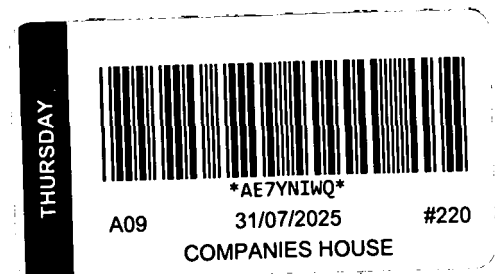


Registration number: 02426132

Leonardo UK Ltd

Annual report and financial statements

for the year ended 31 December 2024



# **Leonardo UK Ltd**

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## **Leonardo UK Ltd**

### **Company Information**

#### **Directors**

C J Higgins (Chair and Chief Executive Officer)

W Allen

F Bonaiuto

A Campora

N Colman

G P Cutillo

M de Fazio

M Hamilton

D A Leggetter

#### **Registered office**

1 Eagle Place

St James's

London

SW1Y 6AF

#### **Auditor**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

# Leonardo UK Ltd

## Strategic Report

### For the Year Ended 31 December 2024

The directors present their strategic report for the year ended 31 December 2024.

#### Principal Activities

Leonardo UK Ltd (“the Company or “Leonardo UK”) is a key subsidiary of the Leonardo SpA Group (“the Group”), a global leader in aerospace, defence, and security. The Company plays a pivotal role in delivering advanced technologies and solutions to both military and civilian customers, meeting the dual-use requirements of a rapidly evolving global market.

As one of the UK’s leading aerospace and defence companies, Leonardo UK operates across three divisions:

- **Electronics:** Designs and manufactures advanced sensing, effector, and communications technologies across air, land, sea, space, and cyber domains. The division supports both domestic and international customers, contributing significantly to the capabilities of the UK Armed Forces.
- **Helicopters:** Produces and supports rotary-wing aircraft for defence, search-and-rescue, and civil missions. This includes cutting-edge developments in uncrewed aerial systems and next-generation tiltrotor technology.
- **Cyber and Security:** Provides advanced cybersecurity and resilience solutions to government and commercial sectors, addressing critical challenges in data security and digital transformation.

The Company is a major supplier to the UK Ministry of Defence (“the MOD”), leveraging strong partnerships to deliver high-impact technological solutions that enhance national security. Through targeted investments in innovation, digitalisation, and strategic partnerships, the Company is positioned as a trusted partner for its customers and a driver of industrial capability within the UK.

Innovation, sustainability, and customer-focused solutions remain the cornerstones of the Company’s activities. By embracing new technologies, such as artificial intelligence, advanced manufacturing, and secure cloud computing, the Company continues to enhance its capabilities and strengthen its position as a leader in the aerospace and defence sectors.

#### Strategy

The Group’s strategy for the future is anchored in the ‘2024 - 2028 Industrial Plan’ (“the Industrial Plan”), which outlines the Group’s transformation into a global technology-based aerospace and defence solutions provider.

The Industrial Plan focuses on unlocking opportunities across the Company’s core divisions:

- **Electronics:** Enhancing competitiveness through targeted technology investments and product rationalisation. Leveraging international partnerships to deliver cutting-edge solutions in advanced sensing, effector, and communications technologies.
- **Helicopters:** Accelerating order conversion and advancing product development to achieve a leadership position in tiltrotor and uncrewed technologies, strengthening its role in next-generation rotary-wing platforms.
- **Cyber and Security:** Scaling operations to address increasing demand in cybersecurity and digital transformation. This growth is being driven by a combination of organic development and strategic acquisitions.

The Strategic Partnering Programme (“SPP”) between the Company and the UK Government, led by the MOD, continued to mature throughout 2024. This saw a renewed focus on improving programme delivery and fostering greater effectiveness and agility in commercial processes.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Strategy (continued)**

The Company also maintained its engagement with the Cabinet Office under the Key Supplier framework, prioritising critical areas such as corporate governance, business health and resilience, cyber assurance, people and skills, regional investment, and social value. These efforts exemplify the Company’s dedication to delivering long-term value to the UK economy and addressing government priorities.

In 2024, the Company worked closely with the evolving priorities of a new government, which emphasised economic resilience, strategic autonomy, and innovation-led growth.

The strategic relationship charters signed in 2023 with the Defence Science & Technology Laboratory and UK Defence & Security Exports remain pivotal. These agreements:

- Enhance science and technology capability stewardship, enabling both organisations to deliver high-impact, next-generation defence and security capabilities.
- Foster collaboration in export markets, supporting the Company’s role in sustaining the overall health of the UK defence industrial base.

Looking ahead, the Company will continue to deepen its partnership with the MOD and broader government stakeholders, leveraging the SPP to drive innovation, enhance programme delivery, and contribute to the UK’s economic and strategic resilience.

Resourcing continues to be a focus for the Company. In 2024 the business recruited 685 new employees, including 301 early-career professionals, in its largest hiring drive to date. This will continue as the business grows and develops.

Investments in regional hubs, such as the Newcastle Helix cluster, are helping to address skills shortages while also fostering economic growth and technological leadership in key regions.

**Key Performance Indicators**

The Company’s key operating performance indicators are as follows:

	<b>2024</b>	<b>2023</b>
	<b>£ 000</b>	<b>£ 000</b>
Order intake	2,029,471	2,410,368
Turnover	2,339,911	2,256,484
Operating profit before exceptional item	233,159	187,565
Operating (loss)/profit after exceptional item	(26,841)	187,565
Cash generated from operations	255,248	272,014

Order intake was 16% lower than 2023 due to a combination of large orders booked in 2023 and delays on Typhoon orders. Turnover was 4% higher than 2023 and operating profit was 24% higher than 2023, before goodwill impairment of £260,000,000 (see note 12), driven by the increase in turnover and improved productivity across divisions. Cash generated from operations decreased by £16,766,000 from 2023 driven by timing of supplier payments and increases in inventories to meet order demands.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Divisional Activities**

**Electronics: Strengthening UK Defence Through Advanced Technology**

The Company's Electronics division designs, develops, and manufactures advanced sensing and effector technologies across all domains: Air, Land, Sea, Space and Electromagnetic Activities (CEMA). Its capabilities include platform protection, intelligence, surveillance & reconnaissance ("ISR"), targeting, and counter-drone solutions. As one of the largest suppliers of complex electronics to the MOD, the division provides cutting-edge systems that underpin the capabilities of the UK Armed Forces and an expanding global customer base. With a strong foundation in radar, electronic warfare, electro-optics, and military communications, the Company continues to enhance its position as a leader in high-performance defence electronics.

In 2024, significant achievements included:

- The first flight of the ECRS Mk2 Radar on the Eurofighter Typhoon, marking a key milestone in next-generation electronic warfare and situational awareness.
- BriteCloud success in export markets, with a contract awarded from the US Navy.
- The Company received Lockheed Martin's Supplier of the Year award for laser technology advancements.
- The Digital Factory and Digital Engineering programme has progressed. These advancements support enterprise-wide integration and the adoption of digital twin technology, optimising design, manufacturing, and operational performance.
- Electronic Warfare capabilities have been expanded with the launch of BriteStorm.
- Successfully demonstrated new infrared (IR) countermeasures capabilities in trials with the UK MOD.

**Helicopters: Advancing Next-Generation Rotary Capabilities**

The Company's Helicopters division continues to reinforce its position as the Home of British Helicopters. In 2024, the division achieved major advancements in crewed and uncrewed platforms, sustainment solutions, and manufacturing efficiency. Through strategic partnerships, digital transformation, and cutting-edge technology, the Company remains a key player in shaping the future of rotary-wing capability for both the MOD and international markets.

Key achievements in 2024:

- The Company became the sole bidder to deliver the AW149 for the UK's New Medium Helicopter ("NMH") requirement.
- Proteus: Next-Generation Uncrewed Rotorcraft, in collaboration with the Royal Navy and the MOD's Defence Equipment and Support ("DE&S") and Future Capability Innovation (FCI) team, the Company unveiled the Proteus technology demonstrator.
- The Rotary Wing Enterprise ("RWE") programme continues to progress with efforts focused on defining and shaping future enhancements to fleet sustainment and operational readiness.
- The AW101 Merlin Mid-Life Upgrade Programme advanced, ensuring continued operational effectiveness for the UK's frontline forces.
- The Company launched the Diagnostics Service Tower in Yeovil, a data driven sustainment solution designed to enhance fleet wide operational insights.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Divisional Activities (continued)**

**Cyber and Security: Driving Digital Transformation and Resilience**

The Company's Cyber and Security division continued to grow in 2025. This success reflects the division's focus on critical infrastructure protection, digital resilience, and the integration of cyber capabilities into broader defence solutions. By delivering secure data management, cyber resilience for major defence programmes, and national security solutions, the division continues to strengthen the UK's digital defences against evolving threats.

Key achievements in 2024:

- Delivered secure data management and cyber resilience solutions for the MOD, including the Global Combat Air Programme ("GCAP").
- Strengthened national security through contracts with the Home Office, reinforcing the UK's border protection and critical infrastructure resilience.
- Embedded cybersecurity into key platforms such as the AW149 and Typhoon.

**Future Outlook**

The Company's future outlook remains positive, with an order intake during the year of £2,029,471,000 (2023: £2,410,368,000) and an order book at 31 December 2024 of £5,725,169,000 (2023: £6,091,048,000), which represents 245% of 2024 turnover (2023: 270%).

The Company's strategic vision is firmly anchored in the Group's Industrial Plan by its ability to innovate, collaborate, and adapt to an ever-changing defence and industrial landscape. The Company remains very strong in the airborne market with the UK and associated export markets offering significant opportunities.

The Electronics division remains focused on future Typhoon and GCAP development, continued investment in directed energy weapons, electromagnetic warfare and autonomous systems supporting the UK's 2024 Strategic Defence Review ("SDR") and broader security objectives.

The Helicopters division looks forward to the Proteus maiden flight in 2025, potential further home and export opportunities through the NMH programme, expanded uncrewed rotorcraft initiatives and ongoing development of smart maintenance and predictive analytics solutions further advancing fleet wide operations.

As cyber threats continue to evolve, the Cyber and Security division is expanding its research and development efforts in partnership with UK academic institutions and innovation centres, with initiatives including, next generation encryption, secure communications and AI powered threat detection systems enabling proactive cyber defence capabilities. This is aimed at strengthening digital sovereignty efforts.

**Principal Risks and Uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risks and uncertainties to which the Company may be affected remain political impacts, the levels of procurement spend amongst the key defence agencies which the Company supplies, supply chain management and the Company's project management of its customer contracts. The Company seeks to mitigate government procurement risk by developing an increasingly broad customer base for its core products and in respect of its supplier performance and project management risks, by rigorously applying well developed life cycle management processes.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Principal Risks and Uncertainties (continued)**

**Political Impacts**

- **Defence Procurement SDR Uncertainty:** The ongoing UK SDR introduces uncertainty regarding future procurement priorities. Expected to be finalised in the second half of 2025, the outcomes will shape defence spending and influence long-term planning. The Company remains actively engaged with stakeholders to anticipate and respond to potential policy shifts.
- **Geopolitical Risks and Global Conflicts:** Ongoing conflicts in Eastern Europe and the Middle East introduce market instability, supply chain vulnerabilities, and logistical challenges. The Company employs alternative sourcing strategies and geopolitical risk assessments to mitigate these risks.
- **Changes in US Trade and Export policies:** While the US presidential transition has been completed, uncertainties remain regarding potential changes in export policies, tariffs, and trade agreements that could impact Leonardo UK's access to key markets. The Company continues to engage with government and industry partners to navigate evolving trade conditions and ensure business continuity.

**Supply Chain Management**

Managing business continuity of the Company's complex supply chain is essential to the Company's operations. Geopolitical instability and the resulting volatility of the macro-economic environment adds risk and uncertainty across most sectors within the supply chain. Brexit, the conflicts in Russia/Ukraine and Israel/Palestine, the global energy crisis and the cost of living crisis have had an impact on local inflation, which has demanded greater transparency of our supply chain and our ways of engagement.

The Company continues to collaborate with its partners and suppliers, particularly with the SME community, to mitigate against these impacts. This includes development of our supplier capability assessments especially at the on-boarding stage, as well as due diligence built into the contract lifecycle to maintain business resilience as a topical subject matter addressing current and future risk. The Company collaborates internally across geographies within the Leonardo Group to adopt global risk management strategies where they can make a difference.

Collaboration with the Company's customer chain and trade associations, as well as its supply chain, proves to add value as the Company focuses on many common risks. This happens at an international level as well as local. With specific focus to the UK, the Company's relationship with the MOD, through the SPP, has enabled a proactive approach to longer-term supply risk, through greater transparency and forecasting. In addition, a number of cross-industry groups are working together to address common sub-tier supply risks within the sector, such as semi-conductor supply, energetics and batteries. With impacts on material flow and continuity of supply, the Company continues to lead and engage in industry forums. This is key to ensuring a sector-wide position is maintained and demonstrates the significant value in sovereign UK capability and supply.

The Company continues to work alongside the MOD to ensure critical programme timings are maintained and, through the Defence Suppliers Forum, helps to oversee resilience within the sector.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Principal Risks and Uncertainties (continued)**

**Project Management of Customer Contracts**

A large proportion of the Company's operating activities are long-term contracts, which require meeting contractual and operational requirements which are often complex and technologically demanding. There is a risk of costs exceeding original estimates.

All the Company's contracts are managed under its robust, and well-established, Lifecycle Management procedure framework, covering the bid stage through to delivery and completion. The framework ensures regular reviews are performed to monitor the progress of each project, including the review of financial variances and implementation of corrective action as necessary.

**Financial Risk Management**

**Foreign Currency Risk**

The Company has transactional currency exposure arising from sales and purchases in currencies other than the Company's functional currency of pound sterling. The Company uses forward currency contracts to hedge certain of these exposures.

**Credit Risk**

The Company has credit risk in respect of the recoverability of its trade and other debtors.

The majority of the Company's trade debtors are from UK and EU government agencies and prime contractors. The Company has a credit verification procedure that may require increased down-payments or third party guarantees and management performs regular reviews of the Company's debtor balances. The Company also has funds deposited with the parent company, Leonardo SpA, as part of a group-wide pooling arrangement which is further discussed in the going concern section in the directors' report.

**Sustainability – Climate Related Financial Disclosures**

Leonardo UK Ltd maintains a firm commitment to leveraging sustainability for business transformation, a core driver of its activities. This commitment aligns with the Group's 2024 - 2028 Industrial Plan. Our sustainability strategy is built upon four core pillars: People, Planet, Prosperity, and Governance. This integrated approach underpins long-term growth and aligns with the Group's sustainability goals, including those related to climate change. In 2024, the Group's commitment to the Science Based Target Initiative (SBTi) further propelled our climate strategy, aiming to reduce CO<sub>2</sub> emissions in line with the Paris Agreement. The Sustainability Plan is implemented through measurable short, medium, and long-term projects, guided by a data-driven approach.

*Governance*

Climate-related risks and opportunities are managed through a robust governance framework. The Environmental, Social and Governance (ESG) Committee regulates and assesses key sustainability topics, advising the CEO and Board on ESG goals and science-based targets. Climate topics are managed in detail by the ESG Steering Committee which meets quarterly and reports into the ESG Committee.

