliance Officer launched the Group Compliance Programme by structuring a Group Code of Conduct based on the Group’s common risks. These risks fall into three main categories:

- 1) Risks related to people, such as health and safety risks or the risk of discrimination in the workplace.
- 2) Risks related to business conduct, such as export control, anti-corruption or conflicts of interest.

3) Risks related to products and technologies, such as quality management or the security of all information systems.

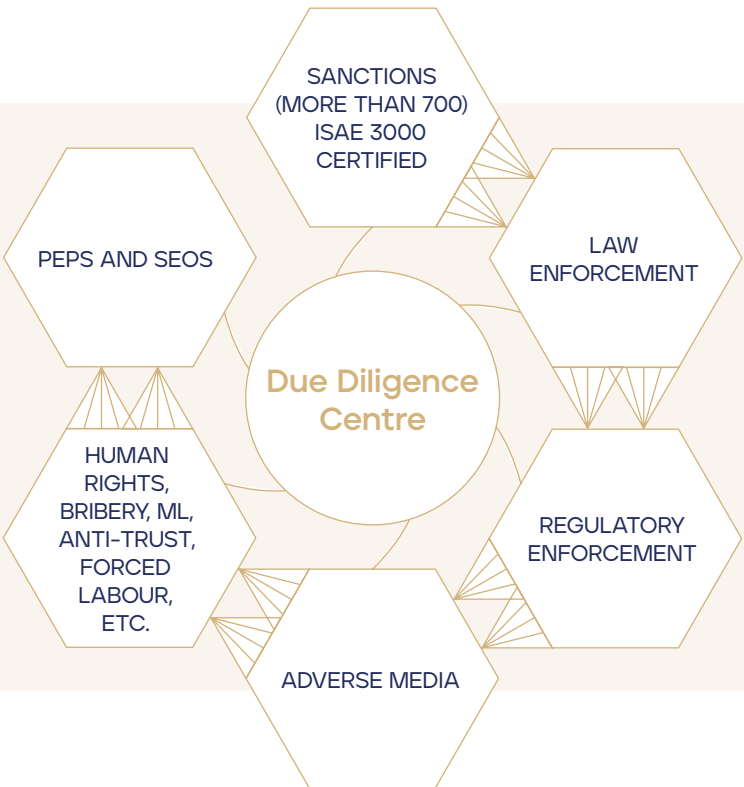
The Code of Conduct will be a tool that will enable all Group employees to understand these risks through examples, to consult the applicable policies or procedures and to identify the right contact person in their local entity.

The Code will be published in 2025.

Due Diligence

A Business Partner Code of Conduct, adopted in 2022 in line with the ten principles of the UN Global Compact, was dynamically implemented in the Belgian units in 2023. In 2024, the Group reinforced its due diligence procedures with the operational teams to ensure they were integrated into all business processes. The legal department is the central business partner to carry out this due diligence, but it relies on the solid work of the operational teams.

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

In 2024, new Group-level training campaigns were launched using digital platforms. The interactive training modules covered the same content in several languages throughout the Group, with an excellent completion rate of 92%.

The Group also values on-site training to stimulate debate and group discussions. It has therefore launched a "newcomer" awareness session dedicated to its Compliance Programme and Cybersecurity Programme. During these sessions, the Compliance Officer and IT representatives are available to answer any questions the participants may have and ensure that they are provided with the relevant documentation.



COMPLIANCE CAMPAIGN : 92% COMPLETION



D. IT MANAGEMENT & CERTIFICATIONS

The IT department plays a key role in providing, maintaining and improving the technological infrastructure of the Group and its subsidiaries, ensuring optimal performance and enhanced security.

Organisation

The IT department is divided into several sub-functions to ensure efficient and comprehensive management of IT systems.

These include Service Management and Operations, which is responsible for user support at application and hardware level, including incident management and related requests.

Security covers all aspects of cyber security, such as data protection, user access, including training, prevention, detection and resolution of security incidents, and the technical architecture of IT systems.

Application Delivery is responsible for the maintenance and development of the applications used by the business and ensures the proper management of licences and updates. In particular, it covers core business applications such as CRM, ERP, MES and the PLM product management system, various management and industrial applications, as well as cloud and web applications. It also provides solutions for processing and analysing business data.

Infrastructure is responsible for the proper functioning of physical and virtual servers, network monitoring, systems and database management, backup and recovery, and cloud services.

IT also manages various IT projects, such as the NeoSI programme to modernise core business applications and implement SAP, and implements tools to ensure legal and contractual compliance.

Cyber Certifications

The level of cybersecurity maturity of the Group and its entities is a priority and is subject to continuous improvement in order to protect them against constantly evolving threats.

In order to continue doing business with the US Department of Defense, the companies concerned have guaranteed their compliance with NIST 800-171, the Cybersecurity Maturity Model Certification (CMMC). For the Group as a whole, this contributes to improving overall cybersecurity maturity, introducing in-depth reviews and incident exercises, and increasing the Group's ability to adapt to new regulations, which is essential for ISO27001 and NIS2 certification.

In 2025, FN Herstal and FN UK also obtained Cyber Essentials certification. Supported by the British government, this cybersecurity certification is mandatory to participate in public defence and security tenders in the UK.



E. OUR COMMITMENT TO SUSTAINABILITY

In 2023, the FN Browning Group adopted a 10-year strategy detailing its environmental, social and governance objectives, as well as product-specific objectives for its subsidiaries. This strategy is based on 43 specific action plans, the implementation of which began in 2024.

Preparation of the CSRD report

In the summer of 2024, a dual materiality matrix was completed. This is a tool for identifying and assessing environmental, social and economic impacts, taking into account internal and external issues. For the FN Browning Group, this enabled 109 priority issues to be identified, analysed and assessed. Based on these results, the Group now has a precise number of data points to which the Group and its entities must respond in order to be compliant. The aim is to publish a non-financial report by 2028.

A sustainable development manager

In 2024, FN Browning Group has appointed a Sustainable Development Manager whose role is to support, guide and advise the subsidiaries and operational teams in the implementation of the action plans. He is also responsible for the implementation and management of sustainable development activities.

Photovoltaic panels

In Herstal, the first series of roofs has been covered with photovoltaic panels. There are 4,001 photovoltaic panels, all connected and supplying electricity to the site. The installed capacity is 1,461 MWh and this is just the beginning, as a new phase of installation is planned.

Several of the Group's subsidiaries are already equipped with this type of solution to supply their facilities with energy produced on site. This is particularly true of the Browning subsidiaries.

The Miyawaki Forest, 2 years later

In 2023, on the outskirts of the FN Herstal site, the company and the schools of the town of Herstal planted trees and shrubs to green and improve the quality of the environment around the factory, which is located in the heart of the town. Since then, these plants have continued to grow without fertiliser, pruning or chemical aids. They form an island of greenery in the heart of the city, helping to reduce the temperature during the hottest months.

Eco-design

The FN Browning Group supports the introduction of eco-design principles in the development of its products. Training workshops were organised in 2024 to familiarise company managers and R&D departments, but also to identify opportunities in this field. Eco-design is a methodical approach that aims to reduce negative impacts throughout a product's life cycle.

ISO 14001 certification

In 2024, FN Herstal and Browning Viana were ISO 14001 certified, a certification dedicated to the management of environmental impacts and the continuous improvement of environmental performance. This certification is essential as it is required by many of the Group's industrial partners and users of its products.

REACH

In order to comply with REACH, the European Union regulation designed to better protect human health and the environment from the risks associated with dangerous chemicals, the chrome plating line at Browning Viana for civil products, which have lower service requirements than military products, was replaced in 2024 by a new surface treatment line using the QPQ process.







