

# ANNUAL REPORT 2024



**NAVAL**  
GROUP

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# 01

## PRESENTATION OF THE GROUP

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and products



# I. HISTORY

Providing high-technology products has been the group's main objective ever since its foundation:

- 1624: creation of the *Flotte du Levant* and the *Flotte du Ponant*, the French Navy's Mediterranean and Atlantic fleets respectively;
- 1858: launch of *La Gloire*, the world's first ironclad steam frigate;
- 1899: launch of *Le Narval*, the ancestor of the modern submarines;
- 1967: launch of *Le Redoutable*, the first nuclear ballistic missile submarine (SSBN);
- 1980: design of the stealth frigate *La Fayette*, whose innovative design went on to influence navies worldwide;
- 2000: entry into service of the aircraft carrier *Charles de Gaulle*;
- 2006: delivery of the first Mistral-class amphibious helicopter carrier (PHA), a new warship design capable of performing a wide range of civil, military and humanitarian missions;
- 2007: cutting of the first plate of the multi-mission frigate (FREMM) *Aquitaine*;
- 2008: launch of *Le Terrible*, SSBN equipped with M51 nuclear missiles;
- 2011: the offshore patrol vessel (OPV) *L'Adroit* is delivered to the French Navy for maritime safeguard missions;
- 2012: delivery of the PHA *Dixmude* to the French Navy;
- 2013: the FREMM *Aquitaine* fires its first Aster missile;
- 2014: delivery of the FREMM *Mohammed VI* to the Royal Moroccan Navy;
- 2015: delivery of the FREMM *Tahya Misr* to the Egyptian Navy; the FREMM *Aquitaine* successfully fires its first naval cruise missile;
- 2018: Naval Group completes the mid-life refit of the aircraft carrier *Charles de Gaulle*;
- 2019: Naval Group and Fincantieri sign the joint-venture agreement that in January 2020 would result in the creation of Naviris, a joint-venture equally owned by both companies, which will lead European projects;
- 2020: The President of the French Republic announces the launch of design work on the future nuclear-powered aircraft carrier (PA-NG). The choice of the President of the French Republic represents significant support for the French Defence Technological and Industrial Base (DTIB) and the nuclear industry, and in particular for Naval Group;
- 2021: Florence Parly, French Minister of the Armed Forces, announces the launch of the third-generation nuclear ballistic submarines (3G SSBN) program for the French Navy;
- 2022: the first defence and intervention frigate (FDI) ordered by the French National Defence Procurement Agency (DGA) and intended for the French Navy, the *Amiral Ronarc'h*, was launched in Lorient;
- 2023: delivery of the nuclear attack submarine (SSN) *Duguay-Trouin*;
- 2024: launch of the naval drones and autonomous systems product line.

# II. PURPOSE

To promote the sustainable role of a company in society, law no. 2019-486 of May 22, 2019 on the growth and transformation of companies, known as the PACTE law, allows companies wishing to do so to adopt a corporate purpose. Naval Group took this opportunity to show its contribution to public interest, its usefulness and the meaning of its actions to its stakeholders, as well as society as a whole. The purpose of Naval Group was adopted in November 2022:

## "DELIVER POWER AT SEA

The sea brings us together. Naval Group is a sovereign industrialist that serves the sailors who protect their country and a key player in the French deterrent force.

Drawing on the diversity and engagement of its talents and its centuries-old industrial tradition, Naval Group designs, produces and maintains high-performance, sustainable and reliable ships, systems, equipment and services to ensure the superiority and availability of fleets. Thanks to the excellence of its know-how and its passion for innovation, Naval Group responsibly builds the naval system of tomorrow."



# III. BUSINESS LINES, KNOW-HOW AND PRODUCTS

## III.1. GROUP BUSINESS LINES AND KNOW-HOW

### THE GROUP'S KNOW-HOW

The group can call on exceptional know-how in five major areas:

- its ability to fulfil highly complex large-scale programs;
- its technical expertise in naval systems throughout their life cycle;
- the development and integration of naval anti-aircraft combat systems, for both surface vessels and submarines, as well as drones, autonomous systems and submarine weapons, which represent a key source of added value for modern warships;
- its role in the assembly and maintenance of nuclear vessels, both as regards the installation of weapons and nuclear propulsion equipment and with respect to ongoing servicing, maintenance and infrastructure management;
- its continuous innovation serving the technological superiority of its customers.

## III.2. HIGH-TECH PRODUCTS

One of Naval Group's major strengths is its ability to bring to market some of the world's most complex innovative products, such as the *Le Terrible* class of ballistic nuclear submarines (SSBN). Studies carried out on this topic all show that an industrial product of this kind is one of the most complex in the world, there being no other product that requires both the mastery of so many technological fields and the management of numerous partners and subcontractors.

