



# Quarterly Earnings Presentation

Q4 | 2025

February 24, 2026

# 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 2026, and the other statements regarding our financial outlook are expressly made as of February 24, 2026 (the date of our fourth quarter 2025 earnings press release and conference call). We undertake no obligation, other than as may be required by law, 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,” “Segment Adjusted EBITDA,” “Segment Adjusted EBITDA Margin,” “Adjusted Net Earnings,” “Adjusted Diluted Earnings Per Share,” “Free Cash Flow” and “Free Cash Flow Conversion” (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 pages 10-11 and should not rely on any single financial measure to evaluate our business.



# Key Messages

1

## Another banner year of strong customer demand, fueling double-digit revenue growth

- Received \$4.2 billion in bookings throughout 2025, which marks the fourth consecutive year of a book-to-bill ratio at or above 1.2x
- Multi-year track record of robust bookings provides backlog visibility for continued growth into 2026 and beyond
- Demand continues to be evident throughout the portfolio, reinforcing the company's differentiated technology portfolio and platform-agnostic strategy

2

## New leadership builds on a solid foundation to usher in the next chapter of growth for the company

- New CEO prioritizing speed, innovation and delivery of capabilities to enable customer mission success and drive enduring growth
- Won landmark space contract to provide infrared sensing payload on the SDA Tracking Layer Tranche 3 program
- New naval power facility in Charleston, South Carolina remains on track for operations in late 2026

3

## Maintaining elevated investment posture to provide enhanced capabilities and capacity for customers

- Increased internal research and development by over 40% in 2025 and intend to maintain similar percentage of sales in 2026
- Over 60% increase in capital expenditure spend in 2025 and expect further growth in capital investment in 2026
- Company continues to build on its track record as a provider of cutting-edge technologies to address its customers most critical needs

4

## Initiating strong 2026 guidance

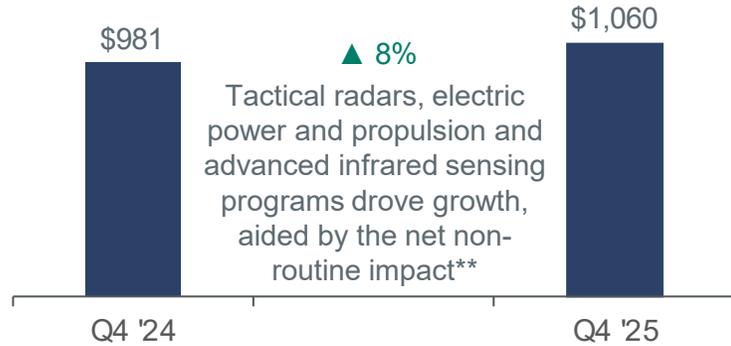
- Strong expected revenue growth of 6% to 8% over 2025
- Guiding to Adjusted EBITDA margin expansion driven by continued tailwinds from the Columbia Class program and operational leverage
- FCF still expected to track towards ~80% of Adjusted Net Earnings, despite sizable increase in capital expenditure investment in 2026



# Q4 2025 Leonardo DRS Results Summary

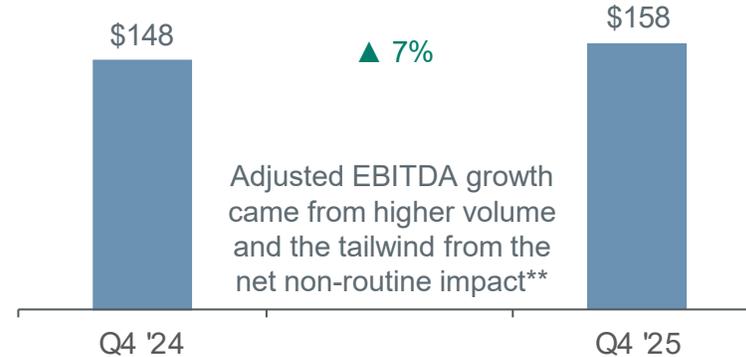
## Revenue

(Dollars in millions)



