

SPERRY MARINE B.V.

Vlaardingen

The Netherlands

Annual Report 2024

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Managing Directors' Report

General Overview

The Managing Directors of Sperry Marine B.V. ("the Company") hereby present the Directors' Report for the financial year ending 31 December 2024.

The Company is primarily engaged in the sale and maintenance of maritime navigation equipment to the commercial and naval maritime markets. This involves the production of a core product portfolio, the integration of complex navigation systems, and the repair and maintenance of equipment in the field.

Core Product Portfolio

The Company undertakes the research & development of intellectual property to produce a core range of sensors and systems critical to the safe navigation of vessels, these products are produced by several supply chain partners.

This requires the continual investment in the retention and training of highly skilled software and hardware engineers alongside the management of a number of key supply chain partners who carry out the manufacture of the Company's products.

Integration of Complex Navigation Systems

The Company integrates equipment from its core product portfolio with a number of third party purchased products to provide holistic navigation solutions to its customers.

Repair and Maintenance

The Company directly and indirectly (through a network of Service Partners) carries out the critical maintenance and repair of equipment in the field.

This requires investment in the training and certification of both the Company's direct service engineering resources, and those of our Service partners on a constant basis.

Company Structure

The Company consists of 5 European branches and is functionally structured with management primarily based in the United Kingdom ("UK") branch. The functional lead is responsible for all branches.

The Company is a wholly owned subsidiary of Northrop Grumman Corporation and operated as part of the group's Mission Systems sector. The ultimate parent company and controlling party is Northrop Grumman Corporation which is incorporated in the United States of America.

For 2024 the average number of employees was 272 (2023: 248 employees).

There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the underlying business in the year.

Corporate Governance and Management

Directors

The directors during the period were:

R Wiltshire
D Eldridge (Resigned 31/01/2024)
D McClure
K Longman
G Millard (Appointed 21/08/2024)

None of the directors held any beneficial interest in the Company.

Distribution of the Board

Gender allocation of seats between men and women in the board of directors: while the Civil Code recommends an equal distribution by gender of at least 30% of the seats to be allocated to women and at least 30% to men, insofar as such seats are allocated to natural persons, this allocation was achieved prior to the resignation of one director in June 2017. The Company will strive to comply with the legislation in view of its further appointments and nomination of directors.

Financial Results

During the period to 31 December 2024 covered by these financial statements the Company made a loss before tax of EUR 0.4m (2023: profit before tax of EUR 1.3m).

During the year 2024 the Company made significant investments in development resource to underpin a series of critical developments for the future success of its core product portfolio. These increases in cost were underpinned by a number of key projects which were ultimately delayed or cancelled resulting in Net Sales for the period of EUR 87.6m (2023: EUR 84.4m). Net Sales were significantly below the original projections for the period.

The Company's gross profit for the year of EUR 22.6m (2023: EUR 22.7m) represented a gross profit percentage of 25.8% (2023: 26.9%). Gross profit rates were in line with management expectations.

The Company's loss before tax for the year of EUR 0.4m (2023: profit of EUR 1.3m) produces an operating percentage of -0.5% (2023: 1.5%). Although the Company undertook best efforts to reduce the impact to profitability of reduced levels of net Sales, it was not able to do so in full and these were compounded by the business having to make a number of investments in emergent obsolescence and production issues of its core portfolio.

There was no interest paid to financial institutions to finance working capital in 2024 or 2023.

The net equity of the Company amounts to EUR 44.8m (2023: EUR 45.2m). The Company did not pay any share premium repayments in the financial year (2023: EUR 0.0m). The Company did not pay any dividends in the financial year (2023: EUR 0.0m).

The Company's cash is invested in the cash pool scheme of Northrop Grumman Corporation. The cash pool scheme which also includes credit facilities is run by Northrop Grumman Finance Europe B.V.

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Working Capital increased during the period to EUR 46.4m (2023: EUR 45.7m) however showed a marginal reduction to 53% of net Sales (2023: 54%).

Research and Development

The Company has continued to invest in research and development (R&D) both to support the ongoing regulatory advancements of the maritime environment and as it endeavours to bring new and innovative solutions to support the needs of its customers and support future growth of the business.

The directors regard investment in this area as a prerequisite for success in the medium to long-term future. Total research and development expenditure included in the Company's profit and loss account is EUR 7.5m. The Company expects to spend EUR 8.7m in 2025 on research and development of a new generation of products.

Risk Management and Uncertainties

The Company sells to an international customer base and operates an international supply chain. As such, it monitors a number of key risks that may influence its financial position or cash flows. These are monitored through a series of periodic business risk reviews, and internal audits both within the Company and the Company's parent organisation. The Company continues to train and educate its employees in identifying fraudulent activity and provides no reprisal, anonymous whistleblowing services accessible to all employees.

Market Risks

Competitor Landscape – European Structure

The Company is one of few European companies serving the maritime communications industry. Over the past few years there has been vertical consolidation, and separation, and transfers of ownership in response to considerable input cost pressure, and competitive pressure from competitors in other global regions. To mitigate this, the Company continues to focus on having the best products and providing first class service to its customers across its focus areas.

Impacts of Tariffs on International Trade and Supply Chains

The company continues to monitor and mitigate the impact of global tariff volatility on its day to day business. The company has carried out a comprehensive review of its supply chain and sales flows, as well as product material content and HTS classifications. The company believes it has a firm understanding of the nature of products it buys and sells, combined with the nature of the Companies terms of sale the company believes it is in a good position to mitigate any ongoing material impacts to business.

Russian Invasion of Ukraine (Russian Sanction Compliance)

Russia's invasion of Ukraine and the subsequent international response have had significant and wide-ranging impacts on the shipping industry to which the Company is inextricably linked.

