

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 001-41565

Leonardo DRS, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

13-2632319
(I.R.S. Employer
Identification No.)

2345 Crystal Drive
Suite 1000
Arlington, Virginia 22202
(703) 416-8000

(Address of principal executive offices, including zip code, and registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.01 par value	DRS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 29, 2025, there were 266,123,634 shares of the registrant's common stock, par value of \$0.01 per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

In this quarterly report on Form 10-Q (this “Quarterly Report”), when using the terms the “Company,” “DRS,” “we,” “us” and “our,” unless otherwise indicated or the context otherwise requires, we are referring to Leonardo DRS, Inc. This Quarterly Report contains forward-looking statements and cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “will,” “shall,” “should,” “would,” “could,” “seeks,” “aims,” “strives,” “targets,” “projects,” “intends,” “plans,” “estimates,” “anticipates” or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this Quarterly Report and include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, financial goals, financial position, results of operations, cash flows, prospects, strategies or expectations, and the impact of prevailing economic conditions.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report. In addition, even if future performance and outcomes are consistent with the forward-looking statements contained in this Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods. New factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- Disruptions or deteriorations in our relationship with the relevant agencies of the U.S. government, as well as any failure to pass routine audits or otherwise comply with governmental requirements including those related to security clearance or procurement rules, including the False Claims Act;
- Significant delays or reductions in appropriations for our programs and changes in U.S. government priorities and spending levels more broadly;
- Any failure to comply with the proxy agreement with the U.S. Department of Defense (the “DoD”);
- Failure to properly contain a global pandemic in a timely manner could materially affect how we and our business partners operate;
- The effect of inflation on our supply chain and/or our labor costs;
- Our mix of fixed-price, cost-plus and time-and-materials type contracts and any resulting impact on our cash flows due to cost overruns;
- Failure to properly comply with various covenants of the agreements governing our debt could negatively impact our business;
- Our dependence on U.S. government contracts, which often are only partially funded and are subject to immediate termination, some of which are classified, and the concentration of our customer base in the U.S. defense industry;
- Our use of estimates in pricing and accounting for many of our programs that are inherently uncertain and which may not prove to be accurate;
- Our ability to realize the full value of our backlog;
- Our ability to predict future capital needs or to obtain additional financing if we need it;

- Our ability to respond to the rapid technological changes in the markets in which we compete;
- The effect of global and regional economic downturns and rising interest rates;
- Our ability to meet the requirements of being a public company;
- Our ability to maintain an effective system of internal control over financial reporting;
- Our inability to appropriately manage our inventory;
- Our inability to fully realize the value of our total estimated contract value or bookings;
- Our ability to compete efficiently, including due to U.S. government organizational conflict of interest rules which may limit new contract opportunities or require us to wind down existing contracts;
- Our relationships with other industry participants, including any contractual disputes or the inability of our key suppliers to timely deliver our components, parts or services;
- Preferences for set-asides for minority-owned, small and small disadvantaged businesses could impact our ability to be a prime contractor;
- Any failure to meet our contractual obligations including due to potential impacts to our business from supply chain risks, such as longer lead times and shortages of electronics and other components;
- Any security breach, including any cyber-attack, cyber intrusion, insider threat, or other significant disruption of our IT networks and related systems, as well as any act of terrorism or other threat to our physical security and personnel;
- Our ability to fully exploit or obtain patents or other intellectual property protections necessary to secure our proprietary technology, including our ability to avoid infringing upon the intellectual property of third parties or prevent third parties from infringing upon our own intellectual property;
- The conduct of our employees, agents, affiliates, subcontractors, suppliers, business partners or joint ventures in which we participate which may impact our reputation and ability to do business;
- The outcome of litigation, arbitration, investigations, claims, disputes, enforcement actions and other legal proceedings in which we are involved;
- Various geopolitical and economic factors, laws and regulations including the Foreign Corrupt Practices Act, the Export Control Act, the International Traffic in Arms Regulations, the Export Administration Regulations, recent U.S. tariffs imposed or threatened to be imposed on other countries and any related retaliatory actions taken by such countries and those that we are exposed to as a result of our international business;
- Our ability to obtain export licenses necessary to conduct certain operations abroad, including any attempts by Congress to prevent proposed sales to certain foreign governments;
- Our ability to attract and retain technical and other key personnel;
- The occurrence of prolonged work stoppages;
- The unavailability or inadequacy of our insurance coverage, customer indemnifications or other liability protections to cover all of our significant risks or to pay for material losses we incur;
- Future changes in U.S. tax laws and regulations or interpretations thereof;
- Future changes in the DoD's budget;

- Certain limitations on our ability to use our net operating losses to offset future taxable income;
- Termination of our leases or our inability to renew our leases on acceptable terms;
- Changes in estimates used in accounting for our pension plans, including with respect to the funding status thereof;
- Changes in future business or other market conditions that could cause business investments and/or recorded goodwill or other long-term assets to become impaired;
- Adverse consequences from any acquisitions such as operating difficulties, dilution and other harmful consequences or any modification, delay or prevention of any future acquisition or investment activity by the Committee on Foreign Investment in the United States;
- Natural disasters or other significant disruptions;
- Our compliance with environmental laws and regulations, and any environmental liabilities that may affect our reputation or financial position;
- Any conflict of interest that may arise because Leonardo US Holding, LLC, our majority stockholder, or Leonardo S.p.A., our indirect majority stockholder, may have interests that are different from, or conflict with, those of our other stockholders, including as a result of any ongoing business relationships Leonardo S.p.A. may have with us, and their significant ownership in us may discourage change of control transactions (our amended and restated certificate of incorporation provides that we waive any interest or expectancy in corporate opportunities presented to Leonardo S.p.A.); or
- Our obligations to provide certain services to Leonardo S.p.A., which may divert human and financial resources from our business.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this Quarterly Report are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this filing, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise.

Other risks, uncertainties and factors, including those discussed under “*Risk Factors*” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, and those discussed under “*Risk Factors*” in Part II, Item 1A of this Quarterly Report, could cause our actual results to differ materially from those projected in any forward-looking statements we make. Readers should read the discussion of these factors carefully to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

LEONARDO DRS, INC.

Consolidated Statements of Earnings (Unaudited)

<i>(Dollars in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues	829	753	1,628	1,441
Cost of revenues	(632)	(584)	(1,250)	(1,119)
Gross profit	197	169	378	322
General and administrative expenses	(121)	(107)	(238)	(208)
Amortization of intangibles	(6)	(6)	(11)	(11)
Other operating expenses, net	—	(1)	—	(5)
Operating earnings	70	55	129	98
Interest expense, net	(2)	(7)	(3)	(12)
Other, net	(1)	(1)	(1)	(2)
Earnings before taxes	67	47	125	84
Income tax provision	13	9	21	17
Net earnings	\$ 54	\$ 38	\$ 104	\$ 67
Net earnings per share from common stock:				
Basic earnings per share	\$ 0.20	\$ 0.14	\$ 0.39	\$ 0.25
Diluted earnings per share	\$ 0.20	\$ 0.14	\$ 0.39	\$ 0.25

See accompanying Notes to Consolidated Financial Statements.

LEONARDO DRS, INC.

Consolidated Statements of Comprehensive Income (Unaudited)

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net earnings	\$ 54	\$ 38	\$ 104	\$ 67
Other comprehensive income (loss), net of income taxes:				
Foreign currency translation gain (loss)	—	(1)	—	(1)
Pension and other postretirement benefit plan adjustments	—	1	—	1
Net unrealized gain on derivative instruments	5	—	5	—
Other comprehensive income (loss), net of income taxes	5	—	5	—
Total comprehensive income	\$ 59	\$ 38	\$ 109	\$ 67

See accompanying Notes to Consolidated Financial Statements.

LEONARDO DRS, INC.
Consolidated Balance Sheets

<i>(Dollars in millions, except per share amounts)</i>	(Unaudited)	
	June 30, 2025	December 31, 2024
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 278	\$ 598
Accounts receivable, net	265	253
Contract assets	1,016	872
Inventories	400	358
Prepaid expenses	26	27
Other current assets	40	55
Total current assets	2,025	2,163
<i>Noncurrent assets:</i>		
Property, plant and equipment, net	463	440
Intangible assets, net	120	132
Goodwill	1,238	1,238
Deferred tax assets	118	120
Other noncurrent assets	115	91
Total noncurrent assets	2,054	2,021
Total assets	\$ 4,079	\$ 4,184
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current liabilities:</i>		
Short-term borrowings and current portion of long-term debt	\$ 22	\$ 25
Accounts payable	265	426
Contract liabilities	436	399
Other current liabilities	235	266
Total current liabilities	958	1,116
<i>Noncurrent liabilities:</i>		
Long-term debt	331	340
Pension and other postretirement benefit plan liabilities	29	34
Deferred tax liabilities	6	7
Other noncurrent liabilities	155	130
Total noncurrent liabilities	521	511
Commitments and contingencies (Note 13)		
<i>Stockholders' equity:</i>		
Preferred stock, \$0.01 par value: 10,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value: 350,000,000 shares authorized; 266,185,454 and 265,064,755 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	3	3
Additional paid-in capital	5,128	5,194
Accumulated deficit	(2,489)	(2,593)
Accumulated other comprehensive loss	(42)	(47)
Total stockholders' equity	2,600	2,557
Total liabilities and stockholders' equity	\$ 4,079	\$ 4,184

See accompanying Notes to Consolidated Financial Statements.

LEONARDO DRS, INC.

Consolidated Statements of Cash Flows (Unaudited)

(Dollars in millions)	Six Months Ended June 30,	
	2025	2024
Operating activities		
Net earnings	\$ 104	\$ 67
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	46	45
Deferred income taxes	1	1
Share-based compensation expense	14	11
Other	—	1
Changes in assets and liabilities:		
Accounts receivable	(12)	(37)
Contract assets	(144)	(129)
Inventories	(42)	(38)
Prepaid expenses	1	(10)
Other current assets	20	9
Other noncurrent assets	9	14
Defined benefit obligations	(5)	—
Accounts payable	(156)	(135)
Contract liabilities	37	13
Other current liabilities	(32)	(28)
Other noncurrent liabilities	(7)	(15)
Net cash used in operating activities	(166)	(231)
Investing activities		
Capital expenditures	(60)	(44)
Net cash used in investing activities	(60)	(44)
Financing activities		
Net decrease in third party borrowings (maturities of 90 days or less)	(3)	(35)
Repayment of third party debt	(6)	(141)
Borrowings of third party debt	—	135
Proceeds from stock issuance	3	7
Repurchases of common stock	(14)	—
Payments of employee taxes withheld from share-based awards	(21)	(4)
Dividends paid	(14)	—
Dividends paid to related party	(34)	—
Other	(5)	(5)
Net cash used in financing activities	(94)	(43)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net decrease in cash and cash equivalents	(320)	(318)
Cash and cash equivalents at beginning of year	598	467
Cash and cash equivalents at end of period	\$ 278	\$ 149

See accompanying Notes to Consolidated Financial Statements.

LEONARDO DRS, INC.

Consolidated Statements of Stockholders' Equity (Unaudited)

(Dollars in millions)

	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance as of March 31, 2024	\$ 3	\$ 5,176	\$ (47)	\$ (2,777)	\$ 2,355
Total comprehensive income	—	—	—	38	38
Share-based compensation activity	—	13	—	—	13
Balance as of June 30, 2024	<u>\$ 3</u>	<u>\$ 5,189</u>	<u>\$ (47)</u>	<u>\$ (2,739)</u>	<u>\$ 2,406</u>
Balance as of March 31, 2025	\$ 3	\$ 5,158	\$ (47)	\$ (2,543)	\$ 2,571
Total comprehensive income	—	—	5	54	59
Share-based compensation activity	—	5	—	—	5
Cash dividends of \$0.09 per share	—	(24)	—	—	(24)
Repurchases of common stock	—	(11)	—	—	(11)
Balance as of June 30, 2025	<u>\$ 3</u>	<u>\$ 5,128</u>	<u>\$ (42)</u>	<u>\$ (2,489)</u>	<u>\$ 2,600</u>
Balance as of December 31, 2023	\$ 3	\$ 5,175	\$ (47)	\$ (2,806)	\$ 2,325
Total comprehensive income	—	—	—	67	67
Share-based compensation activity	—	14	—	—	14
Balance as of June 30, 2024	<u>\$ 3</u>	<u>\$ 5,189</u>	<u>\$ (47)</u>	<u>\$ (2,739)</u>	<u>\$ 2,406</u>
Balance as of December 31, 2024	\$ 3	\$ 5,194	\$ (47)	\$ (2,593)	\$ 2,557
Total comprehensive income	—	—	5	104	109
Share-based compensation activity	—	(4)	—	—	(4)
Cash dividends of \$0.18 per share	—	(48)	—	—	(48)
Repurchases of common stock	—	(14)	—	—	(14)
Balance as of June 30, 2025	<u>\$ 3</u>	<u>\$ 5,128</u>	<u>\$ (42)</u>	<u>\$ (2,489)</u>	<u>\$ 2,600</u>

See accompanying Notes to Consolidated Financial Statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies**A. Organization**

Leonardo DRS, Inc., together with its wholly owned subsidiaries (hereinafter, “DRS,” “the Company,” “us,” “our,” or “we”) is a supplier of defense electronics products, systems and military support services. The Company’s largest stockholder is Leonardo S.p.A, an Italian multi-national aerospace, defense and security company headquartered in Rome, Italy, through its ultimate sole ownership of Leonardo US Holding, LLC (“US Holding”). US Holding is the majority stockholder of the Company.

DRS is a provider of defense products and technologies that are used across land, air, sea, space and cyber domains. Our diverse array of defense systems and solutions are offered to all branches of the U.S. military, major aerospace and defense prime contractors, government intelligence agencies, international military customers and industrial markets for deployment on a wide range of military platforms. We focus our capabilities in areas of critical importance to the U.S. military, such as advanced sensing, network computing, force protection and electric power and propulsion.

These capabilities directly align with our two reportable operating segments: Advanced Sensing and Computing (“ASC”) and Integrated Mission Systems (“IMS”). The DoD is our largest customer and accounts for approximately 80% and 82% of our total revenues as an end-user for the six months ended June 30, 2025 and 2024, respectively. Specific international and commercial market opportunities exist within these segments and comprise approximately 20% and 18% of our total revenues for the six months ended June 30, 2025 and 2024, respectively. Our two reportable segments reflect the way performance is assessed and resources are allocated by our Chief Executive Officer, who is our chief operating decision maker (“CODM”).

B. Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of DRS, its wholly owned subsidiaries and its controlling interests and contain all adjustments, which are of a normal and recurring nature, considered necessary by management to present fairly the financial position, results of operations and cash flows for the periods presented. Interests in ventures that are controlled by the Company, or for which the Company is otherwise deemed to be the primary beneficiary, are consolidated. For joint ventures in which the Company does not have a controlling interest, but exerts significant influence, the Company applies the equity method of accounting. All intercompany transactions and balances have been eliminated in consolidation.

Interim Financial Statements. The unaudited Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). These rules and regulations permit some of the information and footnote disclosures included in financial statements prepared in accordance with U.S. GAAP to be condensed or omitted.

These unaudited Consolidated Financial Statements should be read in conjunction with our audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2024.

C. New Accounting Pronouncements*Improvements to Income Tax Disclosures*

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires additional disclosures regarding rate reconciliation, income taxes paid, and other income tax disclosures. The new standard is effective for fiscal years beginning after December 15,

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2024, on a prospective basis. Retrospective application is permitted. We are currently evaluating the impact of adopting this new pronouncement and plan to adopt these amendments using the prospective approach for annual disclosures in fiscal year 2025.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure of specified information about certain costs and expenses. The new standard is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, on a prospective basis. We are currently evaluating the impact of adopting this new pronouncement.