The Group Chief Sustainability Officer is supported by a UK Head of Sustainability alongside divisional leads and a non-financial reporting team. Sustainability integrated project teams operate within the Electronics and Helicopters divisions, reporting to the ESG Steering Committee. UK-level integrated project teams cover Net Zero commitments, Supply Chain, Utilities, and Design for Sustainability, embedding climate-related risks and opportunities across our Operational Framework.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Sustainability – Climate Related Financial Disclosures (continued)**

*Strategy*

Our decarbonisation strategy is fundamental to building a sustainable business, supporting long-term objectives and our Sustainability plan. This strategy outlines how emissions will be reduced across operations, products, and services, while assisting customers and suppliers in their own transition efforts. Strategy development considers UK Government commitments and implications for Company assets and infrastructure. We are committed to continuous improvement, integrating environmental considerations into our business strategy to reduce overall environmental impact.

The Company has set Net Zero targets for Scope 1 and 2 emissions by 2030, and for Scope 1, 2, and 3 emissions across the value chain by 2050. These targets align with the Group's SBTi commitment. Priority sustainability issues are identified using materiality analysis, revised in 2024 for compliance with the double materiality principle.

*Climate Scenario Analysis*

The Company will undertake climate scenario and sensitivity analysis, focusing on 1.5oc, 2oc and 4oc across near term, mid-century and end of the century reference periods during 2025 in line with the UK CCRA methodology. This aims to assess business strategy resilience and will inform decision-making on short, medium, and long-term climate change factors.

*Risk and Opportunity Management*

The identification, assessment, and monitoring of main risks and corresponding treatment actions related to climate change are systematically managed through the Company's wider Enterprise Risk Management (ERM) function and process. Environmental risk, encompassing climate-related risk, is fully embedded within our risk management approach via the Company's business and project risk registers. The ERM functions reports on a bi-annual basis.

Climate and environmental risks are assessed for their potential financial or non-financial impacts, thereby influencing business strategy. Current and emerging regulations, including the Carbon Reduction Plan and carbon pricing (UK Carbon Adjustment Mechanism), are continuously considered within our environmental management system.

The Company monitors the financial impact and cost of risk mitigation and opportunity exploitation for climate related risks and opportunities.

Climate change is considered a primary risk, necessitating action on certain processes and products due to environmental developments. Risks are assessed across short-term (up to two years), medium-term (three to six years), and longer-term (beyond six years) horizons.

**Transition Risks**

As the global economy transitions towards a lower-carbon future, The Company faces several transition risks primarily driven by policy, market, and technological shifts:

**Risk: Failure to Meet Disclosed Carbon Reduction Plan (CRP)**

Time Horizon: Medium to long term.

Impact: Non-compliance could lead to significant reputational damage, making it more difficult to attract and retain talent. Customers may cease awarding new contracts to suppliers not achieving their CRP. Financing costs could increase, leading to higher borrowing expenses and reduced profitability. Furthermore, "greenwashing" claims could result in litigation, leading to legal penalties, financial settlements, and further reputational damage.

Mitigation: To address these impacts, the Company is committed to identifying the costs and projects required to decarbonise its infrastructure. A Decarbonisation Guiding Principles document is planned for publication once the budget is approved, and the Decarbonisation Plan will be included in the Impact Assessment Plan in 2025. The Company is also exploring opportunities for self-generation of energy, such as the solar farm agreement in Yeovil.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Sustainability – Climate Related Financial Disclosures (continued)**

**Risk: Reduced Demand for Goods and Services Due to Changing Market Preferences**

Time Horizon: Medium to long term.

Impact: Continued reliance on high-carbon infrastructure may lead to further environmental impact, while decreased demand for existing products could result in financial losses for the Company.

Mitigation: To mitigate these impacts, the Company is integrating Design for Sustainability into its product lifecycle. This proactive approach aims to adapt and deploy new and existing capabilities to serve evolving sustainable market needs.

**Physical Risks**

The Company also addresses physical risks stemming from the direct impacts of climate change, which can affect assets and operations:

**Risk: Asset Obsolescence Due to Climate Change Impacts**

Time Horizon: Short to medium term.

Impact: Physical climate changes could render Company investments in assets obsolete before their end of life, resulting in financial losses. Transitioning to sustainable alternatives may require additional investment. More directly, adverse environmental conditions stemming from climate change may disrupt operations and negatively impact workforce productivity.

Mitigation: To build resilience against these physical impacts, the Company conducts climate change risk assessments for all Company sites, followed by detailed local mitigation plans. These risk assessments are also extended to key suppliers and other critical locations. Furthermore, real estate planning is aligned with climate risk assessment findings to ensure infrastructure resilience.

Opportunities

Alongside risks, climate transition presents significant opportunities for the Company:

**Opportunity: Shifting Market Preferences Creating New Demand for Sustainable Products and Services**

Time Horizon: Medium to long term.

Impact: This shift creates the potential for expansion into new markets for existing products and an increased demand for sustainable offerings in current markets.

Management: To capitalise on these opportunities, the Company integrates Design for Sustainability into its product lifecycle and is actively deploying new and existing capabilities into sustainable use cases.

*Metrics and Targets – Net Zero Objective in the United Kingdom*

Leonardo UK is committed to ambitious greenhouse gas emission reduction targets. As of 31 December 2024, the Company achieved a 74% reduction in Scope 1 and 2 CO<sub>2</sub>e emissions from its 2018 baseline.

Our key targets include:

- Reducing CO<sub>2</sub>e emissions (for Scope 1 and 2) by 40% by 2025 compared to 2018.
- Achieving Net Zero for Scope 1 and 2 emissions by 2030.
- Reducing Scope 3 GHG emissions by 52% per flight hour by 2030 compared to a 2020 baseline.
- Achieving Net Zero for Scope 1, 2, and 3 emissions across the value chain by 2050.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Sustainability – Climate Related Financial Disclosures (continued)**

**Opportunity: Shifting Market Preferences Creating New Demand for Sustainable Products and Services (continued)**

The Company's emissions targets are based on comprehensive reporting across all scopes. For Scope 1, this includes direct emissions from gas consumption, refrigeration, fleet aircraft fuel, on-site fuels, and company cars. Scope 2 targets are based on electricity consumption. Scope 3 targets consist of fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, and use of sold products.

Key initiatives driving these reductions include replacing gas heating systems, optimising office footprint, investing in efficient HVAC infrastructure, and increasing the adoption of ultra-low emission vehicles and EV charging points.

Progress towards these climate change commitments is tracked using the following Key Performance Indicators:

- Reducing electricity consumption from the external grid by 10% by 2025.
- Reducing Scope 1 and 2 Market Based CO<sub>2</sub>e emissions by 90% by 2030.

***Streamlined Energy and Carbon Reporting***

Leonardo UK Ltd qualifies as a 'large unquoted' company under SECR regulations. This report covers UK operations for the period 1 January 2024 to 31 December 2024. The operational control approach defines our organisational boundary. We measure mandatory Scope 1 and 2 emissions and certain Scope 3 emissions, including energy consumption from properties, business operations, fuels, aviation fuel, grey fleet, business travel, water, and waste.

The Company procures 100% renewable energy for its fully controlled estate, secured until 2026.

In line with the Government's Streamlined Energy and Carbon Reporting requirements, the Board of Directors sets out below details of emissions and actions undertaken.

***Methodology and findings***

Quantification and reporting adhere to UK Government Environmental Reporting Guidelines (March 2019) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, using UK Government 2024 Carbon Conversion Factors. Our intensity metric is gross UK Scope 1 and 2 emissions (including grey fleet) in tonnes of CO<sub>2</sub>e per £ million of turnover.

<b><i>Emissions Breakdown (tCO<sub>2</sub>e)</i></b>	<b><i>2024</i></b>	<b><i>2023</i></b>	<b><i>Change</i></b>
		<b><i>Restated</i></b>	
<b><i>Scope 1 Emissions</i></b>	<b>9,676</b>	<b>11,277</b>	<b>(14%)</b>
<i>Gas Consumption</i>	7,564	8,622	(12%)
<i>Refrigeration</i>	960	413	132%
<i>Fleet Aircraft Fuel (excl. R.F.)</i>	688	1,992	(66%)
<i>On-Site Fuels</i>	371	143	159%
<i>Company Cars</i>	93	107	(13%)

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Sustainability – Climate Related Financial Disclosures (continued)**

*Methodology and findings (continued)*

<i>Emissions Breakdown (tCO<sub>2</sub>e)</i>	<i>2024</i>	<i>2023 Restated</i>	<i>Change</i>
<i>Scope 2 Emissions (Location-based)</i>	<b>13,112</b>	<b>13,383</b>	<b>(2%)</b>
<i>Scope 2 Emissions (Market-based)</i>	<b>19</b>	<b>12</b>	<b>58%</b>
<i>Scope 3 Emissions</i>	<b>490</b>	<b>361</b>	<b>36%</b>
<i>SECR: Grey Fleet</i>	490	361	36%
<i>Scope 3 Emissions (voluntary)</i>	<b>25,146</b>	<b>23,598</b>	<b>7%</b>
<i>Category 3: Fuel and Energy Related Activities</i>	5,443	5,953	(9%)
<i>Category 5: Waste Generated in Operations</i>	95	128	(26%)
<i>Category 6: Business Travel (incl. R.F.) (excl. Grey fleet)</i>	10,983	9,501	16%
<i>Category 7: Commuter Travel</i>	6,784	6,311	8%
<i>Category 13: Downstream Leased Assets</i>	1,841	1,705	8%
<i>Scope 1, 2 and Grey Fleet</i>	<b>23,278</b>	<b>25,021</b>	<b>(7%)</b>

Note: 2023 emissions have been recalculated in 2024 and better aligned to GHG protocol methodology best practices.

<b>Intensity Metrics (Scope 1&amp;2 and Grey Fleet)</b>	<b>2024</b>	<b>2023</b>	<b>Change %</b>
tCO <sub>2</sub> e per £(m)	9.74	11.36	(14%)

Overall mandatory reported emissions (Scope 1, 2, and grey fleet) decreased by 7% in 2024 compared to the previous year. The reduction in emissions arising from Natural Gas consumption was 12%, driven by projects and optimisations. The increase in emissions related to refrigeration was driven by two main replacements of non-recovered fluorinated gases. The decrease in Fleet Aircraft Fuel is related to a reduced requirement for testing. On-site fuel usage increased due to the required operation of a temporary boiler.

Market-based Scope 2 emissions increased due to consumption growth at sites not covered by REGOs. Grey fleet emissions increased by 36%, driven by an 18% increase in mileage and data improvement.

Voluntary Scope 3 emissions collectively increased by 7%. Emissions from Waste Generated in Operations decreased by 26%, partly due to a 7% drop in water consumption. However, Business Travel emissions increased by 16%, influenced by a 2% increase in air mileage, a 31% increase in rail mileage, and a significant 148% increase in mileage by hire car. Employee commuting emissions also rose by 7.5%, based on survey data. Fuel and Energy Related Activities reduced by 9% predominantly due to the decrease in aviation fuel usage in 2024.

**Leonardo UK Ltd**  
**Strategic Report**  
**For the Year Ended 31 December 2024 (continued)**

**Sustainability – Climate Related Financial Disclosures (continued)**

*Energy Efficiency*

Our energy consumption is detailed below:

**Energy Consumption (kWh)**

<b>ENERGY CONSUMPTION</b>	<b>2024</b>	<b>2023 RESTATED</b>	<b>CHANGE</b>
<b>Electricity</b>	63,329,950	64,629,460	(2%)
<b>Gas</b>	41,354,100	47,133,408	(12%)
<b>On-Site Fuels</b>	1,441,935	563,779	156%
<b>Fleet Aircraft Fuel</b>	2,639,956	7,628,116	(65%)
<b>Renewable Generation Onsite</b>	0	3,132	(100%)
<b>Company Cars</b>	392,950	426,755	(8%)
<b>Grey Fleet</b>	1,527,212	1,487,005	3%
<b>Total</b>	<b>110,686,103</b>	<b>121,871,656</b>	<b>(9%)</b>

The Company's overall energy consumption (both direct and indirect) decreased by 9% in the reporting period compared to the last period. Reductions were particularly notable in utilities due to energy efficiency actions.

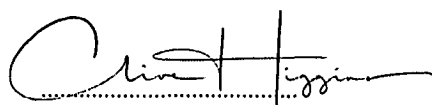
The Company maintains two ISO 50001 Energy Management System accreditations, demonstrating our commitment to reducing our energy footprint.

In 2024, energy efficiency measures resulted in annual savings of 2,022,300 kWh in electricity and 1,162,401 kWh in gas. These savings were primarily achieved through LED lighting upgrades and the optimisation of heating and cooling systems. For example, the Edinburgh site saved 712,875 kWh of electricity and 651,731 kWh of gas through optimising heating and cooling schedules, whilst the Yeovil site saved 1,497,466 kWh in electricity through LED lighting upgrades. The Southampton site achieved 363,276 kWh of gas savings in 2024 with three new replacement gas boilers and window upgrades. Further projects are planned for 2025, with a greater focus on identifying energy savings through meter data.

**Section 172 Companies Act 2006**

The Wates Corporate Governance Principles for Large Private Companies (the “Wates Principles”) provides a framework for the Company to not only demonstrate how the Board makes decisions for the long-term success of the Company and its stakeholders (see principle 6 Stakeholders, on pages 15 to 18), but also having regard to how the Board operates in compliance with the requirements of Section 172 of the Companies Act 2006 to promote the success of the Company. Our reporting against the Wates Principles has been included on pages 13 to 19. Throughout 2024, the Board will continue to review and challenge how the Company can improve engagement with its employees and stakeholders to deliver its long-term growth and sustainability.

Approved by the Board on 26 June 2025 and signed on its behalf by:



Clive Higgins (Leonardo UK Chair and Chief Executive Officer)  
 Director

## **Leonardo UK Ltd Corporate Governance Report For the Year Ended 31 December 2024**

The Wates Corporate Governance Principles for Large Private Companies, (published by the Financial Reporting Council in December 2018) (“the Wates Principles” or the “Principles”), were adopted by the Company in 2019 to enhance the governance systems, promote best practice and ensure that all appropriate corporate reporting disclosures are made.

The Company’s approach to its stakeholders is outlined in more detail within this Corporate Governance Report, as required by Section 172 of the Companies Act 2006 (“s172”) (see Principle 6 - Stakeholders). The Board is aware of its responsibilities under s172 in discharging its duties and making decisions on behalf of the Company.

Set out below is how the Company was managed for the Company’s financial year ended 31 December 2024.

### **Principle 1 – Purpose and Leadership**

The Company is the principal UK operating entity of the Leonardo Group, a global aerospace, defence and technology business, and is wholly owned by Leonardo SpA, an Italian registered company listed on the Milan Stock Exchange.

The Group’s purpose is to “Contribute to the world's progress and safety by delivering meaningful and innovative technological solutions”. The Group’s mission statement solidifies this purpose, which is “To be the international aerospace, defence and security company that best enables its customers' success, by thinking creatively and working with passion”.

The Company is primarily engaged in the electronic avionics defence systems and helicopters business domains, as well as providing high integrity surveillance networks to provide information for security and mission essential services. The Company has a commitment to create value for all its stakeholders through a path of long-term, sustainable growth, investing in the continuous improvement of its key competencies, products, technologies and workforce.