The Company took immediate action to pause all transactions involving Russia, Belarus and Ukraine (whether through direct association, partial ownership or potential use of sanctioned banks), whilst the new sanctions and company policy was assessed. New orders involving a party connected with these countries were no longer accepted.

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The Company provides safety critical navigation equipment to the maritime industry and being cognisant of that is assessing all orders on a case-by-case basis to ensure compliance with sanctions whilst not denying proper maintenance of safety critical equipment where possible. The Company operates a number of compliance procedures carried out at the time of contract and delivery to ensure that it complies with all current sanctions and corporate policies whilst ensuring it does not refuse safety critical maintenance to those eligible to receive it.

Israeli – Palestinian Conflict

The Israel-Gaza conflict does not currently present any significant risk to the ongoing activities of the Company's business. The Company has historically provided navigation equipment to the Israeli Navy subject to export licence approvals. The Company operates a strict export licence compliance process that ensures that it is compliant with all relevant export licencing rules governing any sale. The situation in the red sea continues to divert vessels around the Cape of Good Hope, this has generally placed a larger demand on vessel capacity.

Operational Risks

Supply Chain

The outsourced nature of The Company's production model means that its performance is inextricably linked to the performance of its supply chain partners. The company has long standing relationships with many of its supply chain partners and continues to invest and support in best practice throughout. The performance of this critical supply based is measured continuously and where required cross business teams will be mobilised to remedy and production issues.

Environment, Health and Safety

The Company has a robust set of controls in place to ensure compliance with various governance and compliance requirements. In addition, developments in various international maritime organisations are monitored regularly to ensure the Company remains compliant with relevant governance frameworks in the jurisdictions in which it operates.

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage caused by the Company's activities.

The Company has established processes which regularly assess the compliance with applicable Health and Safety legal requirements. Safety awareness training is conducted for all personnel, with additional specialist training for those undertaking higher risk activities. Tasks undertaken throughout the Company have been analysed and risk assessments conducted and documented in order to reduce the risk to personnel to as low a level as is reasonably practicable.

Cybersecurity

The Company operates in a sector that is a constant target for nefarious cyber activities. To defend, mitigate and reduce the organisation's exposure, the Company has implemented strategies that leverage the capabilities of people, processes and technology. Key operational risks are associated with the management and exposure to critical vulnerabilities and the ability to support and respond effectively to events that may disrupt business operations.

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The Company has established processes that allow the recognition of its exposure to cybersecurity threats and their likely impact and has implemented mechanisms to reduce the attack surface. The organisation recognises the importance of mitigating and limiting its exposure to cybersecurity threats. As a result, the organisation provides cybersecurity awareness training to all its employees to aid the identification and reporting of policy violations and unauthorised activities. In addition, the organisation monitors its networks and information systems to detect and respond to potential violations.

Information Technology

The company operates robust perimeter and internal security measures to defend and mitigate our exposure, in parallel to and supporting the measures in place within the Company's Cybersecurity function and wider Northrop Grumman security policies. These measures span platform, network (including firewall) and personal computing devices (including mobile telephony). Vendor hardware updates and software patches are applied in line with Northrop Grumman and Vendor recommendations to the Company's technology estate and services thus ensuring Sperry Marine B.V.'s IT service provisions maintain the highest available level of security posturing.

Vendor hardware updates and software patches are first tested internally within the Company's IT function, before being applied (or in the case of personal computing devices (including mobile telephony) made available to be applied) in a timely and acceptable fashion. The process of applying emergency updates and patches is considerably accelerated in line with Northrop Grumman policies.

Financial Risk

Foreign Exchange

The Company's sales in Europe are made in a basket of currencies and it is therefore exposed to movements of these currencies to the Euro rate. The revenue is mainly in Euro whereby a large part of the Company expenses are in GBP. The Company continues to aim for a natural hedging strategy, however any imbalance is continually monitored through effective pricing rates and continual backlog reviews to identify any potential areas of concern.

Credit and Liquidity

Sperry Marine B.V. is financed through Northrop Grumman Corporation's cash pooling arrangement, where funds are made available to finance working capital and investment. The Company held at year end a net cash asset of EUR 6.4m (2023: EUR 14.7m) from this arrangement. The Company is exposed to interest income risk based on its cash pooling agreement. These funds are at free disposal of the Company and there are no other obligations or rights from the arrangement.

Outlook

Although the company reported a small loss for the financial year, the directors remain confident in the business's long-term viability and growth potential. This year's result reflects a period of challenging trading conditions and a strategic reassessment of the company's cost base and operational structure.

In response to these challenges, the company has implemented a series of cost-reduction initiatives and operational efficiencies aimed at improving margins and aligning the business more closely with current market conditions. The Company continues to invest in the next generation of navigation solutions (2024: EUR 7.5m; 2023: EUR 5.4m) to enhance its value proposition with customers. These measures are

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expected to deliver material benefits in the next financial year, with early indicators suggesting improved financial performance.

The directors are encouraged by the positive trajectory seen in the early part of the subsequent trading period and believe the business is well positioned to return to profitability in the forthcoming year. Management remains focused on strengthening core operations, enhancing customer value, and pursuing targeted growth opportunities while maintaining tight financial control.

While the directors continue to monitor market uncertainty, we are confident that the actions taken have laid a strong foundation for sustainable profitability and longer-term success.

As members of the Northrop Grumman European Cash Pool scheme, we do not foresee any liquidity challenges, and we expect to be able to fully meet our financing needs in the coming period of at least 12 months. Management does not express any hesitation with the Company's ability to continue as a going concern.

On behalf of the directors,

K Longman 30 Jun 2025

R Wiltshire 30 Jun 2025

D McClure 30 Jun 2025

G Millard 30 Jun 2025

Vlaardingen, the Netherlands.