DEFENCE AND SECURITY

2

.1 AN OVERVIEW

- A. OUR SUBSIDIARIES
- B. NEW INDUSTRIAL PROCESSES
- C. OUR PRODUCTS AND SERVICES
- D. 2024 MARKET REVIEW
- E. NOPTEL
- F. ELECTRONIC BOARDS

.2 R&D IN 2024

- A. HOW AI BENEFITS FN PRODUCTS
- B. DRONE WARFARE:
FN HERSTAL TEAMS UP WITH ULIÈGE
- C. EUROPEAN DEFENCE FUND

2.1

AN OVERVIEW



A. OUR SUBSIDIARIES

The Defence and Security Division includes all the products and services of the FN Browning Group marketed worldwide under the FN brand. FN products are currently in service with most of the armed forces, law enforcement agencies and special forces of European and NATO countries and their close allies around the world.

Organisation

The division has four subsidiaries. FN Herstal is the Group's largest factory, serving all customers and partners worldwide, and is the centre of R&D. The US subsidiary, now FN America, was established in the 1970s 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, Noptel and FN UK, 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.

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, it designs and develops high-tech equipment under the FN brand, including advanced ballistic devices.



FN EVOLYS®

DEPENDABLE & INNOVATIVE

For 135 years, FN products have been renowned worldwide for their dependability. 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.



FN® M2HB-QCB in the snow, Zutendaal

B. NEW INDUSTRIAL PROCESSES

FN subsidiaries are constantly investing in their industrial facilities, to which they devote a significant proportion of their annual turnover. New machines, new technologies, industrialisation of new products, training, etc. FN factories are constantly evolving to improve processes, safety and quality of life at work, maintain or improve product quality and reliability, reduce delivery times and strengthen sustainability.

In 2024, all factories in Belgium, the United States and the United Kingdom have made specific investments. Below are some examples, which are of course not exhaustive.



FN EVOLYS®: additive manufacturing, new materials, new methods

In 2024, FN Herstal launched the full industrialisation of the FN EVOLYS®, which is now in mass production. Ultra-light and meeting the highest military quality standards, it combines the firepower of a belt-fed machine gun with the ergonomics and precision of an assault rifle. A revolution in machine guns.

The industrialisation of the FN EVOLYS® posed some real challenges, requiring the redesign of all production lines with a view to future maintenance.

Firstly, its manufacture required the use of new materials and methods, and a combination of new digital tools, new technologies and stress simulation calculations. For example, the feed tray is manufactured using additive manufacturing or 3D printing, a first for a mass-produced weapon. The use of aluminium for the receiver, which is three times lighter than steel, is also a first for a machine gun.

In fact, the entire factory had to be adapted to the new product, including additional machinery and the training of workers in machining, heat and surface treatment and assembly.

In order to facilitate assembly, and unlike previous machine guns, where all the parts were integral and therefore machined in relation to each other, the FN EVOLYS® was designed to make the parts interchangeable. All units are also designed to incorporate the FN Smartcore®, a shot counter for preventive maintenance, and a wide range of stocks with different ergonomics to meet customer requirements.

The industrialisation, which involves the production of 300 individual parts, follows more than three years of preparatory work. The first units produced in 2024 were intended for demonstration and testing by NATO and European armed forces.

Production has now started. It is expected to reach several hundred units by 2025.



FN HiPer®

FN HIPER®: NEW TECHNOLOGY FOR PISTOL BARRELS

The "design to cost" methodology applied during the development of the FN HIPER project has contributed to the emergence of a new technology for the manufacture of pistol barrels. It consists of screwing together two parts, a rifled tube and a barrel locking lug.

The novelty lies in the fact that the tube and its rifling are produced by extrusion. All that remains to be done is to machine the chamber and the external diameters, and the barrel is ready for assembly. On its side, the barrel locking lug is obtained by metal injection moulding. The choice of these manufacturing processes, which reduce machining to a strict minimum, means that production costs are completely under control.

FN America: pistol cell of the future

In 2024, FN America unveiled its "Pistol Cell of the Future" initiative, which introduces new 5-axis machining capabilities. These advances represent a significant leap forward in manufacturing technology and promise to significantly improve quality, efficiency and overall production capacity.

There are several key benefits of this initiative :

- > Improved quality and process capability: The new machines ensure a robust machine and process capability greater than 1.66 for pistol slides on all Quality Assurance Protocols (QAPs). This reduces the need for frequent machine adjustments, keeping parts within tolerance and increasing uptime.
- > Increased output: The twin-spindle design allows two parts to be produced simultaneously. Each machine is expected to produce approximately 20,000 pistol slides per year, significantly increasing overall output.
- > Cost efficiency: By reducing the cost of producing each pistol slide, the project will improve profit margins.
- > Reduced footprint: The high output of these machines reduces the number of machines required, optimising the use of floor space.

Looking ahead, the project aims to apply the lessons learned to all pistol slide production for FN America. The company has worked with suppliers to develop an automated loading solution that can be installed as additional machines are added. In addition, these machines offer the flexibility to produce other components, including military and rifle components.



FN UK: new barrel processing

FN UK has recently installed a state-of-the-art solution designed to improve the efficiency and quality of barrel processing. The Rosler Spinner Hanger Blast machine is changing the way barrels are prepared prior to phosphating, as it can reliably and efficiently descale, derust, strip paint, roughen and desand barrels. Renowned for its compact and space-saving design, the machine features an easy loading and unloading area, minimising operator contact points and reducing cycle times. Powerful turbine drives and efficient dust extraction further enhance its performance.

The machine represents a significant improvement over the previous manual method. The Rosler machine is 10 times more efficient and allows operators to work on multiple barrels simultaneously. Whether processing, 50 or 7.62mm barrels, the machine's single rail system guides the hook directly into the blast cabin, streamlining the loading and unloading process.

KEY BENEFITS

- > Increased efficiency: The Rosler machine can process 10 barrels in just 5 minutes, compared to 5-6 minutes per barrel with the manual method.
- > Versatility: The machine can handle various complex parts, providing all-round machining capabilities.
- > Consistency and quality: The machine provides a higher level of shot blast consistency, resulting in improved production throughput and quality.
- > Health and safety: By reducing operator exposure to dust, the Rosler machine improves operator health and safety.

The introduction of the Rosler Spinner shot blast machine contributes to the improvement of FN UK's existing industrial processes by speeding up production, improving quality and enhancing safety.

C. OUR PRODUCTS & SERVICES

The Defence and Security Division offers its partners a wide range of FN products, recognised worldwide for their dependability, innovation, performance and safety. In addition to firearms, integrated weapon systems, ammunition and high-tech equipment, FN companies also offer technology transfer and state-of-the-art services.

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 launchers are a proportionate solution for neutralising aggressive individuals without using potentially lethal firearms and reducing the risk of serious injury.

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® submachine gun.

Rifles

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

Machines Guns

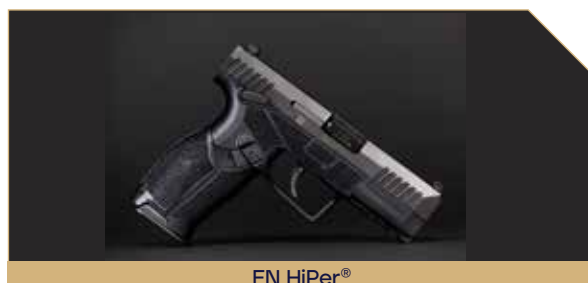
FN Herstal offers a complete range of machine guns, covering all potential requirements, from 5.56mm to .50 calibre machine guns. These include the FN EVOLYS®, FN MINIMI® (M249), FN MAG® (M240), FN® M2HB-QCB and FN® M3M machine guns.