In pursuit of its mission, the Company continues to build on the Group’s guiding framework of One Company, One Voice. Our Charter of Values which defines Leonardo’s way of doing business, setting out the principles that guide the Company’s strategy and daily activities of all those who work and collaborate with the Company and the Leonardo Group as a whole. These are:

- Ethics and respect
- Expertise and merit
- Innovation and excellence
- Internationality and multiculturalism
- Rights and sustainability

A copy of our Charter of Values is available on our website.

The Company’s Board members are appointed in accordance with Leonardo SpA Directives and undertakings provided to the MOD under a range of UK statutory measures (including the Enterprise Act 2002). The Board comprises representatives from the Company’s divisions and functions and its shareholder. The Board operates as a decision maker for the Company.

### **Principle 2 – Board Composition**

The members of the Board are disclosed in the directors’ report.

The Board’s size and composition is considered appropriate for the scale and complexity of the business with a breadth of skills, knowledge and experience to govern the Company effectively.

The directors have equal voting rights when making decisions. The Chairman has the casting vote where the number of votes for and against a proposal at a meeting is equal. All directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company’s expense.

The duties of the Board are partially executed through formally appointed committees as noted below as well as through individual functions and divisions.

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**Principle 2 – Board Composition (continued)**

The Board members update their skills, knowledge and familiarity with the Company by receiving periodic reports on matters mandated to each function and division. Each director has specialist knowledge within their division or function, which is kept updated alongside their individual continuous professional development.

The Board sets the Company's purpose, values and standards of behaviour expected of all employees, satisfying itself that these and the culture of the business are aligned. It also oversees and monitors internal controls, risk management and the Company's governance framework, which sets out how it does business.

In 2024, the Board welcomed two new directors, Allan Leggetter and Andrea Campora. The board met five times during 2024.

**Principle 3 – Directors' Responsibilities**

***Accountability***

Good governance supports open and fair business, ensures that the Company has the right safeguards in place and supports informed decisions. Whilst Board oversight is always maintained, where appropriate, key areas are delegated to functions and business areas to coordinate and to individuals in roles with the most appropriate knowledge and industry experience for detailed oversight and management, who report back to the Board on their work. Each Board member has a clear understanding of their accountability and responsibilities.

***Integrity of Information***

The Board receive reports on a range of matters at each meeting, with a number of standing agenda items alongside commercial matters as they arise.

Key financial information is maintained within, and collated from, the Company's accounting systems. The Company's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. The Company's financial statements are externally audited at each financial year end. The Company's financial controls are reviewed by the Company's internal audit function.

**Principle 4 – Opportunity and Risk**

The Board supports the work of its business units, who, with their parent units in Italy, pursue business opportunities in the UK. The Board provides support to these opportunities while managing risk.

***Opportunity***

Long term strategic opportunities for the business units are reviewed by the Board as a part of the updates from the business areas. The Board looks to support all major bids and strategic opportunities including those related to internal investment, executing these through its business divisions or corporate functions as appropriate.

Details of the Company's opportunities are outlined in the "Future Outlook and Business Environment, Strategy and Principal Risks and Uncertainties" sections of the strategic report (on pages 5 to 7).

***Risk***

Risk is managed using the Company's standard risk management process, which requires all divisions to identify and manage their risks at a divisional and project level, described in a formal syntax of causes, risk events and consequences. These risks are then subjected to statistical analysis, both pre and post-mitigation to assess the potential impact. A central risk tool supports the process and generates a comprehensive analysis across the whole Company.

Lifecycle management is used to provide governance through gate reviews at key risk points in the Company's main programmes and projects. The standard process is defined by Leonardo in its Project Management Manual and applied across all divisions.

Phase Review Chairs and their assessors, who are independent of the project or programme, conduct reviews of plans and progress at key stages. A summary report is issued to the project and the relevant management team identifying key actions to minimise risk going forward. The process also incorporates a 'lessons learned' mechanism to ensure that experiences in one project can be shared with other projects in order to enable continuous improvement activity.

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***Risk (continued)***

In addition, the corporate functions undertake risk assessments against specific areas of regulation to ensure comprehensive compliance programmes are implemented.

Details of the Company's key operational risks and mitigations are outlined in the strategic report (on pages 5-7).

***Responsibility***

The Board has approved a delegation protocol and governance framework which prescribe that any contract above a certain value, risk level or which may be considered strategic (determined by group governance), or any other transactional matter specifically reserved to the Board, must be approved by the Board. This ensures that both the Group interest and the specific UK legal requirements are protected through an appropriate level of diligence. This also ensures that sufficient scrutiny is given to understanding the obligations, risks and terms of the contract or the relevant matter, protecting the integrity and long-term sustainability of the Company, meeting strategic objectives and creating value for its parent company, customers and suppliers.

**Principle 5 – Remuneration**

The Remuneration policy set by the Board of Leonardo SpA aims to ensure that the operating business in the UK retains and attracts high calibre talent to deliver on the Company's commitments to its customers.

The total remuneration of the Company's employees includes fixed and variable pay, life insurance and lifestyle benefits that recognise short and long term career choices, together with the contribution the employee makes to the business. External markets are regularly reviewed to benchmark the Company's employee offering and ensure that the Company's employment proposition remains relevant and competitive within the relevant sectors. Flexibility and choice on how employees engage with pay and benefits is a major part of the remuneration philosophy. The Company has received external recognition for its benefits strategy and its flexible working approach. This year the UK business retained its Investors in People Gold award an internationally recognised accreditation for people management and employee wellbeing. Leonardo is a provider of competitively paid jobs, in a sector where competition for talent is fierce and attraction for key skills is essential to achieve the business aims.

The Company administers all remuneration policies and programmes consistently, fairly and equitably. Communications with employees are regular and informative, providing reasons as to why particular treatments on pay and benefits are adopted. Communication and consultation with employees take place through many routes, including trade union fora and Joint Information Consultative Committees, as well as directly with individuals. The Company applies equal pay principles in line with the Equality Act 2010 and is accredited to the UK Living Wage Foundation.

**Principle 6 – Stakeholders**

The Board recognises the importance of having a close working relationship and engagement with all of its stakeholders, including its group of companies, the wider Leonardo Group, employees, customers, suppliers and the local communities in which it works across the UK and abroad. Effective communication and good governance are key to ensure the Company's strategic direction remains aligned with the Leonardo Group's long-term goals for sustainability, growth, diversification and investment in the aerospace, defence and technology industry. The Board is constituted of a blend of Leonardo UK and Leonardo SpA employees, ensuring that the parent company is represented and that communication between the Board and its sole shareholder is maintained. During 2024, four of the nine Board members were Leonardo SpA employees.

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***External Stakeholders and Impacts***

The Board is committed to doing business in a sustainable manner, with a continued commitment to economic and social development and the protection of human health and the environment. The Charter of Values (outlined above) underpins this ethos for establishing and maintaining trusting relationships with all its stakeholders.

The Company, alongside the other Leonardo group companies, is focused on contributing to the achievement of four of the seventeen Sustainable Development Goals promoted by the UN2030 Agenda. It also supports the “Ten Principles” of the UN Global Compact, the largest global initiative for sustainable business. It promotes the adoption of behaviours that contribute to the success of the Company and to the well-being of the community through the creation of work opportunities in the UK and other countries where it operates, in its associated supply chains, technological collaborations and the continuous improvement of products and services designed for the protection of nations, their citizens, and the environment.

The Company welcomes the development of the Task Force on Climate-related Financial Disclosures recommendations and recognises climate change as one of the biggest threats the world faces, and one which poses particular challenges to the Company’s business.

The Company, through its sites and divisions, collects a range of emissions data that is submitted annually to its parent company via the ServiceNow SHE questionnaire which calculates the Company’s Scope 1, 2 and part of Scope 3 emissions for the six main greenhouse gases covered by the Kyoto Protocol, namely: carbon dioxide, methane, nitrous oxide, perfluorocarbons, hydrofluorocarbons and sulphur hexafluoride. This is used in both reporting at a Group level, and for UK specific reporting.

The Company is also committed to adding social value through long-term initiatives in the communities where it does business. The Company has restructured the executive car scheme to make electric and hybrid vehicles more accessible to executives and is encouraging sustainable travel to work by installing more electric vehicle charge points at its sites and has launched a Go Green car scheme for employees (a finalist in the annual Innovation Awards) making it easier to make the electric or hybrid vehicle switch.

The Company offers award winning graduate and apprenticeship programmes to nurture new skills in younger age groups. The Company has in place a UK STEM Lead accountable for developing strategy and STEM Ambassadors who continually produce fresh initiatives to engage budding engineers, with a focus on those communities with less access to resources.

The Company develops pioneering technology to future-proof its industry, including digitisation of working methods, the provision of space sensors that monitor pollution, helicopters that use sustainable aviation fuel and radars that work faster to reduce flight time.

The Company is supporting its workforce in heightening their digital skills, creativity and ability to engage with open innovation in collaboration with universities, while giving them access to the benefits of big data, artificial intelligence, system thinking and additive manufacturing, for a sustainable factory of the future.

The Company encourages all of its suppliers to share and comply with ethical, social and environmental standards, through acknowledging and accepting the Company’s Code of Ethics and Supplier Code of Conduct as well as the guidance provided in the organisational and control models. This is established through the Company’s supplier approval process and monitored throughout the period of the supply relationship. A Procurement web portal along with an increased utilisation of JOSCAR facilitates transparency and traceability of information.

***Employees***

2024 has remained a challenging year, however the Company has seen an easing of high inflation and economic instability to the employment markets in the UK. The Company deployed a single year pay agreement, with an increase of 5% in employee salaries, excluding those on executive grades for whom performance-based rewards are normal practice. The Company has also improved the bonus arrangements as planned for a large group of employees for 2024 based on a percentage of base salary with protection for those on lower salaries.

Trust and choice remain at the heart of the Company’s employee proposition as demonstrated in the flexible working options offered through custom working arrangements, with all teams embedding ‘Custom Working’ practice via team charters. The Company continues to see a more balanced split between home and on-site working and empowering teams to decide where and how they work continues to prove popular with employees and new recruits. The Company

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*Employees (continued)*

also continues to explore opportunities to offer additional flexibility to roles that require a fixed working place and pattern. In addition to hybrid working opportunities, the Company has embedded the increase of the flexible leave days employees can take from 8 to 12 for all employees regardless of length of service or seniority. 12 days flex leave in addition to 25 or 27 days annual leave and eight public holidays per year supports the Company's commitment to a healthy work life balance.

The Company further supports the value of choice with its fully funded flexible benefits provision with additional benefit choices added for 2024 such as My Family Care with the addition of an improved portal enhancing the user experience. The favoured choices are still tax efficient benefits such as Individual Saving Accounts, technology purchases, private medical and dental insurances. The Company also continued to allow employees to both buy additional holiday and sell back unused holiday to suit their individual needs, ensuring a healthy work life balance is always maintained.

The Company concluded its extensive consultation on the closure to future accrual for its two defined benefit pension arrangements and the pension trustees amended the deeds to allow for closure in April 2024. The Company now has a single, competitive, defined contribution scheme.

The physical, psychological, social and financial wellbeing of employees continues to be a strong focus for the Company. The Company's investment in its wellbeing strategy continued in 2024 including through the wellbeing network group and trained wellbeing champions, promoting a holistic approach to healthy lives to support its people in achieving their full potential. The Company holds Investors in People 'we invest in wellbeing' accreditation at gold level and will seek re-accreditation in 2025.

Employee engagement remains a critical element of business success. To ensure employees voices are heard, the Company employs a variety of communication and engagement methods that encourage a culture of listening and dialogue, supported by people managers, people business partners, occupational health and wellbeing advisors and its inclusion and diversity ambassadors.

The Company upholds and promotes human rights in every context in which it operates, by creating equal opportunities for its people and fair treatment for all - regardless of race, nationality, political creed, religion, gender, age, diverse ability, sexual orientation, personal or social condition - and always respecting the dignity of each individual and each employee. Amongst other things, the Company promotes the inclusion of minorities, ensures freedom of assembly and abides by the absolute prohibition of illegal labour as set out in its Modern Slavery Statement. If any employee wishes to raise concerns or highlight any potential breaches of the Code of Ethics, they can contact the Company's Speak Up Helpline, administered by an independent service provider with anonymity. This will be formally investigated and reported to the Ethics and Social Responsibility Committee. The Board is committed to designing policies and developing a working environment that promotes the benefits and wellbeing of all its employees. For detailed information on the Company's benefits, visit its website. ([www.uk.leonardocompany.com/en/people-careers/life-at-leonardo/company-benefits](http://www.uk.leonardocompany.com/en/people-careers/life-at-leonardo/company-benefits)).

As part of its Inclusion and Diversity Strategy, the Company has maximised engagement with its UK workforce across a range of channels including intranet and social media content, poster/banner campaigns, face to face with stands at sites as well as providing briefings throughout the year for divisional meetings and activities. In each quarter across 2024, all Network Executive Sponsors and Chairs met to ensure engagement in the strategy and to ensure that the Company is continuing to make positive progress.

The Company's Inclusion and Diversity Strategy in 2024 spanned change programmes and deliverables across recruitment, development and culture. In 2024, the Company continued to invest in its STEM Returners programme, with 34 returners now permanently employed within the Company as a result. The programme supports the Company's desire to diversify its recruitment, with 19% of its returners women and 34% ethnicity diverse. The Company's women's development programme, Springboard, has now supported around 200 women from across the UK and the Company has also launched the 4th cohort of its men's personal and professional development programme, Navigator. In 2024, the Company piloted a reverse mentoring programme with Association of Black and Minority Ethnic Engineers within its senior leadership population, and also launched 'Ascend', a bespoke mentoring programme between the RAF Ethnicity network and the Company's Armed Forces network.

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***Employees (continued)***

Another new investment this year was the Company's partnership with Future Leaders, a social mobility charity. A programme was collaboratively designed to help drive the number of women in the Company's early careers' community. Working with a cohort of 25 young women over six months, the degree apprenticeship opportunities available across the UK were developed. The Company is pleased to share that 48% of participants have applied to its 2025 early careers campaign. The Company also became a 'Carer Confident' accredited employer, awarded by Employers for Carers. To support the Company's desire to create a culture of inclusion, education sessions have been delivered throughout the year on subjects linked to inclusion in the form of virtual 'lunch and learns', in person seminars and information stands on site. The Company supports seven employee networks, each of which supports a minority group. Networks raise the visibility of inclusion and diversity and create spaces where those with shared lived experiences can connect and work with the business to create positive change. In 2024, the networks raised visibility of subjects linked to International Men's Day, Baby Loss Awareness Week and Armed Forces Day.

The Company continues to make strides towards its gender ambitions, with the gender balance now 79/21 across the UK, and the annual gender pay gap falling again to 12.07%, a reduction from 12.91% the previous year. To support this, the Company actively focuses on increasing the number of female new starters; an increase in the female workforce promoted into more senior roles within the Company; attracting key female talent into the engineering sector through STEM activities in the local communities; implementing training in diversity and inclusion for employees; actively improving its work-life balance solutions through Custom Working to encourage and promote changes in behaviour and culture within the Company.