Financial Statements

Balance Sheet

31 December

(After proposed appropriation of result)

	Note	2024 EUR'000	2023 EUR'000
ASSETS			
Fixed assets			
Intangible fixed assets	1	361	1,678
Tangible fixed assets	2	939	1,181
Investment in subsidiary	3	1,005	1,005
Deferred income tax assets	4	2,868	3,098
Total fixed assets		<u>5,173</u>	<u>6,962</u>
Current assets			
Raw materials and consumables		5,506	6,093
Production work in progress		724	464
Finished products and goods for resale		15,670	14,914
Inventories	5	<u>21,900</u>	<u>21,471</u>
Work in progress at cost	6	215	459
Work in progress projects in deficit	6	216	1,318
Work in progress in current assets		<u>431</u>	<u>1,777</u>
Trade account receivables		15,542	11,125
Affiliated companies		18,303	22,688
Other receivables and prepaid expenses		6,558	3,701
Receivables	7	<u>40,403</u>	<u>37,514</u>
Cash		<u>174</u>	<u>177</u>
Total current assets		<u>62,908</u>	<u>60,939</u>
TOTAL ASSETS		<u>68,081</u>	<u>67,901</u>

31 December

(After proposed appropriation of result)

	Note	2024 EUR'000	2023 EUR'000
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		34	34
Share premium		35,215	35,215
Currency translation adjustment		-804	-845
Legal reserves		345	1,656
Retained earnings		9,972	9,110
Total shareholder's equity	8	<u>44,762</u>	<u>45,170</u>
Provisions			
Provision for post-employment benefits	9	6,576	7,228
Other provisions	10	443	507
Deferred income tax liabilities	4	0	0
Total provisions		<u>7,019</u>	<u>7,735</u>
Trade account payables		4,735	5,871
Due to affiliated companies		2,992	2,499
Other payables and accrued expenses	11	5,533	6,444
Work in progress projects in surplus	6	3,040	182
Current liabilities		<u>16,300</u>	<u>14,996</u>
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		<u>68,081</u>	<u>67,901</u>

Statement of Income

Period ended 31 December

	Note	2024 EUR'000	2023 EUR'000
Turnover	13	87,580	84,393
Cost of sales	14-15,18	<u>-65,022</u>	<u>-61,709</u>
Gross margin		22,558	22,684
Selling and distribution expenses		-11,312	-10,256
General and administrative expenses		<u>-11,484</u>	<u>-10,933</u>
Total overhead expenses	14-18	-22,796	-21,189
Net margin		-238	1,495
Net Interest and foreign exchange losses	19	<u>-202</u>	<u>-233</u>
		-202	-233
Result from ordinary activities before income taxes		-440	1,262
Taxation on result of ordinary activities	20	-118	-704
(Loss)/Profit for the year		<u>-558</u>	<u>558</u>

Notes to the Financial Statements

General

Activities

Sperry Marine B.V. ('the Company'), Vlaardingen, the Netherlands, is engaged in the design, procurement, assembling, marketing, selling and servicing of nautical and marine systems. Chamber of Commerce number: 24233711.

Group Structure

The immediate parent company is NGC UK Limited whose registered office is 2nd Floor Clareville House, 26-27 Oxendon Street, London SW1Y 4EL, United Kingdom. The ultimate parent company is Northrop Grumman Corporation, registered in Delaware, USA.

Consolidation Principles

Financial information relating to the branches of Sperry Marine B.V is consolidated in the financial statements of Sperry Marine B.V.

In consolidating these branches, intercompany relationships and transactions are eliminated.

The Company applies Art 2.408.1 of the Netherlands Civil Code. Sperry Marine B.V. acts as an intermediate holding company and Northrop Grumman Canada (2004) Inc. is ultimately controlled by the US parent. Investments are therefore valued at cost accordingly and if applicable less any impairment in value.

Cash Flow

The Company has opted not to disclose a cash flow statement by virtue of the exemption allowed under DAS 360.104. For the cash flow statement reference may be made to the cash flow statement included in the 2024 annual report of Northrop Grumman Corporation which is the Company's ultimate parent company and incorporated in the United States of America:

<https://www.northropgrumman.com/who-we-are/annual-reports/>

Copies of the consolidated group financial statements of Northrop Grumman Corporation which represent the accounts of the largest group in which Sperry Marine B.V. is consolidated are available at the trade register of the Chamber of Commerce in Rotterdam and from the corporate offices at 2980 Fairview Park Drive, Falls Church, Virginia 22042, USA.

General Accounting Principles for the Preparation of the Financial Statements

The financial statements are prepared according to the stipulations in Title 9 Book 2 of the Netherlands Civil Code and the Standards of the Dutch Council on Annual Reporting. Management are required to make estimates and assumptions about future events that affect the amounts reported in our financial statements.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Financial Instruments

Financial instruments comprise primary financial instruments, such as receivables and payables. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

Besides financial instruments mentioned in the general accounting policies no other derivative financial instruments are generally applied. The Company participates in the cash pool scheme under the ultimate parent company, Northrop Grumman Corporation.

Translation of Foreign Currencies

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Foreign entities and branches outside the Netherlands qualify as carrying on of business operations in a foreign country, with a functional currency different from that of the Company. For the translation of the financial statements of these foreign entities and branches the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the average exchange rate for the year. The exchange rate differences that arise are directly deducted from or added to group equity and recognized in the translation differences reserve. This likewise applies to the translation differences on loans that form part of the net investment in the business operations abroad.

Going Concern

The financial statements are prepared based on the assumption of going concern as management does not see any material risk to continue the Company's operations for a period of at least 12 months after signing.

Principles of Valuation of Assets and Liabilities

Intangible Fixed Assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost. The useful life and the amortisation method are reassessed at the end of each financial year and the useful life is as follows: Software Development Costs 5 years; Other Intangible Assets 3 to 10 years.

Tangible Fixed Assets

Tangible fixed assets are stated at cost, less accumulated depreciation and, if applicable, less impairments in value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, as follows: Buildings 50 years; Plant and Machinery 3 to 15 years. Land is not depreciated.

