



Quarterly Earnings Presentation

Q2 | 2025

July 30, 2025

Disclaimers

Forward-Looking Statements

In this presentation, 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 presentation 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,” “guidance,” “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 presentation 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.

These statements are subject to numerous assumptions, risks, and uncertainties, many of which are outside of our control, and include the risks and uncertainties that are identified in the Risk Factors section in our latest Annual Report on Form 10-K, and in other periodic and current reports we file with the SEC. While the forward-looking statements herein reflect our current expectations, no assurance can be given that the results or events described in such statements will be achieved, and our actual results may differ materially from the results we anticipate. Our guidance for fiscal year 2025, and the other statements regarding our financial outlook are expressly made as of July 30, 2025 (the date of our second quarter 2025 earnings press release and conference call). We undertake no obligation to revise or update any of these forward-looking statements (whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise) that may arise after the date of this presentation.

Non-GAAP Financial Measures

In addition to the results reported in accordance with U.S. GAAP included throughout this presentation, the company has provided information regarding “Adjusted EBITDA,” “Adjusted EBITDA Margin,” “Adjusted Net Earnings” and “Adjusted Diluted Earnings Per Share” (each, a non-GAAP financial measure).

We believe the non-GAAP financial measures presented in this document will help investors understand our financial condition and operating results and assess our future prospects. We believe these non-GAAP financial measures, each of which is discussed in greater detail in the appendix, are important supplemental measures because they exclude unusual or non-recurring items as well as non-cash items that are unrelated to or may not be indicative of our ongoing operating results. Further, when read in conjunction with our GAAP results, these non-GAAP financial measures provide a baseline for analyzing trends in our underlying businesses and can be used by management as a tool to help make financial, operational and planning decisions. Finally, these measures are often used by analysts and other interested parties to evaluate companies in our industry by providing more comparable measures that are less affected by factors such as capital structure.

We recognize that these non-GAAP financial measures have limitations, including that they may be calculated differently by other companies or may be used under different circumstances or for different purposes, thereby affecting their comparability from company to company. In order to compensate for these and the other limitations, management does not consider these measures in isolation from or as alternatives to the comparable financial measures determined in accordance with U.S. GAAP. Readers should review the reconciliations on page 7 and should not rely on any single financial measure to evaluate our business.



Key Messages

1

Second quarter results demonstrate sustained momentum in delivering healthy growth and profit expansion

- Organic revenue growth of 10% highlights strong alignment of our portfolio with key customer priorities
- Q2 Adjusted EBITDA growth of 17% and margin expansion of 70 bps driven by higher volume and improved Columbia Class profitability
- Quarterly free cash outflow reflects increased working capital investment to support anticipated second half growth. First half free cash flow demonstrates improved linearity compared to first half 2024, despite higher capital investment related to the South Carolina facility

2

Resilient customer demand evident across the company's innovative technology offering

- Quarterly bookings of \$853 million continued to outpace revenue with a diverse mix of demand drivers
- Strong second quarter bookings were driven by clear customer interest for the company's electric power and propulsion, naval network computing and ground systems technologies
- Company reaffirms its full year 2025 expectations for a book-to-bill ratio >1.0x, indicative of healthy customer appetite

3

Executing in a dynamic and complex operating environment

- Heightened global threat environment is catalyzing increased defense investment by the US and its allies
- DoD's FY26 request along with supplemental defense funding in the recent tax package reinforces the strategic imperative of improving shipbuilding capacity, layered air defense, counter UAS and leveraging next generation technology to drive overmatch capabilities
- Actively navigating supply chain complexities particularly with respect to the availability and cost of Germanium

4

Revising 2025 guidance to reflect strong first half performance while accounting for a more dynamic operating environment

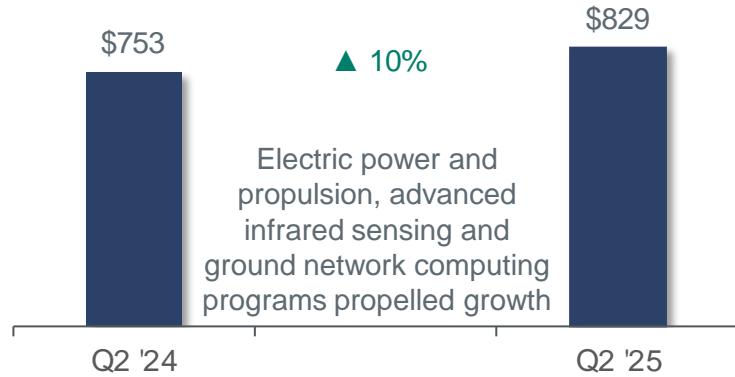
- Rising total backlog and consistent customer demand support an increased full year revenue growth expectation of 9% to 11%
- Narrowing the range of Adjusted EBITDA to incorporate higher R&D investment and elevated raw material input costs (Germanium)
- Revised Adjusted Diluted EPS range embeds solid core profitability and the benefits of lower non-operational items (reduced net interest expense and lower diluted share count)



