

REGISTRATION NUMBER - 03814152

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

**Annual Report and Financial Statements
For the Year Ended 31 December 2023**



NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

Company Information

Directors

Douglas McClure
Steven Spiegel
Roger Wiltshire

Company Secretary

Roxanne Lepore
Roger Wiltshire

Company Number

03814152

Registered Office

2nd Floor, Clareville House
26-27 Oxendon Street
London SW1Y 4EL

Auditor

Deloitte LLP
Abbots House
Abbey Street
Reading RG1 3BD

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

Contents

Strategic Report	1
Directors' Report	18
Directors' Responsibilities Statement	20
Independent Auditor's Report to the Members of Northrop Grumman Global Holdings Limited	21
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes in Shareholder's Equity	26
Notes to the Financial Statements	27

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT

The directors in preparing this strategic report have complied with S414C of the Companies Act of 2006. The directors present this strategic report and audited financial statements of Northrop Grumman Global Holdings Limited (the 'Company') for the year ended 31 December 2023.

PRINCIPAL ACTIVITY

Northrop Grumman Global Holdings Limited was incorporated in 1999 for the purpose of serving as an intermediate holding company for the ultimate parent, Northrop Grumman Corporation ('NGC'). Incorporated in the United States of America ('U.S. '), NGC is a leading global aerospace and defense technology company delivering a broad range of products, services and solutions to U.S. and international customers. The company is a leading provider of space systems, military aircraft, missile defense, advanced weapons and long-range fires capabilities, mission systems, networking and communications, strategic deterrence systems, and breakthrough technologies, such as advanced computing, microelectronics and cyber.

The Company provides services to an affiliated entity through cost plus fee intercompany arrangements. The Company also holds investments in group undertakings.

REVIEW OF BUSINESS

The Company's results for the year ended 31 December 2023 and financial position at that date are enclosed in page 24 and 25 of the financial statements.

Effective 29 September 2023, the Company's direct subsidiary, NGC UK Limited, completed the divestiture of its wholly owned subsidiary, Park Air Systems Limited ('Park Air'). In connection with the sale of Park Air, the net pension asset of the Park Air Pension Plan (the 'PAPP') was apportioned to the Company.

As at 31 December 2023, the Company has a net pension asset of £11.1 million (2022: net pension asset of £2.3 million). The increase during the year was primarily due to the PAPP apportionment of £5.5 million and employer contributions of £5.2 million offset by actuarial losses of £2.7 million.

SECTION 172(1) STATEMENT

Companies Act Section 172(1)

This Section 172(1) Statement summarises the actions taken by the directors to demonstrate how they:

- have had regard to the matters set out in section 172(1)(a) to (f) when acting to promote the success of the Company;
- have engaged with the Company's employees, contractors, suppliers, customers, partners and others during the year; and
- have had regard to employee interest, the need to foster the Company's business relationships with its key stakeholders, and the effect of that regard on the principal decisions taken by the Company during the year.

In accordance with Section 172(1) of the Companies Act 2006 "A director of a Company must act in the way, they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company."

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT (continued)

Factors which the directors have considered when discharging their duty under section 172(1) are set out below:

Having regard to the likely consequences of any decision in the long term

The Company's assets are comprised mainly of investments in subsidiaries and amounts owed by group undertakings. No acquisitions, disposals or impairment decisions were made during the year that would likely have long term consequences to the business.

Having regard to the interests of the Company's employees

We engage in a number of ways with employees including frequent 'all-hands' meetings and regular 1-2-1 contact between our staff and their direct managers. In addition, we undertake an annual engagement survey which is sent to all personnel who complete the survey anonymously. Finally, we make sure that our employees have multiple channels through which any concerns about the company can be raised quickly and safely including an anonymous ethics line.

Having regard to the need to foster the Company's business relationship with suppliers, customers and others.

Due to the nature of the Company's activities, we have no direct external customers or suppliers.

Having regard to the impact of the Company's operations on the community and environment

Due to the nature of the Company's activities, there is nothing to note regarding the impact of the Company's operations on the community and the environment.

Having regard to the desirability of the company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company

The board of directors consider, both individually and together, that we have acted in the way that we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

As a board of directors, our intention is to behave responsibly and ethically at all times, very much in line with Northrop Grumman values, and to ensure that our management teams operate the business in a responsible manner and to the highest standards of business conduct and good governance. Fundamentally, doing what is right because it is the right thing to do is the foundation for the Company's business culture and this is reflected in the following values which are made available publicly and are shared throughout the global corporation:

- **We do the right thing:** we earn trust, act with ethics, integrity and transparency, treat everyone with respect, value diversity and foster safe and inclusive environments.
- **We do what we promise:** we own the delivery of results, focused on quality outcomes.
- **We commit to shared success:** we work together to focus on the mission and take accountability for the sustainable success of our people, customers, shareholders, suppliers and communities.
- **We pioneer:** with fierce curiosity, dedication, and innovation, we seek to solve the world's most challenging problems.

KEY PERFORMANCE INDICATOR

The key performance indicator within the business is profit before taxation. During 2023, the Company generated a profit before taxation of £4.3 million (2022: £7.5 million). The decrease during the year was primarily due to a loss on foreign exchange of £1.6 million (2022: gain of £1.5 million).

PRINCIPAL RISKS AND UNCERTAINTIES

Cash flow risk

The Company's activities expose it to risks related to changes in foreign currency exchange rates and interest rates. The foreign currency risk is managed centrally by NGC through the use of currency or exchange contracts.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Liquidity risk

The Company is a member of the Northrop Grumman European Cash Pool and has access to sufficient funding to minimise any short or medium term liquidity risk. The use of financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial instruments to manage these risks. The Company does not use financial instruments for speculative purposes.

FUTURE DEVELOPMENTS

In the forthcoming year, the directors expect the general level of activity to remain consistent with 2023.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

GOVERNANCE

Northrop Grumman Corporation (herein referred to as "Northrop Grumman," the "company," "we," "us," or "our") is committed to maintaining high standards of ethics, integrity and transparency, consistent with our values and in service to our shareholders, employees, customers and other stakeholders. Our Principles of Corporate Governance and Standards of Business Conduct, among other documents, set the foundation for our strong corporate governance practices and reflect and reinforce our commitment to our values.

Our environmental, social and governance (ESG) governance model consists of strong Board oversight, complemented by management and executive leadership responsibility for the day-to-day supervision and operation of our sustainability program, including specific climate-related focus areas.

Northrop Grumman Corporation, incorporated in the United States of America (U.S.), is a leading global aerospace and defense technology company delivering a broad range of products, services and solutions to U.S. and international customers. The company is a leading provider of space systems, military aircraft, missile defense, advanced weapons and long-range fires capabilities, mission systems, networking and communications, strategic deterrence systems, and breakthrough technologies, such as advanced computing, microelectronics and cyber. As of 31 December 2023, Northrop Grumman was aligned in four operating sectors: Aeronautics Systems, Defense Systems, Mission Systems and Space Systems.

Northrop Grumman Global Holdings Limited (herein referred to as "NGGH") is an indirect, wholly-owned subsidiary of Northrop Grumman Corporation. NGGH was incorporated in 1999 for the purpose of serving as an intermediate holding company for NGGH subsidiaries. NGGH's primary operating subsidiaries (herein referred to as "NGGH operating subsidiaries" and "NGGH businesses") are located in the United Kingdom (i.e., Northrop Grumman UK Limited), European Union (i.e., Northrop Grumman Holding (GmbH) (Germany), Northrop Grumman Italia (Italy), Solystic (France), Northrop Grumman L.E.F (GmbH) (Germany) and Northrop Grumman Litef (Germany), and Australia (i.e., Northrop Grumman Australia). The NGGH operating subsidiaries in the United Kingdom and Europe are primarily part of the Northrop Grumman Mission Systems sector (Mission Systems Europe Division) and the NGGH operating subsidiaries in Australia are part of the Northrop Grumman Defense Systems sector.

OVERSIGHT

The Northrop Grumman Board of Directors (the "Board") provides leadership and oversight with respect to ESG practices and our enterprise risk management activities, including those related to climate. The Board oversight responsibilities are supported through its independent committees, each of which provides particular expertise and focus. The full Board receives regular updates from each of the committees as well as periodic reports from senior management, including the Chief Sustainability Officer (CSO), addressing specific issues, risks and opportunities, including those related to climate.

Each standing committee of the Board has specific oversight responsibilities for climate-related matters. Specific climate-related roles and responsibilities include the following:

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

- **The Policy Committee** oversees the company's environmental policies and programs, including climate change, Net Zero operations¹, water and waste reduction, and other environmental initiatives and matters. The committee reviews with the CSO at least annually the status of such programs. The committee also oversees Task Force on Climate-related Financial Disclosures (TCFD) evaluations and our annual Sustainability Report.
- **The Audit and Risk Committee** assists the Board in its overall financial and enterprise risk management responsibility, including a review of the company's risks related to environmental (including climate change) matters. The committee also is responsible for overseeing the audit and assurance processes for ESG reporting.
- **The Compensation and Human Capital Committee** approves the annual and long-term performance goals for our compensation program, including financial and non-financial metrics. In 2023, the non-financial metrics included certain environmental and diversity, equity and inclusion goals.
- **The Nominating and Governance Committee** assists the Board in ensuring a comprehensive and effective framework for Board oversight, including of ESG matters. The committee also looks broadly at governance-related risks, including the role of each committee with respect to oversight of ESG and corporate culture, among other responsibilities.