Repair and maintenance cost is included in the Statement of Income, except for when major repair or maintenance cost results in an extended economic life, in which case the cost is capitalised and depreciated over its estimated economic life.

Investment in Subsidiary

The Company applies Art 2.408 of the Netherlands Civil Code. Sperry Marine B.V. acts as an intermediate holding company and Northrop Grumman Canada (2004) Inc is ultimately controlled by the US parent. Investments are therefore valued at cost accordingly and if applicable less any impairment in value.

Deferred Income Tax Assets

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realized in due course. These deferred tax assets are valued at nominal value and are predominantly long-term in nature. Deferred tax assets related to losses carried forward have only been recognized to the extent that they are recoverable within the foreseeable future.

Work in Progress

Work in progress on construction contracts for third parties is valued at the realised construction contract costs increased by the attributed profit / realised revenue and net of recognised losses and invoiced instalments. If the result from work in progress on a construction contract cannot be reliably estimated, no profit is attributed. The construction contract costs comprise the costs directly relating to the construction contract, the costs that are attributable to construction contract activities in general and can be attributed to the contract and other costs that are chargeable to the customer under the terms of the contract.

The work in progress on construction contracts also include the construction contracts ensuing from the construction contract development, if and insofar as an unconditional sales agreement has been concluded for components of the construction contract prior to or during the construction.

Revenue from construction contracts and construction contract costs on account of the work in progress on construction contracts are recognised in the profit and loss account as revenue and costs in proportion to the completed performance as at balance sheet date. The percentage of completion is determined on the basis of the construction contract costs incurred up to the balance sheet date in proportion to the estimated aggregate construction contract costs.

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Work in progress on construction contracts that shows a debit balance is presented under the current assets. Work in progress on construction contracts that shows a credit balance is presented under the current liabilities.

Revenue from construction contracts realised during the financial year is recognised in the profit and loss account as revenue in the item net turnover. The construction contract costs are recognised in the cost of sales.

Inventories

Inventories of raw materials, consumables and goods for resale are valued individually at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories of raw materials and consumables is based on average cost. Provision is made for obsolete, slow moving or defective items.

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost, which equals the face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Cash

The cash is valued at face value. Cash is at the free disposal of the Company and can be made available immediately.

Other Assets and Liabilities

All other assets and liabilities are stated at the amounts at which they were acquired or incurred. Amounts are stated net of a provision for obsolescence or doubtful accounts if necessary.

Provision for Post-employment Benefits

The Company values its pension and other post-employment benefits in accordance with US GAAP ASC 715, as allowed by Dutch Accounting Standard 271 paragraph 101, as this is also the basis used by the Company for reporting to its ultimate parent Northrop Grumman Corporation.

Deferred Income Tax Liabilities

For amounts of taxation payable in the future, due to differences between the valuation principles in the annual report and the valuation for taxation purposes of the appropriate balance sheet items, a provision has been formed for the aggregate of these differences multiplied by the enacted rate of taxation that is applicable for the reporting periods in which those differences are reversed or realised. These provisions are reduced by amounts of taxation recoverable in the future in respect of the carry-forward of unused tax losses, to the extent that it is probable that future tax profits will be available for settlement and that settlement is expected to take place on a net basis. The provision for deferred tax liabilities is valued at nominal value.

Principles for the Determination of the Result

Turnover and Cost of Sales

Net turnover represents revenue from performance obligations to deliver goods and to supply services net of discounts and value added taxes.

Revenue is recognised for each separate performance obligation. If two or more promises of the Company to provide goods or services contained in a contract are not separately identifiable, the promises are combined into a combination of goods or services which is collectively separately identifiable from other promises in the contract.

If a contract contains several performance obligations, the total transaction price is attributed to the performance obligations in proportion to the value of the performance obligations. This attribution is based on the individual sale price for each performance obligation.

An estimate is made for the amount of a variable consideration, as part of the total consideration, exercising a reasonable degree of prudence.

Revenues from performance obligations to deliver goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from performance obligations to supply services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Cost of Sales

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of material, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production.

Costs directly related to a contract to provide goods or services and incurred in acquiring the contract, are capitalised if it is probable the contract will be obtained and the costs can be separately identified and reliably estimated. If the costs for acquiring a contract are recognised in the profit and loss account in the period these costs occurred, these costs are not still capitalised in a subsequent period when the contract is acquired.

Income Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes and local tax regulations.

Notes to the Balance Sheet and Statement of Income

1) Intangible fixed assets

	Other Intangible Assets EUR'000	Software Development Costs EUR'000	Total EUR'000
Cost			
Balance 1 January 2024	54	6,625	6,679
Additions	6	0	6
Currency revaluation	0	285	285
Balance 31 December 2024	<u>60</u>	<u>6,910</u>	<u>6,970</u>
Accumulated amortisation			
Balance 1 January 2024	32	4,969	5,001
Amortisation for the period	12	1,382	1,394
Currency Revaluation	0	214	214
Balance 31 December 2024	<u>44</u>	<u>6,565</u>	<u>6,609</u>
Net book value at 31 December 2024	<u>16</u>	<u>345</u>	<u>361</u>
Net book value at 1 January 2024	<u>22</u>	<u>1,656</u>	<u>1,678</u>

	Other Intangible Assets EUR'000	Software Development Costs EUR'000	Total EUR'000
Cost			
Balance 1 January 2023	38	6,513	6,551
Additions	16	0	16
Currency revaluation	0	112	112
Balance 31 December 2023	<u>54</u>	<u>6,625</u>	<u>6,679</u>
Accumulated amortisation			
Balance 1 January 2023	24	3,583	3,607
Amortisation for the period	8	1,325	1,333
Currency Revaluation	0	61	61
Balance 31 December 2023	<u>32</u>	<u>4,969</u>	<u>5,001</u>
Net book value at 31 December 2023	<u>22</u>	<u>1,656</u>	<u>1,678</u>
Net book value at 1 January 2023	<u>14</u>	<u>2,930</u>	<u>2,944</u>

Software Development Costs relate to the ERP System and a legal reserve is held for this under equity.