FN MAG®



FN SCAR®



FN HiPer®



FN SMART PROTECTOR®

Integrated weapon systems

Integrated weapon systems 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.



FN HMP®



FN DEFENDER®



Ammunition

FN Herstal manufactures ammunition in Herstal and Zutendaal, Belgium, where it has extensive control over all components, including primers. 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.

High-tech equipment

FN® e-novation develops 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 applications for aiming, training and small arms management.



FN ELITY®

360-degree services

The FN subsidiaries 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.



Retrofit of outdated firearms

Technology transfer

FN Herstal 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 or to maintain their equipment at an operational level.

Commercial market

In Europe


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

In the United States


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

- > 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.


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




FN HERSTAL



FN AMERICA



FN UK



FN® E-NOVATION



FN 12.7mm ammunition

D. 2024 MARKET REVIEW

In Europe & the rest of the world

Geopolitical situation

In 2024, the security and geopolitical situation continued to have a significant impact on national defence policies and, consequently, on the defence industry.

The ongoing process of re-equipping European armed forces and rebuilding stocks led to the development of major new programmes covering all types of needs, both in terms of armaments and support.

The increased development of bilateral or multilateral partnerships, particularly in the field of ammunition, is noteworthy. Sovereignty in the production of military equipment has also become a clear priority for states, as has the desire to strengthen their strategic autonomy and control over procurement and the supply chain.

The change in the geopolitical and security paradigm is significant in Europe, but also in the Asia-Pacific region, resulting in sustained demand for defence equipment. By comparison, Latin America, the Middle East and Africa had relatively low levels of small arms purchases in 2024.

Clear trends in the market are the demand from a growing number of customers for shorter lead times and the acceleration of research and development in digital technologies, particularly in relation to the potential of artificial intelligence for a wide range of applications.

FN Herstal & FN UK

This global situation had an impact on FN Herstal, which recorded an increase in sales in 2024 that exceeded its budget. For infantry products, demand for machine guns was particularly strong, while orders for spare parts and maintenance tools rose to unprecedented levels. Demand for services also rose sharply, particularly in the areas of maintaining weapon systems in operational condition and retrofitting or upgrading older-generation firearms.

FN UK is the only machine gun and assault rifle factory in the UK and, like FN Herstal, has seen an increase in demand for machine guns.





On-board weapon systems also had a successful year. Among other key contracts, FN DEFENDER® remote weapon stations were selected for French and Dutch programmes, as well as for Belgian vehicles under the Franco-Belgian CaMo programme. In the naval sector, The FN SEA DEFENDER® continued to grow in the market and is increasingly recognised as a state-of-the-art solution for ship defence. In the aeronautical sector, FN Herstal strengthened its position as a leading supplier of weapon systems, including pods and weapon mounts.

Increased efforts were also made to develop new technologies, including anti-drone systems, or to integrate other types of weapons on FN DEFENDER® stations, such as the Northrop Grumman M230LF 30x113mm cannon.



FN DEFENDER® equipped with the Northrop Grumman M230LF 30x113mm cannon

In the FN e-novation® range, the FN Elity® ballistic calculator achieved notable success. FN Herstal also continued to develop various programmes in partnership with Noptel. Several armed forces, in particular the US and UK militaries, have shown a strong interest and commitment, including financial, in developing innovative training solutions that the FN Victor® could offer.

Exports outside the EU/NATO zone

While demand in Europe was particularly strong in 2024, exports outside the European Union and NATO area to their member states' allies around the world remain vital for FN Herstal.

On the one hand, sales volumes have a direct impact on the company's ability to invest in cutting-edge innovation, which is more than ever a differentiating factor in the defence industry.

On the other hand, many of Europe's allies around the world have adopted NATO standards over the years, and meeting their needs today is essential in the medium and long term.

Through its increasing participation in European military programmes, such as the installation of its integrated weapon systems on European naval, air and land platforms, the company is also calling for the adoption of similar export practices by European countries.

In the United States

The U.S. military market

The US military market strengthened with additional orders for FN America's core product lines, in particular the M240 (FN MAG®) and M249 (FN MINIMI®) machine guns. In addition, orders for spare parts from the Defense Logistics Agency more than doubled, resulting in significant military sales.

FN America's core products continued to receive new orders, and this is expected to continue into 2025. FN America delivered the first options for the Lightweight Intermediate Calibre Carbine (LICC) and Assault Machine Gun (AMG) and has entered new development phases.

The US government is also providing additional funding through several vehicles to accelerate the fielding of the Precision Grenadier System and counter-UAS technologies.



Lightweight Intermediate Calibre Carbine (LICC)



Precision Grenadier System

The commercial and law enforcement market

The commercial and law enforcement markets are closely linked, with most of the 18,000 U.S. law enforcement agencies purchasing their service weapons directly from the commercial market.

In the law enforcement market, FN America has won some high-profile contracts, including the new service pistol for the Wake County Sheriff's Office, the largest county in North Carolina (Raleigh), and the Waterbury Police Department in Connecticut. Law enforcement is an important area of development for the company, symbolised by the iconic contract with the Los Angeles Police Department in 2021 for the FN 509 MRD-LE as their new duty pistol, and since then with a number of agencies in the country.

In 2024, the National Shooting Sports Foundation (NSSF) reported that the NSSF-adjusted National Instant Criminal Background Check System (NICS) figure fell 3.5% from the previous year, the fourth consecutive annual decline. Although NICS is not generally directly correlated to FN America's performance, it provides a good indication of the market. The main reason for the decline in demand in 2024 is the continued inflationary pressure on discretionary consumer spending, which has reduced retail store traffic.

This has had an impact on FN America's sales.

However, the company has gained market share in outdoor chain stores. FN America has also gained market share in the suppressor market, with sales of the Rush 9ti 9 mm and Catch 22 .22 suppressors increasing sharply in 2024.



FN Reflex®



UAV with Noptel Laser Rangefinder

E. NOPTEL (OPTOELECTRONICS)

Noptel 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 its own products. In 2024, Noptel achieved record sales and introduced two new products, the LRF-15A laser rangefinder module and LineLIDAR sensors.

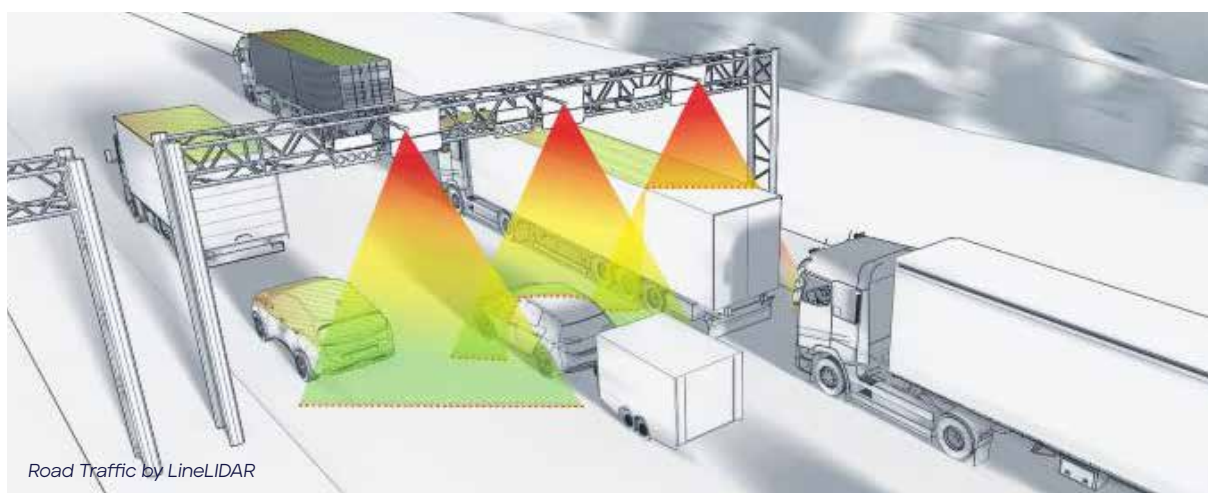
Within the Group, Noptel has also played a key role in developing high-tech solutions in partnership with FN Herstal. These include the FN Elity® and FN FCU®, developed with FN e-novation®, and the laser rangefinder modules used in the company's deFNder® on-board weapon stations.