Q2 2025 Leonardo DRS Results Summary

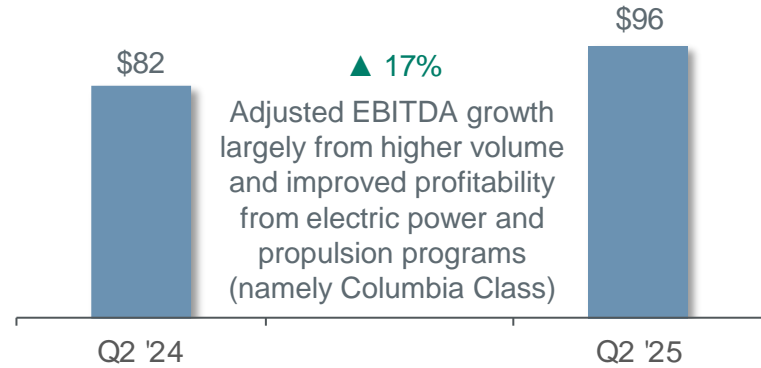
Revenue

(Dollars in millions)



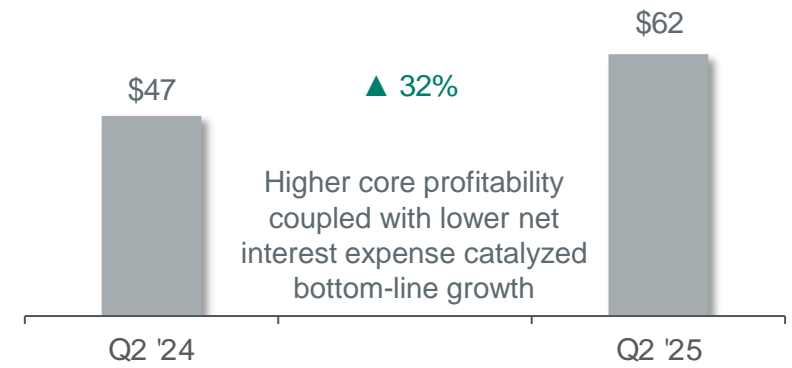
Adjusted EBITDA *

(Dollars in millions)



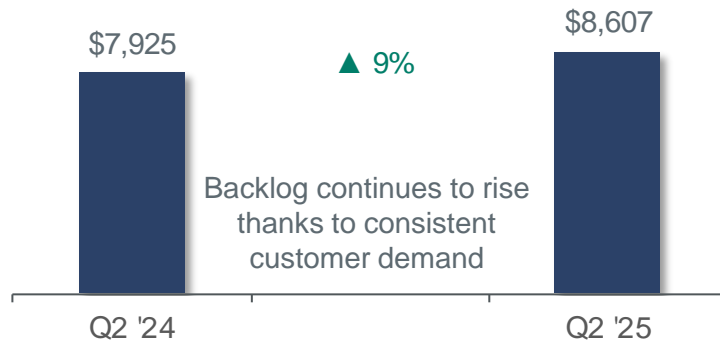
Adjusted Net Earnings *

(Dollars in millions)