Amortisation expenses are included in the general and administrative expenses in the Statement of Income.

2) **Tangible fixed assets**

	Land and Building EUR'000	Plant and Machinery EUR'000	Operating Assets under Construction EUR'000	Total EUR'000
Cost				
Balance 1 January 2024	6,265	7,461	145	13,871
Other - transfer between categories	0	136	-136	0
Additions	0	152	-12	140
Disposals	0	-1,086	0	-1,086
Currency revaluation	209	267	3	479
Balance 31 December 2024	<u>6,474</u>	<u>6,930</u>	<u>0</u>	<u>13,404</u>
Accumulated depreciation				
Balance 1 January 2024	6,084	6,606	0	12,690
Depreciation for the period	50	368	0	418
Disposals	0	-1,085	0	-1,085
Currency revaluation	204	238	0	442
Balance 31 December 2024	<u>6,338</u>	<u>6,127</u>	<u>0</u>	<u>12,465</u>
Net book value at 31 December 2024	<u>136</u>	<u>803</u>	<u>0</u>	<u>939</u>
Net book value at 1 January 2024	<u>181</u>	<u>855</u>	<u>145</u>	<u>1,181</u>
	Land and Building EUR'000	Plant and Machinery EUR'000	Operating Assets under Construction EUR'000	Total EUR'000
Cost				
Balance 1 January 2023	6,127	7,093	133	13,353
Other - transfer between categories	0	57	-57	0
Additions	55	362	69	486
Disposals	0	-150	0	-150
Currency revaluation	83	99	0	182
Balance 31 December 2023	<u>6,265</u>	<u>7,461</u>	<u>145</u>	<u>13,871</u>
Accumulated depreciation				
Balance 1 January 2023	5,958	6,140	0	12,098
Depreciation for the period	48	529	0	577
Disposals	0	-150	0	-150
Currency revaluation	78	87	0	165
Balance 31 December 2023	<u>6,084</u>	<u>6,606</u>	<u>0</u>	<u>12,690</u>
Net book value at 31 December 2023	<u>181</u>	<u>855</u>	<u>145</u>	<u>1,181</u>
Net book value at 1 January 2023	<u>169</u>	<u>953</u>	<u>133</u>	<u>1,255</u>

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3) Investment in Subsidiary

	2024 EUR'000	2023 EUR'000
Cost		
Balance 1 January	1,005	1,005
Additions	0	0
Liquidation	0	0
Balance 31 December	<u>1,005</u>	<u>1,005</u>

Details of the Company's subsidiaries at 31 December 2024 are as follows:

Name	Place of Incorporation	Proportion of ownership	Proportion of voting power held
Northrop Grumman Canada (2004) Inc	Canada	100%	100%

For 2024, Northrop Grumman Canada (2004) Inc had a net loss of EUR 0.7m. The net equity of the subsidiary amounts to EUR 1.5m.

4) Deferred income tax assets

	2024 EUR'000	2023 EUR'000
Balance at 1 January	3,098	3,299
Adjustment in respect of prior year	94	-135
Deferred tax charge for the year	-220	-152
Foreign exchange difference on translation/ Rate change	-57	2
Pension movement taken (to)/ from reserves	-47	84
Balance at 31 December	<u>2,868</u>	<u>3,098</u>
Presented as follows:		
Deferred tax asset	2,868	3,098
Deferred tax liability	0	0
Balance at 31 December	<u>2,868</u>	<u>3,098</u>

The Company has capitalized tax credits of approximately EUR 1m (2023 EUR 1m) as a result from the carry forward of previous double taxation in the Dutch Branch. The changes in tax rates resulted in a higher capitalisation amount this year. The gross amount of the tax credits is approximately EUR 3.8m (2023 EUR 4.5m) and is available for offset against future taxable profits. These tax credits have no expiry date and are ring fenced to the Dutch Branch. The current Dutch Branch fiscal profitability relates to supportive activities in respect of Sales, Service and Warehousing.

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5) Inventories

At 31 December 2024 a provision for obsolete, slow-moving and defective part of EUR 4.3m (2023: EUR 4.5m) has been included.

The carrying amount (before provision) of inventory valued at net realizable value (NRV) amounts to EUR 26.2m (2023: EUR 26.0m). The carrying amount of inventory (after provision) valued at net realizable value amount to EUR 21.9m (2023: EUR 21.5m)

	2024 EUR'000	2023 EUR'000
Gross amount of inventory	26,158	26,006
Inventory provisions (excluding service WIP)	-4,258	-4,535
Net Carrying amount of inventory at NRV	<u>21,900</u>	<u>21,471</u>
Net realisable inventory after provisions:		
Raw materials and consumables	5,506	6,093
Production work in progress	724	464
Finished products and goods for resale	15,670	14,914
	<u>21,900</u>	<u>21,471</u>

6) Work in progress

Work in progress on construction projects held in assets:

	Production Value EUR'000	Invoiced EUR'000	Balance 2024 EUR'000	Balance 2023 EUR'000
Projects with financing deficit	2,206	-1,990	216	1,318
WIP valued at cost	215	0	215	459
Work in progress in current assets	<u>2,421</u>	<u>-1,990</u>	<u>431</u>	<u>1,777</u>

Revenue recognized in the profit and loss account based on the percentage of completion method amounts was EUR 9.1m in 2024 (2023: EUR 4.8m).