Note 2. Revenue from Contracts with Customers

Contract Estimates

Revenues for the majority of our contracts are measured using the over time, percentage of completion cost-to-cost method of accounting to calculate percentage of completion. We believe this is an appropriate measure of progress toward satisfaction of performance obligations as this measure most accurately depicts the progress of our work and transfer of control to our customers. Due to the long-term nature of many of our contracts, developing the estimated transaction price and total cost at completion often requires judgment. The estimated transaction price may include variable consideration such as performance incentives, requests for equitable adjustment (“REAs”) and claims. Variable consideration is included in the estimated transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Factors that must be considered in estimating the cost of the work to be completed include the nature and complexity of the work to be performed, subcontractor performance and the risk and impact of delayed performance.

After establishing the estimated total cost at completion, we follow a standard Estimate at Completion (“EAC”) process in which we review the progress and performance on our ongoing contracts on a routine basis. Adjustments to original estimates for a contract’s revenue, estimated costs at completion and estimated profit or loss often are required as work progresses under a contract, as experience is gained and as more information is obtained, even though the scope of work required under the contract may not change and are also required if contract modifications occur. When adjustments in estimated total costs at completion are determined, the related impact on revenue and operating earnings are recognized using the cumulative catch-up method, which recognizes in the current period the cumulative effect of such adjustments for all prior periods. Any anticipated losses on these contracts are fully recognized in the period in which the losses become evident.

Net EAC adjustments had the following impacts for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(Dollars in millions, except per share amounts)</i>				
Revenue and operating earnings	\$ —	\$ (10)	\$ (9)	\$ (19)
Total % of revenue	—%	1%	1%	1%
Net earnings	\$ —	\$ (8)	\$ (7)	\$ (15)
Impact on diluted earnings per share	\$ —	\$ (0.03)	\$ (0.03)	\$ (0.06)

The impacts noted above are attributed primarily to changes in our firm-fixed price development type programs. As changes happen in the design required to achieve contractual specifications, those changes often result in a change in the programs’ estimates and related profitability.

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contract Assets and Liabilities

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Consolidated Balance Sheets. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., biweekly or monthly) or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, we sometimes receive advances or deposits from our customers before revenue is recognized, resulting in contract liabilities. Contract assets and contract liabilities as of the dates presented were:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024
Contract assets	\$ 1,016	\$ 872
Contract liabilities	436	399

Revenue recognized in the six months ended June 30, 2025 and 2024, that was included in the contract liability balance at the beginning of each period was \$239 million and \$222 million, respectively.

Value of Remaining Performance Obligations

The value of remaining performance obligations, which we also refer to as total backlog, includes the following components:

- **Funded** - Funded backlog represents the revenue value of orders for products and services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- **Unfunded** - Unfunded backlog represents the revenue value of firm orders for products and services under existing contracts for which funding has not yet been appropriated less funding previously recognized on these contracts.

As of June 30, 2025, our total backlog was \$8,607 million. We expect to recognize approximately 18% of our June 30, 2025 backlog as revenue over the next six months, with the remainder to be recognized thereafter. Approximately 50% of our total backlog relates to long-term contracts on electric power and propulsion programs with the U.S. Navy, which are expected to be recognized as revenue over a span of up to 15 years.

Disaggregation of Revenue

ASC: ASC revenue is primarily derived from U.S. government development and production contracts and is generally recognized using the over time, percentage of completion cost-to-cost method of accounting. We disaggregate ASC revenue by geographical region, customer relationship and contract

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

type. We believe these categories best depict how the nature, amount, timing and uncertainty of ASC revenue and cash flows are affected by economic factors.

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue by Geographical Region				
United States	\$ 465	\$ 396	\$ 911	\$ 733
International	74	91	136	181
Intersegment Sales	3	5	6	11
Total	\$ 542	\$ 492	\$ 1,053	\$ 925
Revenue by Customer Relationship				
Prime contractor	\$ 238	\$ 253	\$ 462	\$ 416
Subcontractor	301	234	585	498
Intersegment Sales	3	5	6	11
Total	\$ 542	\$ 492	\$ 1,053	\$ 925
Revenue by Contract Type				
Firm-Fixed Price	\$ 468	\$ 402	\$ 905	\$ 752
Flexibly Priced ⁽¹⁾	71	85	142	162
Intersegment Sales	3	5	6	11
Total	\$ 542	\$ 492	\$ 1,053	\$ 925

(1) Includes revenue derived from cost-plus and time-and-materials contracts.

IMS: IMS revenue is primarily derived from U.S. government development and production contracts and is generally recognized using the over time, percentage of completion cost-to-cost method of accounting. We disaggregate IMS revenue by geographical region, customer relationship and contract type. We believe these categories best depict how the nature, amount, timing and uncertainty of IMS revenue and cash flows are affected by economic factors.

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue by Geographical Region				
United States	\$ 296	\$ 262	\$ 590	\$ 519
International	(6)	4	(9)	8
Intersegment Sales	—	—	—	—
Total	\$ 290	\$ 266	\$ 581	\$ 527
Revenue by Customer Relationship				
Prime contractor	\$ 54	\$ 59	\$ 100	\$ 124
Subcontractor	236	207	481	403
Intersegment Sales	—	—	—	—
Total	\$ 290	\$ 266	\$ 581	\$ 527
Revenue by Contract Type				
Firm-Fixed Price	\$ 242	\$ 214	\$ 496	\$ 432
Flexibly Priced ⁽¹⁾	48	52	85	95
Intersegment Sales	—	—	—	—
Total	\$ 290	\$ 266	\$ 581	\$ 527

(1) Includes revenue derived from cost-plus and time-and-materials contracts.

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Accounts Receivable

Accounts receivable consist of the following:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024
Accounts receivable	\$ 266	\$ 254
Less allowance for credit losses	(1)	(1)
Accounts receivable, net	\$ 265	\$ 253

The Company maintains certain agreements with financial institutions to sell certain trade receivables. See *Note 4: Sale of Receivables* for more information.

Note 4. Sale of Receivables

The Company is party to factoring facilities with various financial institutions (the “purchasers”) with an aggregate capacity of \$225 million as of June 30, 2025 and December 31, 2024.

During the six months ended June 30, 2025 and 2024, the Company incurred immaterial purchase discount fees which are presented in general and administrative expenses on the Consolidated Statements of Earnings.

The table below summarizes the activity under the factoring facilities:

<i>(Dollars in millions)</i>	Six Months Ended June 30,	
	2025	2024
Beginning balance	\$ 130	\$ 192
Sales of receivables	35	50
Cash returned to purchasers	(155)	(205)
Outstanding balance sold to purchasers	10	37
Cash collected, not remitted to purchasers ⁽¹⁾	—	(1)
Remaining sold receivables	\$ 10	\$ 36

(1) Represents cash collected on behalf of purchasers and not yet remitted. This balance is included within short-term borrowings and current portion of long-term debt in the Consolidated Balance Sheets.

Note 5. Inventories

Inventories consists of the following:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024
Raw materials	\$ 106	\$ 86
Work in progress	282	264
Finished goods	12	8
Total inventories	\$ 400	\$ 358

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 6. Property, Plant and Equipment

Property, plant and equipment by major asset class consists of the following:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024
Land, buildings and improvements	\$ 386	\$ 380
Plant and machinery	205	203
Equipment and other	429	382
Total property, plant and equipment, at cost	1,020	965
Less accumulated depreciation	(557)	(525)
Total property, plant and equipment, net	\$ 463	\$ 440

Depreciation expense related to property, plant and equipment was \$17 million and \$35 million for the three and six months ended June 30, 2025, respectively, and \$17 million and \$34 million for the three and six months ended June 30, 2024, respectively.

Note 7. Other Liabilities

A summary of significant other liabilities by balance sheet caption follows:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024
Salaries, wages and accrued bonuses	\$ 53	\$ 75
Fringe benefits	66	63
Provision for contract losses	42	43
Operating lease liabilities	27	27
Taxes payable	15	24
Warranty reserves	19	19
Other	13	15
Total other current liabilities	\$ 235	\$ 266
Operating lease liabilities	\$ 92	\$ 66
Unrecognized tax benefits	46	46
Warranty reserves	8	10
Other	9	8
Total other noncurrent liabilities	\$ 155	\$ 130

Note 8. Intangible Assets

Intangible assets consists of the following:

<i>(Dollars in millions)</i>	June 30, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired intangible assets	\$ 1,087	\$ (973)	\$ 114	\$ 1,087	\$ (962)	\$ 125
Patents and licenses	14	(8)	6	14	(7)	7
Total intangible assets	\$ 1,101	\$ (981)	\$ 120	\$ 1,101	\$ (969)	\$ 132

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Amortization expense related to acquired intangible assets was \$6 million and \$11 million, respectively, for the three and six months ended June 30, 2025 and 2024.

Note 9. Income Taxes

Our effective tax rate was 19.4% and 16.8% for the three and six months ended June 30, 2025, respectively, and 19.1% and 20.2% for the three and six months ended June 30, 2024, respectively. For the six months ended June 30, 2025, the effective tax rate was lower than the statutory rate primarily due to the recognition of discrete tax benefits associated with vesting of share-based compensation.

Subsequent to quarter end, on July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted. The OBBBA provides for several changes to U.S. federal tax law, including reinstating the option for full deduction of research and development expenditures starting in 2025 and the extension of bonus depreciation. We are currently evaluating the impact of the OBBBA on our financial statements.

Note 10. Debt

The Company's debt consists of the following:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024
2022 Term Loan A	\$ 197	\$ 203
Finance lease and other	156	159
Short-term borrowings related to factoring facilities (Note 4)	1	4
Total debt principal	354	366
Less unamortized debt issuance costs and discounts	(1)	(1)
Total debt, net	353	365
Less short-term borrowings and current portion of long-term debt	(22)	(25)
Total long-term debt	\$ 331	\$ 340

Term Loan

In November 2022, the Company entered into a senior unsecured credit agreement with Bank of America in the amount of \$500 million (the "2022 Credit Agreement") with a maturity of November 29, 2027. The 2022 Credit Agreement provides for a term loan (the "2022 Term Loan A") of \$225 million bearing interest at a variable rate generally based on the Secured Overnight Financing Rate ("SOFR"), plus a spread ranging from 1.48% to 2.10% depending on the leverage ratio, as defined in the 2022 Credit Agreement, or an alternative variable rate based on the higher of the Bank of America prime rate, the federal funds rate, or a rate generally based on the SOFR, in each case subject to an additional basis point spread as defined in the 2022 Credit Agreement. Interest is payable quarterly in arrears. The outstanding balance of the 2022 Term Loan A at June 30, 2025 was \$197 million. The fair value of the 2022 Term Loan A was approximately \$194 million and \$199 million at June 30, 2025 and December 31, 2024, respectively; however, the Company has the ability to prepay the outstanding principal balance without penalty. The fair value of the Company's outstanding debt obligations is calculated using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements.

Credit Facilities

The 2022 Credit Agreement provides for a revolving credit facility available for the working capital needs of the Company (the "2022 Revolving Credit Facility"). As of June 30, 2025 and December 31, 2024, the 2022 Revolving Credit Facility had a limit of \$275 million. Loans under the 2022 Revolving Credit Facility bear interest at a variable rate generally based on the SOFR, plus a spread ranging from 1.48% to 2.10% depending on the leverage ratio, as defined in the 2022 Credit Agreement, or an alternative variable rate based on the higher of the Bank of America prime rate, the federal funds rate, or

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

a rate generally based on the SOFR, in each case subject to an additional basis point spread as defined in the 2022 Credit Agreement. The Company also pays a commitment fee ranging between 0.20% and 0.35% depending on the Company's leverage ratio applied to the unused balance of the 2022 Revolving Credit Facility. There was no outstanding balance on the 2022 Revolving Credit Facility as of June 30, 2025 and December 31, 2024.

The Company also maintains uncommitted working capital credit facilities with certain financial institutions in the aggregate of \$130 million at June 30, 2025 and December 31, 2024 (the "Financial Institution Credit Facilities"). The sole purpose of the Financial Institution Credit Facilities is to support standby letter of credit issuances on contracts with customers. The Company had letters of credit outstanding of approximately \$35 million and \$36 million as of June 30, 2025 and December 31, 2024, respectively, which reduces the available capacity of the Financial Institution Credit Facilities by an equal amount.

Note 11. Derivative Instruments

Derivative instruments are recorded on the Consolidated Balance Sheets at fair value. Unrealized gains and losses on derivatives designated as cash flow hedges are reported in other comprehensive income (loss) and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions.

The Company enters into forward exchange contracts in order to limit the exposure to exchange rate fluctuations primarily associated with certain forecasted payroll expenses denominated in Israeli Shekels. The table below summarizes the Company's forward exchange contracts accounted for as cash flow hedges at June 30, 2025:

<i>(Dollars in millions)</i>	Notional amount	Balance sheet location	Settlement and termination	Fair value
Forward exchange contracts	\$ 44	Other current assets	Monthly through 9/30/2026	\$ 5

The fair value of the Company's forward exchange contracts is calculated using Level 2 inputs.

The effect of the forward exchange contracts on earnings and cash flows for the periods presented was immaterial. The Company estimates that it will reclassify \$4 million of unrealized gains from accumulated other comprehensive loss into earnings during the next 12 months.

Note 12. Earnings Per Share ("EPS"), Share Repurchases and Dividends

EPS

<i>(In millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net earnings	\$ 54	\$ 38	\$ 104	\$ 67
Basic weighted average number of shares outstanding	266.2	263.3	265.7	263.0
Impact of dilutive share-based awards	2.8	4.2	3.1	3.9
Diluted weighted average number of shares outstanding	269.0	267.5	268.8	266.9
Earnings per share attributable to common stockholders - basic	\$ 0.20	\$ 0.14	\$ 0.39	\$ 0.25
Earnings per share attributable to common stockholders - diluted	\$ 0.20	\$ 0.14	\$ 0.39	\$ 0.25

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basic EPS is computed by dividing net earnings by the weighted average number of shares of common stock outstanding during each period. The computation of diluted EPS includes the dilutive effect of outstanding share-based compensation awards (which primarily consist of employee stock options, restricted stock units, and performance-based restricted stock units).

Share Repurchases

On February 20, 2025, the Company announced that its Board of Directors (the "Board") approved a share repurchase program that allows the Company to purchase up to \$75 million of its outstanding common stock through March 4, 2027, subject to market conditions. As of June 30, 2025, the Company has repurchased approximately \$14 million under the program. The Company retires its common stock upon repurchase with the excess over par value allocated to additional paid-in capital.

Dividends

The Company declared and paid a quarterly dividend of \$.09 per share of its common stock during the three months ended June 30, 2025. Subsequent to quarter end, the Company's Board declared a cash dividend of \$.09 per share of common stock payable on September 3, 2025 to stockholders of record as of the close of business on August 20, 2025.

Note 13. Commitments and Contingencies**Commitments**

The Company's commitments are primarily related to our lease agreements, purchase obligations, and credit agreements.

Contingencies

From time to time we are subject to certain legal proceedings and claims in the ordinary course of business. These matters are subject to many uncertainties and it is possible that some of these matters ultimately could be decided, resolved or settled in a manner adverse to us. Although the precise amount of liability that may result from these matters is not ascertainable, the Company believes that any amounts exceeding the Company's recorded accruals should not materially adversely affect the Company's financial condition or liquidity. It is possible, however, that the ultimate resolution of those matters could result in a material adverse effect on the Company's results of operations and/or cash flows from operating activities for a particular reporting period. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. The Company reviews the developments in contingencies that could affect the amount of the reserves that have been previously recorded. The Company adjusts provisions and changes to disclosures accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Significant judgment is required to determine both the probability and the estimated amount of any potential losses.