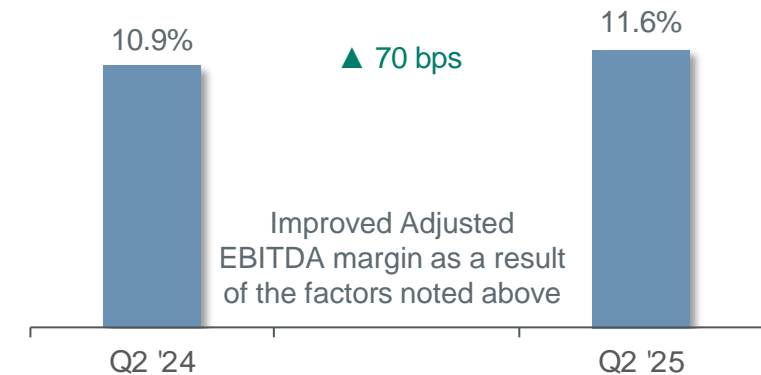


Total Backlog

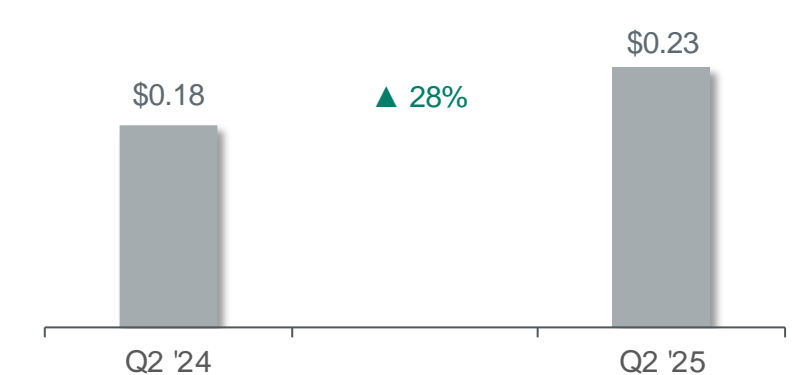
(Dollars in millions)



Adjusted EBITDA Margin *



Adjusted Diluted EPS *



* See slide 7 "Non-GAAP Financial Measures" for definitions and reconciliations of the non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with GAAP

Q2 2025 Segment Results Summary

Revenue

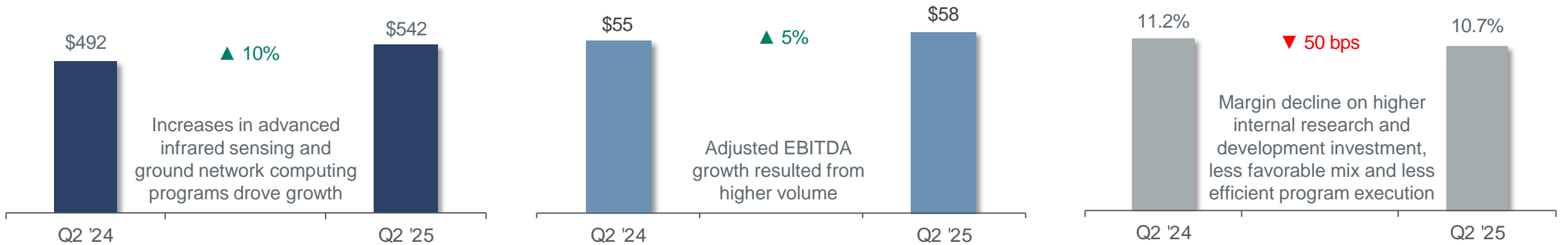
(Dollars in millions)

Adjusted EBITDA *

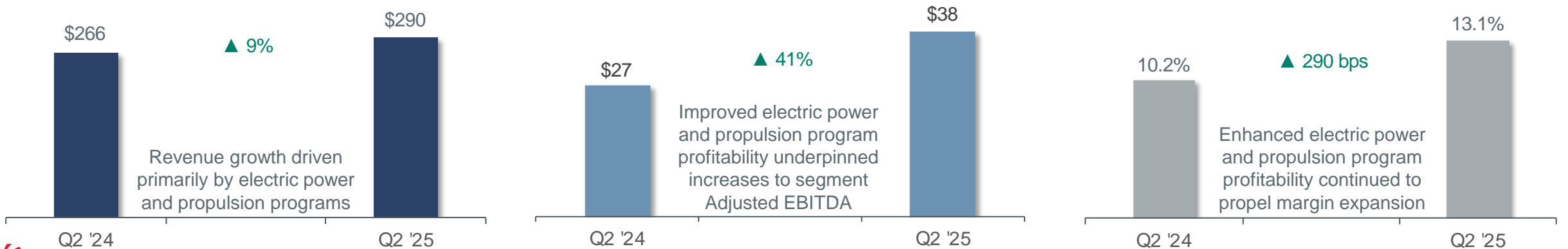
(Dollars in millions)

Adjusted EBITDA Margin *

Advanced Sensing and Computing (ASC)