Work in progress on construction projects held in liabilities:

	Production Value EUR'000	Invoiced EUR'000	Balance 2024 EUR'000	Balance 2023 EUR'000
Projects with financing surplus	10,828	-13,868	-3,040	-182

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7) Receivables

	2024 EUR'000	2023 EUR'000
Trade account receivables	15,542	11,125
Affiliated companies	18,303	22,688
Other receivables and prepaid expenses	6,558	3,701
Total receivables	<u>40,403</u>	<u>37,514</u>

All trade account receivable balances are due within a year. At 31 December 2024 a provision for doubtful third party receivables of EUR 0.2m (2023: EUR 1.0m) has been included.

	2024 EUR'000	2023 EUR'000
Balance 1 January	-953	-979
Utilised	776	85
Additional provision provided	-30	-67
Currency revaluation	16	8
Balance 31 December	<u>-191</u>	<u>-953</u>

Receivables due from affiliated companies include EUR 6.4m (2023: EUR 14.7m) with Northrop Grumman Finance Europe B.V. (cash pool accounts) and EUR 2.4m (2023: EUR 2.0m) due from Northrop Grumman Canada (2004) Inc., a subsidiary company. These funds are at the Company's free disposal.

8) Shareholder's equity

	Share capital EUR'000	Share premium account EUR'000	Currency translation adjustment EUR'000	Retained earnings EUR'000	Actuarial loss EUR'000	Legal reserves EUR'000	Total EUR'000
Opening balance as at 1 January 2024	34	35,215	-845	10,377	-1,267	1,656	45,170
Translation adjustments	0	0	41	0	0	0	41
Actuarial gain/(loss) on pension obligation	0	0	0	0	109	0	109
Reserve for intangible assets	0	0	0	1,311	0	-1,311	0
Profit for the year	0	0	0	-558	0	0	-558
Closing balance as at 31 December 2024	34	35,215	-804	11,130	-1,158	345	44,762

	Share capital EUR'000	Share premium account EUR'000	Currency translation adjustment EUR'000	Retained earnings EUR'000	Actuarial loss EUR'000	Legal reserves EUR'000	Total EUR'000
Opening balance as at 1 January 2023	34	35,215	-842	8,544	-1,072	2,931	44,810
Translation adjustments	0	0	-3	0	0	0	-3
Actuarial gain/(loss) on pension obligation	0	0	0	0	-195	0	-195
Reserve for intangible assets	0	0	0	1,275	0	-1,275	0
Profit for the year	0	0	0	558	0	0	558
Closing balance as at 31 December 2023	34	35,215	-845	10,377	-1,267	1,656	45,170

The issued and fully paid up Share Capital of the Company comprises of 68,906 shares at a par value of EUR 0.50.

The currency translation adjustment and the legal reserve are legal and statutory reserves which are not freely distributable.

Appropriation of result for the financial year 2023

The annual report 2023 was adopted at the general meeting of shareholders held on 28 June 2024. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

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Proposed appropriation of result for the financial year 2024

According to the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net income for the year.

Management proposes to add the current year net loss to the retained earnings balance. This proposal has been reflected in the financial statements.

9) Provision for post-employment benefits

The Company operates defined benefit plans in Germany and the United Kingdom. Indexation of vested benefits and pension payments is generally conditional. The expected conditional indexation is taken into account in determining the pension obligations. In the other countries the Company operates defined contribution schemes.

United Kingdom Defined Benefit Pension Scheme

Sperry Marine B.V. UK Branch was a participating employer in the Scheme before it ceased to participate under the terms of a Deed of Confirmation, Participation, Substitution of Principal Employer, Cessation of Participation, Amendment and Apportionment relating to the Scheme dated 23 September 2016 (the "Apportionment Deed"). The sole participating employer is now Northrop Grumman Global Holdings Ltd (NGGH) and NGGH are responsible for all liabilities of the scheme. Sperry Marine B.V. has agreed to continue to make monthly payments to the scheme or to NGGH as appropriate. Accordingly, no provision has been recognized.

Germany Defined Benefit Pension Scheme

The accumulated benefit obligation of the assigned employee benefit plan amount to:

	2024	2023
	<u>EUR'000</u>	<u>EUR'000</u>
The Germany Defined Benefit Pension Scheme	6,563	7,188

The most important actuarial assumptions used by the Company are as follows:

	2024	2023
	<u>EUR'000</u>	<u>EUR'000</u>
	%	%
Discount rate	3.40	3.30
Expected return on plan assets	0.00	0.00
Salary increase	3.15	3.15
Inflation	14.00	18.00
Expected indexation of vested rights and pensions	6.00	6.00

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The provision included in the balance sheet in respect of the defined benefit obligations is as follows:

	2024 EUR'000	2023 EUR'000
Net present value of projected benefit obligation	6,576	7,228
Fair value of plan assets	0	0
Net pension obligation at 31 December	<u>6,576</u>	<u>7,228</u>

The pension obligation is reported under provisions.

The following amounts are included in the profit and loss account in respect of this defined benefit plan:

	2024 EUR'000	2023 EUR'000
Interest	226	265
Net periodic pension cost	<u>226</u>	<u>265</u>

The net periodic pension cost is included under the line general and administrative expense in the Statement of Income.

Movements in the project benefit obligation are as follows:

	2024 EUR'000	2023 EUR'000
Projected benefit obligation at 1 January	7,228	7,390
Impact of early retirement obligation	-27	-22
Interest	226	265
Actuarial results	-157	280
Benefits paid	-694	-685
Projected benefit obligation at 31 December	<u>6,576</u>	<u>7,228</u>

The projected benefit obligation reduced by EUR 0.65m in 2024 due to a reduction in scheme members.

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Movements in the unrecognized actuarial results are as follows:

	2024 EUR'000	2023 EUR'000
Actuarial (gains) / losses realized for the reporting period	-157	280
Recognition of actuarial results in retained earnings	<u>157</u>	<u>-280</u>
Unrecognised actuarial losses / (gains) at 31 December	<u>0</u>	<u>0</u>

The accumulated benefit obligation for all defined benefit plans amount to EUR 6.6m at 31 December 2024 (2023: EUR 7.2m).