## III.3. SPECIFIC PRODUCTS

The group offers the following products in line with the specific requirements of its existing and prospective customers:

- SSBNs, which have ensured the presence of France at sea without interruption for 50 years;
- SSN Barracuda nuclear attack submarines, designed to provide the French Navy with defence equipment at the apex of technology;
- conventional submarines of the Barracuda class with expeditionary capabilities, including 4 vessels for the Dutch Navy;
- Scorpène®-class conventional submarines, 14 of which have already been sold around the world (to Chile, Malaysia, India, and Brazil). A new contract for two Scorpène® submarines was signed with Indonesia in 2024;

- naval surface vessel systems such as the aircraft carrier *Charles de Gaulle*, the FREMMs, the Mistral-class PHAs, the Gowind® corvettes, mine warfare systems and drones;
- services including the construction of shipbuilding and maintenance infrastructure, maintenance with guaranteed availability and warship upgrading and support;
- submarine armaments such as MU90 lightweight torpedoes, F21 heavyweight torpedoes and Contralto® anti-torpedo protection systems;
- Navy crew training simulators.

## III.4. BUSINESS MODEL AND ORGANISATION

The group's new integrated matrix and customer-oriented organisation was implemented on January 1, 2023. It comprises five Products and Services Departments, three cross-functional operational departments and five functional departments.

## III.5. TRANSFORMATION PROGRAM

Launched in 2020, Naval Group's Naval 2025 transformation program defines the group's five-year ambitions to achieve the level of requirements expected by its customers. Naval 2025 is based on four pillars [growth, performance, innovation, talent] that guide the roadmaps and action plans deployed to achieve this ambition. The program has already made it possible to complete several major projects: the digital transformation of Naval Group's workshops, shipyards, products and services, the transformation of its processes with the aim of simplifying and obtaining gains in competitiveness, and finally the transformation of management. Whether technical or cultural, the transformations initiated under Naval 2025 continue and contribute directly to bolstering the group's operational excellence. By capitalising on these initial achievements, Naval Group is now entering a resolutely operational phase of its transformation with its new program: Cap 30. Designed to be deployed by everyone at their own level, whether in the workshop, in the field or in the offices, Cap 30 is structured around three priorities: employee health and safety as a prerequisite to the group's performance, customer focus at the heart of the group's actions, operational excellence as the standard with the group's reinforced collaboration with its partners.



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# I. SHAREHOLDING AND GOVERNANCE

## I.1. SHAREHOLDING

### SHAREHOLDING

Naval Group [the "company"] is a French "Société Anonyme" incorporated under French law. As at December 31, 2024, 62.25% of its capital was held by the French State, 35% by Thales, 1.64% by current and former members of staff of the company and its subsidiaries through the *Fonds Commun de Placement d'Entreprise Actionnariat Naval Group* [FCPE Actionnariat Naval Group] mutual investment fund, 1.09% by Naval Group Actionnariat [indirectly wholly-owned subsidiary of Naval Group – Treasury Shares] and 0.02% directly by company employees.

### TREASURY SHARES

In 2024, 58,524 shares were purchased by Naval Group Actionnariat as part of the share repurchase guarantee granted to employees.

At December 31, 2024, Naval Group Actionnariat holds 613,007 treasury shares.

## I.2. COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS

### I.2.1. COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors deliberates on key strategic, economic, financial and technological guidelines in accordance with the corporate interest, taking into consideration the social and environmental challenges of the company's activity. It upholds the interests of its principal stakeholders, that is, its shareholders, employees and customers.

The composition, powers and rules of the Board of Directors are governed simultaneously by (i) the provisions of the French Commercial Code pertaining to *sociétés anonymes*, by the provisions of Order no. 2014-948 of August 20, 2014 [the "Order"], (ii) the provisions of law no. 83-675 of July 26, 1983 on the democratisation of the public sector [the "Democratisation Law"] with regard to the election and status of directors representing employees, (iii) the company's articles of association and (iv) the internal regulations of the Board of Directors itself.

The company's Board of Directors is composed of 18 members.

### I.2.2. REPRESENTATIVE OF THE STATE ON THE BOARD OF DIRECTORS

In accordance with the provisions of article 4 of the Order, the French State is represented on the company's Board of Directors, by Pierre Jeannin.

The term of office of Pierre Jeannin will expire at the end of the General Meeting held in 2025 to approve the financial statements for the financial year ended on December 31, 2024.

### I.2.3. DIRECTORS APPOINTED BY THE GENERAL MEETING

The Naval Group directors appointed by the General Meeting are as follows:

- Pierre Éric Pommellet;
- Monique Legrand-Larroche;
- Valérie Champagne;
- Bernard Rétat;
- François Geleznikoff;
- Jacques Hardelay;
- Patrice Caine;
- Pascal Bouchiat;
- Nathalie Ravilly;
- Geneviève Mouillerat;
- Guenaëlle Penin de la Raudière.

The terms of office of Pierre Éric Pommellet, Valérie Champagne, François Geleznikoff, Geneviève Mouillerat and Guenaëlle Penin de la Raudière will expire at the end of the General Meeting held in 2025 to approve the financial statements for the financial year ended on December 31, 2024.