The Company's work was recognised at the HR Excellence Awards 2024, being shortlisted for 'Best Inclusion and Diversity Strategy 2024', an important reflection of the investments and commitment the Company makes.

The workforce, across its sites, undertakes a variety of fundraising initiatives and has raised tens of thousands of pounds for several charities in recent years and continues to do so.

The Company is active within the sector and across wider external bodies, in a drive to develop, engage and promote skills and opportunity. One example of this broad activity is our role as a Strategic Partner with EngineeringUK, through which we, alongside other engineering organisations, gain access to the latest research and best practice to support STEM strategy development and work together to support policy improvements through work with bodies, such as Skills England, to ensure the demand for future skills is met and to enable all young people to have the opportunity to enter a career in engineering.

The Company also engages with trade bodies, academia and across the defence and engineering industry on skills and the positive economic and social impact this sector can have. The growth of the facility in Newcastle aims to have such an impact on this region and the Company is actively involved with academia and government in that area to realise this opportunity.

**Committee Information**

The Company's committees are a tool of governance. Each committee focuses on specific areas or tasks (as explained for each committee below) and established in their Terms of Reference. The Chairs are appointed by the CEO and report on activities throughout the year.

Under the direction of the new Chair and CEO in 2024, the Company completed an effectiveness review of its committees and relaunched them in 2024.

In 2024, two new Committees were formed, the Environmental and Social Governance Committee and the Health and Safety Committee.

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**Committee Information (continued)**

***Assurance and Internal Controls Committee***

The Committee provides a process for the review and evaluation of the adequacy of the Company's compliance with applicable legislation, regulations and Leonardo SpA's group-wide directives.

The Committee is chaired by the Finance Director of the Company with membership from across the business.

The Committee met three times during the year and has a new risk-based system.

***Data, Knowledge and Information Management Committee***

The Data, Knowledge and Information Management Committee's primary objective is to maintain and create a suitable operational framework for the lawful and commercially appropriate creation, management, protection, retention, archiving and destruction of documents, data and information, including compliance with all relevant laws and regulations; having oversight of its sub-committee, the Data Protection Management Team, which provides support to the Committee on data protection: being the prevention of an adverse impact on the rights of "Data Subjects" (as defined in the Data Protection Act 2018 and the General Data Protection Regulation (EU) 2016/679) with whom the Company interacts with or has an impact on; and to minimise the risk to the Company of regulatory intervention or sanction by implementing robust policies and procedures for the management of personal and government classified data.

The Committee is chaired by the Director Digital Services with a membership of functional leaders from across the business.

***Ethics and Social Responsibility Committee***

The Ethics and Social Responsibility Committee's purpose is to assist the Board in reaffirming and defining its commitment to operating ethically in all the territories within which it operates.

It has overall responsibility for promoting the values of the Company, the implementation of and conformity with its ethical compliance programme including anti-bribery and corruption management systems, promoting a culture which fosters effective stakeholder relationship aligned to the Company's purposes, ethical behaviours and standards as well as challenging negative behaviours or activities which will impact the Company's operation on its primary stakeholder groups.

The Committee is chaired by the People Director with a membership including functional leaders from across the business.

***Health, Safety and Environment Committee***

The Committee assists the Board oversee and provide assurance on the management of its health, safety and environmental responsibilities. The Committee held one meeting in 2024

The Committee is chaired by the People Director with a membership including functional leaders from across the business.

***Environmental, Social and Governance Committee***

The Committee oversees and supports the implementation of The Company Sustainability Framework and advises on, and recommends for approval by the board, appropriate ESG goals and key ESG metrics. The Committee met once during 2024.

## Leonardo UK Ltd

### Directors' Report For the Year Ended 31 December 2024

The directors present their annual report and the audited financial statements of Leonardo UK Ltd ("the Company") registered number 02426132, for the year ended 31 December 2024.

#### Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the directors' report have been included in the strategic report. These matters relate to principal activities, business review, key performance indicators, principal risks and uncertainties, future developments, research and development activities, financial instruments, policy regarding employment of disabled persons, and engagement with employees. The strategic report also includes the directors' section 172 (1) statement addressing its interactions with key stakeholders, including with customers, suppliers and others.

#### Results and dividends

The loss for the year after taxation amounts to £35,526,000 (2023: profit of £168,752,000).

A final dividend in relation to the 2023 financial statements of £26,054,000 was paid on 1 March 2024. An interim dividend of £200,000,000 was paid in July 2024 (2023: £nil).

#### Going concern

Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

The Board of directors have assessed the Company's cash flow forecasts for the going concern period through to 31 December 2026 and have a reasonable expectation that the Company has adequate resources to continue in operational existence during this period. Accordingly, the financial statements have been prepared on a going concern basis.

The Company's business activities, together with the principal risks and the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the financial statements. Note 22 to the financial statements addresses the management of the funding risks of the Company's employee benefit obligations.

The Company has considerable financial resources together with long-standing relationships with several governments, customers and suppliers across different geographic areas. The Company's forecasts and projections, taking account of potential and realistic changes in trading performance, including the risk of inflation, demonstrate that the Company can operate within the level of facilities it has in place. Consequently, the directors believe that the Company is well-placed to manage its business risks successfully. In reaching their conclusions, the directors have performed scenario analysis considering a severe but plausible downside scenario driven by a slowdown in delivery and a reduction in new orders. In assessing this scenario, the directors have considered:

- How the delivery of contracts may be impacted; and
- The availability of funds pooled with Leonardo SpA.

A key assumption in these conclusions is access to the Company's funds that have been pooled with Leonardo SpA, the ultimate parent company ("the Group"). The majority of the cash generated by the Company is pooled in a group-wide pooling arrangement. The directors have assessed the pooling documentation and confirmed the Company has the right to access the pooled funds when required. The directors have also considered the financial position of the Group, including the Group's results announced on 8 May 2025 for the three months ended 31 March 2025 and any material events subsequent to this date, and concluded that the ultimate parent company has sufficient liquidity to provide the Company with its pooled funds if required.

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### **Directors' Report For the Year Ended 31 December 2024 (continued)**

#### **Directors of the Company**

The directors who held office during the year and up to the date of signing the financial statements were as follows:

C J Higgins (Chair and Chief Executive Officer)

W Allen

F Bonaiuto

A Campora (appointed 21 February 2024)

A Clarke (resigned 28 February 2025)

N Colman (appointed 11 March 2025)

G P Cutillo

M de Fazio

M Hamilton

D A Leggetter (appointed 21 February 2024)

#### **Employees**

The Company has a programme in place to assist employees to achieve their full potential and to develop the skills necessary to meet the current and future expectations of its customers. The programme focuses on both personal and technological development.

All employment policies include a commitment to equal opportunities regardless of sex, race, colour, nationality, ethnic origin, religion, age or disability, subject to considerations of national security. The Company's policy is to provide, wherever possible, employment opportunities for disabled people and to ensure that disabled people joining the Company and employees who become disabled whilst in its employment benefit from training and career development opportunities.

The Company has put into place a number of ways of providing employees and, where appropriate, their representatives with information on the performance of the Company and other matters which affect them. The effectiveness of the communication process is assessed regularly with the aim of ensuring continual improvement to provide employees with the information they want by the most effective means.

#### **Research and development**

The Company continues to invest in a wide range of development programmes across the breadth of its increased portfolio to retain and enhance its market position in those areas. Expenditure on research and development in 2024 was £493,795,000 (2023: £501,148,000).

#### **Political contributions**

No political donations were made in the year (2023: £nil).

## Leonardo UK Ltd

### Directors' Report For the Year Ended 31 December 2024 (continued)

#### Statement of disclosure of information to auditor

For each director in office at the date the directors' report is approved, the following is confirmed:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

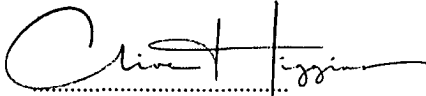
#### Directors' indemnities

The Company maintains liability insurance for its directors and officers. Following shareholder approval in July 2005, the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

#### Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board on 26 June 2025 and signed on its behalf by:



C J Higgins (Chair and Chief Executive Officer)  
Director

## **Leonardo UK Ltd**

### **Statement of Directors' Responsibilities in respect of the annual report and the financial statements**

The directors acknowledge their responsibility for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the members of Leonardo UK Ltd**

### **Opinion**

We have audited the financial statements of Leonardo UK Ltd (the 'Company') for the year ended 31 December 2024, which comprise the statement of total comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and related notes 1 to 29, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following:

- We understood the process undertaken by management to perform the going concern assessment;
- We obtained management's going concern assessment, including the cash flow forecasts for the 18-month going concern period to 31 December 2026 and assessed whether the period applied is appropriate;
- Management has modelled a base case forecast which is consistent with the assumptions used in the Company's approved budget for 2025 and a reduced forecast compared to the business plan for 2026. Management also modelled a downside scenario driven by a slowdown in delivery and a reduction in new orders;
- We assessed the reasonableness of management's assumptions, with a particular focus on order intake, contract margins, cash receipts from customers and working capital. This has been performed by:
  - Confirming the opening cash position;
  - Checking the arithmetical accuracy of management's model;
  - Assessing the historical forecasting accuracy of the Company by comparing actual turnover, profit before tax and cash flows to prior year forecasts; and
  - Checking for consistency of the forecasts with other areas of the audit including the impairment assessment.

## **Independent Auditor's Report to the members of Leonardo UK Ltd (continued)**

### **Conclusions relating to going concern (continued)**

We compared the current financial performance to management's forecast by obtaining the latest available management accounts to identify any issues with current trading and cash flows;

We recalculated the results of the downside scenario performed by management to determine the impact of reasonably possible fluctuations in key assumptions on the Company's available liquidity;

We compared the reduction in cash receipts from customers assumed in the sensitivity scenario presented by management to the receipts achieved in the financial year ended 31 December 2024;

We inspected the cash pooling agreement with the ultimate parent company, Leonardo SpA, to confirm the terms of the agreement and the ability of the Company to access its cash resources, as required. We also assessed the financial position and liquidity of the parent company and its ability to provide access to these cash resources as required; and

We considered the appropriateness of management's going concern disclosure in describing the risks associated with its ability to continue to operate as a going concern for the period to 31 December 2024.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 31 December 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report, corporate governance report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report, corporate governance report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Independent Auditor's Report to the members of Leonardo UK Ltd (continued)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report, corporate governance report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice) and the relevant UK tax compliance regulations, principally relating to those issued by HMRC. In addition, we concluded that there are certain significant laws and regulations which have an effect on the determination of the amounts and disclosures in the financial statements being the Data Protection Act and those laws and regulations relating to health and safety and employee matters.

## **Independent Auditor's Report to the members of Leonardo UK Ltd (continued)**

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)***

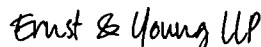
- We understood how the Company is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal, tax and compliance matters. We corroborated our enquiries through reading board and committee minutes and correspondence with regulatory bodies and by understanding the entity level controls implemented by those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there to be susceptibility to fraud. We also considered where the significant estimates and judgements are in the financial statements. We assessed the programmes and controls those charged with governance have established to address the risks identified, or that otherwise prevent, deter or detect fraud and how management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included enquiries of those charged with governance, management and legal counsel, reviewing relevant correspondence; and journal entry testing with a focus on manual journals and unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Paul Mapleston (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
27 June 2025

## Leonardo UK Ltd

### Statement of Total Comprehensive Income For the Year Ended 31 December 2024

	Note	2024 £ 000	2023 £ 000
<b>Turnover</b>	4	2,339,911	2,256,484
Cost of sales		<u>(1,954,070)</u>	<u>(1,930,903)</u>
<b>Gross profit</b>		385,841	325,581
Administrative expenses		<u>(152,682)</u>	<u>(138,016)</u>
<b>Operating profit before exceptional item</b>		<u>233,159</u>	<u>187,565</u>
Exceptional item - Impairment of goodwill		<u>(260,000)</u>	-
<b>Operating (loss)/profit after exceptional item</b>	5	(26,841)	187,565
Profit on sale of investments in subsidiaries	16	10,768	-
Interest receivable and similar income	9	37,158	40,646
Interest payable and similar expenses	10	<u>(12,891)</u>	<u>(16,147)</u>
<b>Profit before tax</b>		8,194	212,064
Tax on profit	11	<u>(43,720)</u>	<u>(43,312)</u>
<b>(Loss)/profit for the year</b>		<u>(35,526)</u>	<u>168,752</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurements of defined benefit liability and asset	22	26,600	(59,959)
Deferred tax on items that will not be reclassified to profit or loss		<u>(6,605)</u>	<u>15,010</u>
		<u>19,995</u>	<u>(44,949)</u>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Changes in fair value of cash flow hedges		(4,641)	16,780
Fair value of cash flow hedges reclassified to profit or loss		(554)	(13,442)
Deferred tax on cash flow hedges		1,298	(834)
		<u>(3,897)</u>	<u>2,504</u>
<b>Other comprehensive income/(loss) for the year, net of income tax</b>		<u>16,098</u>	<u>(42,445)</u>
<b>Total comprehensive (loss)/income for the year</b>		<u>(19,428)</u>	<u>126,307</u>

The above results were derived from continuing operations.

The notes on pages 33 to 72 form an integral part of these financial statements

**Leonardo UK Ltd**

**(Registration number: 02426132)**

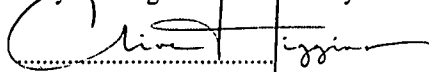
**Balance Sheet**

**As at 31 December 2024**

	Note	31 December 2024 £ 000	31 December 2023 £ 000
<b>Fixed assets</b>			
Intangible assets	12	1,165,826	1,397,041
Tangible fixed assets	13	213,912	197,333
Right of use assets	14	105,786	116,400
Investment property	15	2,862	2,927
Investments	16	282,095	304,448
Retirement benefit asset	22	181,713	147,207
		<u>1,952,194</u>	<u>2,165,356</u>
<b>Current assets</b>			
Stock	17	562,174	419,647
Debtors	18	1,483,377	1,510,653
Cash at bank and in hand		15,616	20,365
		<u>2,061,167</u>	<u>1,950,665</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,802,537)</u>	<u>(1,675,489)</u>
<b>Net current assets</b>		<u>258,630</u>	<u>275,176</u>
<b>Total assets less current liabilities</b>		<u>2,210,824</u>	<u>2,440,532</u>
<b>Creditors: amounts falling due after one year</b>	19	(129,442)	(136,168)
<b>Provisions for liabilities and charges</b>	21	(118,139)	(116,694)
<b>Deferred tax liabilities</b>	20	(88,215)	(66,690)
<b>Retirement benefit liability</b>	22	(1,518)	(1,518)
		<u>(337,314)</u>	<u>(321,070)</u>
<b>Net assets</b>		<u>1,873,510</u>	<u>2,119,462</u>
<b>Capital and reserves</b>			
Called-up share capital	23	314,500	314,500
Share premium reserve	23	845,500	845,500
Other reserves	23	(6,361)	(2,464)
Profit and loss account		719,871	961,926
<b>Shareholders' funds</b>		<u>1,873,510</u>	<u>2,119,462</u>

These financial statements of Leonardo UK Ltd, (registration number: 02426132) were approved by the Board of directors and authorised for issue on 26 June 2025.