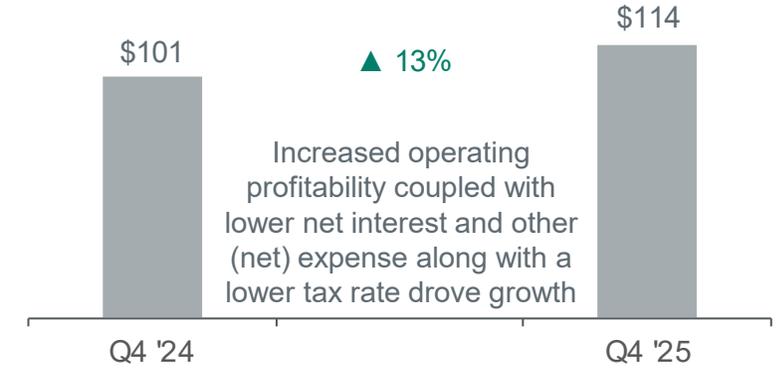
## Adjusted EBITDA \*

(Dollars in millions)



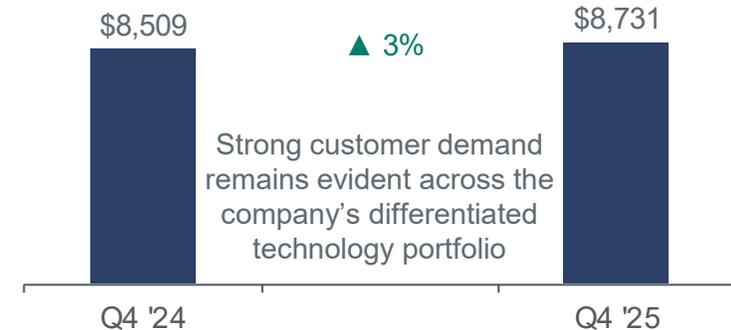
## Adjusted Net Earnings \*

(Dollars in millions)

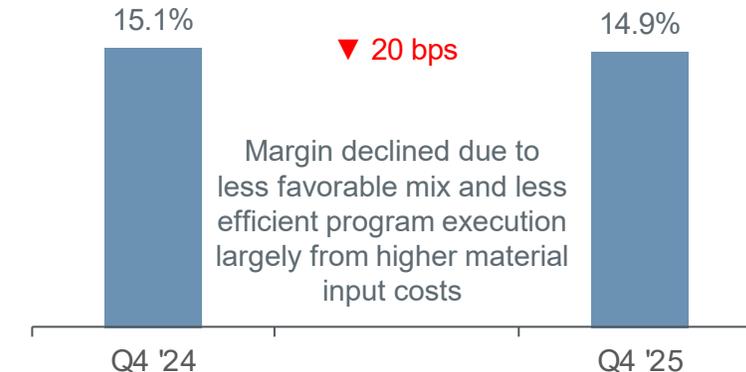


## Total Backlog

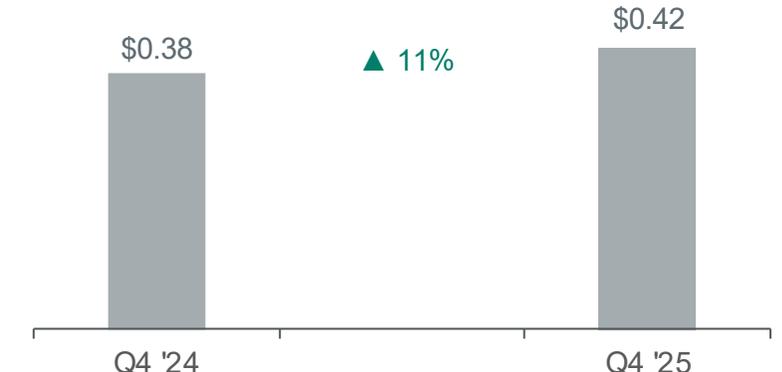
(Dollars in millions)