Expected employer contribution for 2025 is EUR 0.7m (2024: EUR 0.7m).

Expected future benefit payments:

	2024 EUR'000	2023 EUR'000
Next year	702	705
Next year + 1	673	702
Next year + 2	638	675
Next year + 3	608	640
Next year + 4	<u>572</u>	<u>610</u>
	<u>3,193</u>	<u>3,332</u>

Components of projected net periodic benefit cost for the next financial year:

	2024 EUR'000	2023 EUR'000
Interest cost	<u>226</u>	<u>265</u>
	<u>226</u>	<u>265</u>

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10) Other provisions

Following the closure of the defined benefit pension scheme in the Netherlands on 31 December 2017, the Company agreed to pay an annual cash amount to those employees previously in the scheme. Employees who were employed as at 31 December 2017 are entitled to an annual payment for each year in which they remain employed by the Company as at 1 January of every year. A total provision of EUR 0.4m has been included in 2024 (2023: EUR 0.5m). A discount rate of 1.9% has been applied to the annual payment each year along with an attrition rate of 1.75% to allow for future employee turnover.

11) Other payables and accrued expenses

	2024 EUR'000	2023 EUR'000
Advance payments	1,200	981
Taxes and social security charges	666	251
Pension liabilities	129	286
Other liabilities	1,473	892
Accruals and deferred income	2,065	4,034
	<u>5,533</u>	<u>6,444</u>

The corporation income tax balances included in the taxes and social charges payable balance above amounts to EUR 0.1m (2023: EUR 0.1m). Other accounts payable and accrued expenses include cost of sales accruals and general overhead accruals. All amounts are due within 12 months.

12) Commitments and contingent liabilities

The Company has long-term rental commitments amounting to approximately EUR 5.0m (2023: EUR 6.6m) made up as follows:

	2024 EUR'000	2023 EUR'000
Due in under 1 year	2,412	2,282
2 years and under 5 years	2,613	4,329
Over 5 years	9	11
Balance at 31 December	<u>5,034</u>	<u>6,622</u>

As of 31 December 2024, the Company has granted guarantees amounting to EUR 1.0m (2023: EUR 1.0m).

As of 31 December 2024, future purchase commitments amount to EUR 27.9m (2023: EUR 20.0m).

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13) Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax.

	2024 EUR'000	2023 EUR'000
European Union	31,743	34,356
Asia	28,849	21,950
Rest of the world	26,988	28,087
	<u>87,580</u>	<u>84,393</u>
Products	41,934	40,957
Service	45,646	43,436
	<u>87,580</u>	<u>84,393</u>

Included within turnover are sales of EUR 15.7m (2023: EUR 14.6m) made to companies within the worldwide Northrop Grumman group.

14) Depreciation and amortisation

	2024 EUR'000	2023 EUR'000
Intangible fixed assets	1,367	1,324
Tangible fixed assets	412	573
	<u>1,779</u>	<u>1,897</u>

15) Wages, salaries and social security charges

	2024 EUR'000	2023 EUR'000
Wages and salaries	19,744	17,820
Social security costs	2,511	2,268
Pension costs	1,850	3,510
	<u>24,105</u>	<u>23,598</u>

The average number of personnel employed during the period was:

	2024 EUR'000	2023 EUR'000
Assembly and service	142	120
Sales	75	72
Administration	55	56
	<u>272</u>	<u>248</u>

The average number of employees working abroad during the year amounted to 230 (2023: 206).

16) Remuneration of the directors

During 2024 the total remuneration paid to directors amounted to EUR 0.1m (2023: EUR 0.5m). Besides this remuneration as paid by the Company, directors have also received remuneration which has been paid by other group companies.

17) Remuneration of the auditors

The total remuneration of auditors included in the general and administrative expenses in the Statement of Income amounts to:

	Deloitte Accountants B.V. EUR'000	Other Deloitte Accountants B.V. Network EUR'000	Total Network EUR'000
2024			
Audit of financial statements	82	336	418
Tax advisory services	0	0	0
Other non-audit services	0	0	0
	<u>82</u>	<u>336</u>	<u>418</u>
2023			
Audit of financial statements	77	341	418
Tax advisory services	0	0	0
Other non-audit services	0	0	0
	<u>77</u>	<u>341</u>	<u>418</u>

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18) Summary cost of sales (COS) and overheads

	2024 EUR'000	2023 EUR'000
Cost of sales and overheads:		
Depreciation and amortisation	1,779	1,897
Wages, salaries and social security charges	24,105	23,598
COS related to product and service	40,733	40,279
Other overhead costs	21,201	17,124
	<u>87,818</u>	<u>82,898</u>

Total research and development expenditure included in the Company's profit and loss account is EUR 7.5m. The Company expects to spend EUR 8.7m in 2025 on research and development of a new generation of products.

19) Interest and foreign exchange losses

	2024 EUR'000	2023 EUR'000
Interest income, third party	4	5
Interest income, affiliated companies	910	914
	<u>914</u>	<u>919</u>
Interest expense, third party	0	-6
Interest expense, affiliated companies	-852	-853
	<u>-852</u>	<u>-859</u>
Net interest	<u>62</u>	<u>60</u>
Net foreign exchange losses	<u>-264</u>	<u>-293</u>
Net interest and foreign exchange losses	<u>-202</u>	<u>-233</u>

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20) Taxation on result of ordinary activities

		2024	2023
		<u>EUR'000</u>	<u>EUR'000</u>
Netherlands normal	- current tax, current year	95	0
taxation	- current tax, prior years	0	0
25%	- deferred tax, current year	149	175
	- deferred tax, prior years	17	-332
Foreign taxation	- current tax, current year	-406	522
	- current tax, prior years	305	-34
	- deferred tax, current year	70	-23
	- deferred tax, prior years	-112	396
		<u>118</u>	<u>704</u>

The average nominal tax charge in the different countries in which the Company's activities are located amounts to 27.3%. This average nominal tax rate applied to the profit before taxes means that a tax charge in the Profit and Loss account of EUR 0.32m would be expected. However the actual tax charge as presented in the Profit and Loss account amounts to EUR 0.02m. The difference of EUR 0.3m is mainly due to the impact of the increase in the UK tax rate applied to the profit in overseas branches under the double taxation scheme.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Company is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Company's exposure to Pillar Two income taxes at Group level. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Company. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. The Company assessed that there is no material exposure to Pillar Two income taxes in those jurisdictions.