They were signed on its behalf by:



C J Higgins (Chair and Chief Executive Officer)  
Director

The notes on pages 33 to 72 form an integral part of these financial statements

Leonardo UK Ltd

Statement of Changes in Equity  
For the Year Ended 31 December 2024

	Note	Called-up share capital £ 000	Share premium reserve £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
<b>Balance at 1 January 2023</b>		314,500	845,500	(4,968)	1,237,622	2,392,654
Profit for the year		-	-	-	168,752	168,752
Other comprehensive income/(loss)		-	-	2,504	(44,949)	(42,445)
<b>Total comprehensive income</b>		-	-	2,504	123,803	126,307
<b>Transactions with owners</b>						
Dividends paid in the year		-	-	-	(400,000)	(400,000)
Share based payment transactions		-	-	-	501	501
<b>Total transactions with owners</b>		-	-	-	(399,499)	(399,499)
<b>Balance at 31 December 2023</b>	23	314,500	845,500	(2,464)	961,926	2,119,462
	Note	Called-up share capital £ 000	Share premium reserve £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
<b>Balance at 1 January 2024</b>		314,500	845,500	(2,464)	961,926	2,119,462
(Loss)/profit for the year		-	-	-	(35,526)	(35,526)
Other comprehensive income/(loss)		-	-	(3,897)	19,995	16,098
<b>Total comprehensive (loss)/income</b>		-	-	(3,897)	(15,531)	(19,428)
<b>Transactions with owners</b>						
Dividends paid in the year		-	-	-	(226,054)	(226,054)
Share based payment transactions		-	-	-	(470)	(470)
<b>Total transactions with owners</b>		-	-	-	(226,524)	(226,524)
<b>Balance at 31 December 2024</b>	23	314,500	845,500	(6,361)	719,871	1,873,510

The notes on pages 33 to 72 form an integral part of these financial statements

## Leonardo UK Ltd

### Statement of Cash Flows For the Year Ended 31 December 2024

	Note	2024 £ 000	2023 £ 000
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(35,526)	168,752
<i>Adjustments to cash flows from non-cash items</i>			
Depreciation, amortisation and impairment	5	321,134	54,660
Foreign exchange gain		(10,364)	(9,524)
Pension income, defined benefit scheme	22	(906)	(6,759)
Finance income	9	(37,158)	(40,646)
Finance costs	10	12,891	16,147
Loss on sale of tangible fixed assets		154	11
Profit on sale of investments in subsidiaries	16	(10,768)	-
Share based payment transactions	24	(470)	501
Income tax expense	11	43,720	43,312
		<u>282,707</u>	<u>226,454</u>
<b>Working capital adjustments</b>			
Increase in trade and other debtors	18	(18,365)	(140,907)
(Increase)/decrease in stock	17	(142,527)	14,139
Increase in trade and other creditors	19	133,522	161,556
Increase in provisions	21	1,445	11,914
Interest paid	10	(1,534)	(1,142)
		<u>255,248</u>	<u>272,014</u>
Cash generated from operations			
Income taxes paid	11	(21,168)	(35,584)
		<u>234,080</u>	<u>236,430</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible and intangible assets	13	969	489
Proceeds from sale of equity investments	16	38,294	-
Interest received	9	30,158	29,212
Dividends received		-	720
Acquisition of tangible assets	13	(46,288)	(50,370)
Acquisition of equity investments	16	(5,173)	-
Capitalised development expenditure	12	(25,611)	(30,132)
Acquisition of other intangible assets	12	(20,911)	(14,519)
		<u>(28,562)</u>	<u>(64,600)</u>
<b>Net cash flows from investing activities</b>			

The notes on pages 33 to 72 form an integral part of these financial statements

**Leonardo UK Ltd**

**Statement of Cash Flows  
For the Year Ended 31 December 2024 (continued)**

	<b>2024</b>	<b>2023</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholder	(226,054)	(400,000)
Net change in financial debts and receivables	35,328	238,613
Lease repayments	(18,814)	(17,142)
<b>Net cash flows from financing activities</b>	<u>(209,540)</u>	<u>(178,529)</u>
Net decrease in cash and cash equivalents	(4,022)	(6,699)
Cash and cash equivalents at 1 January	20,365	27,808
Effect of exchange rate fluctuations on cash held	(727)	(744)
<b>Cash and cash equivalents at 31 December</b>	<u>15,616</u>	<u>20,365</u>

The notes on pages 33 to 72 form an integral part of these financial statements

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024

#### 1 General information

Leonardo UK Ltd (the “Company”) is a private company limited by share capital incorporated, domiciled and registered in England in the UK. The registered number is 02426132 and the registered address is 1 Eagle Place, St James's, London, England, SW1Y 6AF.

#### 2 Significant accounting policies

##### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements because it is a wholly owned subsidiary of Leonardo SpA, which prepares publicly available consolidated financial statements. These financial statements present information about the Company as an individual undertaking and it as a consolidated group.

##### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1 para 79 (a) (iv) comparative period reconciliation for share capital, tangible fixed assets, intangible assets and investment properties;
- IAS 1 para's 134 -136 disclosures in respect of capital management;
- IAS 8 para's 30 - 31 effects of new but not yet effective IFRSs;
- IAS 16 para 73(e) comparative period reconciliation for tangible fixed assets;
- IAS 24 para 17 disclosures in respect of the compensation of key management personnel;
- IAS 24 para 17a disclosures of transactions with a management entity that provides key management personnel services to the company; and
- IFRS 15 para 110, 113 - 115, 118, 119 (a - c) 120 - 127, 129 certain disclosures regarding revenue.

As the consolidated financial statements of Leonardo SpA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IAS 36 para's 130 f (ii) (iii), 134 (d) -134 (f), 135 (c) - 135 (e) disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- IFRS 2 para's 45(b), 46 - 52 share based payments in respect of group settled share based payments;
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- IFRS 13 para's 91 - 99 disclosures and the disclosures required by IFRS 7 Financial Instrument Disclosures.

## **Leonardo UK Ltd**

### **Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)**

#### **2 Significant accounting policies (continued)**

##### **Basis of preparation (continued)**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

##### **Impact on initial application of other amendments to International Financial Reporting Standards ('IFRS')**

There were no new amendments in the year.

##### **Going concern**

Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

The Board of directors have assessed the Company's cash flow forecasts for the period through to 31 December 2026 and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The Company's business activities, together with the principal risks and the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the financial statements. Note 22 to the financial statements addresses the management of the funding risks of the Company's employee benefit obligations.

The Company has considerable financial resources together with long-standing relationships with a number of governments, customers and suppliers across different geographic areas. The Company's forecasts and projections, taking account of potential and realistic changes in trading performance, including the risk of inflation, demonstrate that the Company is able to operate within the level of facilities it has in place. As a consequence, the directors believe that the Company is well-placed to manage its business risks successfully. In reaching their conclusions, the directors have performed scenario analysis considering a severe but plausible downside scenario driven by a slowdown in delivery and a reduction in new orders. In assessing this scenario, the directors have considered:

- How the delivery of contracts may be impacted; and
- The availability of funds pooled with Leonardo SpA.

A key assumption in these conclusions is access to funds that have been pooled with Leonardo SpA, the ultimate parent company. The majority of the cash generated by the Company is pooled in a group-wide pooling arrangement. The directors have reassessed the pooling documentation and confirmed the Company has the right to access the pooled funds when required. The directors have also considered the financial position of the Group, including the Group's results announced on 8 May 2025 for the three months ended 31 March 2025 and any material events subsequent to this date, and concluded that the ultimate parent company has sufficient liquidity to provide the Company with its pooled funds if required.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Currency translation

###### *Functional and presentation currency*

Items included in the Company's financial statements are measured in pounds sterling, the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are also presented in pounds sterling.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of trading foreign currency transactions and from the translation at the year-end exchange rate of operating assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss within cost of sales. Non-trading foreign exchange gains and losses resulting from the settlement of transactions and the translation at year end exchange rates are recognised in the statement of profit and loss within other interest receivable and similar income and interest payable and similar charges.

##### Intangible assets

Intangible assets are non-monetary items without physical form, but which can be clearly identified and generate economic benefits for the Company. They are carried at purchase or production cost, including directly related expenses allocated to them when preparing the asset for operation and net of accumulated amortisation (with the exception of intangibles with an indefinite useful life) and any impairments of value. Amortisation begins when the asset is available for use and is recognised systematically over its remaining useful life.

###### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is tested on an annual basis for impairment. In conducting an impairment test, goodwill is allocated to the individual cash generating units, that is the smallest financially independent business units through which the Company operates. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill to the entity sold.

###### *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (two to five years), commencing when they are brought into use.

###### *Development costs*

This includes costs related to the application of the results of research or other knowledge in a plan or a project for the production of materials, devices, processes, systems or services that are new or significantly advanced, prior to the start of commercial production or use, for which the generation of future economic benefits can be demonstrated. Development costs are considered to have a finite useful life and are amortised accordingly over the period in which future economic benefits are generated, normally over the expected number of production units to be delivered. The expected deliveries are periodically reviewed and adjusted.

Any public capital grants related to development costs are included in liabilities as deferred income and credited to the profit and loss account over the expected useful life of the assets, on the basis of deliveries to the ultimate customer.

Research costs, on the other hand, are expensed in the period in which they are incurred.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Tangible assets

Tangible assets are measured at purchase or production cost net of accumulated depreciation and any impairment losses. The cost includes all direct costs incurred to prepare the assets for use, as well as any charges for dismantlement and disposal that will be incurred to return the asset to its original condition.

Charges incurred for routine and/or cyclical maintenance and repairs are expensed in full in the period in which they are incurred. Costs related to the expansion, modernisation or improvement of owned or leased structural assets are only capitalised to the extent that such costs meet the requirements for being classified separately as an asset or part of an asset. Any public capital grants related to property, plant and equipment are included in liabilities as deferred income and credited to the profit and loss account over the expected useful life of the asset.

##### Depreciation

The value of an asset is adjusted by depreciation calculated on a straight-line basis over the residual useful life of the asset itself. The estimated useful lives adopted by the Company for the various asset classes are as follows:

Asset class	Depreciation rate
Freehold buildings	30 to 50 years
Leasehold buildings	50 years, or the lease term if shorter
Plant and equipment	3 to 15 years

No depreciation is provided on freehold land or assets in the course of construction.

Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable.

The gains and losses from the sale of assets or a group of assets are calculated by comparing the sales price with the related net book value.

##### Investment property

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is depreciated over 50 years.

##### Impairment of intangible assets and tangible assets

Intangible assets with indefinite lives are not depreciated or amortised, but are subject to impairment tests at least once a year to ascertain the recoverability of their book value.

For assets that are depreciated or amortised, an assessment is made to determine whether there is any indication of a loss in value. If so, the recoverable value of the asset is estimated, with any excess or shortfall being recognised in the profit and loss account.

If the reasons for such write-downs should cease to occur, the impairment is reversed and the write-back is taken to the profit and loss account. However, the value of goodwill that has been written down cannot be reversed.

## **Leonardo UK Ltd**

### **Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)**

#### **2 Significant accounting policies (continued)**

##### **Equity investments**

The Company's investments in shares in group companies are stated at cost less provision for impairment in value.

When events or circumstances are identified that indicate that the carrying value of the investment is no longer recoverable an impairment review is undertaken to assess the recoverable amount. Where the review does not support the carrying value any shortfall is recognised in the statement of profit or loss.

##### **Stock**

Stock is stated at the lower of cost, including all relevant overhead expenditure, and net realisable value.

The Company uses the weighted average cost method. The net realisable value is the sales price in the course of normal operations net of estimated costs to finish the goods and those needed to make the sale. Any write-downs are reversed in future periods if the reason for the write-down should cease to occur.

The Company classifies stock as follows:

- Raw materials and consumables
- Work in progress
- Finished goods

##### **Contract assets and liabilities**

Contract assets and liabilities are recognised on the basis of progress (or percentage of completion), whereby costs, revenue and hence contract margins are recognised based on the progress of the contract. The stage of completion is the ratio between costs incurred at the measurement date and the total expected costs for the programme. The valuations reflect the best estimate prepared at the reporting date. The assumptions upon which the valuations are made are periodically updated. Any impact on profit or loss is recognised in the period in which the updates are made.

In the event the completion of a contract is expected to result in a loss at the gross margin level, the loss is recognised in its entirety in the period in which it becomes reasonably foreseeable.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recorded net of any write-downs and customer progress billings and payments related to the contract being performed and included within current assets.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due. Contract liabilities are recognised as revenue when the Company performs under the contract.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Financial instruments

###### (i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debtor without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit and Loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

###### (ii) Classification and subsequent measurement

###### Financial assets

###### (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTPL or Fair Value Through Other Comprehensive Income ("FVOCI").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

###### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

###### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Only the passage of time is required before payment of the consideration is due.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Financial instruments (continued)

###### *Financial assets (continued)*

###### (b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### *Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Financial instruments (continued)

###### *Financial liabilities and equity (continued)*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

###### *(iii) Derivative financial instruments and hedging*

###### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value, calculated using available indicative market data and analytical methods to interpolate market data between benchmark dates.

The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

###### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the cash flow hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied - see below), the associated cumulative gain or loss is removed from the cash flow hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

###### *Fair value hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Financial instruments (continued)

###### *Financial liabilities and equity (continued)*

###### *(iv) Impairment*

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with a significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are expected within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

###### *Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

###### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

###### *Impairment*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

##### **Share capital and share premium**

Share capital consists of the capital subscribed and paid up by the Company.

Where the fair value of consideration received for the shares issued exceeds their nominal value the excess is treated as share premium.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Taxation

The charge for taxation is based on the profit for the year and comprises current and deferred income tax. Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement or other comprehensive income. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for (a) if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss or (b) in respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets and liabilities are measured on an undiscounted basis using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company participates in the Leonardo Electronics Pension Scheme and the Leonardo Helicopters Pension Scheme. These are defined benefit schemes which cover both benefits in retirement and death benefits to members. This requires contributions to be made to separately administered funds.

##### Employee benefit costs

###### *Defined benefit plans*

The Company participates in the Leonardo Electronics Pension Scheme and the Leonardo Helicopters Pension Scheme. These are defined benefit schemes which cover both benefits in retirement and death benefits to members. This requires contributions to be made to separately administered funds.

Full actuarial valuations of the Company's defined benefit schemes are carried out every three years with interim reviews in the intervening years; these valuations are updated to 31 December each year by qualified independent actuaries. For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on a high-quality corporate bond of equivalent currency and term. The post-retirement benefit surplus or deficit is included on the Company's balance sheet. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes.

The current service cost and any past service costs are included in the profit and loss account within cost of sales and administrative expenses and the expected return on the schemes' assets, net of interest on scheme liabilities, is included within other interest receivable and similar income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised in the statement of other comprehensive income.

###### *Defined contribution plans*

The Company also has defined contribution plans which are post-employment benefit plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Share-based payment transactions

Leonardo SpA operates long term investment performance share plans for senior management of Leonardo SpA and its subsidiaries. Share plans are measured at fair value at the date of the award and this value is subsequently updated at each balance sheet date for management's best estimate of the effect of non-market based vesting conditions on the number of equity instruments that will ultimately vest. The cost is recognised as an expense over the vesting period by calculating the cumulative expense and recognising the movement in the cumulative expense in profit or loss. A corresponding entry is made to equity. Amounts recharged by the parent company in relation to settled equity share based payments are debited to equity with a corresponding credit to amounts due to group undertakings.