## Adjusted EBITDA Margin \*



## Adjusted Diluted EPS \*



\* See slides 10-11 "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

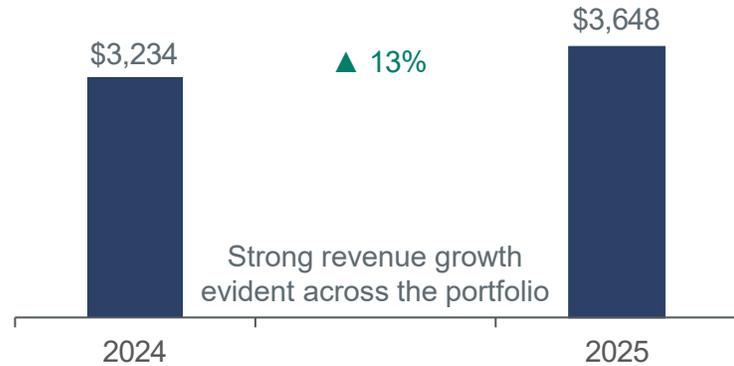
\*\* Net non-routine impact refers to the net financial impact from two non-routine items: a \$100 million, 10-year license agreement for laser intellectual property for use in quantum applications, which resulted in \$73 million of net present value for both the fourth quarter and full year 2025 revenue and Adjusted EBITDA; and the financial impact from the conclusion of a legacy foreign ground surveillance program (negative impact of \$67 million to revenue and \$65 million negative impact to Adjusted EBITDA) for full year 2025



# Full Year 2025 Leonardo DRS Results Summary

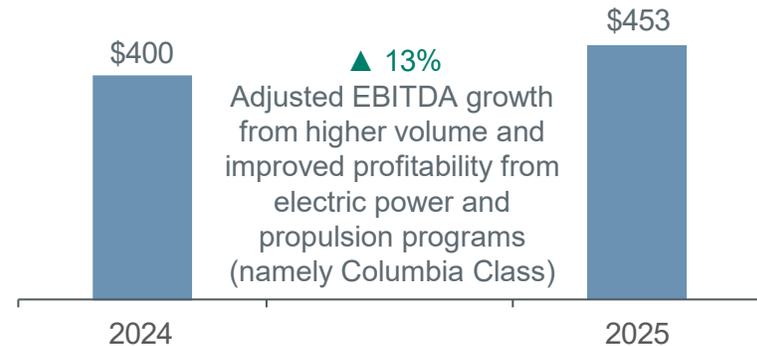
## Revenue

(Dollars in millions)



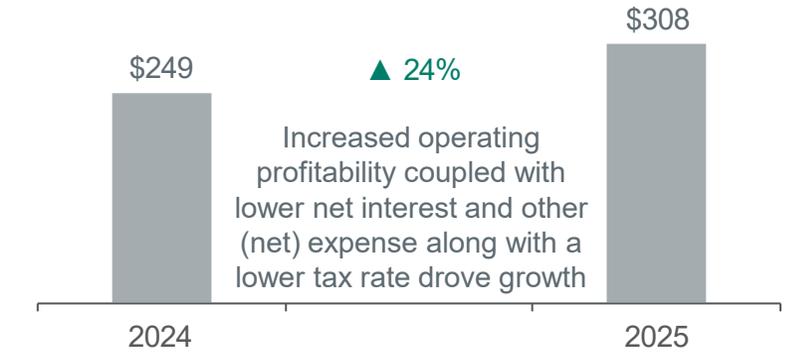
## Adjusted EBITDA \*

(Dollars in millions)



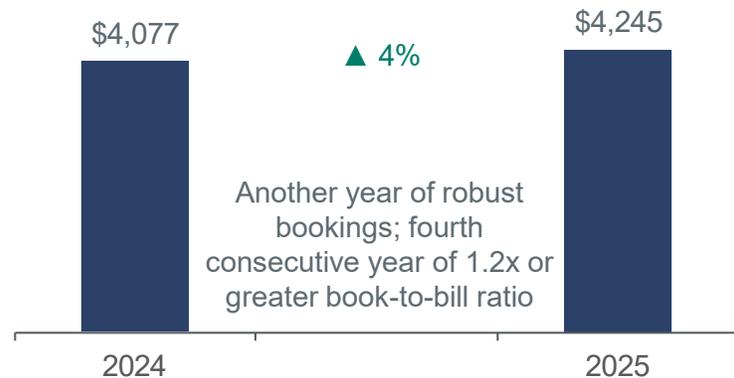
## Adjusted Net Earnings \*

(Dollars in millions)