2024 market review

A legacy of continuous innovation

Noptel has been a major player in optoelectronics since it was founded in 1982 by Professor Risto Myllylä of the University of Oulu, Finland. With an unwavering commitment to innovation, Noptel has made a name for itself as a specialist in rangefinding technologies. Today, more than a third of the company's employees work in R&D.

Noptel's laser rangefinder module business continued to grow steadily in 2024, with strong demand for its high performance LRX modules. Today, the company has a strong global market share in high performance laser rangefinder modules. Noptel has more than 450 customers in 56 countries and markets its products in sectors as diverse as defence, industry, agriculture and road traffic control.



Road Traffic by LineLIDAR

Laser rangefinder modules

Noptel's Laser Rangefinder Modules offer exceptional precision, from 0.01 to 0.5 metres over distances of more than 30 kilometres, depending on the model. These modules are robust, lightweight and have low power consumption while providing excellent measurement capability.

The rangefinder modules use pulsed time-of-flight technology and are designed to operate reliably in a wide range of environmental conditions. Applications are diverse and include airborne systems (drones & UAVs), 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).

These eye-safe modules offer a wide range of applications from multi-purpose systems to handheld devices:

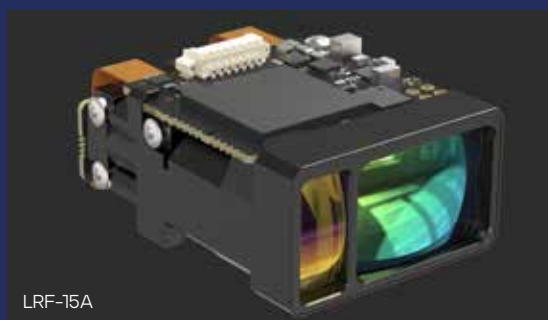
- > The Ultra Long Range Series are compact laser rangefinder modules with a range of over 30km and high precision of 0.01 - 0.5m.
- > The Long Range Series are small and powerful laser rangefinder modules with ranges from 6 to 12km and high precision of 0.01 - 0.5m.
- > The Mid Range Series are compact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

NEW PRODUCTS

The new LRF-15A Laser Rangefinder Module

In 2024, Noptel has introduced the LRF-15A laser rangefinder module, which offers a combination of excellent range capability beyond 10km and tiny size, equipped with high measurement rates up to 500Hz. The compact, eye-safe and highly integrated LRF-15A rangefinder module can be used in a variety of applications, from multi-purpose systems to handheld devices and drone & UAV gimbals.

Various types of visible and IR alignment pointers are optionally available for the module. The LRF-15A module is supplied without a housing, allowing OEM users to integrate the module into their own system or device.



LRF-15A

LineLIDAR sensors

Launched in 2024, LineLIDAR sensors are specifically designed for short-range shape detection and offer remarkable accuracy for creating accurate 3D models. The sensors can be used, for example, to visualise agricultural or mining areas in all their complexity, to measure snow accumulation on roads in real time, or to identify vehicles with pinpoint accuracy.



LineLIDAR



F. ELECTRONIC BOARDS

In 2022, FN Herstal opened its own production line for electronic cards. The aim of integrating this advanced industrial process into Herstal's facilities was twofold. On the one hand, 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. On the other hand, manufacturing them in the company's workshops offers greater opportunities for research and alternative designs. Since 2023, FN Herstal has also allowed third-party companies to access its facilities and produce high-quality electronic boards.

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.

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





2.2

RESEARCH &
DEVELOPMENT
IN 2024







The deFNder® stations use computer vision to improve anti-drone defence

Each year, the Defence & Security Division of the FN Browning Group devotes 10 to 15% of its turnover to research and development. While the core of R&D is located in Belgium, at the FN Herstal site, the other subsidiaries, FN America and FN UK, also have departments dedicated to innovation and actively contribute to new solutions for the armed forces and law enforcement agencies.

In 2024, FN's subsidiaries continued to carry out cutting-edge R&D activities. In addition to their own projects, the companies work closely with external partners, including ministries of defence and armed forces, European institutions, research centres and universities, and other companies.

A. HOW AI BENEFITS FN HERSTAL PRODUCTS

Just as the use of conversational agents and large language models has become commonplace, AI is disrupting the world of security and defence. For the industry, this presents both unprecedented technological challenges and opportunities, particularly in terms of improving counter-drone capabilities, enhancing security and increasing the efficiency with which defence and law enforcement agencies carry out their missions. True to its DNA of serving and anticipating the needs of its partners, FN Herstal is committed to being at the forefront of these fields in its business areas.

What we call AI

In 2024, R&D departments continued to develop AI applications for small arms and integrated weapon systems. Their work has focused on computer vision and vibration analysis, while studies on generative AI are also underway. The main goal of these new technologies is to enhance user safety and improve mission efficiency.

AI encompasses a set of techniques designed to process large volumes of data. A common method uses artificial neural networks – systems modelled on the human brain – which are trained on examples before they can perform specific tasks. This training process is known as machine learning.



Revolutionising training: an FN VictorR® mounted on an FN SCAR® rifle

Computer vision

Computer vision techniques analyse and process images to help military and law enforcement operators engage targets effectively.

Integrated Weapon Systems:

In systems like the FN DEFENDER® remote weapon stations, and soon in the new minehunters of the Belgian-Dutch navy, computer vision detects surface and airborne threats (such as ships and drones). When integrated into a ship's combat management system, these applications help to detect a threat at a designated location in real time. They also enable remote weapon stations to track targets and calculate a "lead angle" (i.e., the optimal weapon orientation to strike a moving target). This significantly enhances safety, response time, and accuracy by allowing the operator to focus solely on the decision to engage.

FN e-novation® applications:

Similar techniques are used in the FN VICTOR® device, a compact smart camera designed for dismounted weapons. In the FN SMART PROTECTOR®-303T system, the FN VICTOR® is combined with the FN 303® less-lethal launcher. This solution detects human heads and, in coordination with the launcher's firing system, alerts the user or blocks the trigger if a head is in danger of being hit. This reduces the risk of serious injury and offers law enforcement a proportionate solution. The FN VICTOR® is also used for individual training, including shooting performance analysis, as it records all parameters and actions of the shooter. In 2024, the US Army announced financial support of more than \$10 million to continue its development for collective training (see opposite).

REVOLUTIONISING COLLECTIVE TRAINING WITH THE FN VICTOR®-LTS

In September 2024, the US Army approved an investment to support the development of the FN VICTOR®-LTS. Developed by FN e-novation®, this technology could transform force-on-force collective training, a method based on realistic exercises in which participants compete in simulated combat scenarios. Thanks to its ability to detect targets in real time, whether vehicles or people, and to record shooting sequences, FN VICTOR® technology provides highly accurate and realistic information during and after collective training.