21) Subsequent Events

There were no significant subsequent events after the reporting period.

Signing of the Financial Statements

Vlaardingen,
Managing Directors:

K Longman 30 Jun 2025

R Wiltshire 30 Jun 2025

D McClure 30 Jun 2025

G Millard 30 Jun 2025

Other Information

Appropriation of results according to the Company's Articles of Association

According to the Company's articles of association, article 19.1, the allocation of profits accrued in a financial year shall be determined by the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at least immediately after the adoption of the annual accounts, the profits will be reserved.

The General Meeting has the authority to make distributions. If the Company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds these reserves. No resolution of the General Meeting to distribute shall have effect without the consent of the Management Board. The Management Board may withhold such consent only if it knows or reasonably should expect that after the distribution, the Company will be unable to continue the payment of its due debts.

Branch Offices

Trade name

Sperry Marine B.V., UK branch
Sperry Marine B.V., Danish branch
Sperry Marine B.V., Belgium branch
Sperry Marine B.V., German branch

Country

United Kingdom
Denmark
Belgium
Germany

Independent Auditor's Report

Reference made is to the Independent Auditor's report on the following page.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Managing Directors of Sperry Marine B.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the financial statements 2024 of Sperry Marine B.V., based in Vlaardingen, Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sperry Marine B.V. as at 31 December 2024, and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2024.
2. The statement of income for the year ended 31 December 2024.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Sperry Marine B.V. in accordance with, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how those charged with governance exercise oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. We have not identified any material instances indicative of fraud.

We identified the following fraud risks and performed the following specific procedures:

Revenue Recognition

We have assess the presumed fraud risk of revenue recognition in terms of ISA 240, which has been pinpointed to the recognition of revenue from (long term) commercial contracts. Based on the accounting principles applied by Sperry Marine, profit is recognised in proportion to the completed performance as of the balance sheet date.

We have addressed this presumed risk by performing tests of detail (where appropriate) on long term revenue, as well as the assessment of the design and implementation (D&I) of relevant control for revenue. Tests of detail included verification of the inputs, recomputing revenue to be recognised and performing retrospective review using past forecasts against actual costs. The D&I procedures included consideration of the quarterly review of revenue recognition specific to cost to complete projects, approval of updates made to cost forecasts and the review by Finance of initial contract value and estimation of cost to complete.

Management Override

We have assessed the inherent fraud risk related to management override of controls as specific to management override through journal entries.

We have performed substantive analytical and test of details (where appropriate) on the full population of journal entries for the current period. We have assessed the design and implementation of controls associated with management override of controls. We have increased professional scepticism throughout the engagement.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives, directors and those charged with governance.

We tested the appropriateness of a selection of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note General Accounting Principles for the Preparation of the financial statements.

We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. We performed review and inquiry procedures to identify any unusual or non-routine transactions.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with the Finance Director, reading minutes and reports of internal audit.

As a result of our risk assessment procedures, and while realising that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law and the requirements under Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognised to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Sperry Marine B.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, those charged with governance, the executive board and others within Sperry Marine B.V. as to whether Sperry Marine B.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

We are responsible for obtaining reasonable assurance that the Company is able to continue as a going concern. Management is responsible to assess the Company's ability to continue as a going concern and disclosing in the financial statements any events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Management has used the going concern basis of accounting in preparation of the financial statements. Management does not see any material risk to continue the Company's operations for a period of at least 12 months after signing. Management has prepared an assessment of the ability of Sperry Marine B.V. (formerly Northrop Grumman Sperry Marine B.V.) to continue their operations for at least twelve months after the preparation of the financial statements.

In the procedures performed by us regarding the assessment of management we have used professional judgement and maintained our professional scepticism. We have performed the following specific procedures to evaluate management's going concern assessment:

- We considered whether going concern assessment includes all relevant information of which we have obtained an understanding as a result of our audit.
- Assessing the accuracy and completeness of the inputs and assumptions underlying the assessment where applicable challenging management's judgement.
- We performed a retrospective review of management judgments and assumptions related to going concern estimates reflected in prior year financial statements.
- We obtained and evaluated management's plan for future actions to assess whether management's plans are feasible in the circumstances.
- We have analysed whether the current and necessary financing to sustain all business activities is ensured.
- We held inquiries with management about its knowledge of going concern risks after the period of the continuity assessment performed by management and considering the impact of financial, operational, and other conditions.

Further to that, our subsequent events review, including an analytical review on most current available financial information did not reveal any adverse situations in the business environment.

Based on these procedures, we did not identify any findings related to the entity's ability to continue as a going concern.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Appropriation of results according to the Company's Articles of Association.
- Branch Offices.
- The Independent Auditor's report.

The Annual Accounts also include the Managing Director's Report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error, during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the audit to obtain sufficient appropriate audit evidence regarding the financial information of the branches within the Company (Sperry Marine B.V.) as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the component audit work performed. We bear the full responsibility for the auditor's report.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Rotterdam, 30 June 2025

Deloitte Accountants B.V.

Signed on the original: Toinette Del Castello