NGGH has a separate Board of Directors that has oversight responsibilities. The NGGH Board of Directors relies on the expertise of Northrop Grumman senior management, including the CSO and sector presidents, for climate-related issues, as described in the Management's Role section. This management structure is overseen by the Northrop Grumman Board.

MANAGEMENT'S ROLE

The Northrop Grumman CSO, who reports to Northrop Grumman's Chair, Chief Executive Officer and President (CEO), leads a team focused on a variety of sustainability initiatives such as designing and implementing enterprise-wide business practices for carbon reduction, resource efficiency and material management, including the development, management, tracking and reporting of climate-related targets and goals. The CSO is responsible for helping to reduce the company's environmental impact and advance sustainability initiatives throughout the business. The CSO is also responsible for the monitoring of climate-related issues and risks and, as a member of the Enterprise Risk Management Council (ERMC), addresses these identified risks and the mitigation of the risks as part of the ERMC's overall risk management function.

Northrop Grumman's management team is directly involved in sustainability risk assessment and monitoring, including risks related to climate change and natural disasters. The management team has a multi-faceted approach to risk-assessment, including through the ERMC. The ERMC is comprised of the CEO, all members of the Executive Leadership Team (i.e., sector presidents, Chief Human Resources Officer, Vice President of Global Operations, General Counsel, Chief Strategy and Development Officer, Chief Financial Officer, Chief Global Business Officer and Chief Communications Officer) as well as leaders across key functional areas, including the Chief Accounting Officer, Chief Compliance Officer, Chief Technology Officer, CSO, Corporate Secretary, Vice President of Global Supply Chain, Vice President of Internal Audit and Treasurer.

¹ "Net Zero operations" is defined as Northrop Grumman Corporation's goal to reach Net Zero greenhouse gas (GHG) emissions in its operations (i.e., Scope 1 and 2 GHG emissions) by 2035.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

The climate change risks which are identified through these management processes are addressed with the NGGH businesses through both the business unit's management processes, as well as through the corporate office. While there is no formal process at the NGGH holding company level for identifying, assessing, and/or managing climate-related risks and opportunities, including no NGGH directors or personnel at the NGGH holding company level with such responsibilities, the risks identified at the business unit and corporate level are flowed down to NGGH and its businesses. Each NGGH operating subsidiary has a risk management process in place to address risks and comply with local and regional regulations. Climate-related metrics and targets are tracked at the site level and are aggregated and reported up through the appropriate business unit.

RISK MANAGEMENT

Northrop Grumman proactively identifies, assesses and manages risks across all aspects of our global business. The ERMC evaluates risks and mitigation strategies across the company, including new, emerging or evolving risks. Other groups within the company, such as business continuity and operational resiliency, and supply chain management, have specialised practices in place for additional risk identification, assessment and management.

The results of these risk management processes, as relevant and applicable, are disseminated to the NGGH businesses through the sector's management processes at the relevant business units, and also through the Northrop Grumman corporate office. Each NGGH operating subsidiary has a risk management process in place to address risks and comply with local and regional regulations. Risks are reviewed at least annually, if not more often, by NGGH operating subsidiary leadership teams and communicated up through sector management. These subsidiary processes consider ESG-related risks that can include climate issues.

ENTERPRISE RISK MANAGEMENT COUNCIL (ERMC)

The ERMC seeks to ensure that the company has identified and understands the more significant risks facing our business and that we have effective mitigation measures in place to address each of them. These risks are described in Northrop Grumman's Annual Report on Form 10-K and include risks related to natural disasters, environmental, health and safety, compliance with laws, hazardous and high-risk operations, and climate-related risks, such as increased wildfire exposure, rising mean temperature and sea levels, and long-term changes in precipitation patterns, including increased drought, desertification and/or poor water quality. Certain members of the ERMC have responsibility for specific risks, such as the CSO's responsibility for climate-related risks, and are responsible for assessing risks, developing and executing risk mitigation plans, and monitoring status and trends.

The ERMC meets at least twice a year and the supporting working group and steering committee meet at least four times a year. At the ERMC meetings, members review each of the significant risks to the business, current trends related to those risks, whether the risk is increasing or decreasing and areas of concern. For example, the ERMC reviews how climate change may continue to impact facilities, operations, employees and communities in certain regions potentially exposed to climate change-related natural disasters. Similarly, the ERMC evaluates how climate change-related disruptions could impact the availability and cost of materials needed for manufacturing, and how new or more stringent regulations adopted in response to climate change could require substantial capital investment and enhanced reporting.

In addition, members review the status and effectiveness of mitigation measures. The company has developed risk mitigation efforts for each of our significant risks and members of the ERMC are responsible for overseeing the associated risk management. The ERMC members work with management on risk mitigation and provide updates at least annually to the Board. These risk analyses cover our operations, as well as our customers and suppliers.

Finally, the ERMC also identifies, discusses and considers new potential or emerging risks that could become significant to the company, including emerging climate-related risks, and integrates climate-related risks into the overall risk management process at Northrop Grumman, including its subsidiaries.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

NGGH BUSINESS RISK MANAGEMENT

In addition to the broader Northrop Grumman enterprise climate risk approach described in the preceding section, specific climate risk assessment procedures were performed for the NGGH businesses. A physical risk assessment was performed at the location level and supported by third party climate experts. Further, third party climate experts facilitated a climate transition risk and opportunity analysis across the NGGH businesses. The climate transition risk and opportunity assessment was informed through the Northrop Grumman consolidated risk assessment process, peer benchmarking and support by third party climate experts as well as interviews and workshops with relevant stakeholders from each of the NGGH businesses and individuals from the Northrop Grumman parent who are involved in climate risk assessment at the parent level. The results of those analyses are in the "Resilience of Strategy" section.

BUSINESS CONTINUITY AND OPERATIONAL RESILIENCY

Outside of the enterprise risk management process, other groups within the company have practices in place for additional risk identification, assessment and management. One such group is our business continuity and operational resiliency group. Our Business Resiliency team operates through centralised control and oversight and provides oversight across Northrop Grumman and its subsidiaries, including certain of the NGGH businesses, namely Northrop Grumman UK Limited and Northrop Grumman Australia. The Business Resiliency team conducts business impact analyses to evaluate risks and opportunities and their potential impacts to the company, personnel and/or operations.

Business impact analyses are performed annually, originating at the site level and rolling up to the sector level. The impact is determined on a scale of low, medium or high. The team facilitates these business impact analyses in coordination with the sectors to assess the potential risk, including natural disaster risk, and identify the recovery prioritisation of sites and business processes, as well as gaps in recoverability. The analysis assesses the effect on the company by determining the financial, reputational and known legal impact if recovery of the process is not achieved. Using a tiered ranking system, we evaluate risks to help determine prioritisation based on probability, business impact (including a focus on top-tier suppliers), recovery time and if the exposure will be addressed at the site, sector or company level. When possible, we establish contingency plans in case our personnel or buildings are unavailable due to risks, such as natural disasters exacerbated by the effects of climate change. Certain risks and issues are elevated to sector and company leadership where mitigation options are developed and funded.

Certain NGGH businesses are not currently included in the Northrop Grumman business resiliency process described above. In these exceptions, the subsidiaries have in place a separate process for managing business continuity and operational resiliency.

SUPPLY CHAIN RISK MANAGEMENT

Supply chain is another group within the company that has practices in place for additional risk identification, assessment and management. Each business within NGGH has a process in place to identify, assess and mitigate potential risks that have the potential to disrupt supply chains, which may include those related to climate.

STRATEGY

CLIMATE-RELATED RISKS AND OPPORTUNITIES AND THEIR IMPACT ON THE ORGANISATION

Northrop Grumman and the NGGH businesses recognise that climate-related risks and opportunities have the potential to impact our business in the short-, medium- and long-term. For the purpose of the climate-related risk and opportunity assessment for NGGH and its businesses, "short-term" is zero to five years, "medium-term" is five to 15 years and "long-term" is greater than 15 years. We selected these time horizons as these climate-related risks can manifest themselves across risk categories for NGGH businesses at different points in time. The climate-related risks and opportunities that the NGGH businesses may face throughout these time periods are described below, including the management approach to addressing them.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Time Horizon	Climate Risks	Climate Opportunities
Short-term 0-5 years	<ul style="list-style-type: none"> • Market and reputation transition risk • Acute physical risk 	<ul style="list-style-type: none"> • Energy source and resilience • Products/services and market
Medium-term 5-15 years	<ul style="list-style-type: none"> • Policy and legal transition risk • Market and reputation transition risk 	<ul style="list-style-type: none"> • Products/services and market
Long-term Greater than 15 years	<ul style="list-style-type: none"> • Technology transition risk • Market and reputation transition risk • Chronic physical risk 	