As a government contractor, with customers including the U.S. government as well as various state and local government entities, the Company may be subject to audits, investigations and claims with respect to its contract performance, pricing, costs, cost allocations and procurement practices. Additionally, amounts billed under such contracts, including direct and indirect costs, are subject to potential adjustments before final settlement.

Management believes that adequate provisions for such potential audits, investigations, claims and contract adjustments, if any, have been made in the financial statements.

Product Warranties

Product warranty costs generally are accrued in proportion to product revenue realized in conjunction with our over time revenue recognition policy. Product warranty expense is recognized based on the term

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

of the product warranty, generally one year to three years, and the related estimated costs, considering historical claims expense. Accrued warranty costs are reduced as these costs are incurred and as the warranty period expires, and otherwise may be modified as specific product performance issues are identified and resolved. The following is a summary of changes in the product warranty balances during the six months ended June 30, 2025:

(Dollars in millions)

Balance at December 31, 2024	\$	29
Additional provision		8
Reversal and utilization		(10)
Balance at June 30, 2025	\$	27

Note 14. Related Party Transactions

The Company has related party sales and purchases with the indirect majority stockholder and its other affiliates that occur in the regular course of business. Related party sales are included in revenues and were \$3 million and \$7 million for the three and six months ended June 30, 2025, respectively, and \$3 million and \$11 million for the three and six months ended June 30, 2024, respectively. Related party purchases are included in cost of revenues and were immaterial for the three and six months ended June 30, 2025 and 2024. The receivables with the indirect majority stockholder and its other affiliates of \$10 million and \$19 million, respectively, and payables of \$4 million and \$4 million, respectively, as of June 30, 2025 and December 31, 2024, are included in accounts receivable, net and accounts payable in our Consolidated Balance Sheets. In addition, there were related party balances in contract assets of \$11 million and \$12 million at June 30, 2025 and December 31, 2024, respectively.

Note 15. Segment Information

Operating segments represent components of an enterprise for which separate financial information is available that is regularly reviewed by the CODM in determining how to allocate resources and assess performance. The Company's operating and reportable segments consist of ASC and IMS. All other operations, which consists primarily of DRS corporate headquarters and certain non-operating subsidiaries of the Company, are grouped in Corporate & Eliminations.

Effective for the fourth quarter of 2024, the CODM primarily uses operating earnings to manage the Company and allocate resources. Operating earnings is used to facilitate a comparison of the ordinary, ongoing and customary course of our operations on a consistent basis from period to period and provide an additional understanding of factors and trends affecting our business segments. Prior year information was revised to reflect operating earnings as the segment profit measure.

Certain information related to our segments for the periods ended June 30, 2025 and 2024 is presented in the following tables. Consistent accounting policies have been applied by all segments within the Company, within all reporting periods. Intersegment sales are generally transferred at cost to the buying segment, and the sourcing segment does not recognize a profit. Such intercompany operating income is eliminated in consolidation, so that the Company's total revenues and operating earnings reflect only those transactions with external customers.

Revenues, expenses, and operating earnings by segment and the reconciliation to earnings before taxes for the periods ended June 30, 2025 and 2024 consists of the following:

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
ASC	\$ 542	\$ 492	\$ 1,053	\$ 925
IMS	290	266	581	527
Corporate & Eliminations	(3)	(5)	(6)	(11)
Total revenues	\$ 829	\$ 753	\$ 1,628	\$ 1,441
Cost of revenues				
ASC	\$ 408	\$ 371	\$ 800	\$ 700
IMS	227	218	456	430
Corporate & Eliminations	(3)	(5)	(6)	(11)
Total cost of revenues	\$ 632	\$ 584	\$ 1,250	\$ 1,119
General and administrative				
ASC	\$ 67	\$ 61	\$ 133	\$ 121
IMS	24	22	47	42
Corporate & Eliminations	—	3	—	4
Total general and administrative	\$ 91	\$ 86	\$ 180	\$ 167
Company-funded research and development				
ASC	\$ 24	\$ 16	\$ 47	\$ 32
IMS	6	5	11	9
Corporate & Eliminations	—	—	—	—
Total company-funded research and development	\$ 30	\$ 21	\$ 58	\$ 41
Amortization of intangibles				
ASC	\$ 6	\$ 6	\$ 11	\$ 11
IMS	—	—	—	—
Corporate & Eliminations	—	—	—	—
Total amortization of intangibles	\$ 6	\$ 6	\$ 11	\$ 11
Other segment items				
ASC	\$ —	\$ 1	\$ —	\$ 5
IMS	—	—	—	—
Corporate & Eliminations	—	—	—	—
Total other segment items⁽¹⁾	\$ —	\$ 1	\$ —	\$ 5

LEONARDO DRS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Operating earnings								
ASC	\$	37	\$	37	\$	62	\$	56
IMS		33		21		67		46
Corporate & Eliminations		—		(3)		—		(4)
Total operating earnings	\$	70	\$	55	\$	129	\$	98
Interest expense, net		(2)		(7)		(3)		(12)
Other, net		(1)		(1)		(1)		(2)
Earnings before taxes	\$	67	\$	47	\$	125	\$	84

(1) Includes ASC restructuring costs for the three and six months ended June 30, 2024.

Total intersegment revenues by segment for the periods ended June 30, 2025 and 2024 consists of the following:

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,					
	2025	2024	2025	2024				
ASC	\$	3	\$	5	\$	6	\$	11
IMS		—		—		—		—
Total intersegment revenues	\$	3	\$	5	\$	6	\$	11

Depreciation by segment for the periods ended June 30, 2025 and 2024 consists of the following:

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,					
	2025	2024	2025	2024				
ASC	\$	12	\$	12	\$	24	\$	24
IMS		5		5		11		10
Total depreciation	\$	17	\$	17	\$	35	\$	34

Total assets by segment as of June 30, 2025 and December 31, 2024, consists of the following:

<i>(Dollars in millions)</i>	June 30, 2025	December 31, 2024		
ASC	\$	2,473	\$	2,249
IMS		1,226		1,225
Corporate & Eliminations		380		710
Total assets	\$	4,079	\$	4,184

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion together with our Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report.

This discussion and other parts of this Quarterly Report include forward-looking statements such as those relating to our plans, objectives, expectations and beliefs, which involve risks, uncertainties and assumptions. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties discussed under "Special Note Regarding Forward-Looking Statements and Information" and "Risk Factors" in this Quarterly Report and under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. Actual results may differ materially from those contained in any forward-looking statements.

Business Overview and Considerations

General

DRS is an innovative and agile provider of advanced defense technology to U.S. national security customers and allies around the world. We specialize in the design, development and manufacture of advanced sensing, network computing, force protection, as well as electric power and propulsion. The strength of our market positioning in these technology areas have created a foundational and diverse base of programs across the DoD. We believe these technologies will not only support our customers in today's mission but will also underpin their strategy to migrate towards more autonomous, dynamic, interconnected, and multi-domain capabilities needed to address evolving and emerging threats. We view more advanced capabilities in sensing, computing, self-protection and power as necessary to enable these strategic priorities.

Our overall strategy is to be a balanced and diversified company, less vulnerable to any one budgetary platform or service decision with a specific focus on establishing strong technical and market positions in areas of priority for the DoD. The DoD is our largest customer and, for the six months ended June 30, 2025, accounted for approximately 80% of our business as an end-user, with revenues principally derived directly or indirectly from contracts with the U.S. Navy and U.S. Army, which represented 40% and 33%, respectively, of our total revenues for such period, which is consistent with historic trends.

We continue to monitor and evaluate the potential impact of current trade conflicts and in particular, tariffs. Although the actual impact of these tariffs on our business, financial condition and results of operations are subject to a number of factors that are not yet known or are subject to change, we will continue to monitor developments and assess potential implications as trade policies evolve.

Our operations and reporting are structured into the following two technology driven segments based on the capabilities and solutions offered to our customers:

Advanced Sensing and Computing

Our Advanced Sensing and Computing ("ASC") segment designs, develops and manufactures sensing and network computing technology that enables real-time situational awareness required for enhanced operational decision making and execution by our customers.

Our sensing capabilities span numerous applications, including missions requiring advanced passive and active detection, precision targeting and surveillance sensing, long range electro-optic/infrared ("EO/IR"), signals intelligence ("SIGINT") and other intelligence systems, electronic warfare ("EW"), ground vehicle sensing, next generation active electronically scanned array tactical radars, dismounted soldier sensing and space sensing. Across our offerings, we are focused on advancing sensor distance and enhancing the precision, clarity, definition, spectral depth and effectiveness of our sensors. We also seek

to leverage the knowledge and expertise built through our decades of experience to optimize size, weight, power and cost for our customers' specific mission requirements.

Our sensing capabilities are complemented by our rugged, trusted and cyber resilient network computing products. Our network computing offerings are utilized across a broad range of mission applications including platform computing on ground and shipboard (both surface ship and submarine) for advanced battle management, combat systems, radar, command and control ("C2"), tactical networks, tactical computing and communications. These products help support the DoD's need for greater situational understanding at the tactical edge by rapidly transmitting data securely between command centers and forward-positioned defense assets and personnel.

Integrated Mission Systems

Our Integrated Mission Systems ("IMS") segment designs, develops, manufactures and integrates power conversion, control and distribution systems, ship propulsion systems, motors and variable frequency drives, force protection systems, and transportation and logistics systems for the U.S. military and allied defense customers.

DRS is a leading provider of next-generation electrical propulsion systems for the U.S. Navy. We provide power conversion, control, distribution and propulsion systems for the U.S. Navy's top priority shipbuilding programs, including the Columbia Class ballistic missile submarine, the first modern U.S. electric drive submarine.

We believe DRS is well positioned to meet the needs of an increasingly electrified fleet with our high-efficiency, power dense permanent magnet motors, energy storage systems and associated efficient, rugged and compact power conversion, electrical actuation systems, and advanced cooling technologies.

DRS has a long history of providing a number of other critical products to the U.S. Navy with a significant installed base on submarines, aircraft carriers and other surface ships including motor controllers, instrumentation and control equipment, electrical actuation systems, and thermal management systems for electronics and ship stores refrigeration.

DRS is also an integrator of complex systems in ground vehicles for short-range air defense, counter-unmanned aerial systems ("C-UAS"), and vehicle survivability and protection. Our short-range air defense systems integrate EW equipment, reconnaissance and surveillance systems, modular combat vehicle turrets, and stabilized sensor suites, as well as kinetic and directed energy countermeasures to protect against evolving threats. Our force protection systems, including solutions for C-UAS and active protection systems on army vehicles, help protect personnel and defense assets from enemy combatants.

Focus on Customer and Execution

DRS and its employees focus on our end-customers – the men and women of the armed forces in the U.S. and its allies. We seek to provide high-quality equipment and services to support their mission success. We strive for excellence in everything we do, in every job in our Company, in order to satisfy our customers' needs embedded in our contractual commitments. We seek to ensure that we learn from every lesson experienced in our Company and insist that these lessons affect all elements of our businesses. This approach permeates through the Company with a focus on continuous improvement at every level.

Part of this learning has resulted in institutionalizing our continuous improvement process through our Business Excellence initiative called the Always Performing for Excellence ("APEX") program. The APEX program's goal is to strive for continuous improvement through unification of all of our business practices, tools and metrics, ongoing employee training and innovation. We believe that excellence is not a destination, but by constantly challenging ourselves to be better, we will improve, and ultimately approach excellence. We challenge ourselves to exceed our customers' expectations and we partner with them to work to ensure that our execution meets their needs.

Continuous improvement through the APEX program also allows us to improve our efficiency, which we believe contributes to increased margins, helps us to remain competitive and allows us to make strategic investments, all while maintaining our focus on customer satisfaction. In these elements, our goals are aligned with those of our customers. We are humbled by the dedication and sacrifice that our ultimate customers have made to serve and we work to perform for them with excellence in everything we do.

Global Events and Business Impacts

Global Conflicts

In February 2022, Russia invaded and began occupying parts of Ukraine. Since that time, western powers, including the U.S., have pledged support with humanitarian and military aid. Some of that military aid pledged by the U.S. will result in increased efforts to replace equipment and consumables. We have received orders from the U.S. and allies to both provide equipment in support of this effort, and to replace equipment pledged.

The ongoing conflicts in Israel and the broader Middle East region have the potential to evolve quickly creating uncertainty, along with the potential for disruptions to our Israeli operations in the region, including, but not limited to, workforce calls for duty, transportation and other logistical impacts and reduced customer confidence. To date, the conflict has not had a material impact to our operations. The U.S. and other western powers have directed military and funding support to Israel. DRS has direct exposure to Israel principally through its RADA operations with approximately 6% of our workforce as of June 30, 2025 residing in Israel.

Business Environment

Revenues derived directly, as a prime contractor, or indirectly, as a subcontractor, from contracts with the U.S. government represented 80% and 82% of our total revenues for the six months ended June 30, 2025 and 2024, respectively. Our U.S. government sales are highly concentrated within our DoD customers, which made up the overwhelming majority of our U.S. government revenue for the six months ended June 30, 2025, and are principally derived directly or indirectly from contracts with the U.S. Navy and U.S. Army, which represented 40% and 33%, respectively, of our total revenues for the six months ended June 30, 2025. Therefore, our revenue is highly correlated to changes in U.S. government spending levels, especially within the DoD. The DoD budget is the largest defense budget in the world.

In March 2025, Congress passed a full-year Continuing Resolution (“CR”) to fund the government through the end of fiscal year (“FY”) 2025. The CR authorizes slightly higher spending than FY 2024 levels for defense and allows significant flexibility in how the DoD funds its priorities. This full-year CR prevented a U.S. government shutdown in FY 2025. However, the extended CR and its flexibility has the potential to impact program funding and as a consequence, results of operations including, but not limited to, program cancellations, schedule delays, production halts and other disruptions. Additionally, the current U.S. administration has discussed various changes to defense spending levels ranging from across-the-board percentage cuts, to a change in spending allocations in favor of new priorities, and potential increases in the top-line spending profile. It remains unclear whether and to what extent the DoD’s budget may change and, if it does, to what extent our business, financial condition and results of operations may be affected.

On July 4, 2025, the President signed into law the One Big Beautiful Bill Act, a budget reconciliation measure that authorizes an additional \$150 billion in mandatory defense related funding, of which approximately \$113 billion is expected to be obligated during fiscal year 2026. Additionally, on July 18, 2025, the U.S. House of Representatives passed the Fiscal Year 2026 Department of Defense Appropriations Act, which provides for approximately \$832 billion in discretionary defense spending. These two legislative measures significantly shape the funding outlook for the DoD and have direct implications for our operations, programs and long-term strategy.

Operating Performance Assessment and Reporting

For the majority of our contracts, revenues are recognized using the over time, percentage of completion cost-to-cost method of accounting, with revenue recognized based on the ratio of cumulative costs incurred to date to estimated total contract costs at completion. For contracts accounted for in this way, our reported revenues may contain amounts which we have not billed to customers if we have incurred costs, and recognized related profits, in excess of billed progress or performance-based payments.

Under U.S. GAAP, contract costs are charged to work in progress inventory and are expensed as revenues are recognized. The Federal Acquisition Regulation ("FAR") and the Defense Federal Acquisition Regulation Supplement ("DFARS"), incorporated by reference in U.S. government contracts, provide that internal research and development costs are allowable general and administrative expenses. Unallowable costs, pursuant to the FAR, are excluded from costs accumulated on U.S. government contracts.

Our defense contracts and subcontracts that require the submission of cost or pricing data are subject to audit, various profit and cost controls, and standard provisions for termination at the convenience of the customer. The Defense Contract Audit Agency ("DCAA") performs these audits on behalf of the U.S. government. The DCAA has the right to perform audits on our incurred costs on cost-type or price redeterminable-type contracts on a yearly basis. Approval of an incurred cost submission can take from one to three years from the date of the submission of the contract cost.