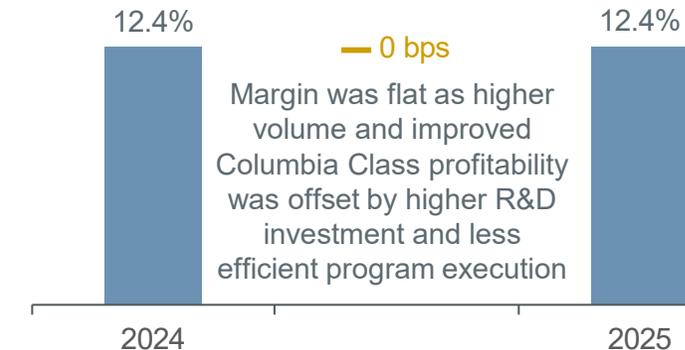


## Bookings

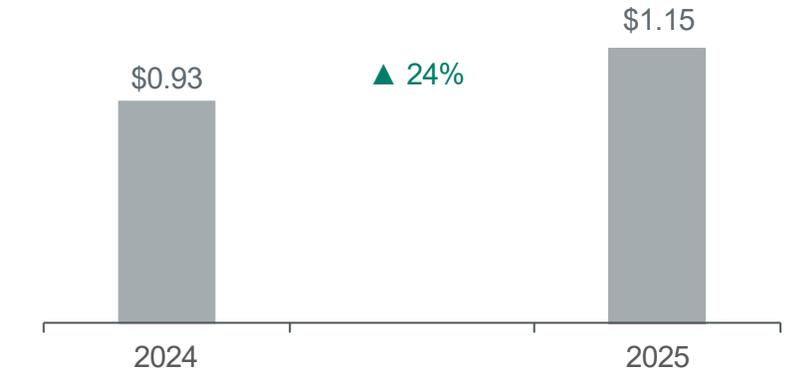
(Dollars in millions)



## Adjusted EBITDA Margin \*



## Adjusted Diluted EPS \*



\* See slides 10-11 "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



## **Segment Results**

# Q4 2025 Segment Results Summary

## Revenue

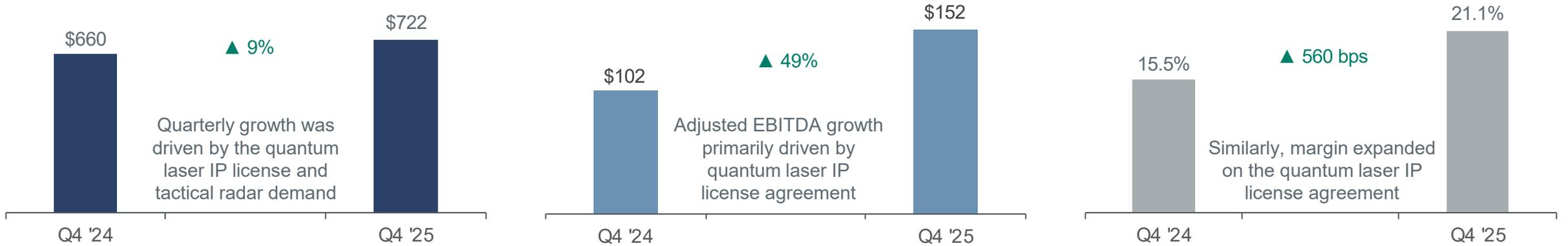
(Dollars in millions)

## Segment Adjusted EBITDA \*

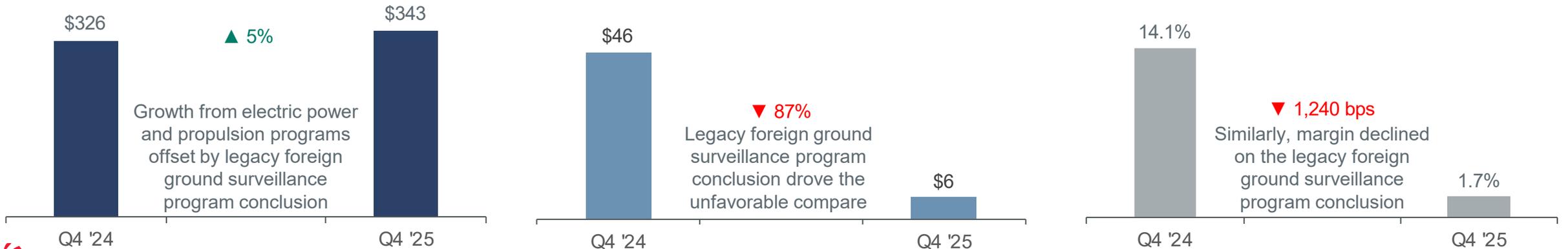
(Dollars in millions)