OPPORTUNITIES

TIME HORIZON: SHORT	OPPORTUNITY TYPE: ENERGY SOURCE AND RESILIENCE
Use of low-emission energy sources for office, manufacturing and production facilities	
Description	New and renewable energy sources create significant opportunities for NGGH and its businesses to reduce operational costs, increase cost competitiveness, reduce exposure to fossil fuels and transition toward lower-emissions energy sources.
Potential Impact on Business	Investing in renewable or carbon free energy sources for office, manufacturing and production facilities provides NGGH and its businesses the opportunity for lower net carbon emissions and carbon pricing costs, resilient energy sources, and positive reputational benefits.
Management Approach	NGGH and its businesses are considering and implementing measures such as backup power redundancies, energy conservation, investment into onsite renewables, and procurement of renewable energy to increase resiliency and mitigate potential impacts.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

TIME HORIZON: SHORT TO MEDIUM	OPPORTUNITY TYPE: PRODUCTS/SERVICES AND MARKET
Development of new products and services through research and development	
Description	There may be opportunities to invest in the research and development of lower-emissions technologies in collaboration with customers.
Potential Impact on Business	NGGH and its businesses could realise increased revenue and demand for innovative low carbon products and services that benefit customers and result in a competitive market position for NGGH and its businesses.
Management Approach	Through pilot phase research and development, some NGGH subsidiaries work with customers to develop products and services with lower emissions options. Use of customer buying power to reward climate innovation in new products or services could result in opportunities for NGGH and its businesses to continue to develop new products and technology with lower emissions that assist with the transition to a low-carbon economy.
Development of new products and services aimed at climate resilience and climate change solutions	
Description	There may be opportunities to develop existing or new technologies that mitigate climate risk and promote adaptation to climate change.
Potential Impact on Business	Supporting the development of technologies and solutions that promote resilience and mitigate the impacts from climate change to society can lead to new financial opportunities and potential reputational benefits. A shift in customer attitudes toward industries with lower-perceived impact on climate change and that are able to demonstrate climate transition preparedness has the potential to positively impact a company.
Management Approach	Some NGGH operating subsidiaries work to develop products and services that support weather observation and logistics routing. Use of customer buying power to reward climate innovation in new products or services could result in opportunities for NGGH and its businesses to continue to develop new products and technology with climate resiliency or technological advances that assist with the transition to a low-carbon economy.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

TRANSITION RISKS

TIME HORIZON: MEDIUM	RISK TYPE: POLICY AND LEGAL
Increased pricing of greenhouse gas (GHG) emissions	
Description	NGGH and its businesses may face increasing costs, such as carbon taxes and fees or cap-and-trade programs in the countries in which they primarily operate. Direct impacts could include fees on scope 1 emissions and indirect impacts may manifest from increasing electricity costs driven by pass-through costs from utility providers as a result of direct carbon pricing on their emissions.
Potential Impact on Business	If the Scope 1 and 2 emissions of NGGH and its businesses grow, the financial impact of a carbon tax could be significant when considering the International Energy Agency's (IEA's) estimated carbon price of \$140/mtCO ₂ by 2040. Although existing products and services are less likely to be impacted by climate-related requirements, such as emission limits, NGGH business facilities and operations may be indirectly exposed to such requirements. Increased regulatory requirements have the potential to result in additional costs based on GHG emissions.
Management Approach	Northrop Grumman has enterprise-wide climate-related GHG emissions and energy targets that encompass the operational footprint of NGGH and its businesses. These targets support efforts to minimise exposure to future carbon pricing in countries where the NGGH businesses operate.
Enhanced emissions and climate reporting obligations	
Description	NGGH and its businesses have exposure to regulatory climate-related disclosure rules such as the UK Climate-related Financial Disclosures requirements, the European Union's Corporate Sustainability Reporting Directive, and other jurisdictions that plan to have or may have climate disclosure regulations aligning with the International Sustainability Standards Board International Financial Reporting Standards.
Potential Impact on Business	NGGH and its businesses may face increased costs and resourcing associated with climate-related reporting and disclosure obligations with which NGGH and its businesses must comply.
Management Approach	Business management and legal functions within NGGH businesses, as well as Northrop Grumman's ESG reporting and legal functions, proactively track emerging requirements across countries to assess and implement changes to business operations, as needed, and minimise climate-related costs associated with new governmental programs.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

TIME HORIZON: SHORT TO LONG	RISK TYPE: MARKET
Changing customer behaviour	
Description	NGGH and its businesses may face shifting demand and priorities for goods and services due to changing customer preferences and market competition.
Potential Impact on Business	NGGH and its businesses realise revenue from multiple government and commercial customers. If customer acquisition strategies are modified to include climate-related requirements, and NGGH businesses meet those evolving demands, NGGH businesses may see competitive advantages and enhanced future successes. If, conversely, current or future competitors outperform NGGH businesses in response to such demands or on current and planned transition efforts for innovative climate-related products or services, NGGH businesses could lose future business.
Management Approach	Northrop Grumman and by extension, NGGH and its businesses, proactively manages our environmental impacts and risks by setting climate-related targets, promoting strong leadership in environmental sustainability and climate change, and responding to voluntary disclosure frameworks. We believe this continued commitment gives us a competitive advantage in the marketplace.
Increased costs and decreased reliability in the supply chain	
Description	NGGH and its businesses may face increased cost and decreased availability and reliability of raw materials needed to develop products, leading to higher material costs and possible delays in fulfilling orders due to resource scarcity.
Potential Impact on Business	The long-term nature of contracts would mean that an unanticipated, significant and extended period of rising raw material and component prices (either because of inherent value appreciation or supplier logistics pass-through costs) would impact profitability until contract expirations allow for repricing or other suppliers can be identified to avoid becoming less affordable on future contracts. Raw materials can also include the cost of electricity, natural gas and jet fuel. As the world transitions away from fossil fuels in an attempt to lessen GHG emissions, there could be considerable additional costs placed on gas and oil for a variety of uses, including electricity, freight and transportation. NGGH businesses rely on electricity and fuel usage in the manufacturing of products, and sudden or significant increases in prices outside of cost escalation assumptions could impact the profitability of fixed-price contracts, as well as the affordability of cost-type contracts.
Management Approach	When practicable, Northrop Grumman and by extension, NGGH and its businesses, negotiates long-term price agreements with suppliers to protect against the risk of price escalations over time. This strategy has also been used to mitigate risks attributed to inflation and to capitalise on the availability of supplier capacity during market disruptions. Furthermore, NGGH businesses analyse supply chain risks and build supplier redundancy into contract decisions, where possible.
Increased pricing and decreased availability of energy	
Description	NGGH and its businesses may face increasing cost and volatility of energy, particularly its electricity supply.
Potential Impact on Business	The increasing and volatile cost and limited supply of electricity coupled with the rising demand for power globally may lead to increased operational expenditures and competition for electricity. Energy generation from fossil fuel sources may continue due to increasing demand to manage electricity supply risk - this could result in increasing carbon emissions for NGGH businesses if power generation plants do not switch to renewable or low carbon sources of energy.
Management Approach	NGGH businesses have processes in place to track utilities to measure potential impacts and are considering and implementing measures such as backup power redundancies, energy conservation, investment into onsite renewables, and procurement of renewable energy to increase resiliency and mitigate potential impacts.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

PHYSICAL RISKS

TIME HORIZON: SHORT TO LONG	RISK AREA: ACUTE
<p>Description</p>	<p>Acute physical risks refer to those that are event-driven, including the increased severity of extreme weather events such as tropical cyclones, wildfires or floods. These events can have direct (physical damage) and indirect (business and supply chain disruption) impacts on a company's operations. As a result of the increased risk and expected recovery cost after catastrophic climate events, there is a risk of insurance coverage becoming less available or a larger financial burden.</p>
<p>Impact on Business</p>	<p>Increased Severity of Extreme Weather Events The increase in frequency and/or severity of extreme weather events may have a significant impact on many parts of the company's business, including: manufacturing, warehousing, research and development, administration and other use facilities that have been and may in the future be exposed to extreme weather events; distribution facilities, logistics and transportation, supply chain and even demand for product. Subcontractors and suppliers similarly are subject to natural disasters that could affect their ability to deliver or perform under a contract, including possible disruptions to their workforce or the critical industrial infrastructure needed for normal business operations.</p> <p>See the Physical Risk section of this report for additional details on extreme weather events that may have an impact on NGGH and its businesses.</p> <p>Insurance Coverage Loss As property and casualty insurers look to remain profitable in the face of an increase in frequency and severity of extreme weather events, certain insurance coverages, like commercial property, may undergo significant price increases and re-underwriting. This could result in higher deductibles, lower policy limits and restrictions in coverage for certain geographies. If NGGH businesses experience a significant disruption to business because of a natural disaster and insurance or other risk transfer mechanisms are unavailable or insufficient to recover all costs, there could be a financial impact.</p>
<p>Management Approach</p>	<p>Business Continuity and Operational Resiliency Program The program is designed to enable the company to respond effectively to unanticipated events like natural disasters with an emphasis on the protection of people, information and assets, as well as continuity of mission. The Business Continuity and Operational Resiliency Team leverages annual risk assessments to evaluate risks and opportunities and their potential impacts to the company, personnel and/or operations.</p> <p>More information about our Business Continuity and Operational Resiliency Program can be found in the Risk Management section of this report.</p>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

TIME HORIZON: LONG	RISK AREA: CHRONIC
Description	Chronic physical risks refer to longer-term shifts in climate patterns. This may manifest as extreme variability in weather patterns and sea level rise, causing disruptions to a company's global supply chain and impacting operational continuity and the demand for and use of the company's products.
Impact on Business	Changes in Precipitation Patterns and Extreme Variability in Weather Patterns Extreme weather can disrupt all transportation mediums across the supply chain, particularly on coastal ports most impacted by tropical storms and tropical cyclones. Some NCGH businesses work with small suppliers who may not be able to afford climate adaptation efforts. These factors could result in an elevated potential for adverse downstream impacts on NCGH business operations because of the disruption of our supply chain.
	Rising Sea Levels NCGH and its businesses have facilities in the coastal areas of Australia, Europe and the United Kingdom that are susceptible to disruption from sea level rise. Furthermore, the global supply chain may be exposed to similar risks as well, stemming from significant damage to coastal ports, which could also affect material flow.
Management Approach	Supply Chain Risk Management Supply chain risk management is handled at the entity level. Each business within NCGH has a process in place to identify, assess and mitigate potential risks that have the potential to disrupt supply chains.
	Site Selection Northrop Grumman's ERM includes chronic physical risks as part of its risk assessment and management programs. We leverage insurance modelling systems to determine the maximum windstorm exposure, as well as proximity to coasts, when designing new buildings and use this as a basis for annual insurance coverage. We also review the infrastructure supporting critical sites and assess and rank priority risk level based on function and facility two times a year to determine the best way to support the highest-priority facilities.