Integrated Mission Systems (IMS)



* See slide 7 "Non-GAAP Financial Measures" for definitions and reconciliations of the non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with GAAP

Revised 2025 Guidance

Focused on Driving Continued Healthy Organic Revenue and Adjusted EBITDA Growth

Revenue

- Strong first half performance coupled with significant backlog visibility is driving confidence in increased revenue growth
- Variability in revenue output subject to the pace of material receipts and progress of labor inputs as well as the timing and level of customer orders

Adjusted EBITDA

- Narrowing the range for Adjusted EBITDA (while maintaining the mid-point of the range) as higher R&D investment spending, increased raw material input costs effect on program execution largely offset the benefits of higher volume and improved Columbia Class profitability

Adjusted Diluted EPS

- Maintaining a forecasted effective tax rate of 19% for the year
- Modest increase to diluted shares outstanding from 2024 but reduced from prior expectations due to stock buyback program
- Net interest expense reduced versus prior expectations

Other Modeling Items

- Targeting approximately 80% free cash flow conversion of adjusted net earnings
- Q4 expected to contribute significantly to full year revenue, adjusted EBITDA, adjusted net earnings and free cash flow

(In millions, except per share amounts)

	Current	Prior
Revenue	\$3,525 - \$3,600	\$3,425 - \$3,525
<i>% Δ from 2024</i>	9% - 11%	6% - 9%
Adjusted EBITDA *	\$437 - \$453	\$435 - \$455
<i>% Δ from 2024</i>	9% - 13%	9% - 14%
<i>Tax Rate</i>	19%	19%
<i>Diluted Shares Outstanding</i>	269	270
Adjusted Diluted EPS *	\$1.06 - \$1.11	\$1.02 - \$1.08
<i>% Δ from 2024</i>	14% - 19%	10% - 16%



* The company does not provide a reconciliation of forward-looking adjusted EBITDA and adjusted diluted EPS, due to the inherent difficulty in forecasting and quantifying the non-GAAP exclusions that are necessary for such reconciliation without unreasonable effort. Material changes to any one of these items could have a significant effect on future GAAP results

Non-GAAP Financial Measures

Definitions and Reconciliations

In addition to the results reported in accordance with U.S. GAAP included throughout this presentation, the company has provided information regarding “Adjusted EBITDA,” “Adjusted EBITDA Margin,” “Adjusted Net Earnings” and “Adjusted Diluted Earnings Per Share” (each, a non-GAAP financial measure).

Adjusted EBITDA and **Adjusted EBITDA Margin** are defined as net earnings before income taxes, interest expense, amortization of acquired intangible assets, depreciation, deal-related transaction costs, restructuring costs and other one-time non-operational events (which include non-service pension expense, legal liability accrual reversals and foreign exchange impacts), then in the case of adjusted EBITDA margin dividing adjusted EBITDA by revenues.


Adjusted Net Earnings and **Adjusted Diluted EPS** are defined as net earnings excluding amortization of acquired intangible assets, deal-related transaction costs, restructuring costs and other one-time non-operational events (which include non-service pension expense, legal liability accrual reversals and foreign exchange impacts), and the related tax impacts, then in the case of adjusted diluted EPS dividing adjusted net earnings by the diluted weighted average number of shares outstanding (WASO).

(Dollars in millions)

	Three Months Ended	
	June 30,	
	2024	2025
Net earnings	\$38	\$54
Income tax provision	9	13
Interest expense, net	7	2
Amortization of intangibles	6	6
Depreciation	17	17
Deal related transaction costs	3	0
Restructuring costs	1	0
Other one-time non-operational events	1	4
Adjusted EBITDA	\$82	\$96
<i>Adjusted EBITDA Margin</i>	<i>10.9%</i>	<i>11.6%</i>

(In millions, except per share amounts)

	Three Months Ended	
	June 30,	
	2024	2025
Net earnings	\$38	\$54
Amortization of intangibles	6	6
Deal related transaction costs	3	0
Restructuring costs	1	0
Other one-time non-operational events	1	4
Tax effect of adjustments ⁽¹⁾	(2)	(2)
Adjusted Net Earnings	\$47	\$62
Diluted WASO	267.457	269.025
Diluted earnings per share	\$0.14	\$0.20
Adjusted Diluted EPS	\$0.18	\$0.23

 (1) Calculation uses an estimated statutory tax rate on non-GAAP adjustments