## Segment Adjusted EBITDA Margin \*

### Advanced Sensing and Computing (ASC)



### Integrated Mission Systems (IMS)



\* See slides 10-11 "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

# Full Year 2025 Segment Results Summary

## Revenue

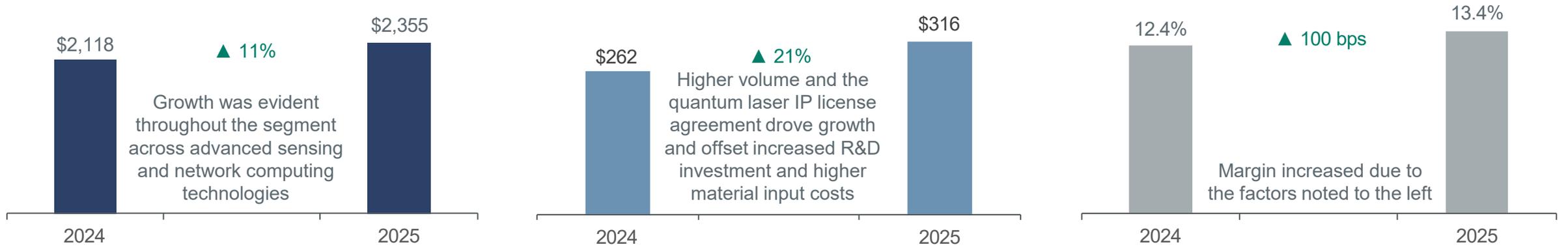
(Dollars in millions)

## Segment Adjusted EBITDA \*

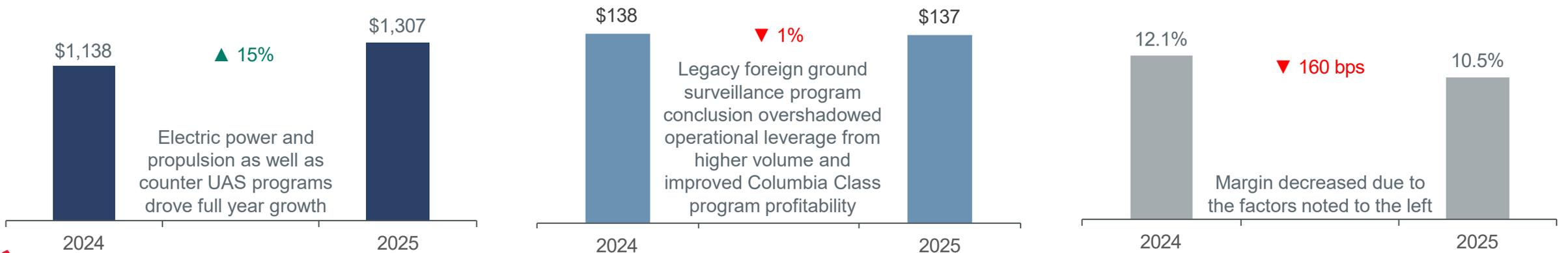
(Dollars in millions)

## Segment Adjusted EBITDA Margin \*

### Advanced Sensing and Computing (ASC)



### Integrated Mission Systems (IMS)



\* See slides 10-11 "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

# Initiating 2026 Guidance

## Driving Healthy Organic Revenue and Adjusted EBITDA Margin Expansion

<b>Revenue</b>	<ul style="list-style-type: none"> <li>• Strong backlog-driven visibility into revenue range</li> <li>• Timing and level of material receipts and progress of labor inputs are the largest factors driving the variability in revenue output</li> </ul>
<b>Adjusted EBITDA</b>	<ul style="list-style-type: none"> <li>• Projected margin improvement expected to be driven by continued improvements in Columbia Class program profitability, favorable program mix and operational leverage from higher volume</li> </ul>
<b>Adjusted Diluted EPS</b>	<ul style="list-style-type: none"> <li>• Forecasting an effective tax rate of 18.5% for the year</li> <li>• Slight increase in diluted shares outstanding from 2025</li> </ul>
<b>Other Modeling Items</b>	<ul style="list-style-type: none"> <li>• Targeting approximately 80% Free Cash Flow Conversion of Adjusted Net Earnings, despite higher capital expenditures</li> <li>• Consistent with prior years, second half expected to drive greater contribution across metrics</li> </ul>