RESILIENCE OF STRATEGY

NCGH and its businesses conducted a climate scenario analysis on certain physical and transition risks to gain a deeper understanding of their resilience in different climate scenarios. The climate scenarios chosen are based on standardized third-party scenarios, which are widely used when performing climate scenario analyses to enhance comparability of climate resilience across companies. The modelling processes and results of these analyses are discussed below.

TRANSITION RISKS AND OPPORTUNITIES

In 2024, NCGH and its businesses performed a scenario analysis of climate-related transition risks and opportunities. This analysis was performed at the holding company level and considers NCGH's subsidiaries. The qualitative scenario analysis is aligned with the recommendations of the TCFD and covers the following timeframes that fall within the short-, medium-, and long-term time horizon ranges outlined earlier in this document:

1. Short term: present-day
2. Medium-term: 2030
3. Long-term: 2050

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

SCENARIO SELECTION

For the transition risk and opportunities assessment, scenarios from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) were used. The NGFS Scenarios were selected for NGGH and its businesses because they have been developed to provide a common starting point for analysing climate risks to the economy and financial system. While developed primarily for use by the banking sector they are also useful to the broader private sector, government, and academia. The NGFS² scenarios incorporate countries' commitments to reach net-zero emissions and have been enriched with an expanded set of macroeconomic variables, and country-level granularity. From the NGFS, the following three scenarios were selected to assess a range of climate outcomes when evaluating potential climate-related transition risks and opportunities to NGGH businesses and operations:

1. The **Fragmented World (FW)** scenario assumes that climate policy action is delayed and fragmented, with international divergences in climate policy ambition leading to high physical climate risks everywhere and high transition risks in some countries. Countries who have net zero emissions targets are assumed to achieve them partially, whereas countries without net zero targets follow current implemented policies. This scenario assumes there is slow then fragmented technological change and low to medium use of CO₂ removal technologies and the global mean temperature increase is approximately 2.3°C by 2100 relative to the pre-industrial era.
2. The **Disorderly Delayed Transition (DT)** scenario was selected because it represents a scenario with higher transition risk due to abrupt and unpredictable policy changes that are inconsistent across countries and sectors, making it more difficult for companies and other entities to monitor and prepare. The DT scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies. The availability of CO₂ removal technologies is assumed to be low, which leads to higher carbon prices than in the Net Zero by 2050 scenario. The DT scenario assumes GHG emissions do not decrease until 2030 and strong policies are implemented to limit warming to below 2°C after 2030. There is a rapid decrease in emissions from 2030 to 2050 in the DT scenario, with emissions temporarily exceeding the carbon budget and then declining to limit the temperature increase to approximately 1.6°C by 2100, which is higher than in the Net Zero scenario (see below) due to the delay in climate action.
3. The **Net Zero by 2050 scenario (NZ)** assumes that the transition to a net zero economy requires drastic and coordinated global action and climate policy actions are immediate and smooth, particularly in the 2020s. The cost of action is high with many industries experiencing severe initial disruptions due to the rapid transition to a low carbon economy. This scenario assumes CO₂ emissions begin to decline immediately after 2020 and strong policies are put into place to limit warming to below 2°C. Technology change is rapid and there is medium to high use of CO₂ removal technologies. Net CO₂ emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century with little or no overshoot. Global mean temperature increases by approximately 1.4°C by 2100.

METHODOLOGY OVERVIEW

For each scenario and timeframe (present-day, 2030, and 2050), NGGH analyzed future potential impacts on operations, markets, supply chain, and associated potential effects on revenues, costs and expenditures. The analysis covered all subsidiaries under NGGH, incorporating subsidiary-specific data and information to ensure results were relevant across businesses. Similar to the climate-related physical hazard scenario analysis, all identified risks and opportunities were scored based on exposure (likelihood) as well as sensitivity (consequence) to the operations of NGGH's businesses.

The sensitivity score assigns a value on the potential magnitude of how impactful a risk or opportunity will be to NGGH and its businesses and is assumed to be the same for each risk or opportunity across all examined scenarios and time horizons. If a risk will significantly impact NGGH and its businesses – e.g., operationally and/or financially – then the sensitivity score is assigned a higher value.

² <https://www.ngfs.net/ngfs-scenarios-portal/>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

The exposure score puts a qualitative value on the potential likelihood and magnitude of a risk or opportunity to NGGH and its businesses and varies across all examined scenarios and time horizons as external factors change. For example, more risk (or opportunity) from external factors results in a higher risk (or opportunity) score.

Exposure and sensitivity scores were combined to obtain a final risk or opportunity score.

RESULTS

Policy and legal risks such as enhanced emissions and climate reporting obligations and increased pricing of GHG emissions may pose a risk to NGGH and its businesses. These risks may lead to higher operating costs linked to carbon taxes and fees, as well as the data management systems and personnel necessary for complying with reporting regulations. These risks may be higher under scenarios with substantial GHG emissions reductions such as Net Zero by 2050 and Delayed Transition where governments implement such policies to reach emissions reductions goals.

NGGH and its businesses may also face market risks such as increased costs and decreased reliability in the global supply chain and increasing volatility in the price and availability of electricity. The increasing global demand for electricity and limited current supply may result in unpredictable electricity pricing and availability, further exacerbated by geopolitical tensions in various regions around the globe. Furthermore, as low carbon technology innovations emerge and proliferate, businesses may experience more frequent supply shortages, increasing and volatile prices, and greater competition for resources initially under scenarios with substantial GHG emissions reductions such as Net Zero by 2050 and Delayed Transition. Conversely, disruptions in the global supply chain may also increase under high emissions scenarios such as Fragmented World, where climate-related physical impacts become greater over time, intensifying risks to product availability and supply chain continuity.

NGGH and its businesses may also benefit from opportunities arising from a low carbon transition, such as the use of lower emissions sources of energy for office buildings and manufacturing facilities that not only lower overall GHG emissions, but also reduce energy costs. This opportunity is likely to be relevant under all scenarios due to the universal benefit of increased resilience to power disruptions from renewable energy as a redundant power source, but may be easier to implement under the Net Zero by 2050 scenario where low carbon energy sources are more available and are more likely to be supported by government incentives.

The opportunity also exists for NGGH businesses to invest in the development of new products and services that aid in the low carbon transition. This opportunity could result in increased revenue and a competitive market position, especially under low emissions scenarios like Delayed Transition and Net Zero by 2050 where increased governmental policies, incentives, and resources are more likely to be available. For example, the development of a software that assists with more efficient freight shipping and air transportation routing could result in lower GHG emissions for customers of NGGH businesses. NGGH and its businesses could also realise increased revenue through demand for innovative low carbon climate products and services like these.

PHYSICAL RISK

The physical risk assessment focuses on the potential changes to the risk of flood, tropical cyclones and wildfires at all Northrop Grumman site locations, inclusive of NGGH and its businesses, including manufacturing facilities, offices and warehouses.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

SCENARIO SELECTION

The analysis uses established third-party scenarios from the Intergovernmental Panel on Climate Change (IPCC) to model our potential risk exposure. Representative Concentration Pathways (RCP) 2.6 and RCP 8.5 are two generally-accepted scenarios used for the purposes of discussing physical risk scenario testing, and we believe that they provide a useful contrast of best- and worst-case physical risk exposure for our business. RCP 2.6 is characterised by substantial net negative GHG emissions by the year 2100. It assumes carbon transition policies are put in place and is largely aligned with the well-below 2°C warming scenario described in the Paris Agreement. Alternatively, RCP 8.5 is characterised by very high emissions throughout the 21st century. Though considered relatively unlikely, this scenario would result in approximately 4.3°C of warming³ as minimal additional effort is made to constrain GHG emissions. This is generally considered a “worst-case” climate change scenario.

METHODOLOGY OVERVIEW

The physical risk assessment starts with assigning objective, peril-based risk scores to each of the NGGH business site locations. These scores align with risk levels ranging from Very Low to Extreme. A baseline (present day) score is given to each location for each analysed peril type, and this score is then projected into future time horizons. Projections are calculated by analysing historically-observed weather data, current risk scores and weather projections under various climate change scenarios. The table below details present day and projection scoring methodology for each modelled peril.