U.S. government contracts are, by their terms, subject to termination by the U.S. government for either convenience or default by the contractor. Fixed-price contracts provide for payment upon termination for items delivered to and accepted by the U.S. government and, if the termination is for convenience, for payment of fair compensation of work performed plus the costs of settling and paying claims by terminated subcontractors, other settlement expenses and a reasonable profit on the costs incurred. Cost-plus contracts provide that, upon termination, the contractor is entitled to reimbursement of its allowable costs and, if the termination is for convenience, a total fee proportionate to the percentage of the work completed under the contract. If a contract termination is for default, however, the contractor is paid an amount agreed upon for completed and partially completed products and services accepted by the U.S. government. In these circumstances, the U.S. government is not liable for excess costs incurred by us in procuring undelivered items from another source.

In addition to the right of the U.S. government to terminate U.S. government contracts, such contracts are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds for a given program on a September 30 fiscal year basis, even though contract performance may take many years. Consequently, at the outset of a major program, the contract is typically only partially funded, and additional funds normally are committed to the contract by the procuring agency only as appropriations are made by Congress for future fiscal years.

Components of Operations

Revenue

Revenue consists primarily of product related revenue, which represented 94% of our total revenues for the six months ended June 30, 2025. Our remaining revenue was generated from service related contracts. Additionally, 86% of our revenue was derived from firm-fixed price contracts for the six months ended June 30, 2025. This was consistent with the prior year comparable period which realized product related revenue of 94% and revenue from firm-fixed price contracts of 82% for the six months ended June 30, 2024.

Under flexibly priced contracts, we are reimbursed for allowable or otherwise defined total costs (defined as cost of revenues plus allowable general and administrative expenses) incurred, plus a fee. The contracts may also include incentives for various performance criteria, including quality, timeliness,

cost-effectiveness or other factors. For the six months ended June 30, 2025 and 2024, flexibly priced contracts represented 14% and 18% of our total revenues, respectively.

Refer to *Note 2: Revenue from Contracts with Customers* to the Consolidated Financial Statements for additional information.

Cost of Revenues

Cost of revenues includes materials, labor and overhead costs incurred in the manufacturing, design, and provision of products and services sold in the period as well as warranty costs. Material costs include raw materials, purchased components and sub-assemblies and outside processing and inbound freight. Labor and overhead costs consist of direct and indirect manufacturing costs, including wages and fringe benefits, operating supplies, depreciation and amortization, occupancy costs, and purchasing, receiving, inspection costs and inbound freight costs.

General and Administrative Expenses

General and administrative (“G&A”) expenses include general and administrative expenses not included within cost of revenues such as salaries, wages and fringe benefits, facility costs and other costs related to these indirect functions. Additionally, general and administrative expenses include internal research and development costs as well as expenditures related to bid and proposal efforts.

Results of Operations

The following discussion of operating results is intended to help the reader understand the results of operations and financial condition of the Company for the three and six months ended June 30, 2025 as compared to the three and six months ended June 30, 2024. Given the nature of our business, we believe revenue and operating earnings are most relevant to an understanding of our performance at an enterprise and segment level. Our operating cycle is longer term in nature and involves various types of production contracts and varying delivery schedules. Accordingly, operating results in a particular period may not be indicative of future operating results.

	Three Months Ended June 30,		Change	
	2025	2024	\$	%
<i>(Dollars in millions, except per share amounts)</i>				
Total revenues	\$ 829	\$ 753	\$ 76	10.1 %
Total cost of revenues	(632)	(584)	(48)	8.2 %
Gross profit	\$ 197	\$ 169	\$ 28	16.6 %
Gross margin	23.8 %	22.4 %	140 bps	
General and administrative expenses	(121)	(107)	(14)	13.1 %
Amortization of intangibles	(6)	(6)	—	— %
Other operating expenses, net	—	(1)	1	(100.0)%
Operating earnings	\$ 70	\$ 55	\$ 15	27.3 %
Interest expense, net	(2)	(7)	5	(71.4)%
Other, net	(1)	(1)	—	— %
Earnings before taxes	\$ 67	\$ 47	\$ 20	42.6 %
Income tax provision	13	9	4	44.4 %
Net earnings	\$ 54	\$ 38	\$ 16	42.1 %
Basic EPS	\$ 0.20	\$ 0.14	\$ 0.06	42.9 %
Diluted EPS	\$ 0.20	\$ 0.14	\$ 0.06	42.9 %
Backlog	\$ 8,607	\$ 7,925	\$ 682	8.6 %
Bookings	\$ 853	\$ 941	\$ (88)	(9.4)%

	Six Months Ended June 30,		Change	
	2025	2024	\$	%
<i>(Dollars in millions, except per share amounts)</i>				
Total revenues	\$ 1,628	\$ 1,441	\$ 187	13.0 %
Total cost of revenues	(1,250)	(1,119)	(131)	11.7 %
Gross profit	\$ 378	\$ 322	\$ 56	17.4 %
Gross margin	23.2 %	22.3 %	90 bps	
General and administrative expenses	(238)	(208)	(30)	14.4 %
Amortization of intangibles	(11)	(11)	—	— %
Other operating expenses, net	—	(5)	5	(100.0)%
Operating earnings	\$ 129	\$ 98	\$ 31	31.6 %
Interest expense, net	(3)	(12)	9	(75.0)%
Other, net	(1)	(2)	1	(50.0)%
Earnings before taxes	\$ 125	\$ 84	\$ 41	48.8 %
Income tax provision	21	17	4	23.5 %
Net earnings	\$ 104	\$ 67	\$ 37	55.2 %
Basic EPS	\$ 0.39	\$ 0.25	\$ 0.14	56.0 %
Diluted EPS	\$ 0.39	\$ 0.25	\$ 0.14	56.0 %
Backlog	\$ 8,607	\$ 7,925	\$ 682	8.6 %
Bookings	\$ 1,844	\$ 1,756	\$ 88	5.0 %

Revenue

Our revenue generation of \$829 million for the three months ended June 30, 2025 represents an increase of \$76 million, or 10.1%, as compared to the three months ended June 30, 2024. The revenue increase is primarily attributed to our continued backlog growth across each of our operating segments. This is highlighted by our efforts within electric power and propulsion and advanced sensing activities.

Our revenue generation of \$1,628 million for the six months ended June 30, 2025 represents an increase of \$187 million, or 13.0%, as compared to the six months ended June 30, 2024. The revenue increase is primarily attributed to our continued backlog growth across each of our operating segments. This is highlighted by our efforts within advanced sensing, electric power and propulsion and force protection activities.

Cost of Revenues

Cost of revenues increased by \$48 million, or 8.2%, to \$632 million for the three months ended June 30, 2025 as compared to \$584 million for the three months ended June 30, 2024. The cost of revenues increase was primarily due to the increased revenue contribution realized during the period, partially offset by efficient execution on Columbia Class programs.

Cost of revenues increased by \$131 million, or 11.7%, to \$1,250 million for the six months ended June 30, 2025 as compared to \$1,119 million for the six months ended June 30, 2024. The cost of revenues increase was primarily due to the increased revenue contribution realized during the period and increased cost of germanium on our infrared products, partially offset by efficient execution on Columbia Class programs.

Gross Profit

Gross profit increased by \$28 million, or 16.6%, to \$197 million for the three months ended June 30, 2025 and increased by \$56 million, or 17.4%, to \$378 million for the six months ended June 30, 2025 as compared to the same periods in the prior year, resulting from the revenue and cost of revenues trends noted above. The gross profit increase and higher profitability on our electric power and propulsion

programs drove an expansion of 140bps and 90bps in our gross margin for the three and six months ended June 30, 2025, respectively.

General and Administrative Expenses

G&A expenses increased by \$14 million, or 13.1%, for the three months ended June 30, 2025 as compared to the three months ended June 30, 2024, primarily due to increased internal research and development expenditures and costs related to bid and proposal efforts for new contractual pursuits.

G&A expenses increased by \$30 million, or 14.4%, for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024, primarily due to increased internal research and development expenditures, costs related to bid and proposal efforts for new contractual pursuits and increases attributed to performance-related compensation.

Amortization of Intangibles

Amortization of intangibles was consistent for the three and six months ended June 30, 2025 as compared to the three and six months ended June 30, 2024.

Other Operating Expenses, Net

Other operating expenses were zero for the three and six months ended June 30, 2025 compared to \$1 million and \$5 million for the three and six months ended June 30, 2024, respectively. The expenses in the prior year periods are attributed to restructuring efforts that were implemented in our ASC segment.

Operating Earnings

Operating earnings increased by \$15 million to \$70 million for the three months ended June 30, 2025 and increased by \$31 million to \$129 million for the six months ended June 30, 2025 as compared to the same periods in the prior year. The increases were driven by the gross profit impacts noted above.

Interest Expense, Net

Net interest expense decreased by \$5 million to \$2 million for the three months ended June 30, 2025 and decreased by \$9 million to \$3 million for the six months ended June 30, 2025 as compared to the same periods in the prior year. The reduction in net interest expense is attributed to increased interest income as a result of higher cash balances and reduced borrowings on our credit facilities during the current year period.

Other, Net

Other, net remained relatively consistent for the three and six months ended June 30, 2025 as compared to the same periods in the prior year.

Earnings Before Taxes

Earnings before taxes increased by \$20 million to \$67 million for the three months ended June 30, 2025 and increased by \$41 million to \$125 million for the six months ended June 30, 2025, as compared to the same periods in the prior year. This was primarily due to the increases in operating earnings and decreased net interest expense as noted above.

Income Tax Provision

Income tax provision increased by \$4 million for the three and six months ended June 30, 2025 as compared to the same periods in the prior year. This was attributed to an increase in earnings before taxes noted above, offset by the recognition of discrete tax benefits associated with employee stock vesting that occurred during the six months ended June 30, 2024. Our effective tax rate was 19.4% and

16.8% for the three and six months ended June 30, 2025, respectively, compared to 19.1% and 20.2% for the six months ended June 30, 2024, respectively.

Net Earnings

Net earnings increased by \$16 million to \$54 million for the three months ended June 30, 2025 and increased by \$37 million to \$104 million for the six months ended June 30, 2025, as compared to the same periods in the prior year. This was driven by an increase in earnings before taxes coupled with the changes in our effective tax rate as noted above.

Backlog

Total backlog includes the following components:

- (1) Funded - Funded backlog represents the revenue value of orders for products and services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- (2) Unfunded - Unfunded backlog represents the revenue value of firm orders for products and services under existing contracts for which funding has not yet been appropriated less funding previously recognized on these contracts.

The following table summarizes the value of our backlog, incorporating both funded and unfunded components:

<i>(Dollars in millions)</i>	June 30, 2025	June 30, 2024
Funded	\$ 4,355	\$ 3,676
Unfunded	4,252	4,249
Total backlog	\$ 8,607	\$ 7,925

Backlog increased by \$682 million to \$8,607 million as of June 30, 2025, from \$7,925 million as of June 30, 2024. The backlog increase was driven primarily by the receipt of new awards within our ASC and IMS segments.

Bookings

We define bookings as the total value of contract awards received from the U.S. government for which it has appropriated funds and legally obligated such funds to the Company through a contract or purchase order, plus the value of contract awards and orders received from customers other than the U.S. government.

Bookings for the three months ended June 30, 2025 decreased to \$853 million as compared to \$941 million for the three months ended June 30, 2024. Bookings for the six months ended June 30, 2025 increased to \$1,844 million as compared to \$1,756 million for the six months ended June 30, 2024. The increase in new orders was driven by both segments. See “—Review of Operating Segments” below for more detail.

Factors Impacting Our Performance

U.S. Government Spending and Federal Budget Uncertainty

Changes in the volume and relative mix of U.S. and allied government spending as well as areas of spending growth, including due to the evolution of warfare, could impact our business and results of operations. In particular, our results can be affected by shifts in strategies and priorities on homeland security, intelligence, defense-related programs, infrastructure and urbanization and continued increased spending on technology and innovation, including cybersecurity with respect to our and third parties’ information networks and related systems, artificial intelligence, connected communities and physical

infrastructure (for example, the potential impacts for the Russia / Ukraine conflict and the Israel-Hamas war). Cost-cutting and efficiency initiatives, increasing nationalization efforts, current and future budget restrictions, spending cuts and other efforts to reduce government spending and shifts in overall priorities could cause our government customers to reduce or delay funding or invest appropriated funds on a less consistent basis or not at all, and demand for our solutions or services could diminish. Existing contracts could also be canceled due to changes in need and prioritization. Furthermore, any disruption in the functioning of government agencies, including as a result of government closures and shutdowns, could have a negative impact on our operations and cause us to lose revenue or incur additional costs due to, among other things, our inability to maintain access and schedules for government testing or deploy our staff to customer locations or facilities as a result of such disruptions.

There is also uncertainty around the timing, extent, nature and effect of Congressional and other U.S. government actions to address budgetary constraints, caps on certain discretionary budgets, and the ability of Congress to determine how to allocate the available budget authority and pass appropriations bills to fund U.S. government departments and agencies. Additionally, budget deficits and the growing U.S. national debt, may increase pressure on the U.S. government to reduce federal spending across all federal agencies, with uncertainty about the size and timing of those reductions. Furthermore, delays in the completion of future U.S. government budgets could in the future delay procurement of the federal government services we provide. A reduction in the amount of, or reductions, delays, or cancellations of funding for, services that we are contracted to provide to the U.S. government as a result of any of these impacts or related initiatives, legislation or otherwise could have a material adverse effect on our business and results of operations. See Part I, Item 1A, *“Risk Factors—Risks Related to Our Business—Significant delays or reductions in appropriations for our programs and changes in U.S. government priorities and spending levels more broadly may negatively impact our business and could have a material adverse impact on our business, financial condition and results of operations”* and Part II, Item 7, *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Overview and Considerations—Business Environment”* in our Annual Report on Form 10-K for the year ended December 31, 2024, and Part I, Item 2, *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Overview and Considerations—Business Environment”* in this Quarterly Report for further details on U.S. government spending’s impact on our business.

Operational Performance on Contracts

The Company recognizes revenue for each separately identifiable performance obligation in a contract representing an obligation to transfer a distinct good or service to a customer. In most cases, goods and services provided under the Company’s contracts are accounted for as single performance obligations due to the complex and integrated nature of our products and services. These contracts generally require significant integration of a group of goods and/or services to deliver a combined output. In some contracts, the Company provides multiple distinct goods or services to a customer. In those cases, the Company accounts for the distinct contract deliverables as separate performance obligations and allocates the transaction price to each performance obligation based on its relative standalone selling price, which is generally estimated using cost plus a reasonable margin. While the Company provides warranties on certain contracts, we typically do not provide for services beyond standard assurances and therefore do not consider warranties to be separate performance obligations. Typically, we enter into three types of contracts: fixed-price contracts, cost-plus contracts and time-and-materials (“T&M”) contracts. The majority of our total revenues are derived from fixed-price contracts; refer to the revenue disaggregation disclosures in *Note 2: Revenue from Contracts with Customers* to the Consolidated Financial Statements.

For fixed-price contracts, customers agree to pay a fixed amount, negotiated in advance for a specified scope of work.

For cost-plus contracts, typically we are reimbursed for allowable or otherwise defined total costs (defined as cost of revenues plus allowable general and administrative expenses) incurred, plus a fee. The contracts may also include incentives for various performance criteria, including quality, timeliness

and cost-effectiveness. In addition, costs are generally subject to review by clients and regulatory audit agencies, and such reviews could result in costs being disputed as non-reimbursable under the terms of the contract.

T&M contracts provide for reimbursement of labor hours expended at a contractual fixed labor rate per hour, plus the actual costs of material and other direct non-labor costs. The fixed labor rates on T&M contracts include amounts for the cost of direct labor, indirect contract costs and profit.