(In millions, except per share amounts)

	<b>2026 Guidance</b>
<b>Revenue</b>	\$3,850 - \$3,950
<i>% Δ from 2025</i>	6% - 8%
<b>Adjusted EBITDA *</b>	\$505 - \$525
<i>% Δ from 2025</i>	11% - 16%
<i>Tax Rate</i>	18.5%
<i>Diluted Shares Outstanding</i>	269
<b>Adjusted Diluted EPS *</b>	\$1.20 - \$1.26
<i>% Δ from 2025</i>	4% - 10%



\* 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,” “Segment Adjusted EBITDA,” “Segment 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, executive transition costs and foreign exchange impacts), then in the case of Adjusted EBITDA Margin dividing Adjusted EBITDA by revenues.

**Segment Adjusted EBITDA** and **Segment Adjusted EBITDA Margin** are defined as operating earnings before amortization of acquired intangible assets, depreciation, deal-related transaction costs, restructuring costs and other one-time non-operational events, then in the case of Segment Adjusted EBITDA Margin dividing Segment Adjusted EBITDA by revenues.

(Dollars in millions)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2024	2025	2024	2025
<b>Net earnings</b>	<b>\$89</b>	<b>\$102</b>	<b>\$213</b>	<b>\$278</b>
Income tax provision	22	22	51	58
Interest expense, net	4	1	21	8
Amortization of intangibles	5	6	22	22
Depreciation	18	18	69	71
Deal related transaction costs	2	0	7	0
Restructuring costs	3	1	8	2
Other one-time non-operational events	5	8	9	14
<b>Adjusted EBITDA</b>	<b>\$148</b>	<b>\$158</b>	<b>\$400</b>	<b>\$453</b>
<i>Adjusted EBITDA Margin</i>	<i>15.1%</i>	<i>14.9%</i>	<i>12.4%</i>	<i>12.4%</i>

(Dollars in millions)

Advanced Sensing & Computing (ASC)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2024	2025	2024	2025
<b>Operating earnings</b>	<b>\$82</b>	<b>\$133</b>	<b>\$183</b>	<b>\$240</b>
Amortization of intangibles	5	6	22	22
Depreciation	12	13	48	49
Restructuring costs	3	1	8	2
Other one-time non-operational events	0	(1)	1	3
<b>Segment Adjusted EBITDA</b>	<b>\$102</b>	<b>\$152</b>	<b>\$262</b>	<b>\$316</b>
<i>Segment Adjusted EBITDA Margin</i>	<i>15.5%</i>	<i>21.1%</i>	<i>12.4%</i>	<i>13.4%</i>

(Dollars in millions)

Integrated Mission Systems (IMS)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2024	2025	2024	2025
<b>Operating earnings</b>	<b>\$40</b>	<b>\$0</b>	<b>\$117</b>	<b>\$115</b>
Depreciation	6	5	21	22
Other one-time non-operational events	0	1	0	0
<b>Segment Adjusted EBITDA</b>	<b>\$46</b>	<b>\$6</b>	<b>\$138</b>	<b>\$137</b>
<i>Segment Adjusted EBITDA Margin</i>	<i>14.1%</i>	<i>1.7%</i>	<i>12.1%</i>	<i>10.5%</i>



# Non-GAAP Financial Measures (Continued)

## Definitions and Reconciliations

**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, executive transition costs, 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).

(In millions, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2024	2025	2024	2025
<b>Net earnings</b>	<b>\$89</b>	<b>\$102</b>	<b>\$213</b>	<b>\$278</b>
Amortization of intangibles	5	6	22	22
Deal related transaction costs	2	0	7	0
Restructuring costs	3	1	8	2
Other one-time non-operational events	5	8	9	14
Tax effect of adjustments <sup>(1)</sup>	(3)	(3)	(10)	(8)
<b>Adjusted Net Earnings</b>	<b>\$101</b>	<b>\$114</b>	<b>\$249</b>	<b>\$308</b>
Diluted WASO	268.955	268.423	267.733	268.726
<b>Diluted earnings per share</b>	<b>\$0.33</b>	<b>\$0.38</b>	<b>\$0.80</b>	<b>\$1.03</b>
<b>Adjusted Diluted EPS</b>	<b>\$0.38</b>	<b>\$0.42</b>	<b>\$0.93</b>	<b>\$1.15</b>

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