Peril	Current (Historical) Scoring Methodology	Projection Scoring Methodology
Flood	Severity: flood depth (feet) Frequency: flood return period (years)	Projections calculated based on adjusted return period variables
Tropical Cyclone	Severity: average wind speed translates to severity category Frequency: average number of occurrences of the corresponding severity category in 40 years, within 100 miles of the location	Projection based on the weighted average of the % changes of three variables: 1. Maximum one-day precipitation level 2. Maximum wind speed 3. Average temperature
Wildfire	Severity: area burned (acres) Frequency: average number of times where the corresponding number of acres burned in 35 years; within 10 miles of the location	Projection based on the weighted average of the % changes of three variables: 1. Consecutive dry days 2. Average temperature 3. Average wind speed

Upon modelling the baseline and projected risk scores, we analysed the results at site and regional levels to determine potential climate risk exposure and identified the locations and perils contributing the most risk which continue to inform future mitigation strategies to protect the company from these risks in the future.

³ Assumption taken from the IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

RESULTS

Overall, NCGH businesses are diversified geographically, and no single peril presents a heavily concentrated risk across all locations in either the high or low warming scenarios. Flooding poses some risk to certain office-based locations in Europe and Australia, but is not expected to significantly impact operations given business continuity plans, including the ability to work remotely in some instances. As expected, physical risk of all perils analysed is estimated to be more impactful under RCP 8.5 conditions because of higher global GHG emissions. However, the results still indicate changes to physical risk levels under RCP 2.6 conditions. Risk levels generally increase in future time periods under both modelled climate scenarios; however, changes are generally small, and the geographic diversification of NCGH businesses is a positive contributing factor toward climate resiliency. As with transition risk, we will continue to update our physical risk scenario analysis as appropriate, and continue our efforts to maximise climate resiliency and our response to natural disasters as they occur. In conclusion, while there are climate-related risks associated with NCGH and its businesses, the businesses have a sufficient level of climate resiliency given their dispersed locations.

METRICS AND TARGETS

TARGETS TO MANAGE RISKS AND REALISE OPPORTUNITIES

Northrop Grumman has enterprise-wide climate-related GHG emissions and energy targets that encompass the operational footprint of NCGH and its businesses; there are no NCGH-specific targets. Emissions and energy impacts at the NCGH operating subsidiary level are captured in Northrop Grumman's target tracking and reporting. These targets, listed below, aim to address the fundamental needs driving environmental sustainability by minimising the footprint of our operations over the next 10 years. They also support our current and future ability to mitigate policy and legal risks around carbon pricing as well as capitalise on low carbon energy sourcing opportunities to improve the energy resilience of our operations.

Topic	Target language	Key performance indicator (KPI)
GHG Emissions	Net zero greenhouse gas emissions in our operations (Scope 1 and 2) by 2035.	Emissions (MTCO ₂ e)
GHG Emissions	50 percent GHG emissions (Scope 1 and 2) reduction by 2030 from a 2019 baseline year	Emissions (MTCO ₂ e)
Energy	Source 50 percent of total electricity from renewable sources by 2030	Renewable electricity consumption (MWh)

In addition to having our company-wide sustainability goals, Northrop Grumman links environmental sustainability performance to executive compensation.

KPIs USED TO ASSESS PROGRESS AGAINST TARGETS

Northrop Grumman tracks climate-related metrics year-over-year to understand our progress towards goals and areas needing improvement. Below are descriptions of relevant environmental KPIs tied to climate-related risks and opportunities as well as explanations of how they are calculated:

GHG EMISSIONS TARGET KPIs

Northrop Grumman calculates emissions based on guidance from the GHG Protocol by converting activity data for energy, refrigerants and process gases into emissions. All emissions are listed in metric tonnes CO₂e. Limited assurance over Scope 1 and Scope 2 emissions figures is provided by a third party to evaluate the accuracy and reliability of our methods and data and to promote accountability.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

ENERGY TARGET KPIS

Northrop Grumman's renewable electricity goal complements our net zero and emissions reduction goals. We annually procure renewable electricity through market mechanisms and contracts, measuring our impact in megawatt hours (MWh). We calculate our renewable electricity goal by taking the proportion of renewable electricity procured to total electricity consumed by the company. Limited assurance over these energy figures is provided by a third party to evaluate the accuracy and reliability of our methods and data and to promote accountability.

PERFORMANCE AGAINST TARGETS

In 2023, NGC achieved an 11% reduction in emissions compared to 2019 base year, and sourced 16% of electricity from renewable sources.

Approved by the Board on 21 June 2024.

On behalf of the Board



Steven Spiegel

Director

Date: 21 June 2024

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of Northrop Grumman Global Holdings Limited for the year ended 31 December 2023.

DIRECTORS

The following persons were directors of the Company during the year and up to the date of this report:

Douglas McClure (appointed 28 June 2023)
Steven Spiegel
Roger Wiltshire

DIRECTORS' INDEMNITIES

The Company's ultimate parent, Northrop Grumman Corporation ('NGC'), has a corporate insurance program that provides insurance coverage for directors and officers of NGC and its wholly owned subsidiaries. This insurance program contains qualifying third party indemnity provisions for the benefit of the Company's directors in respect of proceedings brought by third parties. Such provisions remain in force as at the date of this report.

DIVIDENDS

No dividends were paid or declared in 2023 (2022: £nil).

GOING CONCERN

The financial statements have been prepared on the going concern basis, as explained more fully in note 1 to the financial statements.

SUBSEQUENT EVENTS

Subsequent to year-end, the Company amended a loan facility with a subsidiary to extend the maturity to 31 January 2029 and adjust the interest rate to 5.5%.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Company does not have any energy and carbon consumption to report. Exemptions have been taken in these financial statements in relation to SECR reporting.

OTHER INFORMATION

A review of business and details of the Company's future developments and financial risk management objectives and policies can be found in the strategic report.

PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information has been taken.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

PROVISION OF INFORMATION TO THE AUDITOR (continued)

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 21 June 2024.

On behalf of the Board



Steven Spiegel

Director

Date: 21 June 2024

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible 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, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 then apply them consistently;
- make judgments 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Northrop Grumman Global Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in shareholder's equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included General Data Protection Regulation (GDPR), anti-bribery and corruption legislation, and employment laws.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Recoverability of investments recognized at cost: A scoping exercise was carried out identifying those investments which showed indicators of impairments. In response we obtained management's discounted cashflow forecasts supporting the valuation of the investments. Further we held discussions with the local finance team and challenged the assumptions and the basis used within the cash flow forecasts. We have also assessed the historical forecasting accuracy of the cash flow forecasts and involved our valuation specialists to develop an independent estimate of the discount rates used by benchmarking against other entities in the same industry.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 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 and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Nicki Pickering, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
21 June 2024

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023 AND 2022

<i>£ in thousands</i>	Note	Year Ended 31 December	
		2023	2022
Turnover	3	£ 5,364	£ 4,859
Staff costs	5	(3,462)	(2,694)
Foreign exchange (loss)/gain		(1,558)	1,532
Other income, net	3	3,214	2,084
Operating profit		3,558	5,781
Net interest income	4	784	1,693
Profit before taxation		4,342	7,474
Tax on profit	6	(2,020)	(724)
Profit for the year		2,322	6,750
Actuarial loss on pension scheme	13	(2,074)	(2,108)
Related movement in deferred tax liability	6	(943)	472
Other comprehensive loss for the year		(3,017)	(1,636)
Total comprehensive (loss)/income		£ (695)	£ 5,114

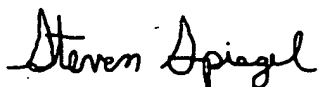
All activities derive from continuing operations.

The accompanying notes form an integral part of these financial statements

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022

<i>£ in thousands</i>	Note	31 December	
		2023	2022
Fixed assets			
Investments	12	£ 162,419	£ 167,882
Deferred tax asset, net	6	1,448	4,100
Debtors: amounts falling due after one year	7	10,802	—
Loan to group undertaking	8	31,837	33,587
		<u>206,506</u>	<u>205,569</u>
Current assets			
Debtors: amounts falling due within one year	7	3,511	15,042
		<u>3,511</u>	<u>15,042</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(16,767)	(17,835)
Net current liabilities		<u>(13,256)</u>	<u>(2,793)</u>
Net assets		<u>193,250</u>	<u>202,776</u>
Creditors: amounts falling due after one year	9	(40,763)	(40,734)
Provision for liabilities	10	(597)	(648)
Net assets excluding pension asset		<u>151,890</u>	<u>161,394</u>
Net pension asset	13	11,065	2,256
Net assets including pension asset		<u>£ 162,955</u>	<u>£ 163,650</u>
Capital and reserves			
Share capital	11	£ 73	£ 73
Capital contribution reserve	11	506	506
Profit and loss account	11	162,376	163,071
Shareholder's equity		<u>£ 162,955</u>	<u>£ 163,650</u>

The financial statements of Northrop Grumman Global Holdings Limited, registered number 03814152, were approved by the Board of Directors and authorised for issue on 21 June 2024.