For example, it can immediately identify soldiers or vehicles that have been hit and whether or not they are incapacitated, but it can also analyse shots after the fact, including those that did not hit the target, for a highly realistic and effective analysis of training sessions.



Vibration analysis

AI techniques are also used in vibration analysis to determine not only the number of shots fired, but also the type of shot (for example, whether it was a blank ammunition or a dry manipulation). Previously, FN Herstal had developed a classical algorithm based on regular state machine techniques. This technique requires a lot of time and effort to be effective, as well as very specific engineering expertise. AI techniques introduce an innovative approach to algorithm development, improving both the development time and the performance of traditional methods. This capability significantly advances preventive maintenance by effectively monitoring the life cycle of each weapon.

Developed by FN e-novation®, this application is used in both small arms and integrated weapon systems. FN assault rifles and machine guns are now designed to incorporate FN SMARTCORE®, which detects all weapon vibrations and distinguishes between different types of shocks (shot-related or not). The data is then sent to FN SAM®, a software package for managing weapon fleets and their maintenance. Over time, this collected data will help shift maintenance practices from preventive to predictive.

Generative AI

Generative AI is currently being explored from technological, legal, and ethical perspectives. Its aim is to reduce the operator's cognitive load and manual tasks, as well as to minimise the number of personnel required to manage a weapon system. For integrated weapon stations and FN e-novation® products, this may involve the use of a virtual agent to assist the user. FN Herstal is also participating in research projects in this field, such as the MARSEUS project financed by the European Defence Fund.

FN® SMART ARMOURY: DIGITISATION OF THE BELGIAN DEFENCE ARMOURY

In 2024, FN Herstal carried out pilot projects to implement FN® SMART ARMOURY and transform the management of the Belgian Defence armouries from paper-based to digital systems.

The solution combines weapons sensors, TAGs, readers and networked software to address the inefficiencies of managing each asset on paper. With FN® SMART ARMOURY, every element is digitised, including the number of rounds per weapon, simplifying weapon management, facilitating maintenance planning and providing instant access to maintenance manuals, bills of materials and all relevant information. This integrated approach not only saves time and money but also increases the operational availability of critical assets by treating each weapon as an integrated system that is managed holistically.

In addition, the effective integration of electronic sensors into weapons and accessories is critical to the reliability of the solution, and careful consideration has been given to wireless spectrum issues when sensors are attached to both metallic and non-metallic parts, as well as how armourers handle these assets. The software gathers all the information from the FN® SMARTCORE (integrated in firearms), TAGs and badge readers, providing meaningful insights, and is continually refined through ongoing discussions with users to meet their specific needs.





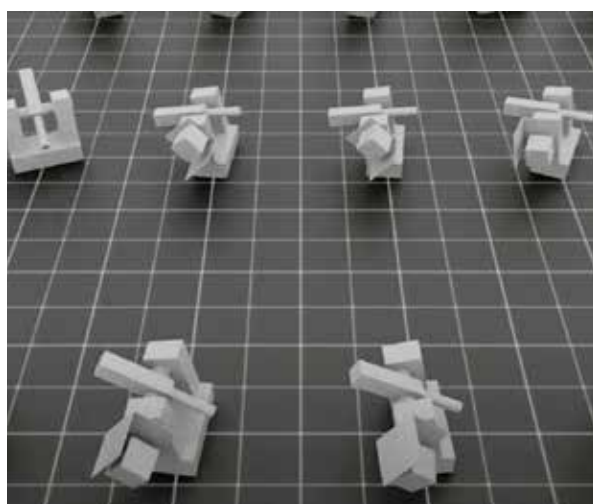
The ULiège team working on AI for defence

B. DRONE WARFARE: FN HERSTAL TEAMS UP WITH THE UNIVERSITY OF LIÈGE

In 2024, FN Herstal announced its support for a research programme at the University of Liège. This four-year partnership provides funding for a research chair led by Professor Damien Ernst and the Montefiore Institute. The main objective is to explore how a type of AI called 'reinforcement learning' could change the way drones are used in the military.

WHY ARE DRONES IMPORTANT?

Drones are playing an increasingly important role in modern warfare. In Ukraine, for example, small drones have changed the way targets are identified and attacked. Today, most drones are still controlled by human operators, but the future is moving towards autonomous drones.



Using Nvidia's IsaacLab environment to learn anti-drone strategies

WHAT IS REINFORCEMENT LEARNING?

Reinforcement learning (often referred to as RL) is a type of AI in which a computer program learns by trying things out and is rewarded for making good decisions. Just like learning by trial and error, every time it gets something right, it gets "points" that help it get better over time.

This method has already produced remarkable results: AI programs have beaten humans at video games and even piloted drones better than top human pilots. But getting it to work reliably in real-world combat situations is still a major challenge.

THE MAIN CHALLENGES

The research team at the University of Liège has identified five major challenges in applying reinforcement learning to military drones:

1. Adaptation to different environments: Drones need to perform well not only in controlled test areas, but also in unpredictable real-world battlefields.
2. Perform many types of missions: A drone should be able to perform different tasks, both simple and complex, without having to be reprogrammed each time.
3. Interact with other drones: In real-world situations, drones may need to cooperate with allies or avoid enemies. Managing these interactions adds a great deal of complexity.
4. Use many types of sensors: Future drones will rely on different tools, such as imagery or lidar. The AI will need to keep working even if a sensor fails or changes.
5. Control different types of drones: Ideally, the AI should be able to control different types of drones without having to start from scratch each time – a concept called cross-embodiment learning.

THE ROADMAP TO SUCCESS

To make reinforcement learning truly useful for military drones, the research team has outlined a plan:

- Develop automated systems that make it easier to adapt AI to new drones or new sensors.
- Use foundational models in robotics that can be fine-tuned with reinforcement learning to handle many tasks and operate in different environments.
- Improve AI algorithms to handle teamwork and competition between drones, and to remain reliable when conditions suddenly change – especially important in chaotic environments such as electronic warfare.

FN HERSTAL AND BELGIAN UNIVERSITIES IN 2024

In 2024, FN Herstal continued to collaborate with several universities on research projects. For example, the DEFRA MONA project, coordinated by the University of Liège, was completed in 2024 and resulted in a demonstrator of energy harvesting technologies for connected small arms accessories. The ongoing DEFRA AMC3 project, coordinated by the University of Louvain-la-Neuve, aims to develop an automated methodology for the cyber-certification of software and networks, which will help FN Herstal strengthen its software solutions for the FN SAM® small arms management system.

A STRATEGIC INVESTMENT IN THE FUTURE

By funding this research, FN Herstal is demonstrating its commitment to developing the defence technologies of tomorrow. The use of reinforcement learning in drone systems could revolutionise the way military operations are conducted in the future.



As part of an EDF project, an FN DEFENDER remote weapon station has been mounted on a Milrem THeMIS unmanned ground vehicle (UGV)



Launch of the SAAT project, in Herstal

C. EUROPEAN DEFENCE FUND

The European Defence Fund (EDF) is a European Union programme designed to finance industrial R&D and strengthen Europe's defence industrial and technological base. With a budget of 7.9 billion euros, it aims to improve the continent's interoperability and strategic autonomy. FN Herstal is actively involved in several projects, three of which were launched in 2024.