Revenue from contracts with customers is recognized when the performance obligations are satisfied through the transfer of control over the good or service to the customer, which may occur either over time or at a point in time.

Revenues for the majority of our contracts are measured using the over time, percentage of completion cost-to-cost method of accounting to calculate percentage of completion. We believe this is an appropriate measure of progress toward satisfaction of performance obligations as this measure most accurately depicts the progress of our work and transfer of control to our customers. Due to the long-term nature of many of our contracts, developing the estimated transaction price and total cost at completion often requires judgment. The estimated transaction price may include variable consideration such as performance incentives, requests for equitable adjustment (“REAs”) and claims. Variable consideration is included in the estimated transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Factors that must be considered in estimating the cost of the work to be completed include the nature and complexity of the work to be performed, subcontractor performance and the risk and impact of delayed performance.

After establishing the estimated total cost at completion, we follow a standard Estimate at Completion (“EAC”) process in which we review the progress and performance on our ongoing contracts. The following represents the net impact that changes in our estimates, particularly those regarding our fixed-price programs, have had on our revenues for the three and six months ended June 30, 2025 and 2024:

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ (10)	\$ (9)	\$ (19)
Total % of revenue	— %	1 %	1 %	1 %

Additionally, the timing of our cash flows is impacted by the timing of achievement of billable milestones on contracts. Historically, this has resulted and could continue to result in fluctuations in working capital levels and quarterly cash provided by (used in) operating activities results. As a result of such quarterly fluctuations in cash flow results, we believe that quarter-to-quarter comparisons of our results of operations may not necessarily be meaningful and should not be relied upon as indicators of future performance.

Regulations

Increased audit, review, investigation and general scrutiny by U.S. government agencies of performance under government contracts and compliance with the terms of those contracts and applicable laws could affect our operating results. Negative publicity and increased scrutiny of government contractors in general, including us, relating to government expenditures for contractor services and incidents involving the mishandling of sensitive or classified information as well as the increasingly complex requirements of the DoD and the U.S. intelligence community, including those related to cybersecurity, could impact our ability to perform in the markets we serve.

International Sales

International revenue, including foreign military sales, foreign military financing, and direct commercial sales, accounted for approximately 8% and 13% of our revenue for the six months ended June 30, 2025 and 2024, respectively. The decrease in international revenues is primarily attributed to the timing of certain dismounted soldier sensing program sales to Eastern European countries realized in the first quarter of the prior year. Despite the reduction of international sales for the current year period, given the trend of international defense investment and the continuing conflicts in both Ukraine and Israel, we anticipate that international sales will be relatively consistent as a percentage of sales that we realized in the full year 2024. However, we remain subject to the spending levels, pace and priorities of the U.S. government as well as international governments and commercial customers, and to general economic conditions that could adversely affect us, our customers and our suppliers.

Additionally, some international sales may expose us to foreign exchange fluctuations and changing dynamics of foreign competitiveness based on variations in the value of the U.S. dollar relative to other currencies. The impact of those fluctuations is reflected throughout our Consolidated Financial Statements, but in the aggregate, did not have a material impact on our results of operations for the six months ended June 30, 2025.

Acquisitions

We consider the acquisition of businesses and investments that we believe will expand or complement our current portfolio and allow access to new customers or technologies. We also may explore the divestiture of businesses that no longer meet our needs or strategy or that could perform better outside of our organization.

Review of Operating Segments

The following is a discussion of operating results for each of our operating segments. We have elected to use revenue, operating earnings, operating margin, and bookings to provide detailed

information on our segment performance. Additional information regarding our segments can be found in *Note 15: Segment Information* to the Consolidated Financial Statements.

(Dollars in millions)	Three Months Ended June 30,		Change	
	2025	2024	\$	%
Revenues:				
ASC	\$ 542	\$ 492	\$ 50	10.2 %
IMS	290	266	24	9.0 %
Corporate & Eliminations	(3)	(5)	2	(40.0)%
Total revenues	\$ 829	\$ 753	\$ 76	10.1 %
Operating earnings:				
ASC	\$ 37	\$ 37	\$ —	— %
IMS	33	21	12	57.1 %
Corporate & Eliminations	—	(3)	3	(100.0)%
Total operating earnings	\$ 70	\$ 55	\$ 15	27.3 %
Operating margin:				
ASC	6.8 %	7.5%		
IMS	11.4 %	7.9%		
Bookings:				
ASC	\$ 559	\$ 616	\$ (57)	(9.3)%
IMS	294	325	(31)	(9.5)%
Total bookings	\$ 853	\$ 941	\$ (88)	(9.4)%

(Dollars in millions)	Six Months Ended June 30,		Change	
	2025	2024	\$	%
Revenues:				
ASC	\$ 1,053	\$ 925	\$ 128	13.8 %
IMS	581	527	54	10.2 %
Corporate & Eliminations	(6)	(11)	5	(45.5)%
Total revenues	\$ 1,628	\$ 1,441	\$ 187	13.0 %
Operating earnings:				
ASC	\$ 62	\$ 56	\$ 6	10.7 %
IMS	67	46	21	45.7 %
Corporate & Eliminations	—	(4)	4	(100.0)%
Total operating earnings	\$ 129	\$ 98	\$ 31	31.6 %
Operating margin:				
ASC	5.9 %	6.1%		
IMS	11.5 %	8.7%		
Bookings:				
ASC	\$ 1,228	\$ 1,203	\$ 25	2.1 %
IMS	616	553	63	11.4 %
Total bookings	\$ 1,844	\$ 1,756	\$ 88	5.0 %

ASC

Revenue

The ASC segment reported revenue of \$542 million for the three months ended June 30, 2025, an increase of 10.2%, or \$50 million, from the three months ended June 30, 2024. The revenue increase is attributed to both our advanced sensing and force protection programs. Within our advanced sensing

portfolio, revenue growth is highlighted by increased revenue within our tactical computing programs and continued expansion of our C-UAS tactical radars.

The ASC segment reported revenue of \$1,053 million for the six months ended June 30, 2025, an increase of 13.8%, or \$128 million, from the six months ended June 30, 2024. The revenue increase is attributed to both our advanced sensing and force protection programs. Within our advanced sensing portfolio, revenue growth is highlighted by increased revenue within our advanced sensing portfolio (dismounted and ground vehicle), network computing programs and continued expansion of our C-UAS tactical radars within our force protection efforts.

Operating Earnings and Operating Margin

Operating earnings was consistent for the three months ended June 30, 2025 as compared to the three months ended June 30, 2024 despite the increased revenue. This drove operating margin to 6.8% for the three months ended June 30, 2025 compared to the 7.5% realized during the three months ended June 30, 2024. The operating margin decrease is primarily attributed to increased investment in internal research and development efforts during the period.

For the six months ended June 30, 2025, operating earnings increased by \$6 million, or 10.7%, to \$62 million for the six months ended June 30, 2025 from \$56 million for the six months ended June 30, 2024. The increase was driven by increased revenue contribution and a reduction in restructuring expenditures, offset by the increased cost of germanium on our infrared programs, and increased G&A and internal research and development expenditures. The net of these impacts drove operating margin to 5.9% for the six months ended June 30, 2025 compared to the 6.1% realized during the six months ended June 30, 2024.

Bookings

For the three months ended June 30, 2025, bookings decreased \$57 million, or 9.3%, from the three months ended June 30, 2024 to \$559 million. The decrease in bookings is largely attributed to the timing of certain dismounted soldier and ground vehicle awards received in the prior year.

For the six months ended June 30, 2025, bookings increased \$25 million, or 2.1%, from the six months ended June 30, 2024 to \$1,228 million. The increase in new awards is largely attributed to bookings received for ground vehicle and tactical radar programs. This was partially offset by a reduction in new awards received for tactical computing programs.

IMS

Revenue

IMS segment revenue increased by \$24 million, or 9.0%, to \$290 million for the three months ended June 30, 2025 from \$266 million for the three months ended June 30, 2024, which is attributed to increased revenue generated from our naval power programs for both submarine and surface ships.

IMS segment revenue increased by \$54 million, or 10.2%, to \$581 million for the six months ended June 30, 2025 from \$527 million for the six months ended June 30, 2024, which is attributed to increased revenue generated from our naval power programs for both submarine and surface ships. On the land side, short-range air defense programs also contributed to the year over year increase.

Operating Earnings and Operating Margin

For the three months ended June 30, 2025, operating earnings increased by \$12 million, or 57.1%, to \$33 million for the three months ended June 30, 2025 from \$21 million for the three months ended June 30, 2024. The increase for the period is attributed to operational leverage created by the increased revenue as well as continued program improvement on our Columbia Class submarine program, offset in

part by program delays on our foreign surveillance program, resulting in a net operating margin increase to 11.4% compared to the 7.9% realized during the three months ended June 30, 2024.

For the six months ended June 30, 2025, operating earnings increased by \$21 million, or 45.7%, to \$67 million for the six months ended June 30, 2025 from \$46 million for the six months ended June 30, 2024. The increase for the period is attributed to operational leverage created by the increased revenue output as well as continued program improvement on our Columbia Class submarine program, offset in part by program delays on our foreign surveillance program, resulting in a net operating margin increase to 11.5% compared to the 8.7% realized during the six months ended June 30, 2024.

Bookings

For the three months ended June 30, 2025, bookings decreased by \$31 million, or 9.5%, from the three months ended June 30, 2024 to \$294 million. The decrease for the three months ended is largely attributed to accelerated funding received for the next tranche of the Columbia Class program in the first quarter of 2025.

For the six months ended June 30, 2025, bookings increased by \$63 million, or 11.4%, from the six months ended June 30, 2024 to \$616 million. The increase for the six months ended is largely attributed to funding received for the next tranche of the Columbia Class program.

Liquidity and Capital Resources

We endeavor to ensure the most efficient conversion of operating income into cash for deployment in our business and to maximize stockholder value through cash deployment activities. In addition to our cash position, we use various financial measures to assist in capital deployment decision-making, including cash provided by (used in) operating activities. We believe that the combination of our existing cash, access to credit facilities as described in *Note 10: Debt* to the Consolidated Financial Statements, and future cash that we expect to generate from our operations will be sufficient to meet our short and long-term liquidity needs. There can be no assurance, however, that our business will continue to generate cash flow at current levels or that anticipated operational improvements will be achieved. We may also pursue acquisitions or other strategic priorities that will require additional liquidity beyond the liquidity we generate through our operations. Our cash balance as of June 30, 2025, was \$278 million compared to \$598 million as of December 31, 2024.

The following table summarizes our cash flows for the periods presented:

<i>(Dollars in millions)</i>	Six Months Ended June 30,	
	2025	2024
Net cash used in operating activities	\$ (166)	\$ (231)
Net cash used in investing activities	(60)	(44)
Net cash used in financing activities	(94)	(43)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net decrease in cash and cash equivalents	\$ (320)	\$ (318)

Operating Activities

Cash usage related to operating activities decreased by \$65 million to \$166 million for the six months ended June 30, 2025, from \$231 million for the six months ended June 30, 2024. This was primarily due to lower cash used to fund working capital for the six months ended June 30, 2025 when compared to the six months ended June 30, 2024. The decrease in cash used to fund working capital for the period was

driven by customer advances received on our electric propulsion programs within our IMS segment and on tactical radars within our ASC segment.

Investing Activities

Net cash used in investing activities increased by \$16 million for the six months ended June 30, 2025 when compared to the six months ended June 30, 2024, primarily due to higher capital expenditures attributed to our naval expansion project in South Carolina.

Financing Activities

Net cash used in financing activities for the six months ended June 30, 2025 was \$94 million compared to \$43 million for the six months ended June 30, 2024. The change was primarily due to cash outlays related to dividends paid in the current period, higher payments of employee taxes withheld from share-based awards, and share buy backs under the share repurchase program announced in the first quarter of 2025. This was partially offset by the net change in third party borrowings (maturities of 90 days or less) in the current period when compared to the same period in the prior year.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Equity Risk

We currently have limited risk related to fluctuations in marketable securities. Outside of pension assets, the only investments the Company holds are overnight money market accounts. Fluctuations are unlikely and would have limited impact on the financial statements of the Company.

Interest Rate Risk

We are exposed to interest rate risk on variable-rate borrowings under our 2022 Term Loan A, which had an outstanding balance of \$197 million, and our 2022 Revolving Credit Facility, which had no amounts outstanding, as of June 30, 2025. A 0.5% increase or decrease in our weighted average interest rate on our variable debt outstanding as of June 30, 2025 would result in an increase or decrease in our annual interest expense of approximately \$1 million. The carrying value of the Company's borrowings under the 2022 Credit Agreement approximate their fair values at June 30, 2025. See *Note 10: Debt* to the Consolidated Financial Statements for additional information.

Foreign Currency Risk

In certain circumstances, we may be exposed to foreign currency risk. However, as the overwhelming majority of our revenue is derived from U.S. sources directly as a prime contractor or indirectly as a subcontractor for the U.S. government as end-customer, we have limited foreign currency exposure. Currently, our exposure is primarily with the Canadian dollar and limited to receivables owed of \$14 million as of June 30, 2025. A 10% fluctuation in exchange rates would not have a material impact on our financial statements. We do not enter into or issue derivative instruments for trading purposes.

Inflation Risk

We have experienced inflationary pressures to our supply chain costs, including those associated with micro-electronics, commodities (e.g., metals), and others. These costs have impacted our profitability. Bids for longer-term firm-fixed price contracts typically include assumptions for labor and other cost escalations in amounts that have been sufficient to cover cost increases over the period of

performance. However, these costs could rise further and may not be mitigated. As a result, they could affect our financial results negatively in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the quarterly period ended June 30, 2025, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2025.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarterly period ended June 30, 2025 covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information relating to legal proceedings, see *Note 13: Commitments and Contingencies* to the Consolidated Financial Statements in Part 1, Item 1.

ITEM 1A. RISK FACTORS

Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and third parties may infringe upon our intellectual property rights.

Our ability to ensure a competitive market position and gain awards of contracts depends in part on our ability to ensure that our intellectual property is protected, that our intellectual property rights are not diluted or subject to misuse, that we are able to license certain third-party intellectual property on reasonable terms and that we are able to operate without infringing the intellectual property rights of others. Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and we may be found to be infringing or to have infringed directly or indirectly upon those intellectual property rights. For example, in June 2017 another defense contractor filed suit in the United States Court of Federal Claims alleging that the U.S. government had infringed upon four of its patents relating to night vision weapon systems under a contract awarded to one of our subsidiaries. Neither we nor our subsidiary were named as defendants in the case, and the U.S. government assumes all infringement liability. In July 2025 the litigation was settled. We elected to participate in the settlement to secure a license and avoid the uncertainty of any related claims or litigation.

As of the date of this Quarterly Report, there have been no other material changes to the risk factors discussed under “*Risk Factors*” in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes our repurchases of common stock during the three months ended June 30, 2025:

Period <i>(Dollars in millions, except per share amounts)</i>	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
April 1, 2025 - April 30, 2025	103,239	\$ 34.21	103,239	\$ 69
May 1, 2025 - May 31, 2025	86,015	41.07	86,015	65
June 1, 2025 - June 30, 2025	75,866	\$ 44.34	75,866	\$ 61
Total	<u>265,120</u>		<u>265,120</u>	

(1) On February 20, 2025, the Company announced that its Board approved a share repurchase program that allows the Company to purchase up to \$75 million of its outstanding common stock through March 4, 2027, subject to market conditions. All repurchased shares are expected to be retired.