Steven Spiegel
 Director

The accompanying notes form an integral part of these financial statements

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023 AND 2022

<i>£ in thousands</i>	Share capital	Capital contribution reserve	Profit and loss account	Total shareholder's equity
At 31 December 2021	£ 73	£ 506	£ 157,957	£ 158,536
Profit for the year	—	—	6,750	6,750
Other comprehensive loss for the year	—	—	(1,636)	(1,636)
Total comprehensive income for the year	—	—	5,114	5,114
At 31 December 2022	<u>73</u>	<u>506</u>	<u>163,071</u>	<u>163,650</u>
Profit for the year	—	—	2,322	2,322
Other comprehensive loss for the year	—	—	(3,017)	(3,017)
Total comprehensive loss for the year	—	—	(695)	(695)
At 31 December 2023 (note 11)	<u>£ 73</u>	<u>£ 506</u>	<u>£ 162,376</u>	<u>£ 162,955</u>

The accompanying notes form an integral part of these financial statements

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information and Basis of Accounting

Northrop Grumman Global Holdings Limited (the 'Company') is a private holding company limited by shares. The Company is incorporated in the United Kingdom ('UK') under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the Company Information page.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council. The functional currency of the Company is pounds sterling as that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption available under S401 of the Companies Act 2006 not to prepare group accounts as it is a subsidiary of Northrop Grumman Corporation ('NGC') which prepares consolidated accounts that are publicly available and may be obtained at www.northropgrumman.com. The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, and remuneration of key management personnel.

Going Concern

The directors have concluded that the Company will continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue and therefore it is appropriate to use the going concern basis of accounting in preparing the Company's financial statements for the year ended 31 December 2023.

In carrying out this assessment the directors' findings are:

- At 31 December 2023, the Company has a net current liability position of £13.3 million and total shareholder's equity of £163.0 million;
- The profit for the year amounted to £2.3 million;
- The directors are not aware of any contingent liabilities of the Company which would result in a significant cash outflow;
- A letter of financial support has been received from the ultimate parent entity, NGC, confirming that they will provide financial support to the Company as required, to enable the Company to pay its debts as and when they become due and payable.

The Company is financed in part through an intercompany loan facility of £75.0 million, £40.0 million of which was drawn down at 31 December 2023 and 2022, respectively. The loan matures in November 2027, with no amounts due for repayment before this date.

Financial Instruments

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets classified at fair value through profit or loss are initially measured at fair value (which is normally the transaction price excluding transaction costs). If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. All other financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the Statement of Financial Position if there exists a legally enforceable right to do so and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Debt instruments which meet certain conditions are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost less impairment.

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Financial assets are derecognised only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company retains some of the significant risks and rewards of ownership but has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Company did not have any financial instruments measured at fair value through profit or loss in either the current year or the preceding year. All basic financial instruments were measured at amortised cost.

Investments

Investments in subsidiaries and joint ventures are measured at cost less impairment. Investments are assessed for indicators of impairment at each reporting date. If any such indication exists, the recoverable amount is estimated to determine the extent of the impairment loss (if any). In determining the recoverable amount, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money. If the recoverable amount is estimated to be less than the carrying amount of an investment, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised immediately.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Provision for Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made for the amount of the obligation.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for Liabilities (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at 31 December, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrealised tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Turnover

Turnover is derived from intercompany arrangements with an affiliated entity. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable, net of value-added tax. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date.

Related Party Transactions

The terms of related party transactions are approved by the Company's management and are expected to be settled in the normal course of business. Amounts due from/to related parties are included in debtors and creditors, respectively, in the Statement of Financial Position and are further discussed in note 7 and 9.

In determining the current or non-current classification of amounts due from/to related parties, management considers the terms of repayment and intent to settle.

The Company has taken advantage, as a wholly owned subsidiary, of the exemption under section 33 of FRS 102, related party disclosures, from disclosure of transactions and balances with group companies. Accordingly, transactions with NGC and its subsidiaries are not disclosed separately.

Dividend Income

Dividends are subject to approval by the Company's directors. Dividend income is recognised when an irrevocable right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Income

Interest income is recognised in the profit and loss account using the effective interest rate method and is recorded in the period in which it is earned.

Other Income

Other income is recognised in the profit and loss account when earned.

Retirement Benefits

Defined Contribution Scheme

Retirement benefits are provided through a defined contribution scheme, the Northrop Grumman UK Stakeholder Plan. The amount charged to the Statement of Comprehensive Income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid, are shown either as accruals or prepayments in the Statement of Financial Position.

Defined Benefit Schemes

Retirement benefits are also provided through the Northrop Grumman UK Pension Scheme (the 'NGUKPS') and the Park Air Pension Plan (the 'PAPP').

Effective 29 September 2023, the Company's direct subsidiary, NGC UK Limited, completed the divestiture of its wholly owned subsidiary, Park Air Systems Limited ('Park Air'). In connection with the sale of Park Air, the net pension asset of the Park Air Pension Plan (the 'PAPP') was apportioned to the Company. The net asset was assumed in full and the Company's investment in NGC UK Limited was decreased accordingly (note 12).

The NGUKPS is a defined benefit scheme that was closed to new members on 1 June 2005 and closed to future accruals for existing members on 30 September 2014. The PAPP is a defined benefit scheme that was closed to new members on 1 October 2006 and closed to future accruals for existing members from 30 September 2017.

The defined benefit schemes are funded by contributions from the group companies and its members. These contributions are included in other income in the Statement of Comprehensive Income. The Company makes contributions to the Scheme as determined by the Trustees after obtaining agreement from the Company, and after obtaining the advice of the scheme actuary at each formal triennial actuarial valuation. The amounts charged to operating profit are the costs arising from employee services rendered during the period, the cost of plan introductions, benefit changes, interest, settlements and curtailments. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. The schemes are discussed further in note 13.

Foreign Exchange

Balances denominated in foreign currencies are translated either at the original rate applied to the transaction where there is no current intention to arrange settlement or at agreed group settlement rates where transactions are to be settled in the short term. Transactions denominated in foreign currencies are translated into pound sterling at the rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at 31 December are translated at the rates ruling at that date. These translation differences are included within the profit and loss account.

Finance Costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, 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. These estimates and associated assumptions are based on historical experience and other relevant factors. 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. If the revision affects both current and future periods, revisions are recognised in the period of the revision and future periods.

Critical Judgements in Applying the Company's Accounting Policies

There are no critical judgements, apart from those involving estimations (which are discussed below).

Key Source of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next year are as follows:

Impairment of Investments

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value. The calculation uses actual contracts in place and anticipated contract extensions based on financial sales and margins covering a five-year period, and an average discount rate of 7.00% per annum (2022: 8.00% per annum). Cash flows beyond that five-year period have been extrapolated for estimated future inflation using published terminal growth rates averaging 2.10% per annum (2022: 2.30%).

Management has performed a sensitivity analysis of key assumptions that can impact future cash flows. At 31 December 2023, holding all other assumptions constant, the following would not reduce the recoverable amount of our investments below their carrying value:

- an increase of 100 basis points to the average discount rate assumption; or
- a decrease of 25 basis points to the average terminal growth rate assumption; or
- a 10% decrease in the cash flow projections

Pension Commitments

The Company's pension scheme assets, obligations and related expenses are dependent upon the investment performance of scheme assets and various assumptions, including discount rates, mortality and the estimated long-term rates of return on scheme assets. Investment performance and changes in assumptions associated with our pension scheme could have a material adverse effect on our financial position, results of operations and/or cash flows.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. TURNOVER AND OTHER INCOME

Turnover

During 2023 and 2022, the Company's turnover was derived from the rendering of services to an affiliated entity in the United States of America.

Other income, net

<i>£ in thousands</i>	Year Ended 31 December	
	2023	2022
Employer pension scheme contributions	£ 5,185	£ 4,588
Administrative expenses	(1,971)	(2,504)
	<u>£ 3,214</u>	<u>£ 2,084</u>

4. NET INTEREST INCOME

<i>£ in thousands</i>	Year Ended 31 December	
	2023	2022
Interest income from pension scheme	£ 5,297	£ 2,815
Interest income from group undertakings	3,060	3,024
Interest expense on pension scheme	(4,991)	(2,779)
Interest expense on borrowings from group undertaking	(1,709)	(1,028)
Interest expense on group undertakings	(873)	(339)
	<u>£ 784</u>	<u>£ 1,693</u>

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR

During 2023, the Company had 16 indirect employees (2022: 13 indirect employees).

Directors' remuneration and transactions

<i>£ in thousands</i>	Year Ended 31 December	
	2023	2022
Emoluments	£ 338	£ 327
Amounts received (other than shares and share options) under long term incentive scheme	148	125
Company contributions to pension scheme	13	13
	<u>£ 499</u>	<u>£ 465</u>

During 2023 and 2022, one director received emoluments from the Company in respect to their services. No directors received shares for qualifying services or exercised share options in 2023 or 2022. The remaining directors were remunerated by another Northrop Grumman company.

Staff costs (including director emoluments)

<i>£ in thousands</i>	Year Ended 31 December	
	2023	2022
Wages and salaries	£ 2,749	£ 2,186
Social security costs	495	297
Pension costs	218	211
	<u>£ 3,462</u>	<u>£ 2,694</u>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR (continued)

Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £73,400 (2022: £37,700). No other services were provided by Deloitte LLP during the year.