SAAT

FN Herstal is the coordinator of the SAAT (Small Arms Ammunition Technologies) project, which brings together the Ministries of Defence of nine European countries and 18 industrial partners and research centres. With a budget of €8.3 million, SAAT aims to define a new military standard for small calibre ammunition in Europe. The objective is to analyse and optimise the performance of kinetic energy ammunition for light infantry weapons, with the aim of creating a new calibre and providing a strategic response to the challenges of supply chain resilience. In addition to its role as coordinator, FN Herstal is playing a key role in the development of the projectile, the integration tests and the final evaluation of the ammunition. The participating defence ministries are those of Belgium, the Czech Republic, the Netherlands, France, Italy, Norway, Poland, Sweden and Switzerland. The project was launched in Herstal in November 2024.



E-CUAS

Coordinated by the Italian company Leonardo, the project aims to develop a robust Counter Unmanned Aerial Systems architecture based on sensors, effectors and C2 systems with a high level of technological maturity for the protection of critical infrastructure and deployed and mobile military units. E-CUAS follows the completion of the initial JEY-CUAS project. FN Herstal acts as a facilitator of the Belgian CUAS ecosystem and works closely with Thales Belgium, John Cockerill Defence, the Royal Military Academy of Belgium and the University of Liège.



MARTE

FN Herstal is participating in the MARTE (Main ARMored Tank of Europe) project coordinated by ARGE, a joint venture between Rheinmetall and KNDS Germany. The project is investigating improvements to current technologies and the development of future main battle tank technologies capable of delivering exceptional operational effectiveness and mission success in all possible future scenarios.





HUNTING & SPORT SHOOTING

3

.1 AN OVERVIEW

- A. OUR SUBSIDIARIES
- B. NEW INDUSTRIAL PROCESSES
- C. OUR PRODUCTS
- C. NEW PRODUCTS IN 2024
- D. 2024 MARKET REVIEW

3.1

AN OVERVIEW





A. OUR SUBSIDIARIES

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. Browning subsidiaries also distribute Miroku firearms and, in Europe only, Kite Optics products and FN pistols.

ORGANISATION

Since 1998, the division’s subsidiaries have been managed by the holding company Browning S.A. These include Browning North America, Browning International and Browning Viana, as well as the listed company Miroku, in which the Group holds a 13,27% interest.

**Winchester is a registered trademark of Olin Corporation.*

A grey rectangular box with a large orange chevron pointing right on the left side. The text is white and right-aligned.

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.

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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 pistols.

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BROWNING VIANA

Browning Viana is located in Viana, Portugal. Since 1973, the company has manufactured a wide range of Browning and Winchester* firearms for both Browning North America and Browning International.

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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.





Browning X-Bolt 2



THE BROWNING HISTORY

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 19th century, such as the principle of semi-automatic firearms, to create successful products. All the major gun manufacturers of the time collaborated with him to the extent that by 1895 90% of Winchester* firearms were based on Browning patents. John Moses Browning registered 128 patents during his lifetime, laying the foundations for the mechanisms of modern firearms.

Although the Group only acquired Browning Arms in 1977, the association between FN Herstal and John Moses Browning dates back to the 19th century. The meeting between FN Herstal and John M. Browning in 1897 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.



John Moses Browning



Browning factory in Viana, Portugal

B. NEW INDUSTRIAL PROCESSES

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

EXPANSION OF BROWNING VIANA

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 2023, a major extension to the factory was inaugurated, which has increased production capacity by 50%. 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.

QPQ: IMPROVED SUSTAINABILITY AND PRODUCT QUALITY

In 2024, Browning Viana has switched from hexavalent chromium to a hardening process called QPQ for barrel production. This initiative for civil products ensures compliance with REACH while significantly improving durability and reliability.

KEY BENEFITS:

- > Regulatory compliance: the QPQ process meets the stringent REACH requirements, ensuring the factory stays ahead of regulatory changes.
- > Improved product quality: by hardening the surface of steel components, QPQ increases the durability and reliability of mechanical parts without adding extra layers.
- > Process efficiency: The new process can be easily extended to other components, simplifying production and improving overall efficiency.



*Winchester is a registered trademark of Olin Corporation.

The project required the construction of a new building and the installation of a 20-metre process line. This was preceded by extensive R&D, testing and process validation. Other production processes, such as polishing and barrel machining, also had to be adapted to the new process.

Browning Viana now aims to extend the QPQ process to other components and exploit its benefits to improve product quality. This initiative also opens the door to replacing painting with the more sustainable QPQ treatment.

LEAN MANUFACTURING: DRIVING EFFICIENCY AND EXCELLENCE

In 2024, Browning Viana has implemented lean manufacturing principles to improve efficiency and optimise its industrial processes. This initiative focuses on concepts such as flow process layout, pull systems, one-piece flow and SMED (Single Minute Exchange of Die).

KEY BENEFITS:

- > Resource optimisation: Lean manufacturing aims to do more with fewer resources, reducing lead times and drastically cutting inventories.
- > Process improvement: Essential to achieving industrial excellence, this initiative increases profitability and flexibility, enabling the factory to better adapt to market fluctuations and accommodate a wide range of product options.

Lean manufacturing is an ongoing philosophy. By the end of 2025, Browning Viana expects to have fully implemented the pull system and the MES system. The Lean initiative will continue to evolve, with additional tools and practices being integrated into operations to further improve efficiency.

While the primary focus is on internal operations, including cost reduction, quality improvement and inventory control, these improvements indirectly benefit customers through improved reliability and potentially faster delivery times.

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.



HIGHEST STANDARDS

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.

C. OUR PRODUCTS

The FN Browning Group’s Hunting and Sport Shooting Division markets a wide 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 B 525

Rifles

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



BROWNING BAR

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).

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 1911

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.

A SPECIAL EDITION TO CELEBRATE THE 100th ANNIVERSARY OF THE B25

To celebrate the 100th anniversary of the B25 in 2025, the John Moses Browning Collection workshop produced a limited edition of fifty shotguns throughout 2024.

Since 1931, the B25 has been entirely handcrafted in Belgium. Each firearm is fully assembled, adjusted, engraved and finished in strict accordance with the specifications and wishes of its future owner.

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)

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, the new BAR 4X and Maral 4X rifles combine 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.



BROWNING MARAL 4X

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



D. NEW PRODUCTS IN 2024

The products shown below are for illustrative purposes only and do not represent an exhaustive list of new products and new versions of Browning and Winchester* firearms introduced in 2024.

Browning X-Bolt 2

In the rifle category, the Browning X-Bolt 2 combines technical prowess, adjustability and ergonomics. With improved stock adjustability and an expansion into the carbon fibre barrel arena, this latest generation rifle has been designed with the user's comfort and thirst for performance in mind, combined with phenomenal accuracy to deliver a whole new shooting experience.

The new Vari-Tech and Eclipse stocks adapt perfectly to each individual and each application, offering the adjustability of a chassis-style precision stock while retaining the appearance of a traditional hunting stock. In addition to the Vari-Tech stock, the X-Bolt 2 promotes accuracy from the design of the thicker Inflex recoil pad to the refined, adjustable DLX trigger and the option of a carbon fibre barrel.



**Winchester is a registered trademark of Olin Corporation.*

Browning A5 Hunter

In 2024, Browning North America introduced the lightweight, autoloading 20-gauge A5 Hunter shotgun. The shotgun features a compact 20-gauge receiver, walnut stock with gloss finish and recoil-operated kinematic drive.

Winchester SXR2 pump

As the name suggests, the SXR2 Pump is a pump-action rifle. This rifle is ideal for people who hunt in difficult conditions and require even greater safety without sacrificing firepower. The SXR2 Pump also stands out for its speed. A cleverly positioned spring in the recocking system assists the movement of the pump and the hand doesn't leave the handguard when recocking. This allows the hunter to keep his eye on the target.