Share repurchases are at the discretion of our Board and will depend upon our financial condition, results of operations, capital requirements, alternative uses of capital and other factors that our Board may consider at its discretion.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

The following table includes the material terms (other than with respect to the price) of each Rule 10b5-1 Plan adopted or terminated by our executive officers and directors during the quarter ended June 30, 2025⁽¹⁾:

Name and title	Date of adoption of 10b5-1 Plan ⁽²⁾	Scheduled expiration date of 10b5-1 Plan ⁽³⁾	Aggregate number of shares of common stock to be purchased or sold ⁽⁴⁾⁽⁵⁾
Eric Salzman, Director	6/2/2025	12/31/2025	Up to 4,403 shares
John Baylouny, Executive Vice President, Chief Operating Officer	5/13/2025	12/31/2025	Up to 67,747 shares
Michael Dippold, Executive Vice President, Chief Financial Officer	6/13/2025	4/30/2026	Up to 58,643 shares
Mark Dorfman, Executive Vice President, General Counsel & Secretary	6/13/2025	4/30/2026	Up to 38,994 shares

(1) Each trading arrangement listed is a "Rule 10b5-1 Trading Arrangement" and is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended.

(2) Transactions under each Rule 10b5-1 Plan commence no earlier than 90 days after adoption, or such later date as required by Rule 10b5-1.

(3) Each Rule 10b5-1 Plan may expire on such earlier date as all transactions are completed.

(4) Each Rule 10b5-1 Plan provides for shares to be sold on multiple predetermined dates.

(5) The actual number of shares under each Rule 10b5-1 Plan may be different than the aggregate number of shares listed based on tax withholdings and performance and vesting conditions of performance-based stock units and restricted stock units (as applicable).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1*	<u>Cooperation Agreement, dated as of June 18, 2025, by and among Leonardo DRS, Inc., Leonardo S.P.A. and Leonardo US Holding, LLC.</u>
31.1*	<u>Certification by principal executive officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification by principal financial officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1*	<u>Certification by principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2*	<u>Certification by principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	XBRL Instance Document – the instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

AMENDED AND RESTATED COOPERATION AGREEMENT
AMONG
LEONARDO DRS, INC.,
LEONARDO S.P.A.
AND
LEONARDO US HOLDING, LLC
DATED AS OF JUNE 18, 2025

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AMENDED AND RESTATED COOPERATION AGREEMENT

This Amended and Restated Cooperation Agreement, dated as of June 18, 2025 (this “Agreement”) is among Leonardo DRS, Inc., a Delaware corporation (the “Company”), Leonardo S.p.A., a società per azioni formed under the laws of Italy (“Leonardo S.p.A.”), and Leonardo US Holding LLC, a Delaware limited liability company (“US Holding”) (each a “Party” and, collectively, the “Parties”).

RECITALS:

WHEREAS, the Parties hereto executed on November 28, 2022 a Cooperation Agreement in order to set forth certain agreements to govern certain matters between them;

WHEREAS, with the execution and delivery of this Agreement the Parties wish to amend and restate certain provision of the Cooperation Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

1.01. Definitions.

In this Agreement, the following terms shall have the following meanings:

“AAA” has the meaning set forth in Section 6.01(c).

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such other Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”) when used with respect to any Person, means the possession directly or indirectly, of the power to cause the direction of the management or policies of such Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“Agreement” and “hereof” and “herein” means this Cooperation Agreement, including all amendments, modifications and supplements and all annexes and schedules to any of the foregoing, and shall refer to this Agreement as the same may be in effect at the time such reference becomes operative.

“Applicable Law” means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, published regulatory policy, order, judgment, injunction, decree, award or writ of any court, tribunal or other regulatory authority, arbitrator, governmental authority, or other Person having appropriate jurisdiction, or any consent, exemption, approval or license of any governmental authority that applies in whole or in part to a Party and the rules of the Exchange and any other exchange or quotation system on which the securities of a Party are listed or traded from time to time.

“Board of Directors” means the board of directors of the Company from time to time.

“Business Day” means any day except a (i) Saturday, (ii) Sunday, and (iii) any other day on which commercial banks in New York, Virginia or in Italy are authorized or obligated by law or executive order to close.

“Capital Stock” means any and all shares or units of, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) the equity capital of a

Person or a security convertible (whether or not such conversion is contingent or conditional) into the equity capital of a Person.

“CEO” means the Chief Executive Officer of the Company from time to time (or the equivalent successor position), as appointed by the Board of Directors.

“CFO” means the Chief Financial Officer of the Company from time to time (or the equivalent successor position), as appointed by the Board of Directors.

“Change of Control Transaction” means any transaction or series of transactions (including any tender offer or other stock acquisition (whether from existing stockholders or the Company), reorganization, merger or consolidation), that results or would result in (a) the holders of the Voting Securities of the Company immediately prior to such transaction or series of related transactions ceasing to hold, immediately after such transaction or series of transactions, a majority of the total outstanding Voting Securities of the surviving Person in such transaction or series of transactions (or the ultimate parent entity thereof), (b) in excess of 50% of the Total Voting Power of the surviving Person in such transaction or series of transactions being beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) directly or indirectly by any Person (including a group within the meaning of Rule 13d-5 of the Exchange Act), other than US Holding or any member of the Leonardo Affiliated Group, or (c) the sale, lease, transfer, disposition or other conveyance of all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis.

“Common Stock” means the common stock, par value \$0.01, of the Company.

“Company Auditor” means the independent registered public accounting firm responsible for conducting the audit of the Company’s annual financial statements.

“Company” has the meaning set forth in the preamble to this Agreement.

“CONSOB” means the Italian Commissione Nazionale per le Società e la Borsa.

“COO” means the Chief Operating Officer of the Company from time to time (or the equivalent successor position), as appointed by the Board of Directors.

“Credit Agreement” means the Credit Agreement, entered into concurrently herewith, between the Company, certain of its subsidiaries identified therein, the lenders and issuing banks identified therein, Bank of America, N.A., as administrative agent, and the other agents and arrangers identified therein, as it may be amended, restated, supplemented or otherwise modified from time to time.

“Current Proxy Agreement” means the Proxy Agreement as in effect on the date hereof.

“Director” means a member of the Board of Directors and “Directors” has a correlative meaning.

“Disclosure Controls and Procedures” means controls and other procedures designed to ensure that information required to be disclosed by the Company and Leonardo S.p.A. under Applicable Law is recorded, processed, summarized and reported within applicable time periods,

including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including the CEO and CFO, and to Leonardo S.p.A., as appropriate to allow timely decisions by the Company and Leonardo S.p.A. regarding required disclosure.

“Dispute Resolution Process” has the meaning set forth in Section 6.03(a).

“Dispute” has the meaning set forth in Section 6.01(a).

“Equity Awards” means a grant to a Director, employee or financial professional of the Company or one of its Subsidiaries of vested or unvested shares of Common Stock or restricted Common Stock, options to acquire shares of Common Stock, restricted stock units, “phantom” stock units or similar interests in the Company's common equity, in each case pursuant to an equity compensation plan approved by the Board of Directors.

“ESG” has the meaning set forth in Section 3.01(a)(ii).

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Exchange” means the Nasdaq Stock Exchange.

“GAAP” means generally accepted accounting principles in the United States, as in effect from time to time.

“Governmental Authority” means any federal, state, local, domestic or foreign agency, court, tribunal, administrative body, arbitration panel, department or other legislative, judicial, governmental, quasi-governmental entity or self-regulatory organization with competent jurisdiction.

“IFRS” means International Financial Reporting Standards, as adopted by the European Union.

“Indemnifying Party” has the meaning set forth in Section 5.02(a).

“Indemnitee” has the meaning set forth in Section 5.02(a).

“Information Party” has the meaning set forth in Section 3.07(c).

“Internal Control Over Financial Reporting” means a process designed by, or under the supervision of, the CEO and CFO and effected by the Board of Directors, Company management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and IFRS and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management of the Company and the Board of Directors and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

“Leonardo Affiliated Group” means Leonardo S.p.A. and its Affiliates (including, for the avoidance of doubt, US Holding, but excluding the Company and its subsidiaries).

“Leonardo S.p.A. Auditor” means the independent certified public accountants responsible for conducting the audit of Leonardo S.p.A.’s annual financial statements.

“Leonardo S.p.A.” has the meaning set forth in the preamble to this Agreement.

“Losses” has the meaning set forth in Section 5.01(a).

“Notice of Dispute” has the meaning set forth in Section 6.01(b).

“Party” and “Parties” have the respective meanings set forth in the preamble to this Agreement.

“Person” means any individual, corporation, partnership, joint venture, limited liability company, association or other business entity and any trust, unincorporated organization or any Governmental Authority.

“Proxy Agreement” means the Proxy Agreement, dated as of March 1, 2025, by and among the Company, the proxy holders named therein and their successors appointed as provided therein, US Holding, Leonardo International S.p.A., Leonardo S.p.A. and the U.S. Department of Defense, as amended, restated, modified or supplemented from time to time in accordance with the terms thereof.

“Registration Rights Agreement” means the Registration Rights Agreement, dated the date hereof, between US Holding, Leonardo S.p.A. and the Company.

“Rules” has the meaning set forth in Section 6.02(a).

“SEC” means the United States Securities and Exchange Commission.

“Subsidiary” of a Party shall mean any corporation, partnership, joint venture, limited liability company, association or other entity whose financial results such Party is required under GAAP or IFRS, as applicable, to consolidate in its financial statements and, with respect to Leonardo S.p.A., any other such entity that Leonardo S.p.A. is required under IFRS to account for in its financial results under the equity method of accounting.

“Termination Date” has the meaning set forth in Section 4.02(a) hereof.

“Third Party Actions” has the meaning set forth in Section 5.01(a).

“Threshold Date” means the later of (1) the first date on which the Proxy Agreement (or any similar agreement entered into by the Company, US Holding, Leonardo International S.p.A. and Leonardo S.p.A. with the U.S. Department of Defense or any agency thereof for the mitigation of foreign ownership control and influence within the meaning of the National Industrial Security Program) is no longer in effect, and (2) Leonardo S.p.A. no longer being required under IFRS (x) to account in its financial statements for its holdings in the Company under the equity method of accounting or (y) to consolidate the financial statements of the Company with its financial results, and having finalized and published its financial results and reports for all periods for which (x) or (y) applied.

“Total Voting Power” means, at any time, the total number of Votes represented by all Voting Securities outstanding at such time.

“Transfer” means any direct or indirect sale, transfer or other similar disposition (whether by merger, consolidation or otherwise by operation of law) to any Person.

“US Holding” has the meaning set forth in the preamble to this Agreement.

“US Holding Designated Representative” means the Chief Executive Officer or the President of US Holding.

“Votes” means votes entitled to be cast generally in the election of directors of the board of directors of any corporation or corresponding governing body of any other legal entity, and in the case of the Company, the Board of Directors and assuming the conversion of any securities of the Company then convertible into Common Stock or shares of any other class of capital stock of the Company then entitled to vote generally in the election of directors.

“Voting Securities” means shares of any class of capital stock or other equity interests of any corporation or other legal entity then entitled to vote generally in the election of directors or other governing body of such entity, and in the case of the Company, includes the Common Stock.

“Wholly Owned Subsidiary” means a Subsidiary, 100% of the Capital Stock of which is owned, directly or indirectly, by a Party.

1.02. Timing of Provisions.

In this Agreement, any provision which applies “until” a specified date shall apply on such specified date and shall cease to apply on the date immediately following such specified date.

ARTICLE II US HOLDING APPROVAL AND CONSENT RIGHTS

2.01. US Holding Approval and Consent Rights.

(a) Until the Threshold Date, subject to the Proxy Agreement, neither the Company nor any of its Subsidiaries shall take any of the following actions without the prior written consent of US Holding:

(i) create or issue any class or series of Capital Stock (including designation of any preferred stock) or acquire any Capital Stock (including stock buy-backs, redemptions or other reductions of capital) of the Company or any of its Subsidiaries, or securities convertible into or exchangeable or exercisable for Capital Stock or equity-linked securities of the Company or any of its Subsidiaries, except (a) issuances of Equity Awards to Directors or employees; and (b) issuances or acquisitions of Capital Stock by any Wholly Owned Subsidiary (which remains wholly-owned after the issuance or acquisition);

(ii) make any amendment (or approve or recommend any amendment) to the certificate of incorporation or by-laws of the Company or any of its Subsidiaries that adversely

affects the rights of US Holding or Leonardo S.p.A. thereunder or under this Agreement or the Proxy Agreement;

(iii) list on or delist from a securities exchange any of (A) the Company's or any of its Subsidiaries' voting equity securities or securities that by their terms are convertible into or exchangeable for such voting equity securities, or (B) securities of any of the Company's Subsidiaries if, as a result thereof, such Subsidiary would become subject to public reporting obligations pursuant to Applicable Law;

(iv) make any material change in the accounting policy of the Company and its Subsidiaries, including any change of the fiscal year, and any termination or change of the Company Auditor;

(v) pledge, mortgage, lease or otherwise encumber the assets of the Company or its Subsidiaries in connection with any debt if, after such pledge, mortgage, lease or other encumbrance, the aggregate outstanding principal amount of secured debt of the Company and its Subsidiaries would exceed the aggregate outstanding principal amount of secured debt of the Company and its Subsidiaries as of the date of this Agreement; and

(b) so long as Leonardo S.p.A. is required under IFRS to consolidate the Company's financial results in the consolidated financial statements of Leonardo S.p.A., whether or not the Proxy Agreement shall be in effect, (i) neither the Company nor any of its Subsidiaries shall take any of the actions described in Section 7.3 of the Current Proxy Agreement without the prior written consent of US Holding, (ii) declarations or suspensions of dividends by the Board of Directors, which must be in accordance with the Company's bylaws and consistent with Section 4.01(b)(i), shall require prior consultation with US Holding and (iii) neither the Company nor any of its Subsidiaries shall, without prior consultation with US Holding (A) make any Investment in reliance on the exception in Section 7.06(i) of the Credit Agreement or (B) make any Restricted Junior Payment in reliance on the exception in Section 7.04(c) of the Credit Agreement, in either case other than paying a dividend on the Company's common stock. For purposes of clause (iii) above, "Investment" and "Restricted Junior Payment" have the meanings given to them in the Credit Agreement.

2.02. Implementation.

(a) The consent or approval of US Holding for any action for which US Holding has consent or approval rights under this Article II shall be evidenced in writing signed by a US Holding Designated Representative.

ARTICLE III INFORMATION, DISCLOSURE AND FINANCIAL ACCOUNTING

3.01. Information Rights During Full Consolidation Period.

(a) The Company agrees that, subject to the Proxy Agreement, so long as Leonardo S.p.A. is required under IFRS to consolidate the Company's financial results in the consolidated financial statements of Leonardo S.p.A.:

(i)General Principles. The Company shall continue to provide Leonardo S.p.A. with (A) information and data relating to the business and financial results of the Company and its Subsidiaries and (B) reasonable access to the Company's personnel, data and systems, including the Company's internal audit function, consistent with historical practice which, for avoidance of doubt and without limiting the generality of the foregoing, shall include (a) the information set forth in Section 11.10 of the Current Proxy Agreement and (b) information of the type and relating to the matters described in Sections 7.2 and 7.3 of the Current Proxy Agreement; and

(ii)Accounting Systems and Principles. The Company shall maintain accounting principles, systems and reporting formats that are consistent with Leonardo S.p.A.'s financial accounting practices and that support Leonardo S.p.A.'s and any environmental, social, and governance ("ESG") requirements consistent with historical practice, and shall thereafter in good faith consider any changes to such principles, systems or reporting formats requested by Leonardo S.p.A. to enable Leonardo S.p.A. to prepare consolidated financial and ESG statements and related public disclosures or otherwise reasonably requested by Leonardo S.p.A.

3.02.Information Rights During Equity Accounting Periods.