6. TAX ON PROFIT

Effective 1 April 2023, the corporate tax rate was increased from 19% to 25% resulting in a blended tax rate of 23.52% for 2023.

(a) Analysis of Tax

<i>£ in thousands</i>	Year Ended 31 December	
	2023	2022
Current tax:		
UK corporation tax on profit	£ —	£ —
Withholding tax	(311)	(287)
Deferred tax:		
Origination and reversal of timing differences	(1,709)	(437)
Total tax	£ (2,020)	£ (724)

(b) Factors Affecting Tax

The differences between the total tax and the amount calculated by applying the standard UK corporation tax rate of 23.52% (2022: 19%) are explained below.

<i>£ in thousands</i>	Year Ended 31 December	
	2023	2022
Profit before taxation	£ 4,342	£ 7,474
Tax at standard rate	(1,021)	(1,420)
Differences:		
Expenses not deductible for tax purposes	(381)	(22)
Income not taxed and other permanent differences	1,377	1,417
Withholding tax on interest and dividends received	(311)	(287)
Other timing differences	(2,072)	(478)
Deferred tax relating to other comprehensive income	943	(472)
Remeasurement of deferred tax for changes in tax rates	(132)	8
Deferred tax not recognised	(423)	530
Total tax on profit	£ (2,020)	£ (724)

The Company has carryover losses at 31 December 2023 of £66.9 million (2022: £67.3 million). These losses have been recognised as a deferred tax asset to the extent that the generation of future profits in the foreseeable future will be sufficient to utilise the losses. The deferred tax asset recognised at 31 December 2023 is £4.0 million (2022: £4.6 million). The unrecognised deferred tax asset at 31 December 2023 is £12.7 million (2022: £12.3 million).

The Company has recognised a net deferred tax liability in relation to short timing differences (pension asset and incentive provision). The net deferred tax liability recognised at 31 December 2023 is £2.6 million (2022: £454,000).

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX ON PROFIT (continued)

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled. As of 31 December 2023, the net deferred tax asset balance was £1.4 million (2022: £4.1 million).

The closing unrecognised and recognised deferred tax balances at 31 December 2023 have been calculated at 25%, which reflects the tax rate substantively enacted at the balance sheet date.

The Organization for Economic Co-operation and Development (OECD) has issued Pillar Two model rules for a new global minimum tax of 15% effective January 1, 2024 which has been enacted by the UK Government. We do not currently expect Pillar Two to significantly impact our effective tax rate going forward.

7. DEBTORS

<i>£ in thousands</i>	31 December	
	2023	2022
Amounts falling due within one year:		
Amounts owed by group undertakings	£ 3,473	£ 15,020
Other current assets	38	22
	£ 3,511	£ 15,042
 Amounts falling due after one year:		
Amounts owed by group undertakings	£ 10,802	£ —

Amounts owed by group undertakings includes the following:

- An unsecured, AUD\$50.0 million variable rate loan facility to one of its subsidiaries. The facility matures on 5 October 2024 and is payable on demand. The outstanding balance was £10.8 million at 31 December 2023 (2022: £11.3 million). The Company intends to extend the loan past the 5 October 2024 maturity date therefore at 31 December 2023, the loan balance has been classified as non-current.
- Accrued interest of £2.1 million at 31 December 2023 related to the Company's AUD\$60.0 million loan facility described in note 8 (2022: £2.1 million).
- Other amounts owed by group undertakings which are unsecured, payable on demand and not subject to interest.

8. LOAN TO GROUP UNDERTAKING

The Company has extended a fixed rate, 7% loan facility of AUD\$60.0 million to one of its subsidiaries. The unsecured loan facility matured on 31 January 2024. Subsequent to year-end, the loan was amended to extend the maturity to 31 January 2029 and adjust the interest rate to 5.5%. The outstanding balance on this loan facility was £31.8 million as at 31 December 2023 (2022: £33.6 million).

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CREDITORS

<i>£ in thousands</i>	31 December	
	2023	2022
Amounts falling due within one year:		
Amounts owed to group undertakings	£ 15,420	£ 16,606
Accrued expenses	1,347	1,229
	£ 16,767	£ 17,835
Amounts falling due after one year:		
Borrowings from group undertakings	£ 40,419	£ 40,295
Accrued expenses	344	439
	£ 40,763	£ 40,734

Included in amounts owed to group undertaking is an outstanding balance with the Northrop Grumman European Cash Pool of £14.5 million as of 31 December 2023 (2022: £16.0 million). The balance is unsecured, has no specific repayment terms and is subject to variable interest rates. All other amounts owed to group undertakings are unsecured, payable upon demand and not subject to interest.

In October 2020, the Company entered into a £75.0 million loan facility with a related party. The facility matures in November 2027, is unsecured and accrues interest at the SONIA compounded rate per annum plus 46.44 bps and a margin of 1.10 percent. The outstanding balance on this loan facility is classified as non-current in the table above.

10. PROVISION FOR LIABILITIES

<i>£ in thousands</i>	Uncertain tax position	
At 31 December 2022	£	648
Effects of foreign exchange		(51)
At 31 December 2023	£	597

Uncertain tax position

A foreign jurisdiction has made a tax assessment related to certain dividends paid to the Company in tax years 2008 through 2012 by one of its subsidiaries. The position of the foreign tax authority has been that the subsidiary had insufficient substance to not withhold taxes on those dividends. The Company has entered into a reimbursement agreement with its subsidiary whereby the Company is obligated to reimburse the subsidiary for payments made to the tax authority related to these tax assessments.

In 2018, a tax amnesty program was enacted by the foreign tax authority which waived penalties and interest related to certain tax assessments. In 2019, under this program, the subsidiary applied for amnesty for tax years 2009, 2010 and 2012 which was accepted by the tax authority and the tax assessments related to these tax years were closed upon a payment of £2.0 million.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISION FOR LIABILITIES (continued)

An amnesty application for tax years 2008 and 2011 was not submitted and these tax years remain under assessment. In 2017, the foreign tax authority issued a decision requiring the subsidiary to pay assessed tax of approximately £1.0 million on the 2008 dividends which the subsidiary paid under protest, subject to appeal or final settlement of the withholding tax litigation. In 2019, the foreign tax authority issued a decision requiring the subsidiary to pay interest and other expenses of approximately £464,000 related to the 2011 tax year which the subsidiary paid under protest, subject to appeal or final settlement of the withholding tax litigation. At 31 December 2023, the Company recognized a provision of approximately £2.0 million related to 2008 and 2011 to which payments under protest of £1.4 million have been applied.

The Company believes that it has adequately provided for all of its tax exposure based upon management's best estimates. In future years the Company's accrued positions could be greater or less than recognized.

11. SHARE CAPITAL AND RESERVES

Share Capital

<i>£ in thousands</i>	31 December	
	2023	2022
Called-up, allotted and fully paid:		
7,339,444 shares of £0.01 each	£ 73	£ 73

Each ordinary share carries one vote and an equal right to participate in a distribution (including a distribution of capital) and are not redeemable.

Reserves

Capital contribution reserve represents capital invested in the Company from which a capital reduction cannot be made.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments, and distributable reserves.

12. INVESTMENTS

<i>£ in thousands</i>	Cost	Provision for impairment	Net book value
At 31 December 2022	£ 229,882	£ (62,000)	£ 167,882
Pension apportionment	(5,463)	—	(5,463)
At 31 December 2023	£ 224,419	£ (62,000)	£ 162,419

Effective 29 September 2023, the Company's direct subsidiary, NGC UK Limited, completed the divestiture of its wholly owned subsidiary, Park Air Systems Limited ('Park Air'). In connection with the sale of Park Air, the net pension asset of the Park Air Pension Plan (the 'PAPP') was apportioned to the Company. The net asset was assumed in full and the Company's investment in NGC UK Limited was decreased accordingly.

At 31 December 2023, the Company assessed its investments for impairment. Based on that assessment, the Company determined that the carrying value of its investments did not exceed the recoverable amount. No impairment loss was recognised in 2023 or 2022.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENTS (continued)

Details of subsidiary undertakings, including joint ventures, are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	REGISTERED ADDRESS	HOLDING	DIRECTLY OWNED	INDIRECTLY OWNED
Northrop Grumman Australia Pty Ltd	Australia	Unit 3 Eastedge Business Park 2 Faulding Street Symonston, Australia, 2609	Ordinary shares	100%	
Solystic S.A.S.	France	152-160, avenue Aristide-Briand, CS 80013, Bagneux Cedex, France, 92227	Share capital	100%	
Northrop Grumman Deutschland GmbH	Germany	Loerracher Strasse 18, 79115 Freiburg i. Breisgau, Germany	Euro shares	100%	
Northrop Grumman Holding GmbH	Germany	Loerracher Str. 18, 79115 Freiburg, Germany	Share capital	100%	
Northrop Grumman Italia S.p.A.	Italy	Via Pontina km 27.800, Pomezia (Rome), Italy	Ordinary shares	100%	
NGC UK Limited	United Kingdom	2nd Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL, United Kingdom	Ordinary shares	100%	
Richmond TAUk Limited	United Kingdom	2nd Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL, United Kingdom	Ordinary shares	100%	

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENTS (continued)