WINCHESTER SXR2 PUMP



Composite models for the European market

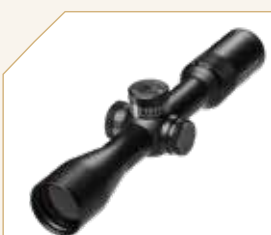
The Browning BAR 4X and Maral 4X rifles have been designed for modular comfort and easy customisation. As of 2024, the stocks are also available in a range of composite materials for hunting in any situation, for durability and comfort. Browning has also introduced a composite overmolded pistol grip and forearm for the B525 shotgun, improving the grip surfaces. The stock is counterbalanced, and the adjustable comb allows the shotgun to be perfectly adapted to the user.



BROWNING 525

Kite Optics KX 1 & B6 LR

Browning International markets Kite Optics products in Europe only. In 2024, the company introduced the KX 1 red dot sight with an IPX 7 waterproof rating. Its hard polycarbonate cover with acrylic lens not only provides additional protection, but also completely encapsulates the viewfinder. Another new is the B6 LR, with unrivalled accuracy for long-range shooters. Based on the proven B6 model, this rifle scope features advanced turrets for precise long-range adjustments.



KITE OPTICS B6 LR



KITE OPTICS KX 1



E. 2024 MARKET REVIEW

BROWNING INTERNATIONAL (EXCL. NORTH AMERICA)

Europe & Rest of the world

In 2024, the Hunting & Sport Shooting market experienced a decline, particularly in Europe, following two strong post-COVID years in 2021 and 2022.

Several factors contributed to this decline. The rising cost of ammunition, clay and hunting activities has led to a reduction in practice. In addition, the outbreak of African swine fever in Italy and western Germany, the decimation of hare populations in northern France and Germany due to haemorrhagic syndrome and the impact of bluetongue on deer populations had a significant impact on wildlife numbers. Adverse weather conditions, including a very wet spring and summer, have also increased mortality rates, particularly among young animals, and have affected shooting practices and hunting activities.

The prevailing economic and geopolitical uncertainty has also led to a tendency to save rather than spend in a number of countries, including the Netherlands and Sweden.

The UK was particularly affected by these adverse conditions.



Outside Europe, a similar slowdown has been observed due to general economic uncertainty. In addition, increasing protectionist measures such as complex certifications and extensive documentation requirements have further hampered market growth.

Browning International

Despite the overall market contraction, some segments have fared better than others. The sport shooting segment, particularly pistols and long guns, has shown resilience, with a notable trend towards the more economical .22 calibre.

Browning International has also performed well in its home markets, particularly in France, mainly thanks to innovations in rifles and strong growth in pistols.

The company gained market share in segments where significant innovations were introduced. The Winchester SXR2 Pump was particularly successful in the rifle segment, and the FN pistols also contributed to market share gains in the sporting pistol segment.



BROWNING NORTH AMERICA (USA & CANADA)

In 2024, despite a decline in National Instant Criminal Background Check System (NICS) numbers, Browning North America was able to overcome strong market headwinds and economic uncertainty. The market continued to decline in several segments compared to the previous two years, with key competitors and market trends in recession from peak levels.

The handgun, rimfire and pump shotgun segments were the most volatile, with competitive promotions impacting demand and profitability. While some areas, such as over-and-under shotguns, stabilised on the back of new product introductions, the overall landscape experienced negative pressure.

Through strong promotional activity and new product introductions, Browning North America successfully navigated market uncertainty to deliver a strong financial performance while reducing inventory levels and creating opportunities for market share gains in the over-and-under and semi-automatic shotgun segments.

In particular, the introduction of the Browning 825 Citori created new opportunities and continued to build on the prestigious Citori heritage, bringing additional strength and stability to the over-and-under segment.

The Outdoor Products division also achieved year-on-year growth in shooting accessories, reaching new customers with the introduction of new products such as the Whitetail 1900 pack, polarised shooting glasses and the new Recoil Hawg competition model.

Browning also reported success in e-commerce, with another double-digit percentage increase over the previous year.





FINANCIALS

4

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

4.1

FN BROWNING GROUP: SOLID PERFORMANCE AND STRATEGIC MILESTONES IN 2024

In 2024, the FN Browning Group delivered robust results, marking a year of strategic progress and long-term value creation. The Group achieved several key milestones that reinforce the sustainability of its operations, including a ramp-up in its production capacity, a major acquisition in the ammunition sector, and the signing of a long-term partnership with the Belgian Defence.

The Group reported a €25 million increase in sales compared to 2023, reaching a total of €934 million. This growth was primarily driven by the Defence and security segments, with a notable increase in sales from FN Herstal to European armed forces. FN Herstal reaffirmed its return to profitability, posting revenues exceeding €360 million - an 18% increase - alongside a significant improvement in profit margins.

The hunting and sport shooting markets faced headwinds due to a challenging macroeconomic environment and reduced household purchasing power in Europe and North America, the primary markets for the Browning and Winchester* brands. Despite these pressures, the Hunting & Sport Shooting Division demonstrated resilience, maintaining solid profitability levels even amid declining sales.

The Group's overall profitability reflects strong operational performance, with EBITDA reaching €117 million and an EBITDA margin of 13%. Solid FN Browning Group balance sheet enables the acquisition of the French company Sofisport, supported in part by favorable bank financing.

The highlight of the year was the signing of a 20-year partnership agreement with the Belgian Defence in June 2024. This agreement paves the way for substantial investments in new ammunition production lines in Herstal and Zutendaal, Belgium - underscoring the trust placed in the Group and its subsidiaries by its long-standing partners.

The FN Browning Group's investments rose to €58 million in 2024, focused on new machinery and industrial expansion to support increased production. The majority of these investments were directed toward FN Herstal facilities, following previous years of significant investment in Browning's operations, particularly in Viana, Portugal.

Looking ahead, the FN Browning Group is well-positioned to seize emerging market opportunities and to continue delivering innovative, dependable solutions to its partners and customers worldwide.



4.2

AUDITOR'S REPORT (PWC)

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated profit and loss account for the year then ended, and the notes to the consolidated accounts, characterised by a consolidated balance sheet total of EUR 1.297.651 (000) and a consolidated profit and loss account showing a consolidated profit for the year of EUR 68.802 (000).

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and financial position as at 31 December 2024, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level.

Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

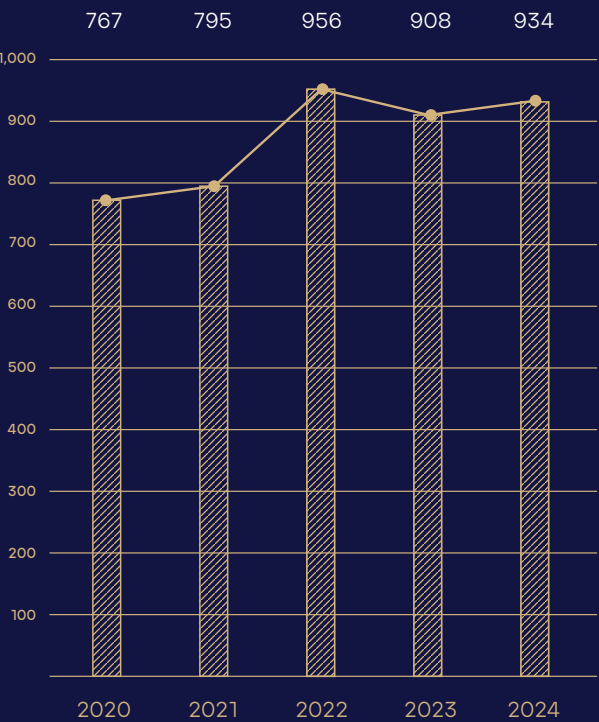


4.3

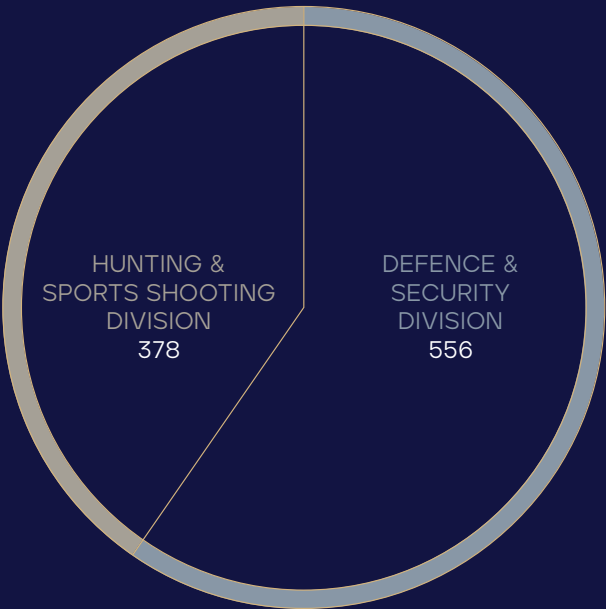
KEY FIGURES



Evolution of net sales (in MEUR)



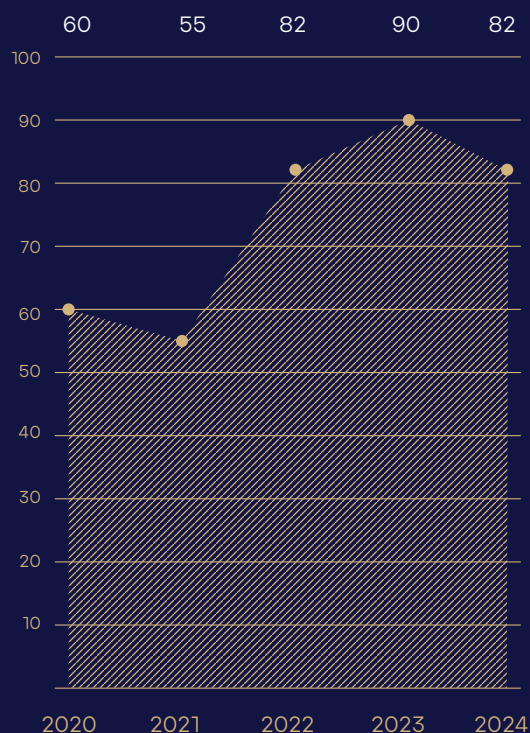
2024 – Net sales by division



FNXBROWNING
GROUP



Evolution of EBIT (in MEUR)



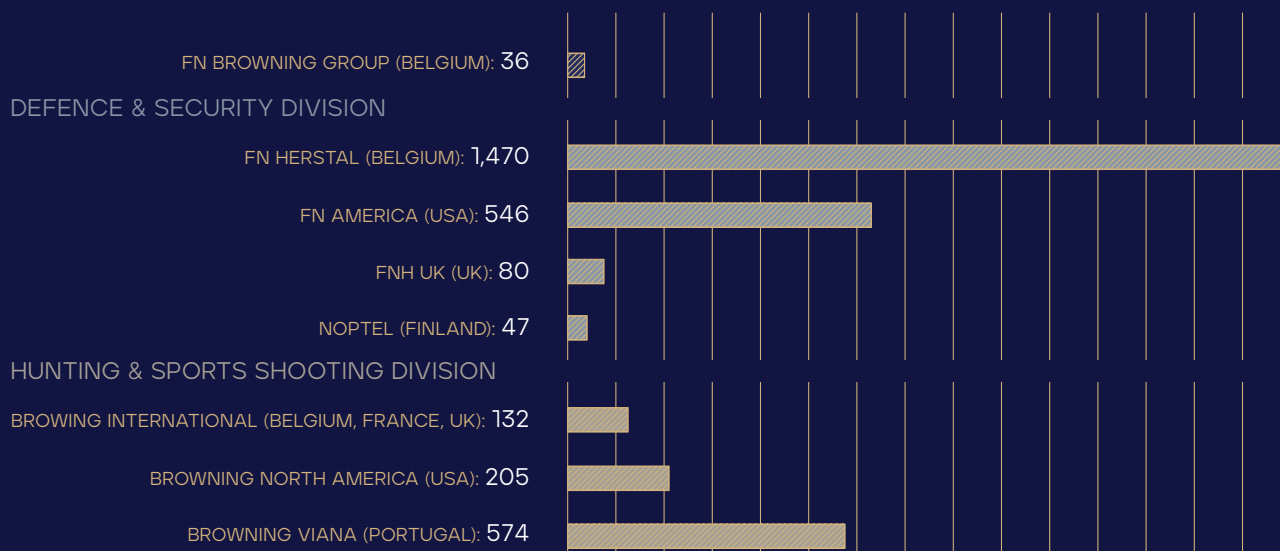
2024 - Consolidated Key Figures

NET SALES **934**

EBIT **82**

NET CASH POSITION **258**

2024 - Our people



4.4 CONSOLIDATED BALANCE SHEET

ASSETS	2024 <i>in million euro</i>	2023 <i>in million euro</i>
FIXED ASSETS	202 391	171 121
Intangible assets	51 675	29 522
Goodwill on consolidation	395	538
Tangible assets	146 757	137 324
Financial assets	3 564	3 736

CURRENT ASSETS	1 095 260	1 070 702
Long term amounts receivable	34 178	25 550
Inventories and Contract In Progress	528 654	499 139
Receivables within one year	257 540	275 986
Short term investments	94 267	37 738
Cash at bank & in hand	163 812	217 739
Deferred charges & accrued income	16 809	14 549
TOTAL ASSETS	1 297 651	1 241 822

LIABILITIES	2024 <i>in million euro</i>	2023 <i>in million euro</i>
EQUITY	878 272	808 930
Share capital	202 127	202 127
Consolidated reserves	642 657	593 859
Badwill	2 307	2 307
Exchange rate differences	29 840	9 414
Investment grants	1 341	1 223
MINORITY INTERESTS	80	76
PROVISIONS	81 627	88 832
Provisions for risks and charges	81 627	88 832
Deferred taxes	0	0
LIABILITIES	337 672	343 984
Payables more than one year	3 798	1 307
Payables within one year	301 200	314 397
Accrued charges & deferred income	32 674	28 280
TOTAL LIABILITIES	1 297 651	1 241 822

4.5 CONSOLIDATED INCOME STATEMENT

	2024 <i>in million euro</i>	2023 <i>in million euro</i>
Sales and services	968 461	966 362
Cost of sales and services	(886 890)	(876 107)
Operating profit (loss)	81 571	90 255
Financial income	16 054	24 088
Financial expenses	(14 794)	(19 400)
Profit (loss) before taxes	82 832	94 943
Deferred taxes allocations	(829)	(2 359)
Transfers from deferred taxes	7 948	2551
Current taxes	(21 149)	(19 686)
Net profit (loss)	68 802	75 450
Companies at equity profit (loss)	0	34
Consolidated profit (loss)	68 802	75 484
Minority Interests	4	13
Income part of the Group	68 798	75 471



FNXBROWNING
GROUP

fnbrowninggroup.com

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