(a)The Company agrees that, subject to the Proxy Agreement, during the period beginning when Section 3.01 hereof ceases to apply and ending when Leonardo S.p.A. is no longer required under IFRS to account in its financial statements for its holdings in the Company under the equity method of accounting, or such earlier date as Leonardo S.p.A. may provide written notice to the Company that it is opting-out of this Section 3.02(a), the Company shall provide Leonardo S.p.A. with (i) information and data relating to the business and financial results of the Company and its Subsidiaries and (ii) access, during usual business hours, to the Company's personnel, data and systems, including the Company's internal audit function, in each case to the extent that such information, data or access is reasonably necessary for Leonardo S.p.A. to meet its legal, financial or regulatory obligations or requirements.

(b)In connection with its provision of information to Leonardo S.p.A. pursuant to Section 3.02(a) hereof, the Company may implement reasonable procedures to restrict access to such information to only those Persons reasonably determined to need access to such information.

3.03.General Information Requirements.

(a)All information provided by the Company or any of its Subsidiaries to Leonardo S.p.A. pursuant to Sections 3.01 and 3.02 shall be in the format and detail as reasonably requested by Leonardo S.p.A. All financial statements and information provided by the Company or any of its Subsidiaries to Leonardo S.p.A. pursuant to Sections 3.01 and 3.02 shall be provided under IFRS with a reconciliation to GAAP.

(b)If necessary, Leonardo S.p.A. shall provide the Company with all software and other applications necessary for the Company to prepare and submit to Leonardo S.p.A. the required financial information including software and other applications to reconcile the income, equity and any required balance sheet accounts from the Company's financial statements to the required Leonardo S.p.A. accounting. Leonardo S.p.A. shall provide the Company with at least 30 days' notice of any change in its administrative practices and policies as they relate to the obligations

of the Company pursuant to Section 3.03(a), including any change in such policies relating to reporting times and delivery methods.

(c) Until the Threshold Date, the Company shall, and shall cause each of its Subsidiaries, to:

(i) maintain Disclosure Controls and Procedures;

(ii) maintain Internal Control Over Financial Reporting; and

(iii) provide quarterly certifications from its relevant officers and employees regarding Disclosure Controls and Procedures and Internal Control Over Financial Reporting, in accordance with Leonardo S.p.A.'s internal standards.

3.04. Matters Concerning Auditors.

(a) So long as Section 3.01 or 3.02 applies, subject to the Proxy Agreement,

(i) the Company shall use its reasonable best efforts to enable the Company Auditor to complete its quarterly review and annual audit such that it shall date its report on such quarterly review or opinion on the Company's audited annual financial statements and ESG statements (if any) the Company prepares and has audited a reasonable time before the date that the Leonardo S.p.A. Auditor date their report or opinion, as applicable, on Leonardo S.p.A.'s financial statements, and to enable Leonardo S.p.A. to meet its timetable for the printing, filing and public dissemination of its financial or ESG statements; and the Company shall instruct the Company Auditor to perform the work requested by the Leonardo S.p.A. Auditor pursuant to this Agreement and the Company shall use its reasonable best efforts to enable the Company Auditor to comply with the instruction received;

(ii) upon reasonable notice, the Company shall authorize the Company Auditor to make available to the Leonardo S.p.A. Auditor both the personnel responsible for conducting the Company's quarterly reviews and annual audit and, consistent with customary professional practice and courtesy of such auditors with respect to the furnishing of work papers, work papers related to the quarterly reviews and annual audits of the Company, in all cases within a reasonable time after the Company Auditor's report date or opinion date, as applicable, so that the Leonardo S.p.A. Auditor is able to perform the procedures it considers necessary to take responsibility for the work of the Company Auditor as it relates to the Leonardo S.p.A. Auditor's report on Leonardo S.p.A.'s financial and ESG statements, all a reasonable time in advance to enable Leonardo S.p.A. to meet its timetable for the printing, filing and public dissemination of its financial and ESG statements; and

(iii) subject to Applicable Law (including Rule 10A-3 under the Exchange Act), the Company shall not change the Company Auditor without the approval of Leonardo S.p.A.

(b) Neither Leonardo S.p.A. nor the Company shall take any action that would cause either the Company Auditor or the Leonardo S.p.A. Auditor, respectively, not to be independent with respect to the Company or Leonardo S.p.A., within the meaning of laws and stock exchange rules and other regulations respectively applicable to them.

3.05. Release of Information and Public Filings.

(a)Until the Threshold Date, subject to the Proxy Agreement:

(i)the Company and its Subsidiaries shall consult and coordinate with Leonardo S.p.A. with respect to any public release by the Company or Leonardo S.p.A. of any material information relating to the Company or its Subsidiaries, as applicable; and the Company and its Subsidiaries and Leonardo S.p.A., each as applicable, shall, to the extent practicable and unless, in the reasonable judgement of the Company or Leonardo S.p.A., as applicable, immediate release of such information is required, and consistent with appropriate confidentiality obligations, provide each other with a copy of any such proposed public release no later than one Business Day prior to publication, and shall consider in good faith incorporating any comments provided thereon by the Company and its Subsidiaries or Leonardo S.p.A., as applicable, prior to such publication;

(ii)the Company and its Subsidiaries and Leonardo S.p.A. shall consult on the timing of their annual and quarterly earnings releases and, to the extent practicable, shall give each other an opportunity to review the information therein relating to the Company and its Subsidiaries and shall consider in good faith each other's comments thereon; and in the event that the Company or any of its Subsidiaries is required by Applicable Law to publicly release information concerning the Company's or such Subsidiary's financial information for a period for which Leonardo S.p.A. has yet to publicly release financial information, the Company shall, or cause such Subsidiary to, provide Leonardo S.p.A. notice of such release of such information as soon as practicable prior to such release of such information; and

(iii)each of Leonardo S.p.A. and the Company and its Subsidiaries shall cooperate with each other in connection with the preparation, printing, filing, and public dissemination of their respective audited annual financial statements, their respective annual reports to stockholders, their respective annual, quarterly and current reports under the Exchange Act, any and ESG-related reports and disclosures, any registration statements, prospectuses and other filings made with the SEC, CONSOB or any stock exchange on which their respective securities are then listed, and any other required regulatory filings.

3.06. Information in Connection with Regulatory or Supervisory Requirements.

(a)During any period in which Leonardo S.p.A. is deemed to control the Company for U.S., European Commission, or Italian regulatory purposes, and in any case at all times prior to the Threshold Date:

(i)the Company shall, subject to the Proxy Agreement:

(A)provide, as promptly as reasonably possible but in any case within three (3) business days of any request from Leonardo S.p.A. (unless not reasonably available within such time, in which case as soon as possible thereafter), any information, records or documents (x) requested or demanded by any Governmental Authority having jurisdiction or oversight authority over Leonardo S.p.A. or any of its Subsidiaries or (y) deemed necessary or advisable by Leonardo S.p.A. in connection with any filing, report, response or communication made by Leonardo S.p.A. or its Subsidiaries with or to a Governmental Authority having jurisdiction or oversight authority over Leonardo S.p.A. or any of its Subsidiaries (whether made pursuant to specific request from such Governmental Authority or in the ordinary course); and

(B) upon reasonable notice, provide access to any Governmental Authority having jurisdiction or oversight authority over Leonardo S.p.A. or any of its Subsidiaries to its offices, employees and management in a reasonable manner where and as required under Applicable Law; and

(ii) Leonardo S.p.A. shall provide, as promptly as reasonably possible but in any case within three (3) business days of any request from the Company (unless not reasonably available within such time, in which case as soon as possible thereafter), any information, records or documents (A) requested or demanded by any Governmental Authority having jurisdiction or oversight authority over the Company or any of its Subsidiaries; or (B) deemed necessary or advisable by the Company in connection with any filing, report, response or communication by the Company or its Subsidiaries with or to a Governmental Authority having jurisdiction or oversight authority over the Company or any of its Subsidiaries (whether made pursuant to specific request from such Governmental Authority or in the ordinary course).

(b) Each of Leonardo S.p.A. and the Company shall use reasonable efforts to keep the other Party informed of the type of information it expects to require on a regular basis in order to meet its reporting or filing obligations with the authorities referred to in Section 3.06(a) above, and the timing of such requirements; provided, however, that no failure to abide by this Section 3.06(b) shall affect the validity of any demand made pursuant to Section 3.06(a).

3.07. Implementation with Respect to Legal Disclosures.

(a) All responses to requests for information or documents under Sections 3.01, 3.02, 3.04(a)(ii), 3.05, 3.06(a)(i) or 4.02 relating to legal or regulatory matters or with respect to which legal privilege may be sought or asserted by the Company and its Subsidiaries shall be made solely to the office of the General Counsel of Leonardo S.p.A., and the Parties shall discuss in good faith and implement any protocols reasonably necessary or appropriate to preserve any such privilege. For the avoidance of doubt, such information or documents contained in databases, reports or systems of the Company to which Leonardo S.p.A. has unrestricted access prior to the date hereof may be redacted, or access to the relevant databases, reports or systems may be restricted or denied, to the extent necessary so that such information and documents are handled in accordance with this Section 3.07.

(b) All requests for information or documents under Section 3.06(a)(ii) and shall be made solely to the office of the General Counsel of Leonardo S.p.A., and all responses thereunder shall be made solely to the office of the General Counsel of the Company.

(c) If the Party required to deliver the information or documents pursuant to this Section 3.07 (the “Information Party”) believes in good faith, based upon legal advice (from internal or external counsel), that the delivery of any information or documents pursuant to this Agreement would cause the loss of any applicable legal privilege (or create a risk of such loss), then both Parties will work in good faith to determine an alternate means of delivering the requested information or documents, or the substance thereof, that does not result in the loss or potential loss of such privilege. If needed to preserve a legal privilege, the Parties shall negotiate in good faith and enter into a customary common interest agreement in advance of, and as a condition to, such delivery. Notwithstanding the foregoing, if no alternate means can be agreed by the Parties

and external counsel to the Information Party informs the other Party in writing that a common interest cannot be established, or with sufficient confidence be asserted, to preserve the legal privilege with respect to the information or documents in question, even if a Common Interest Agreement were to be entered into, or that for any other reason the information or documents cannot be delivered without loss of the privilege (such counsel to explain the reasons for its conclusion briefly but in reasonable detail so that the other Party can review the legal analysis with its own counsel), then the Information Party is excused from providing such information or documents but only to the extent and for the time necessary to preserve the privileged character thereof.

3.08. Expenses.

The Company shall be responsible for any expenses it incurs in connection with the fulfillment of its obligations under this Article III, except (i) out-of-pocket expenses incurred with respect to specific requests by Leonardo S.p.A. for information, documents or access, in excess of amounts historically incurred by the Company (if any) for the provisions of similar information, documents and access; (ii) to the extent expressly agreed between Leonardo S.p.A. and the Company prior to the incurrence of any specific expenses; and (iii) any incremental out-of-pocket expense incurred in connection with the acquisition of the software and applications referred to in Section 3.03(b) hereof (in excess of expenses that would otherwise be incurred by the Company in the absence of such section).

ARTICLE IV OTHER PROVISIONS

4.01. Certain Policies and Procedures.

(a) During any period in which Leonardo S.p.A. is deemed to control the Company for U.S., European Commission or Italian regulatory purposes, and in any case at all times prior to the Threshold Date, the Company, subject to the Proxy Agreement:

(i) shall not adopt or implement any policies or procedures, and at Leonardo S.p.A.'s reasonable request, shall refrain from taking any actions, that would cause Leonardo S.p.A. to violate any Applicable Law to which Leonardo S.p.A. is subject; and

(ii) shall maintain and observe the policies of Leonardo S.p.A. to the extent necessary for Leonardo S.p.A. to comply with its legal and regulatory obligations; provided that this Section 4.01(a) shall not require the Company to take any action (including adopting or implementing any policy) or refrain from taking any action where such action or inaction would cause the Company to violate Applicable Law.

(b) So long as Leonardo S.p.A. is required under IFRS to consolidate the Company's financial results in the consolidated financial statements of Leonardo S.p.A., the Company and its Subsidiaries shall:

(i) to the extent not expressly prohibited or limited by the Current Proxy Agreement or inconsistent with listing rules or laws applicable to, or prudent business practices for, U.S. public companies (as determined by the Company's legal counsel), adhere to relevant issued Leonardo Affiliated Group policies and principles applicable to Subsidiaries of Leonardo

and provided to the Company in writing at or following the date of this Agreement and a reasonable period of time prior to their application in accordance with the Current Proxy Agreement.

(ii)subject to the Proxy Agreement, consult with US Holding prior to creating, amending or rescinding, or establishing annual or other periodic compensation scales and incentive and similar targets under, equity-based or other material executive compensation plans or programs for the Company's executive officers.

4.02. Access to Historical Records.

(a)For a period of two (2) years following the Threshold Date (the last day of such period, the "Termination Date"), subject to an extension of up to ten (10) years upon the demonstration of a legal, tax or regulatory requirement for such extension by the requesting Party, Leonardo S.p.A. and the Company shall retain the right to access such records of the other which exist that related to or result from Leonardo S.p.A.'s control or ownership of all or a portion of the Company. Upon reasonable notice and at each Party's own expense, Leonardo S.p.A. (and its authorized representatives) and the Company (and its authorized representatives) shall be afforded access to such records at reasonable times and during normal business hours and each Party (and its authorized representatives) shall be permitted, at its own expense, to make abstracts from, or copies of, any such records; provided that access to such records may be denied to the extent that (i) Leonardo S.p.A. or the Company, as the case may be, cannot demonstrate a legitimate business need (during the two year period following the Threshold Date), or a legal, tax or regulatory requirement (during the extension period described above), for such access to the records; (ii) any of the following applies after the Parties have considered in good faith potential alternative means of delivering the requested information or documents, or the substance thereof, that resolves the relevant prohibiting concern in clauses (A) through (D): (A) the information contained in the records is subject to any applicable confidentiality commitment to a third party; (B) a *bona fide* competitive reason exists to deny such access; (C) such access would serve as a waiver of any privilege afforded to such record; or (D) such access would unreasonably disrupt the normal operations of Leonardo S.p.A. or the Company; or (iii) the records are to be used for the initiation of, or as part of, a suit or claim against the other Party.

4.03. Transfer Restrictions.

On the occurrence of a Change of Control Transaction contemplated by clause (a) below, neither Leonardo S.p.A. nor US Holding shall, nor shall they permit any other member of the Leonardo Affiliated Group to, Transfer any Voting Securities of the Company that are beneficially owned thereby, except for:

(a)Transfers made pursuant to a Change of Control Transaction in which all shareholders of the Company (including any member of the Leonardo Affiliated Group) are entitled to participate (on a *pro rata* basis) and are entitled to the same per share consideration (in form and amount) to be received in such transaction by, or to make the same election with respect to the per share consideration as, US Holding and any other member of the Leonardo Affiliated Group (or if such consideration is not cash or publicly traded on a stock exchange in the United States, an equivalent cash amount); or

(b)Transfers to one or more Affiliates that agrees or agree to be bound by the terms of this Agreement.

ARTICLE V INDEMNIFICATION

5.01. General Cross Indemnification.

(a)Leonardo S.p.A. and US Holding shall indemnify and hold harmless the Company and each of its Subsidiaries against any and all costs and expenses, including, without limitation, reasonable attorneys' fees, interest, penalties and costs of investigation or preparation for defense, judgments, fines, losses, damages, liabilities, demands, assessments and amounts paid in settlement (collectively, "Losses"), in each case, resulting from any third party claim, action, cause of action, suit, proceeding or investigation, whether civil, criminal, administrative, investigative or other (collectively, "Third Party Actions"), based on, arising out of, pertaining to or in connection with any breach by Leonardo S.p.A., US Holding, or any of their Subsidiaries of this Agreement.

(b)The Company, subject to the Proxy Agreement, shall indemnify and hold harmless Leonardo S.p.A. and each of its Subsidiaries (including US Holding, but other than the Company and its Subsidiaries) against any and all Losses, in each case, resulting from any Third Party Actions, based on, arising out of, pertaining to or in connection with any breach by the Company or any of its Subsidiaries of this Agreement.