NAME OF COMPANY	COUNTRY OF INCORPORATION	REGISTERED ADDRESS	HOLDING	DIRECTLY OWNED	INDIRECTLY OWNED
Northrop Grumman Integrated Defence Services Pty Limited	Australia	Level 9 145 Sinnathamby Boulevard Springfield, Central Queensland, Australia	Ordinary shares		100%
Northrop Grumman M5 Network Security Pty Limited	Australia	Unit 3 Eastedge Business Park, 2 Faulding Street Symonston, Australia, 2609	Ordinary shares		100%
Northrop Grumman Canada (2004) Inc.	Canada	1000 Windmill Road, Unit 1, Dartmouth, Nova Scotia, B3B 1L7, Canada	Common shares		100%
Northrop Grumman L.E.F. GmbH	Germany	Rudolf-Diesel-Str. 3 79367 Weisweil, Germany	Share capital		100%
Northrop Grumman LITEF GmbH	Germany	Loerracher Strasse 18, Freiburg i. 79115 Breisgau, Germany	Share capital		100%
Eurohawk GmbH	Germany	Claude-Dornier-Strasse, 88090 Immenstaad, Germany,	Share capital		50%
Northrop Grumman Sperry Marine B.V.	Netherlands	Haringbuisweg 33, 3133 KP Vlaardingen, Netherlands	Share capital		100%
Northrop Grumman UK Limited	United Kingdom	2nd Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL, United Kingdom	Ordinary shares		100%
Sealand Support Services Limited	United Kingdom	MoD Sealand, Welsh Road, Sealand, Deeside Flintshire, CH5 2LS	Ordinary shares and C Preference shares		33% Ordinary and 100% Preference

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. PENSION COMMITMENTS

As discussed in note 1, the Company is the principal employer of two pension schemes. The scheme funds are administered by the Trustees and are independent from the Company's finances.

Effective 29 September 2023, the Company's direct subsidiary, NGC UK Limited, completed the divestiture of its wholly owned subsidiary, Park Air Systems Limited ('Park Air'). In connection with the sale of Park Air, the net pension asset of the Park Air Pension Plan (the 'PAPP') was apportioned to the Company.

A valuation report dated 25 March 2024 and 28 February 2024 was prepared by a qualified independent actuary for the NGUKPS and the PAPP, respectively, which includes the following disclosures:

The movement in the fair value of the assets:

<i>£ in thousands</i>	Year Ended 31 December 2023		
	NGUKPS	PAPP	Total
At the beginning of the year	£ 100,506	£ —	£ 100,506
Transfer of pension assets	—	40,740	40,740
Interest income	4,823	474	5,297
Return on scheme assets excluding interest income	696	(48)	648
Employer contributions	5,166	19	5,185
Expenses paid	—	(71)	(71)
Benefits paid	(5,215)	(342)	(5,557)
At the end of the year	<u>£ 105,976</u>	<u>£ 40,772</u>	<u>£ 146,748</u>

<i>£ in thousands</i>	Year Ended 31 December 2022		
	NGUKPS	PAPP	Total
At the beginning of the year	£ 157,329	£ —	£ 157,329
Interest income	2,815	—	2,815
Return on scheme assets excluding interest income	(57,755)	—	(57,755)
Employer contributions	4,588	—	4,588
Benefits paid	(6,471)	—	(6,471)
At the end of the year	<u>£ 100,506</u>	<u>£ —</u>	<u>£ 100,506</u>

The movement in defined benefit obligation:

<i>£ in thousands</i>	Year Ended 31 December 2023		
	NGUKPS	PAPP	Total
At the beginning of the year	£ (98,250)	£ —	£ (98,250)
Transfer of pension obligation	—	(35,277)	(35,277)
Interest expense	(4,592)	(399)	(4,991)
Actuarial losses	(2,421)	(301)	(2,722)
Benefits paid	5,215	342	5,557
At the end of the year	<u>£ (100,048)</u>	<u>£ (35,635)</u>	<u>£ (135,683)</u>

<i>£ in thousands</i>	Year Ended 31 December 2022		
	NGUKPS	PAPP	Total
At the beginning of the year	£ (157,589)	£ —	£ (157,589)
Interest expense	(2,779)	—	(2,779)
Actuarial gains	55,647	—	55,647
Benefits paid	6,471	—	6,471
At the end of the year	<u>£ (98,250)</u>	<u>£ —</u>	<u>£ (98,250)</u>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. PENSION COMMITMENTS (continued)

A reconciliation of financial position:

<i>£ in thousands</i>	Year Ended 31 December 2023		
	NGUKPS	PAPP	Total
Value of Scheme assets	£ 105,976	£ 40,772	£ 146,748
Value of defined benefit obligation	(100,048)	(35,635)	(135,683)
Funded status	<u>£ 5,928</u>	<u>£ 5,137</u>	<u>£ 11,065</u>

<i>£ in thousands</i>	Year Ended 31 December 2022		
	NGUKPS	PAPP	Total
Value of Scheme assets	£ 100,506	£ —	£ 100,506
Value of defined benefit obligation	(98,250)	—	(98,250)
Funded status	<u>£ 2,256</u>	<u>£ —</u>	<u>£ 2,256</u>

An analysis of actuarial (loss)/gain recognised in other comprehensive income:

<i>£ in thousands</i>	Year Ended 31 December 2023		
	NGUKPS	PAPP	Total
Return on Scheme assets excluding interest income	£ 696	£ (48)	£ 648
Experience (gains)/losses on defined benefit obligations	(755)	(93)	(848)
Actuarial (losses)/gains arising from change in assumptions	(1,666)	(208)	(1,874)
Total	<u>£ (1,725)</u>	<u>£ (349)</u>	<u>£ (2,074)</u>

<i>£ in thousands</i>	Year Ended 31 December 2022		
	NGUKPS	PAPP	Total
Return on Scheme assets excluding interest income	£ (57,755)	£ —	£ (57,755)
Experience gains on defined benefit obligations	(5,016)	—	(5,016)
Actuarial gains arising from change in assumptions	60,663	—	60,663
Total	<u>£ (2,108)</u>	<u>£ —</u>	<u>£ (2,108)</u>

Information on the composition and fair value of assets of the Scheme:

<i>£ in thousands</i>	Year Ended 31 December 2023		
	NGUKPS	PAPP	Total
Conventional gilts	£ 47,574	£ 24,579	£ 72,153
Index linked gilts	23,618	11,608	35,226
Equities	22,164	1,570	23,734
Corporate bonds	444	19	463
Cash and cash equivalents (incl net current assets)	5,151	470	5,621
Derivatives	2,473	2,193	4,666
Property	2,935	193	3,128
Alternative	1,617	140	1,757
	<u>£ 105,976</u>	<u>£ 40,772</u>	<u>£ 146,748</u>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. PENSION COMMITMENTS (continued)

<i>£ in thousands</i>	Year Ended 31 December 2022		
	NGUKPS	PAPP	Total
Conventional gilts	£ 38,935	£ —	£ 38,935
Index linked gilts	20,342	—	20,342
Equities	21,323	—	21,323
Alternative	12,501	—	12,501
Corporate bonds	10,997	—	10,997
Property	5,311	—	5,311
Cash and cash equivalents (incl net current assets)	1,393	—	1,393
Derivatives	(10,296)	—	(10,296)
	<u>£ 100,506</u>	<u>£ —</u>	<u>£ 100,506</u>

Key actuarial assumptions selected for the purpose of reporting under FRS102 are as follows:

	31 December 2023	
	NGUKPS	PAPP
Discount rate	4.60%	4.50%
Inflation rate (RPI/CPI)	3.10% / 2.70%	3.15% / 2.75%
Pension increases (RPI max 5%/CPI max 3%)	3.00% / 2.40%	
Pension increases (CPI max 2.5%/CPI max 5%)		2.00% / 2.70%

	31 December 2022	
	NGUKPS	
Discount rate	4.80%	
Inflation rate (RPI/CPI)	3.00% / 2.60%	
Pension increases (RPI max 5%/CPI max 3%)	2.90% / 2.40%	

The assumed life expectation on retirement age 65 are as follows:

<i>In years</i>	31 December 2023	
	NGUKPS	PAPP
Retiring today	21.8 for males 23.6 for females	21.9 for males 23.7 for females
Retiring in the future (NGUKPS: in 20 years, PAPP: in 25 years)	23.0 for males 25.0 for females	23.5 for males 25.6 for females

<i>In years</i>	31 December 2022	
	NGUKPS	
Retiring today	22.3 for males 24.1 for females	
Retiring in 20 years	23.6 for males 25.5 for females	

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. ULTIMATE PARENT AND CONTROLLING PARTY

The Company's immediate parent company is Northrop Grumman International Holdings, B.V. The largest and smallest group in which the results of the Company are consolidated is that headed by NGC, the ultimate parent undertaking and controlling party incorporated in Delaware in the United States of America (USA) and located at 2980 Fairview Park Drive, Falls Church, Virginia 22042, USA, which is also the entity's registered office. The consolidated accounts of this company may be viewed at the company website which is www.northropgrumman.com. In addition, the Securities and Exchange Commission (SEC) also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including NGC.

15. SUBSEQUENT EVENTS

Subsequent to year-end, the Company amended a loan facility with a subsidiary to extend the maturity to 31 January 2029 and adjust the interest rate to 5.5% (note 8).