##### Provisions for liabilities and charges

Provisions for liabilities and charges are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions mainly comprise the cost of maintenance under guarantees and other work in respect of products delivered, losses on contract work in progress, and provisions for reorganisations and rationalisation.

##### Leasing

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly. If the supplier has a substantive substitution right then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

##### As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined on the same basis as those of tangible assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Leasing (continued)

###### As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property separately within fixed assets and lease liabilities within financial liabilities.

###### *Short term leases and leases of low-value assets.*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Revenue recognition

Revenue is measured based on the consideration specified in the contract with the customer and recognised as the Company performs its contracts and transfers control of the goods or services to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the contract, the Company considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

Revenue is recognised at a point in time or over time for the performance obligations identified within each contract at the commencement of the contract. Where components are generic and required for a contract, revenue is only recognised when control is transferred to the customer and the components identified to a specific customer customised contract.

##### *Sale of production and other goods*

Revenue for the sale of goods is recognised at a point in time when the Company transfers control over a product to the customer.

Revenue for the sale of a series of goods or specific customised products is recognised over time. Revenue on these contracts is recognised on the percentage of completion method based on the cost-to-cost approach.

##### *Rendering of services*

Revenue from the rendering of services is recognised over time. The assessment of the stage of completion is dependent on the nature of the contract but can be based on the cost-to-cost basis, or the actual service provided as a proportion of the total services to be provided on the contract.

##### *Variable consideration*

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception, then reviewed as required and constrained until it is highly probable that a significant revenue reversal in the cumulative revenue recognised will not occur.

##### *Significant financing component*

The Company receives advances from its customers. The Company using both quantitative and qualitative information considers whether if at contract inception a contract contains a significant financing component. Where this is the case, the transaction price is adjusted to take into consideration the significant financing component.

##### *Warranties*

Warranties that provide customers with a service, in addition to assurance that the product complies with agreed specification, are accounted for as separate performance obligations. Assurance warranties that do not provide an additional service are accounted for as part of the main supply and the costs of the warranty are recognised when the warranty period begins.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 2 Significant accounting policies (continued)

##### Interest receivable and payable

Interest is recognised on an accruals basis using the effective interest rate method, i.e. the interest rate that results in the financial equivalence of all inflows and outflows (including any premiums, discounts, commissions etc.) that make up a given operation.

##### Dividends

Dividends are recognised when shareholders obtain the right to receive payment. For interim dividends this is when the interim dividend is paid. For final dividends this is when the shareholders' meeting approves the distribution of dividends.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *Provisions for risks and estimates of final costs of long-term contracts and warranties*

The Company operates in sectors and with contractual arrangements that are complex. Margins recognised in profit and loss are a function of both the progress on the contracts and the margins that are expected to be recognised for the completed contract. Accordingly, recognition of contract assets and liabilities and margins on contracts that have not yet been completed requires management to make estimates of the final costs and revenues on each contract including any extra costs, variable revenue and penalties that could reduce the expected margin. In order to support this activity, the Company uses contract management and risk analysis processes to identify, monitor and quantify the risks associated with such contracts. The amounts recognised in the financial statements represent management's best estimate at the reporting date using these procedures.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Retirement benefits valuation*

The costs, assets and liabilities of the defined benefit pension schemes operating within the Company are determined using methods relying on actuarial estimates and other assumptions. Details of the key assumptions are set out in note 22.

The Company takes advice from independent actuaries relating to the appropriateness of the assumptions. However, comparatively small changes in the assumptions used may have a significant effect on the Company's financial statements. For the sensitivity on the results of the key assumptions see note 22.

Recent economic circumstances and volatility in financial markets has caused the valuation of pension assets to become subject to a greater degree of uncertainty. The fair value of the pension assets is determined based on valuations obtained from third parties and employ a variety of methods. Where available this will typically be the market price at the balance sheet date. However, for certain asset types other valuation methods are used including net asset valuation which involves a higher degree of estimation and subjectivity.

##### *Goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and determine a suitable discount rate in order to calculate the present value of the goodwill. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the impairment assessment are set out in note 12.

##### *Development costs*

Intangible assets include non-recurring development costs incurred for design activities and prototype development for potential customers when generation of future economic benefits can be demonstrated and where costs can be reliably measured. Management is required to make estimates in relation to the capability of the relevant projects to generate future economic benefits as part of impairment testing of the carrying value of development assets. These assessments are made by reference to the cash flow forecasts and business plans for each relevant project and are subject to ongoing reassessment.

##### *Right of use assets*

Right of use assets are recognised as required by IFRS 16. The value attributed to each right of use asset is calculated by reference to relevant assumptions regarding the expected future costs of continuing to occupy specific leased sites. It is assumed that current levels of site occupation, duration and the costs of carrying out projected dilapidations work prior to handing leased properties back to the landlord on lease termination will be in line with current estimates. It is assumed that the current interest rate assumptions will continue to apply. A significant change in projected outcomes versus the assumptions currently made might require a revised value for the right of use assets to be recognised.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	<b>2024</b>	<b>2023</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	1,072,577	983,655
Rendering of services	1,267,334	1,272,829
	<u>2,339,911</u>	<u>2,256,484</u>

The analysis of the Company's turnover for the year is as follows:

	<b>2024</b>	<b>2023</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>By geographical market:</b>		
United Kingdom	1,451,484	1,406,097
Rest of Europe	457,944	469,524
USA and Canada	293,865	217,572
Rest of World	136,618	163,291
	<u>2,339,911</u>	<u>2,256,484</u>

	<b>2024</b>	<b>2023</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>By Division</b>		
Electronics	1,470,203	1,421,777
Helicopters	869,708	834,707
	<u>2,339,911</u>	<u>2,256,484</u>

The Company is engaged in the design, development, manufacture and support of electronic information solutions for defence and aerospace markets and high integrity surveillance networks to provide management information for security and mission essential services. The Company also provides design, development, manufacture and support to the Helicopter domain.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 4 Turnover (continued)

##### *Contract balances*

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	Note	2024 £ 000	2023 £ 000
Trade debtors	18	193,557	173,322
Amounts owed by group undertakings	18	125,520	121,878
Contract assets	18	358,557	377,015
Contract liabilities	19	<u>(828,557)</u>	<u>(780,477)</u>

The contract assets primarily relate to the Company's right to consideration for work completed but not billed at the reporting date on contracts being recognised over time where control has transferred to the customer. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers on long term contracts for work to be completed.

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was £705,456,000 (2023: £498,824,000).

#### 5 Operating (loss)/profit

Arrived at after charging/(crediting):

	2024 £ 000	2023 £ 000
Depreciation of tangible assets	28,865	28,306
Depreciation on right of use assets	14,747	14,387
Amortisation of intangible assets	17,457	11,902
Impairment of goodwill	(260,000)	-
Amortisation of investment property	65	65
Research and development costs	493,795	501,148
Research and development tax credits	(48,531)	(35,311)
Loss on disposal of fixed assets	<u>154</u>	<u>11</u>

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 6 Auditor's remuneration

	2024 £ 000	2023 £ 000
Audit of the financial statements	975	981

#### 7 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2024 No.	2023 No.
Management	1,314	1,153
Production	958	932
Technical/admin	6,167	5,691
	<u>8,439</u>	<u>7,776</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2024 £ 000	2023 £ 000
Wages and salaries	508,009	443,733
Share based payments (note: 24)	707	501
Social security costs	55,704	48,716
Contributions to defined contribution scheme	68,368	30,661
Pension costs, defined benefit scheme	9,294	30,765
	<u>642,082</u>	<u>554,376</u>

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2024 £ 000	2023 £ 000
Directors' remuneration	2,667	2,034
Amounts receivable under long term incentive schemes – cash	113	52
	<u>2,780</u>	<u>2,086</u>

The remuneration of the highest paid director was £832,000 (2023: £730,000). The highest paid director received shares under long term incentive schemes (2023: nil).

Four of the directors serving during the year were employees of another Leonardo Group company (2023: four). They did not receive any remuneration for their service as a director of the Company for the period (2023: £nil).

Two directors were members of the Company defined benefit pension schemes (2023: two).

Five directors received shares under long term incentive schemes (2023: no directors).

#### 9 Interest receivable and similar income

	2024 £ 000	2023 £ 000
Interest income on short term loans	30,157	29,206
Foreign exchange gain	-	607
Net interest on defined benefit plan assets (note: 22)	7,000	10,107
Dividend received from subsidiary	-	720
Interest from lease	1	6
	<u>37,158</u>	<u>40,646</u>

Interest income on short term loans includes income from group undertakings of £25,496,000 (2023: £28,013,000).

#### 10 Interest payable and similar expenses

	2024 £ 000	2023 £ 000
Finance fees to parent	1,007	1,142
Ineffective portion of cash flow hedges	4,947	9,016
Interest on leases (note: 25)	5,458	5,989
Interest expense on overdrafts and bank loans	527	-
Foreign exchange loss	952	-
	<u>12,891</u>	<u>16,147</u>

Interest on leases includes interest payable to group undertakings of £605,000 (2023: £719,000).

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 11 Tax on profit

Tax charged in the profit and loss account

	2024 £ 000	2023 £ 000
<b>Current taxation</b>		
UK corporation tax	29,430	31,324
UK corporation tax adjustment for prior periods	(2,354)	908
	<u>27,076</u>	<u>32,232</u>
Foreign tax	432	311
Foreign tax adjustment for prior periods	(6)	75
	<u>426</u>	<u>386</u>
Total current income tax	<u>27,502</u>	<u>32,618</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	15,987	12,402
Deferred tax adjustments for prior periods	231	(1,708)
Total deferred taxation	<u>16,218</u>	<u>10,694</u>
Tax expense in the profit and loss account	<u>43,720</u>	<u>43,312</u>

The tax charge on the defined benefit pension scheme included in other comprehensive income was £6,605,000 (2023: £15,010,000 credit) and the tax credit on cash flow hedges was £1,298,000 (2023: £834,000 charge). The deferred tax balance as at 31 December 2024 has been calculated at 25% as this is the rate that was applicable at the balance sheet date.

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 25% (2023: 23.5%).

The differences are reconciled below:

	2024 £ 000	2023 £ 000
Profit before tax	<u>8,194</u>	<u>212,064</u>
Corporation tax at standard UK tax rate	2,049	49,836
Effect of tax rates in foreign jurisdictions	1	312
Increase in tax rate on deferred tax balances	(120)	830
Non-deductible expenses (including goodwill)	63,017	1,122
Patent box deduction	(12,514)	(6,807)
Adjustments in respect of prior periods	(5,428)	(1,640)
Other	(3,285)	(341)
Total tax charge	<u>43,720</u>	<u>43,312</u>

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 12 Intangible assets

	Goodwill £ 000	Capitalised development costs £ 000	Software and other intangibles £ 000	Total £ 000
<b>Cost</b>				
At 1 January 2024	1,238,033	299,945	57,547	1,595,525
Additions	-	25,611	20,911	46,522
Disposals	-	-	(442)	(442)
At 31 December 2024	<u>1,238,033</u>	<u>325,556</u>	<u>78,016</u>	<u>1,641,605</u>
<b>Amortisation</b>				
At 1 January 2024	72,338	100,296	25,850	198,484
Amortisation charge	-	12,430	5,027	17,457
Impairment charge	260,000	-	-	260,000
Disposals	-	-	(162)	(162)
At 31 December 2024	<u>332,338</u>	<u>112,726</u>	<u>30,715</u>	<u>475,779</u>
<b>Carrying amount</b>				
At 31 December 2024	<u>905,695</u>	<u>212,830</u>	<u>47,301</u>	<u>1,165,826</u>
At 31 December 2023	<u>1,165,695</u>	<u>199,649</u>	<u>31,697</u>	<u>1,397,041</u>

#### Impairment testing

Goodwill is allocated to cash generating units as follows:

	2024 £ 000	2023 £ 000
Electronics	286,634	286,634
Helicopters	<u>619,061</u>	<u>879,061</u>
	<u>905,695</u>	<u>1,165,695</u>

The recoverable amount of each cash generating unit has been calculated with reference to its value in use.

Value in use was determined by discounting the future cash flows generated by the cash generating unit using a pre-tax discount rate. Cash flows are projected using the Company's approved business plan. Cash flows after the five year business plan period were extrapolated using long term growth rates in order to calculate the terminal recoverable amounts. A specifically calculated weighted average cost of capital (discount rate) is used for each cash generating unit.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 12 Intangible assets (continued)

The key assumptions of this calculation are shown below:

	2024	2023
Growth rate applied beyond approved forecast period	2.0%	2.0%
Pre-tax discount rate – Electronics	11.2%	10.3%
Pre-tax discount rate – Helicopters	12.5%	12.4%

Management performed a sensitivity analysis by varying the key assumptions in determining if any impairment is required.

The Helicopters goodwill has been impaired by £260,000,000 in the year. The impairment arose due to adverse changes in the timing of future cash flows on major programmes, increased working capital requirements and an increase in the net assets of the CGU and the discount rate. The impairment charge is included as an exceptional charge within the statement of total comprehensive income.

No sensitivities are disclosed for the Electronics CGU as no reasonably possible change in the assumptions could lead to an impairment.

#### 13 Tangible assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Plant and equipment £ 000	Total £ 000
<b>Cost</b>				
At 1 January 2024	62,832	12,772	536,534	612,138
Additions	2,387	32	43,869	46,288
Disposals	(787)	-	(4,792)	(5,579)
At 31 December 2024	64,432	12,804	575,611	652,847
<b>Depreciation</b>				
At 1 January 2024	14,006	5,108	395,691	414,805
Charge for the year	2,612	649	25,604	28,865
Eliminated on disposal	(714)	-	(4,021)	(4,735)
At 31 December 2024	15,904	5,757	417,274	438,935
<b>Carrying amount</b>				
At 31 December 2024	48,528	7,047	158,337	213,912
At 31 December 2023	48,826	7,664	140,843	197,333

Non-depreciating assets (assets in the course of construction) of £69,320,000 (2023: £54,169,000) are included within leasehold land and buildings and plant and equipment above and are not being depreciated.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 14 Right of use assets

	Leasehold and buildings £ 000	Property and equipment £ 000	Total £ 000
<b>Cost</b>			
At 1 January 2024	178,809	11,668	190,477
Additions	2,275	1,918	4,193
Disposals	-	(639)	(639)
At 31 December 2024	<u>181,084</u>	<u>12,947</u>	<u>194,031</u>
<b>Depreciation</b>			
At 1 January 2024	64,162	9,915	74,077
Charge for the year	13,537	1,210	14,747
Eliminated on disposal	-	(579)	(579)
At 31 December 2024	<u>77,699</u>	<u>10,546</u>	<u>88,245</u>
<b>Carrying amount</b>			
At 31 December 2024	<u>103,385</u>	<u>2,401</u>	<u>105,786</u>
At 31 December 2023	<u>114,647</u>	<u>1,753</u>	<u>116,400</u>

#### 15 Investment property

	2024 £ 000	2023 £ 000
<b>Cost</b>		
At 1 January	<u>3,381</u>	<u>3,381</u>
At 31 December	<u>3,381</u>	<u>3,381</u>
<b>Amortisation</b>		
At 1 January	454	389
Amortisation charge	<u>65</u>	<u>65</u>
At 31 December	<u>519</u>	<u>454</u>
<b>Carrying amount</b>		
At 31 December	<u>2,862</u>	<u>2,927</u>

The carrying value of the investment property represents a let commercial property and the fair value is not considered to be materially different. The rental income in the year associated with this property was £545,000 (2023: £512,000).