5.02. Procedure.

(a)If any Action shall be brought against any Person entitled to indemnification pursuant to this Article V (each such Person, an "Indemnitee") in respect of which indemnity may be sought against another Party (the "Indemnifying Party"), such Indemnitee shall promptly notify the Indemnifying Party; provided, however, that any delay of such notice shall not affect the liability of the Indemnifying Party, except to the extent that the Indemnifying Party is actually prejudiced by such delay.

(b)The Indemnitees shall be entitled to direct the defense of the Action and retain counsel of their choosing. Except where an Indemnitee shall have been advised by its outside counsel that representation of such Indemnitee and any other Indemnitee by the same counsel would be prohibited under applicable standards of professional conduct (whether or not such representation by the same counsel has been proposed) due to actual or potential differing interests between them, the Indemnifying Party shall, in connection with any one such Action or separate but substantially similar or related Actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of only one outside counsel (in addition to any local outside counsel) at any time for all such Indemnitees not having actual or potential differing interests among themselves.

(c)The Indemnifying Party shall not be liable for any settlement of any Action effected without its written consent, unless such consent has been unreasonably withheld, conditioned or delayed.

(d) Notwithstanding the other provisions of this Article V, the Indemnifying Party shall not be liable for any Losses incurred subsequent to an Indemnitee's refusal to enter into a settlement of an Action that (i) has been proposed to Indemnitee in writing by the adverse party to the Action, (ii) includes an unconditional release (except for the payment of amounts for which the Indemnitee is entitled to indemnification (or, except for Section 5.03(c) hereof, would be so entitled)) of such Indemnitee from all liability on claims that are the subject matter of such Action, and (iii) does not involve any admission of liability on the part of the Indemnitees, except where (x) such written settlement proposal has been provided to the Indemnifying Party and (y) the Indemnifying Party has not consented to such settlement.

5.03. Other Matters.

(a) Any Losses for which an Indemnitee is entitled to indemnification or contribution under this Article V shall be paid by the Indemnifying Party to the Indemnitee as such Losses are incurred.

(b) The indemnity and contribution agreements contained in this Article V shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, any Indemnifying Party, or any of their respective officers, directors, stockholders or employees, and (ii) any termination of this Agreement.

(c) For the avoidance of doubt, indemnification amounts payable under this Article V shall be reduced by the amount of any insurance recovery obtained by an Indemnitee.

(d) Each Indemnitee shall take, and cause its affiliates to take, all reasonable steps to mitigate any Losses upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Losses.

ARTICLE VI DISPUTE RESOLUTION

6.01. Negotiation and Mediation.

(a) The Parties shall act honestly and reasonably in interpreting this Agreement. In the event of any dispute or claim arising out of, relating to, or in connection with this Agreement, including with respect to the formation, applicability, breach, termination, validity or enforceability thereof ("Dispute"), the Parties agree to work together in good faith to resolve the Dispute between them.

(b) If any Party considers that a Dispute has arisen, it shall serve a notice of the Dispute ("Notice of Dispute") on the other Party and demand that senior officers of each Party meet to resolve the Dispute.

(c) If the Dispute is not resolved within 30 days of such Notice of Dispute, then any Party shall have the right to demand that mediation commence. Any such mediation shall be conducted in accordance with the American Arbitration Association ("AAA") Commercial Mediation Procedures except as they may be modified herein. The Parties shall share the costs of the mediator and the process of mediation (provided that each Party shall be responsible for its own

costs of preparing for and appearing before the mediator). The decision of the mediator shall not be binding on the Parties except to the extent the Parties so expressly mutually agree, but the Parties agree that each shall act in good faith while the process of mediation is proceeding.

(d) Notwithstanding anything else contained herein, any Party shall have the right to commence arbitration at any time after the expiration of 30 days after service of the Notice of Dispute under Section 6.01(b). Any disputes concerning the propriety of the commencement of the arbitration shall be finally settled by the arbitral tribunal.

6.05. Arbitration.

Any Dispute referred to arbitration shall be finally resolved according to the following rules of arbitration:

(a) The arbitration shall be administered by the AAA under its Commercial Arbitration Rules then in effect (the “Rules”) except as modified herein. The seat of the arbitration shall be Arlington, Virginia and it shall be conducted in the English language.

(b) There shall be one arbitrator mutually appointed by the Parties within 15 days after the commencement of the arbitration. If the arbitrator has not been appointed within such time, the appointment shall be made by the AAA in accordance with the Rules upon the written request of either Party within 15 days of such request. The hearing shall be held no later than 120 days following the appointment of the arbitrator.

(c) The arbitral tribunal shall permit prehearing discovery that is relevant to the subject matter of the dispute and material to the outcome of the case, taking into account the Parties’ desire that the arbitration be conducted expeditiously and cost effectively. All discovery shall be completed within 60 days of the appointment of the arbitrator.

(d) By agreeing to arbitration, the Parties do not intend to deprive a court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies, to direct the Parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any Party to respect the arbitral tribunal’s orders to that effect. The Parties agree that any ruling by the arbitral tribunal on interim measures shall be deemed to be a final award with respect to the subject matter of the ruling and shall be fully enforceable as such. The Parties hereby irrevocably submit to the jurisdiction of the courts of the State of New York solely in respect of any proceeding relating to or in aid of an arbitration under this Agreement. Each Party unconditionally and irrevocably waives any objections which they may have now or in the future to the jurisdiction of the courts of the State of New York for this purpose, including objections by reason of lack of personal jurisdiction, improper venue, or inconvenient forum. Nothing in this paragraph limits the scope of the Parties’ agreement to arbitrate or the power of the arbitral tribunal to determine the scope of its own jurisdiction.

(e) The award shall be in writing, shall state the findings of fact and conclusions of law on which it is based, shall be final and binding and shall be the sole and exclusive remedy between

the Parties regarding any claims, counterclaims, issues, or accounting presented to the arbitral tribunal. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1 et seq., and judgment upon any award may be entered in any court having jurisdiction of the award or having jurisdiction over the relevant Party or its assets. The Parties hereby irrevocably waive any defense on the basis of *forum non conveniens* in any proceedings to enforce an arbitration award rendered by a tribunal constituted pursuant to this Agreement. The Parties undertake to carry out any award without delay.

(f)The Parties will bear equally all fees, costs, disbursements and other expenses of the arbitration, and each Party shall be solely responsible for all fees, costs, disbursements and other expenses incurred in the preparation and prosecution of their own case; provided that in the event that a Party fails to comply with the orders or decision of the arbitral tribunal, then such noncomplying Party shall be liable for all costs and expenses (including attorney fees) incurred by the other Party in its effort to obtain either an order to compel, or an enforcement of an award, from a court of competent jurisdiction.

(g)The arbitral tribunal shall have the authority, for good cause shown, to extend any of the time periods in this arbitration provision either on its own authority or upon the request of any of the Parties. The arbitral tribunal shall be authorized in its discretion to grant pre-award and post-award interest at commercial rates. The arbitral tribunal shall have no authority to award punitive, exemplary or multiple damages or any other damages not measured by the prevailing Parties' actual damages. The arbitral tribunal shall have the authority to order specific performance or to issue any other type of temporary or permanent injunction.

(h)All notices by one Party to the other in connection with the arbitration shall be in accordance with the provisions of Section 7.02 hereof, except that all notices for a request for arbitration made pursuant to this Article VI must be made by personal delivery or receipted overnight courier. This agreement to arbitrate shall be binding upon the successors and permitted assigns of each Party. This Agreement and the rights and obligations of the Parties shall remain in full force and effect pending the award in any arbitral proceeding hereunder.

6.03. Confidentiality.

(a)The Parties agree that any negotiation, mediation, or arbitration (the "Dispute Resolution Process") pursuant to this Article VI shall be kept confidential. The existence of the Dispute Resolution Process, any non-public information provided in the Dispute Resolution Process, and any submissions, orders or awards made in the Dispute Resolution Process, shall not be disclosed to any non-Party except the mediator, tribunal, the AAA, the Parties, their counsel, experts, witnesses, accountants and auditors, insurers and reinsurers, and any other Person necessary to the conduct of the Dispute Resolution Process.

(b)Notwithstanding the foregoing, a Party may disclose information referred to in Section 6.03(a) to the extent that disclosure may be required to fulfill a legal duty, protect or pursue a legal right, or enforce or challenge an award in *bona fide* legal proceedings. This confidentiality provision survives termination of this Agreement and of any Dispute Resolution Process brought pursuant to this Agreement.

**ARTICLE VII
GENERAL PROVISIONS**

7.01. Obligations Subject to Applicable Law.

The obligations of each Party under this Agreement shall be subject to Applicable Law, and, to the extent inconsistent therewith, the Parties shall adopt such modified arrangements as are as close as possible to the requirements of this Agreement while remaining compliant with Applicable Law; provided, however, that the Company shall fully avail itself of all exemptions, phase-in provisions and other relief available under Applicable Law before any modified arrangements shall be adopted.

7.02. Notices.

Unless otherwise specified herein, all notices required or permitted to be given under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be delivered personally or sent by an internationally recognized overnight courier service, and shall be deemed to be effective upon delivery. All such notices shall be addressed to the receiving Party at such Party's address set forth below, or at such other address as the receiving Party may from time to time furnish by notice as set forth in this Section 7.02:

If to the Company:

Leonardo DRS, Inc.
EVP, General Counsel & Secretary
2345 Crystal Drive, Suite 1000
Arlington, VA 22202

If to Leonardo S.p.A.:

Leonardo – Società per azioni
EVP General Counsel
Piazza Monte Grappa, 4
00195 Roma
Italy

If to US Holding:

Leonardo US Holding, LLC
201 N. Union Street, Suite 340
Alexandria, VA 22314
Attention: SVP, General Counsel and Secretary

7.03. Specific Performance; Remedies.

In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific

performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other Parties shall not oppose the granting of such relief. The Parties agree that the remedies at law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived.

7.04. Applicable Law.

This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of New York applicable to contracts made and to be performed entirely within such State, without regard to the conflicts of law principles thereof to the extent that such principles would apply the law of another jurisdiction.

7.05. Severability.

In the event that any provision of this Agreement is declared invalid, void or unenforceable, the remainder of this Agreement shall remain in full force and effect, and such invalid, void or unenforceable provision shall be interpreted in a manner that accomplishes, to the extent possible, the original purpose of such provision.

7.06. Confidential Information.

All information provided by any Party pursuant to this Agreement shall, except if the purpose for which such information is furnished pursuant to this Agreement contemplates such disclosure or is for disclosure in public documents of the Company or any of its Subsidiaries or Leonardo S.p.A. or any of its Subsidiaries and, except for disclosure to other Subsidiaries of Leonardo S.p.A. or the Company, as the case may be, be kept strictly confidential by the receiving Party and, unless otherwise required by Applicable Law or as agreed by the Parties, neither Party shall disclose, and each shall take all necessary steps to ensure that none of their respective directors, officers, employers, agents and representatives disclose, or make use of, except in accordance with Applicable Law, such information as is provided by the other Party in any manner whatsoever until such information otherwise becomes generally available to the public; provided, however, this Section 7.06 shall not apply to information disclosed in accordance with the terms of the Registration Rights Agreement, and, subject to the other provisions hereof, shall not prohibit disclosure of any information furnished pursuant to this Agreement to accountants and attorneys of any Party or to financial advisors and insurance carriers and brokers and other similar business relationships of Leonardo S.p.A. and its Subsidiaries (other than the Company and its Subsidiaries) that are under a contractual or professional obligation to keep such information confidential. In no event shall any Party or any of its Subsidiaries or any of their respective directors, officers, employees, agents or representatives use material non-public information of the other to acquire or dispose of securities of the other or transact in any way in such securities. Each Party shall be liable for any breach of this Section 7.06 by it or any of its Subsidiaries or any of their respective directors, officers, employees, agents and representatives.

7.07. Amendment, Modification and Waiver.

This Agreement may be amended, modified or supplemented at any time by written agreement of the Parties. Any failure of any Party to comply with any term or provision of this Agreement may be waived by the other Party, by an instrument in writing signed by such Party, but such waiver or failure to insist upon strict compliance with such term or provision shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

7.08. Assignment.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns. The Parties shall not assign any of their rights or delegate any of their obligations under this Agreement without the prior written consent of the other Parties. Any purported assignment in violation of this Section 7.08 shall be null and void ab initio.

7.09. Further Assurances.

In addition to the actions specifically provided for elsewhere in this Agreement, each Party hereto shall execute and deliver such additional documents, instruments, conveyances and assurances, take, or cause to be taken, all actions and do, or cause to be done, all things reasonably necessary, proper or advisable to carry out the provisions of this Agreement.

7.10. Third Party Beneficiaries.

Other than as set forth in Article V with respect to the Indemnitees and as expressly set forth elsewhere in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement. Only the Parties that are signatories to this Agreement (and their respective permitted successors and assigns) shall have any obligation or liability under, in connection with, arising out of, resulting from or in any way related to this Agreement or any other matter contemplated hereby, or the process leading up to the execution and delivery of this Agreement and the transactions contemplated hereby, subject to the provisions of this Agreement.

7.11. Discretion of Parties.

Where this Agreement requires or permits any Party to make or take any decision, determination or action with respect to matters governed by this Agreement, unless expressly provided otherwise, such decision, determination or action may be made or taken by such Party in its sole and absolute discretion.

7.12. Entire Agreement.

This Agreement, including any schedules or exhibits hereto or thereto, embody the entire agreement and understanding of the Parties hereto in respect of the subject matter covered by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior oral and written agreements and understandings between the Parties with respect to such subject matter.

7.13. Term.

Except to the extent set forth in the following sentence, this Agreement shall terminate and be of no further force or effect as of the Termination Date. Notwithstanding the foregoing sentence, the provisions of Article I, Sections 3.06, 4.01(a) and 4.02, Article V, Article VI, and Article VII (except for Section 7.14(b)) hereof, and any claims arising hereunder prior to the Termination Date, shall survive termination of this Agreement.

7.14. Proxy Agreement, Certificate of Incorporation and Bylaws.

(a) To the extent any portion of this Agreement conflicts, or is inconsistent, with the Proxy Agreement, the Proxy Agreement shall control.

(b) Until the Termination Date, the Company shall not propose any amendment, alteration or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company that would be contrary to or inconsistent with the then-applicable terms of this Agreement

7.15. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts of this Agreement may be executed and delivered by facsimile, electronic mail or other electronic imaging means (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) by a Party to another Party and the receiving Party may rely on the receipt of such document so executed and delivered by facsimile, electronic mail or other electronic imaging means as if the original had been received.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

LEONARDO DRS, INC.

By: /s/ William J. Lynn III

Name: William J. Lynn III

Title: Chief Executive Officer

LEONARDO – SOCIETÀ PER AZIONI

By: /s/ Roberto Cingolani

Name: Roberto Cingolani

Title: Chief Executive Officer & General Manager

LEONARDO US HOLDING, LLC

By: /s/ Larissa Meli

Name: Larissa Meli

Title: SVP, General Counsel and Secretary

[Signature Page to Cooperation Agreement]

**Certification of Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as
Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, William J. Lynn III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 of Leonardo DRS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designated such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

/s/ William J. Lynn III

William J. Lynn III
Chief Executive Officer
(Principal Executive Officer)

**Certification of Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as
Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael D. Dippold, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 of Leonardo DRS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designated such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

/s/ Michael D. Dippold

Michael D. Dippold
Chief Financial Officer
(Principal Financial Officer)

**Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350 as
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Leonardo DRS, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2025

/s/ William J. Lynn III

William J. Lynn III
Chief Executive Officer
(Principal Executive Officer)

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

**Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350 as
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Leonardo DRS, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2025

/s/ Michael D. Dippold

Michael D. Dippold
Chief Financial Officer
(Principal Financial Officer)

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.