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 16 Investments

Subsidiaries	Total £ 000
<b>Cost</b>	
At 1 January 2024	304,880
Additions	5,173
Disposals	(27,526)
At 31 December 2024	<u>282,527</u>
<b>Provision</b>	
At 1 January 2024	432
Provided in the year	-
At 31 December 2024	<u>432</u>
<b>At 31 December 2024</b>	<u>282,095</u>
<b>At 31 December 2023</b>	<u>304,448</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

During the year, the Company disposed of the following investments:

The Company invested an additional 5,173,000 in newly issues shares in Leonardo Electronics US Inc. In February 2024, the full investment was transferred to Leonardo SpA as a dividend of £26,054,000.

In December 2024, the investment in Leonardo Saudi Arabia was sold at market value to another group company for £7,479,000 at a profit of £7,402,000.

In August 2024, the investment in Tactical Technologies Inc was sold [at market value] to another group company for £4,760,000 at a profit of £3,366,000.

As at 31 December 2024, ordinary shares in group companies held by the Company were:

Entity	Registered office address	Class of shares held	Ownership	
			2024	2023
Leonardo Electronics US Inc	Suite 704, 201 12th Street South, Arlington, Virginia 22202	Ordinary	0%	100%
Tactical Technologies Inc	STE 200, 2685 Queensview Drive, Ottawa, Ontario K2B 8K2	Ordinary	0%	100%
Leonardo Saudi Arabia	PO Box 9743, Riyadh 11423	Ordinary	0%	100%
Leonardo Limited	Lysander Road, Yeovil, Somerset BA20 2YB	Ordinary	100%	100%
Leonardo MW Ltd	Sigma House, Christopher Martin Road, Basildon, Essex, SS14 3EL	Ordinary	100%	100%
SELEX Elsag Limited	Sigma House, Christopher Martin Road, Basildon, Essex, SS14 3EL	Ordinary	100%	100%

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 16 Investments (continued)

Entity	Registered office address	Class of shares held	Ownership	
			2024	2023
Selex ES (Projects) Ltd	Sigma House, Christopher Martin Road, Basildon, Essex, SS14 3EL	Ordinary	100%	100%
Leonardo Electronics Pension Scheme (Trustee) Ltd	Sigma House, Christopher Martin Road, Basildon, Essex, SS14 3EL	Ordinary	100%	100%
Leonardo Helicopters Pension Scheme (Trustee) Ltd	Lysander Road, Yeovil, Somerset, BA20 2XB	Ordinary	100%	100%
AgustaWestland Limited	Lysander Road, Yeovil, Somerset, BA20 2YB	Ordinary	100%	100%
DRS Technologies UK Limited	Silvertree Coxbridge Business Park, Alton Road, Farnham, Surrey, GU10 5EH	Ordinary	100%	100%
Leonardo FuturePlanner (Trustee) Ltd	Lysander Road, Yeovil, Somerset, BA20 2XB	Ordinary	100%	100%

#### 17 Stock

	2024 £ 000	2023 £ 000
Raw materials and consumables	328,422	175,000
Work in progress	118,113	135,736
Finished goods	115,639	108,911
	<u>562,174</u>	<u>419,647</u>

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 18 Debtors

	2024 £ 000	2023 £ 000
Trade debtors	193,557	173,322
Contract assets	358,557	377,015
Amounts owed by parent undertaking	715,727	725,652
Amounts owed by subsidiaries	12	12,923
Amounts owed by other group undertakings	40,461	59,147
Derivative financial instruments	17,296	16,509
Current tax debtor	10,093	16,429
Other debtors	75,862	61,469
Prepayments	71,812	68,187
	1,483,377	1,510,653

Amounts owed by parent undertaking include a cash pooling amount of £626,302,000 which is placed on deposit on the Company's behalf for up to four months. Interest on these amounts owed are at variable rates based on SONIA. The average rate for the year was 2.48% (2023: 4.36%) on sterling denominated amounts.

Amounts owed by group undertakings include a loan facility to Leonardo Electronics US Inc of USD nil (2023: USD 15,000,000) for short term funds, of which USD nil (USD 6,500,000) was utilised at the year end. The Company holds no guarantees on behalf of Leonardo US Inc. (2023: £55,053,000).

#### 19 Creditors

	2024 £ 000	2023 £ 000
<b>Creditors: amounts falling due within one year</b>		
Trade creditors	237,141	141,186
Contracts liabilities	828,557	780,477
Amounts owed to parent undertaking	185,247	190,942
Amounts owed to subsidiaries	311,116	315,093
Amounts owed to other group undertakings	25,619	12,555
Derivative financial liabilities	8,732	6,890
Social security and other taxes	45,886	43,582
Lease liabilities (note: 25)	15,543	12,486
Accruals and deferred income	144,696	172,278
	1,802,537	1,675,489

Accruals and deferred income include £31,960,000 in respect of government grants (2023: £32,412,000).

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 19 Creditors (continued)

	2024 £ 000	2023 £ 000
<b>Creditors: amounts falling due after one year</b>		
Other creditors	2,379	2,860
Derivative financial liabilities	15,879	9,841
Lease liabilities (note: 25)	111,184	123,467
	<u>129,442</u>	<u>136,168</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Derivative financial liabilities are recognised at fair value. Creditors and lease liabilities are measured at amortised cost using the effective interest rate method. The fair value is not materially different to the book value.

#### 20 Deferred tax

Deferred tax is calculated on temporary differences under the liability method.

The movement in deferred tax is as shown below:

##### *Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Tangible fixed assets	-	-	20,051	12,827	20,051	12,827
Intangible assets	-	-	26,015	19,561	26,015	19,561
Financial (assets)/liabilities	(2,138)	(892)	26	79	(2,112)	(813)
Employee benefits	(653)	(380)	45,285	36,820	44,632	36,440
Share-based payments	(241)	(171)	-	-	(241)	(171)
Provisions	(130)	(1,154)	-	-	(130)	(1,154)
	<hr/>					
Tax (assets)/liabilities	(3,162)	(2,597)	91,377	69,287	88,215	66,690
	<hr/>					

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 20 Deferred tax (continued)

*Movement in deferred tax during the current year*

	1 January 2024 £000	Recognised in income £000	Recognised in equity £000	31 December 2024 £000
Tangible fixed assets	12,827	7,497	-	20,324
Intangible assets	19,561	6,453	-	26,014
Financial assets	(813)	-	(1,298)	(2,111)
Employee benefits	36,440	1,314	6,605	44,359
Share-based payments	(171)	(70)	-	(241)
Provisions	(1,154)	1,024	-	(130)
	<hr/>			
Deferred tax liabilities	66,690	16,218	5,307	88,215

#### 21 Provisions

	Restructuring £ 000	Contract losses £ 000	Warranty £ 000	Other £ 000	Total £ 000
Balance at 1 January 2024	470	79,670	9,265	27,289	116,694
Provisions used during the year	(135)	(47,657)	(4,711)	(12,625)	(65,128)
Provisions made during the year	-	56,850	8,593	17,238	82,681
Provisions reversed during the year	(3)	(1,862)	(1,853)	(12,390)	(16,108)
	<hr/>				
Balance at 31 December 2024	332	87,001	11,294	19,512	118,139
	<hr/>				
Amounts falling due within one year	332	25,418	5,396	19,283	50,429
	<hr/>				
Amounts falling due after one year	-	61,583	5,898	229	67,710

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 21 Provisions (continued)

A provision for restructuring is recognised when the Company has approved a formal restructuring plan and the restructuring has either commenced or has been publicly announced. The costs associated with the reorganisation programmes include staff costs, dilapidations and property expenses and are supported by detailed plans and based on previous experience as well as other known factors. Future operating costs are not provided for. The reorganisation costs are expected to be incurred within one year.

Contract provisions are made to cover losses on onerous contracts and will be utilised over the life of the relevant contracts of up to 33 years. Warranty provisions mainly comprise the expected cost of repair or replacement under warranties in respect of products delivered. The warranty provision represents management's best estimate of the Company's liability under warranties based on past experience.

The associated cash outflows are generally expected to occur over the life of the products and contracts which are long-term in nature, varying between one and five years.

Other provisions include provisions for tax and other related matters. These provisions are expected to be utilised within three years.

Whilst actual events could result in potentially significant differences to the quantum but not the timing of the outflows in relation to the provisions, management has reflected its current knowledge in assessing the provision levels.

#### 22 Retirement benefit liability

The Company operates two defined benefit schemes in the UK (the Leonardo Electronics Pension Scheme and the Leonardo Helicopters Pension Scheme) which provide both pensions in retirement and death benefits to members. The pension benefits are related to the members' earnings over their career and their length of service.

	2024 £ 000	2023 £ 000
Retirement benefit asset – Leonardo Electronics Pension Scheme	94,613	83,607
Retirement benefit asset – Leonardo Helicopters Pension Scheme	87,100	63,600
<b>Total retirement benefit asset</b>	<b>181,713</b>	<b>147,207</b>
Retirement medical benefit liability – Leonardo Helicopters Pension Scheme	(1,518)	(1,518)
<b>Total retirement benefit liability</b>	<b>(1,518)</b>	<b>(1,518)</b>

#### *Leonardo Electronics Pension Scheme*

The Electronics Scheme provides pensions in retirement and death benefits to members. Since 27 April 2009, the Electronics Scheme has been closed to new members and closed to future accrual from 5 April 2024.

The Electronics Scheme was established on 24 March 2005 under trust and is governed by its trust deed and rules dated 31 March 2016. The Electronics Scheme is administered by a separate board of trustees which is legally separate from the Company. The trustees are composed of representatives of both the employer and employees, plus an external trustee. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets, plus the day to day administration of the benefits.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 22 Retirement benefit liability (continued)

##### *Leonardo Electronics Pension Scheme (continued)*

The Electronics Scheme is a registered scheme under UK legislation and its Main Section was contracted out of the State Second Pension prior to the abolition of contracting out in 2016. Up until 5 April 2016, pension benefits were linked to a member's final salary at retirement and their length of service. Benefits accrued from 6 April 2016 were based on a member's salary over their working lifetime and their length of service.

Under Clause 24.6 of the Electronics Scheme's trust deed and rules the Company has an unconditional right to a refund of any surplus in the scheme if the scheme winds up.

The Electronics Scheme is subject to the scheme funding requirements outlined in UK legislation. The last Electronics Scheme funding valuation was carried out by a qualified actuary as at 5 April 2023 and showed an actuarial surplus of £50,300,000.

##### *Leonardo Helicopters Pension Scheme*

The Helicopters Scheme provides pensions in retirement and death benefits to members. The Helicopters Scheme has been closed to new members since 1 October 2007 and closed to future accrual from 5 April 2024.

The Helicopters Scheme was established on 11 June 2002 under trust and is governed by its trust deed and rules dated 1 October 2010. The Helicopters Scheme is administered by a separate board of trustees which is legally separate from the Company. The trustees are composed of representatives of both the employer and employees, plus an external trustee. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets, plus the day-to-day administration of the benefits.

The Helicopters Scheme is a registered scheme under UK legislation and was contracted out of the State Second Pension prior to the abolition of contracting out in 2016. Up until 5 April 2011, pension benefits were linked to a member's final salary at retirement and their length of service. Benefits accrued from 6 April 2011 are based on a member's salary over their working lifetime and their length of service.

Under Clause 26.6 of the Helicopters Scheme's trust deed and rules the Company has an unconditional right to a refund of any surplus in the scheme if the scheme winds up.

The Helicopters Scheme was acquired on 1 January 2017 as part of the purchase of trade and assets of AgustaWestland Limited.

The Helicopters Scheme is subject to the scheme funding requirements outlined in UK legislation. The last funding valuation of the scheme was carried out by a qualified actuary as at 5 April 2023 and showed no actuarial deficit or surplus.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 22 Retirement benefit liability (continued)

The major assumptions used by the actuary were (in nominal terms) as follows:

	2024	2024	2023	2023
	Electronics Scheme	Helicopters Scheme	Electronics Scheme	Helicopter Scheme
Discount rate	5.50%	5.50%	4.50%	4.55%
Inflation assumption (RPI)	3.05%	3.10%	3.00%	3.05%
Inflation assumption (CPI)	2.55%	2.60%	2.50%	2.45%
Rate of general long-term increase in salaries	3.55%	3.60%	3.65%	3.45%
In-service career salary revaluation	3.55%	2.50%	3.50%	2.40%
Rate of increase to pensions in payment (post April 2006)	2.00%	-	2.00%	-
Rate of increase to pensions in payment (pre April 2006)	2.85%	-	2.85%	-
Rate of increase to pensions in payment (post April 2005)	-	2.00%	-	2.00%
Rate of increase to pensions in payment (pre April 2005)	-	2.90%	-	2.90%

Assumed life expectancies at age 65 are (years):

	2024	2024	2023	2023
	Electronics Scheme	Helicopters Scheme	Electronics Scheme	Helicopters Scheme
Retiring today – Males	21.5	21.0	21.6	21.1
Retiring today – Females	23.9	23.6	23.8	23.5
Retiring in 20 years' time – Males	22.8	22.3	22.9	22.4
Retiring in 20 years' time – Females	25.3	24.8	25.2	24.7

	2024	2024	2023	2023
	Electronics Scheme £ 000	Helicopters Scheme £ 000	Electronics Scheme £ 000	Helicopters Scheme £ 000
Present value of funded obligations	(565,887)	(989,900)	(660,593)	(1,118,800)
Fair value of scheme assets	660,500	1,077,000	744,200	1,182,400
<b>Surplus in funded scheme</b>	<b>94,613</b>	<b>87,100</b>	<b>83,607</b>	<b>63,600</b>

Leonardo UK Ltd

Notes to the Financial Statements  
For the Year Ended 31 December 2024 (continued)

22 Retirement benefit liability (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

	2024	2024	2023	2023
	Electronics Scheme £ 000	Helicopters Scheme £ 000	Electronics Scheme £ 000	Helicopters Scheme £ 000
Fair value of scheme assets at beginning of year	744,200	1,182,400	728,700	1,161,700
Interest income on scheme assets	33,100	52,700	34,507	54,800
Return on assets, excluding interest income	(97,100)	(106,300)	(16,059)	900
Contributions by employer	4,000	6,200	12,797	24,727
Contributions by scheme participants	1,794	-	7,500	-
Benefits paid	(24,100)	(56,300)	(22,007)	(57,500)
Scheme administration expenses	(1,394)	(1,700)	(1,238)	(2,227)
<b>Fair value of scheme assets at end of the year</b>	<b>660,500</b>	<b>1,077,000</b>	<b>744,200</b>	<b>1,182,400</b>

The assets in the scheme were:

	2024	2024	2023	2023
	Electronics Scheme £ 000	Helicopters Scheme £ 000	Electronics Scheme £ 000	Helicopters Scheme £ 000
Cash and cash equivalents	108,700	78,200	110,600	69,300
Derivatives	(3,000)	(25,700)	34,400	(20,700)
UK equities	1,000	5,100	800	4,100
Overseas equities	32,200	129,500	34,500	154,600
Private equities	-	1,800	-	4,400
Hedge funds	2,900	5,100	8,000	18,400
Fixed interest gilts	228,200	277,700	262,900	295,400
Index linked gilts	109,500	406,200	144,000	435,700
Corporate bonds	143,600	172,200	149,000	221,200
Aggregate bonds	43,900	42,800	-	-
Fixed income futures	(6,500)	(15,900)	-	-
<b>Fair value of scheme assets at end of the year</b>	<b>660,500</b>	<b>1,077,000</b>	<b>744,200</b>	<b>1,182,400</b>
<b>The actual return on assets over the period was:</b>	<b>(64,000)</b>	<b>(53,600)</b>	<b>18,300</b>	<b>55,700</b>

Leonardo UK Ltd

Notes to the Financial Statements  
For the Year Ended 31 December 2024 (continued)

22 Retirement benefit liability (continued)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2024	2024	2023	2023
	Electronics Scheme £ 000	Helicopters Scheme £ 000	Electronics Scheme £ 000	Helicopters Scheme £ 000
Benefit obligation at beginning of year	660,593	1,118,800	619,400	1,080,700
Current service cost	3,500	2,700	15,800	12,100
Past service cost	-	-	-	(600)
Interest cost	29,200	49,600	29,100	50,100
Contributions by scheme participants	1,794	-	7,500	-
Re-measurement (gains)/losses – financial	(93,400)	(119,000)	17,700	17,000
Re-measurement gains - demographic	(8,800)	(1,600)	(31,700)	(29,400)
Re-measurement (gains)/losses - experience	(2,900)	(4,300)	24,800	46,400
Benefits paid	(24,100)	(56,300)	(22,007)	(57,500)
<b>Benefit obligation at end of the year</b>	<b>565,887</b>	<b>989,900</b>	<b>660,593</b>	<b>1,118,800</b>

The amounts recognised in profit and loss are:

	2024	2024	2023	2023
	Electronics Scheme £ 000	Helicopters Scheme £ 000	Electronics Scheme £ 000	Helicopters Scheme £ 000
Current service cost	3,500	2,700	15,800	12,100
Past service cost	-	-	-	(600)
Service cost – scheme administration expenses	1,394	1,700	1,238	2,227
Net interest on the net defined benefit asset	(3,900)	(3,100)	(5,407)	(4,700)
<b>Total expense recognised in profit and loss</b>	<b>994</b>	<b>1,300</b>	<b>11,631</b>	<b>9,027</b>

Re-measurements of the net defined benefit assets recognised in OCI:

	2024	2024	2023	2023
	Electronics Scheme £ 000	Helicopters Scheme £ 000	Electronics Scheme £ 000	Helicopters Scheme £ 000
Re-measurement – financial	(93,400)	(119,000)	17,700	17,000
Re-measurement – demographic	(8,800)	(1,600)	(31,700)	(29,400)
Re-measurement – experience	(2,900)	(4,300)	24,800	46,400
Return on assets, excluding interest income	97,100	106,300	16,059	(900)
<b>Total re-measurement of net defined benefit assets recognised in OCI</b>	<b>(8,000)</b>	<b>(18,600)</b>	<b>26,859</b>	<b>33,100</b>

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 22 Retirement benefit liability (continued)

##### Information about the risks of the schemes to the Company

The ultimate cost of the schemes to the Company will depend upon actual future events rather than the assumptions made. Many of the assumptions made are unlikely to be borne out in practice and as such the cost of the schemes may be higher (or lower) than disclosed.

In general, the risk to the Company is that the assumptions underlying the calculation of contribution requirements are not borne out in practice and the cost to the Company is higher than expected. This could result in higher contributions required from the Company and a lower surplus or a deficit disclosed. This may also impact the Company's ability to grant discretionary benefits or other enhancements to members.

More specifically, the assumptions not being borne out in practice could include:

- i. The return on the schemes' assets being lower than assumed, resulting in an unaffordable increase in the required Company contributions.
- ii. Falls in asset values not being matched by similar falls in the value of liabilities.
- iii. Unanticipated future changes in mortality patterns leading to an increase in the scheme's liabilities. Future mortality rates cannot be predicted with certainty. This is especially so bearing in mind that the youngest scheme members could be expected to still be alive in 60 years or more and it is not possible to reliably predict what medical advances may or may not have occurred by this time.
- iv. The potential exercise (by members or others) of options against the schemes for example taking early retirement or exchanging a portion of pension for a cash lump sum.

There is also risk arising from the possibility that the assumptions underlying the disclosures are not borne out in practice and result in the cost to the Company being higher than expected. This could lead to a surplus in the schemes which is not recoverable by the Company in full.

Under the UK Pensions Act and Regulation requirements, a court case outcome on 16 June 2023, and subsequent appeal dismissal on 25 July 2024 involving Virgin Media, revealed potential challenges with other previously contracted-out defined benefit schemes in the UK.

On 6 June 2025 the UK Government issued a ruling to say that legislation will be introduced to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation. Work was commenced early 2025 to identify scheme changes undertaken during this period and retrospective written actuarial confirmations will be obtained, if required.

##### The schemes' investment strategies

###### *Leonardo Electronics Pension Scheme*

The Electronics Scheme's investment strategy is currently to invest broadly 15% in return seeking assets, 29% in cash flow matching credit assets and 56% in liability matching assets (mainly government bonds and swaps). This strategy reflects the scheme's liability profile and the trustees' and Company's attitude to risk. The scheme's investments include interest rate and inflation hedging.

The trustees insure certain benefits which are payable on death before retirement.

###### *Leonardo Helicopters Pension Scheme*

The Helicopters Scheme's investment strategy is currently to invest broadly 38% in return seeking assets, 16% in cash flow matching credit assets and 46% in liability matching assets (mainly government bonds and swaps). This strategy reflects the scheme's liability profile and the trustees' and Company's attitude to risk. The scheme's investments include interest rate and inflation hedging.

The trustees insure certain benefits which are payable on death before retirement.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 22 Retirement benefit liability (continued)

##### Sensitivity analysis

Please note that the results in the disclosures are inherently volatile, particularly the figures shown on the balance sheet. The results disclosures are dependent on the assumptions chosen by the directors. We have performed the following sensitivity analysis to highlight the volatility of the balance sheet position to changes in the actuarial assumptions used:

The table below shows the changes in the present value of the retirement benefit asset when decreasing the discount rate or increasing the inflation assumption by 0.25% per annum.

	2024	2024	2023	2023
	Electronics Scheme	Helicopters Scheme	Electronics Scheme	Helicopters Scheme
	£ 000	£ 000	£ 000	£ 000
Current retirement benefit asset	94,613	87,100	83,607	63,600
Discount rate	115,100	116,600	109,700	97,100
Inflation *	80,700	65,300	69,500	37,600

\* with corresponding adjustments to the salary escalation and pension increase assumptions where applicable.

##### Expected future cash flows to and from the scheme

###### *Leonardo Electronics Pension Scheme*

The latest funding valuation of the Electronics Scheme was carried out by a qualified actuary as at 5 April 2023 and revealed that the Scheme is in surplus, therefore the Company pays contributions into the scheme in respect of future service and administration expenses only, in line with the Schedule of Contributions dated 5 December 2023.

The Company paid contributions of 14.4% of pensionable salaries in respect of current accrual until the scheme closure date of 5 April 2024, with active members paying a further 7.5% of pensionable salaries. The next funding valuation is due no later than 5 April 2026, at which the funding position will be reviewed.

The liabilities include benefits for current employees, former employees and current pensioners. 57% of the liabilities at the balance sheet date are attributable to current employees, 11% to deferred pensioners and 32% to current pensioners.

Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Electronics Scheme as a whole, the duration is approximately 15 years.

###### *Leonardo Helicopters Pension Scheme*

The latest funding valuation of the Helicopters Scheme was carried out by a qualified actuary as at 5 April 2023 and revealed that the Scheme is in surplus, therefore the Company pays contributions into the scheme in respect of future service and administration expenses only, in line with the Schedule of Contributions dated 7 December 2023.

The Company paid contributions of 18.8% of pensionable salaries in respect of current accrual until the scheme closure date of 5 April 2024, with active members paying a further proportion of pensionable salaries. This proportion varies among different membership categories. The next funding valuation is due no later than 5 April 2026, at which the funding position will be reviewed.

**Leonardo UK Ltd**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024 (continued)**

**22 Retirement benefit liability (continued)**

**Expected future cash flows to and from the scheme (continued)**

The liabilities include benefits for current employees, former employees and current pensioners. 29% of the liabilities at the balance sheet date are attributable to current employees, 14% to deferred pensioners and 57% to current pensioners.

Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Helicopters Scheme as a whole, the duration is approximately 13 years:

**Defined contribution scheme**

The Company participates in a group defined contribution scheme called Leonardo Future Planner. Contributions by the Company to the defined contribution scheme were £68,368,000 (2023: £30,661,000).

**Other post-retirement benefits**

Certain employees are entitled to post-retirement benefits other than pensions. The liabilities for post-retirement medical benefits were assessed by qualified independent actuaries using the projected unit method.

The main financial assumptions were that medical costs would increase by 4.45% per annum.

Employee benefits provisions include £1,518,000 (2023: £1,518,000) being the present value of post-retirement medical benefit liabilities. The credit to comprehensive income for the year was £nil (2023: £121,000).

**23 Called-up share capital**

**Allotted, called-up and fully paid shares**

	2024		2023	
	No. 000	£ 000	No. 000	£ 000
314,500,100 ordinary shares of £1 each	314,500	314,500	314,500	314,500

**Authorised**

	2024		2023	
	No. 000	£ 000	No. 000	£ 000
314,500,100 ordinary shares of £1 each	314,500	314,500	314,500	314,500

*Share premium account*

The Company has a share premium account of £845,500,000 (2023: 845,500,000).

*Cash flow hedging reserve*

The hedging reserve of (£6,361,000) (2023: (£2,464,000)) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

*Dividends*

A final dividend in relation to the 2023 financial statements of £26,054,000 was paid on 1 March 2024. An interim dividend of £200,000,000 was paid in August 2024 (June 2023: £400,000,000).

## Leonardo UK Ltd

### Notes to the Financial Statements

#### For the Year Ended 31 December 2024 (continued)

##### 24 Share-based payments

Leonardo SpA (parent company) has long term investment performance share plans as part of its compensation for senior management of Leonardo SpA and its subsidiaries. The current long term incentive plans were approved in May 2021 and May 2024. The plans have a rolling structure of three year cycles commencing in 2021, 2022 and 2023 (plan approved May 2021) and 2024, 2025 and 2026 (plan approved May 2024) with shares being issued after the end of each three year period. The plans commencing in 2021, 2022, 2023 and 2024 are accounted for within the financial statements.

The long term investment plans have both market and performance based vesting conditions and are equity settled. The attainment for the plan is measured on a cumulative basis.

The fair value of the shares when they were conditionally awarded, based on the market value of the Leonardo SpA shares at the date of the grant, were between €3.70 and €21.60 per share for the shares on the long term investment plans.

The charge to the Company's profit and loss account in the year was £707,000 (2023: £501,000).

The shares allotted during the year were 64,073 (2023: nil).

##### 25 Leases

Non-cancellable lease rentals are payable as follows:

	2024	2023
	£000	£000
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	20,434	18,112
Two to five years	66,884	71,243
More than five years	108,530	121,025
Total undiscounted lease liabilities at 31 December	195,848	210,380
Current	15,543	12,486
Non-current	111,184	123,467
<b>Lease liabilities included in the balance sheet at 31 December</b>	126,727	135,953
Interest on lease liabilities	5,458	5,989
Expenses relating to short term leases of low value assets	2,953	3,107
<b>Amounts recognised in the statement of cash flows</b>		
Total cash outflow for leases	18,814	17,142

These figures include payments related to short term leases of low value items.

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 26 Commitments

Capital commitments and other financial commitments

	2024 £ 000	2023 £ 000
<b>Contracts placed for future capital expenditure not provided in the financial statements:</b>		
Property, plant and equipment	18,848	18,335

#### 27 Related party transactions

During the year, the Company entered into transactions with the ultimate parent undertaking, Leonardo SpA, as well as subsidiaries of the ultimate parent undertaking. These transactions were in the normal course of business on an arm's length basis. The aggregate value of these transactions in the year was as follows:

	2024 £ 000	2023 £ 000
<b>With Leonardo SpA:</b>		
Purchases of goods and services	181,750	180,181
Sales of goods and services	182,982	173,456
Interest payable	1,007	-
Interest receivable	25,443	26,543
<b>With subsidiaries:</b>		
Purchases of goods and services	3,144	53,755
Sales of goods and services	-	12,449
Interest payable	605	719
Interest receivable	-	328
Dividend received	-	720
<b>With other group companies:</b>		
Purchases of goods and services	163,491	133,645
Sales of goods and services	84,023	78,955
Interest receivable	53	-
<b>Advances to suppliers included within debtors</b>		
Leonardo SpA	15,974	23,086
Subsidiaries	-	4,632
Other group undertakings	5,358	-
	<u>21,332</u>	<u>27,718</u>

## Leonardo UK Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)

#### 27 Related party transactions (continued)

	2024 £ 000	2023 £ 000
<b>Included within progress billings</b>		
Leonardo SpA	-	1,244
Other group undertakings	30,669	23,737
	<u>30,669</u>	<u>24,981</u>

The aggregate amounts due from/to Leonardo SpA and its subsidiaries were:

	2024 £ 000	2023 £ 000
<b>Included within debtors</b>		
Leonardo SpA	715,727	725,652
Subsidiaries	12	12,923
Other group undertakings	40,461	59,147
	<u>756,200</u>	<u>797,722</u>

At 31 December 2024, the Company provided £24,000 against amounts due from related parties (2023: £3,892,000).

	2024 £ 000	2023 £ 000
<b>Included within creditors</b>		
Leonardo SpA	185,247	190,942
Subsidiaries (including lease liabilities)	325,414	333,178
Other group undertakings	25,619	12,555
	<u>536,280</u>	<u>536,675</u>

	2024 £ 000	2023 £ 000
<b>Advances included within contract liabilities</b>		
Leonardo SpA	5,758	4,156
Subsidiaries	-	487
Other group undertakings	38,660	49,062
	<u>44,418</u>	<u>53,705</u>

## **Leonardo UK Ltd**

### **Notes to the Financial Statements For the Year Ended 31 December 2024 (continued)**

#### **28 Subsequent events**

In the directors' view, other than as disclosed above, there are no events which have occurred since the balance sheet date which require disclosure in these financial statements, or which require any of the financial amounts recorded at 31 December 2024 to be adjusted.

#### **29 Parent and ultimate parent undertaking**

The Company is a subsidiary undertaking of Leonardo SpA which is the ultimate parent company incorporated in Italy. The largest and smallest groups in which the results of the Company are consolidated is that headed by Leonardo SpA, which is incorporated in Italy. Copies of Leonardo SpA's financial statements may be obtained from Piazza Montegrappa 4, 00195 Rome, Italy.