The terms of office of Monique Legrand-Larroche, Bernard Rétat, Jacques Hardelay, Patrice Caine, Pascal Bouchiat and Nathalie Ravilly will expire at the end of the General Meeting to be held in 2027 to approve the financial statements for the financial year ending December 31, 2026.

The qualification of Geneviève Mouillerat and Guenaëlle Penin de la Raudière as independent directors was confirmed by the Board of Directors at its meeting of December 17, 2024, pursuant to article 1.2 of the Board of Directors' internal regulations.

### I.2.4. DIRECTORS ELECTED BY EMPLOYEES

The provisions of article 7 of the Order state that employee representatives must make up one third of the members of the Board of Directors. There are thus six such directors representing the employees. In accordance with article 8 of the Order, they are elected by the employees under the terms set out in title II, chapter II of the Democratisation Law.

The terms of office of Olivier Menard, Laurent Elie, Béatrice Unia, Yvon Velly, Tony Lecorps and Didier Chavrier, directors representing employees on the Board of Directors, took effect on December 19, 2019 for a period of five years in accordance with the provisions of the company's articles of association, and expired on December 18, 2024.

Following the election of November 26, 2024, the employee representatives on the Board of Directors are as follows as from December 19, 2024:

- Emmanuel Boscher-Tokarski;
- Amélie Pichon;
- Béatrice Unia;
- Régis Guyot;
- Tony Lecorps;
- Laurent Elie.



### **I.2.5. OTHER PARTICIPANTS IN BOARD OF DIRECTORS MEETINGS**

In addition, pursuant to the legal and regulatory provisions applicable to the company, Phillipe Kearney, General Economic and Financial Controller, Head of the Space and Armaments Industries mission of the French State's General Economic and Financial Control mission, Nicolas Chapon, General Controller of the Armed Forces and Government Commissioner for the company, Laurent Bailloux, Secretary of the Central Social and Economic Committee (CSEC), Armel Castets, non-voting Board member (appointed by the Board of Directors on October 15, 2024) attend the meetings of the Board of Directors as non-voting members.

Frank Le Rebeller, Deputy Chief Financial Officer, and Géraldine Le Maire, group General Secretary, also attend the meetings of the Board of Directors.

The secretariat of the Board of Directors has been held by Fériel Redjouani since October 16, 2020.

### **I.3. GENERAL MANAGEMENT AND EXECUTIVE COMMITTEE**

#### **GENERAL MANAGEMENT**

Pursuant to the decision taken by the Board of Directors of the company on June 2, 2003, the Chairman of the Board of Directors is responsible for the General Management of the company and thus holds the title of Chairman of the Board of Directors and Chief Executive Officer.

Pierre Éric Pommellet was appointed Chairman of the Board of Directors and Chief Executive Officer of the company by decree of the President of the French Republic on March 31, 2020 for the duration of his term as director.

#### **EXECUTIVE COMMITTEE**

The Executive Committee meets on a bi-monthly basis and as and when necessary, defines the group's objectives and decides on all matters having a major impact on the group's strategy, operations and commercial activities. It comprises the following 14 members: Chairman of the Board of Directors and Chief Executive Officer; Senior Executive Vice President, Finance; General Secretary; Executive Vice President, Submarines; Executive Vice President, Surface Vessels; Executive Vice President, Services; Executive Vice President, Systems, Equipment and Propulsion; Executive Vice President, Drones, Autonomous Systems and Underwater Weapons; Executive Vice President, Sales and Marketing; Executive Vice President, Operations and Performance; Executive Vice President, Technical; Executive Vice President, Human Resources; Executive Vice President, Strategy, Partnerships and Institutional Affairs; Executive Vice President, Communications;



## II. SUBSIDIARIES, CONTROLLED COMPANIES AND COMPANIES OVER WHICH NAVAL GROUP EXERCISES SIGNIFICANT INFLUENCE AT DECEMBER 31, 2024

### ACTIVITIES OF SUBSIDIARIES, CONTROLLED COMPANIES AND COMPANIES OVER WHICH NAVAL GROUP EXERCISES SIGNIFICANT INFLUENCE

Naval Group holds direct or indirect shareholdings in the following consolidated group companies (all holdings are 100% unless stated otherwise).

#### ARMARIS QUATER

Armaris Quater owns Naval Group Actionnariat.

#### ARMARIS SIXT

Armaris Sixt holds an interest in the Egyptian subsidiary Alexandria Naval for Maintenance and Industry (one share).

#### ARMARIS QUINT

Armaris Quint holds a 10.47% stake in the share capital of Delfox.

#### NAVAL GROUP ACTIONNARIAT

This company is responsible for providing liquidity of the Naval Group shares acquired by the beneficiaries of both ORS (employee share offers) in 2008 and 2014, as well as the 2019 and 2022 collective shareholding plans and 2019 LTIP.

#### NAVAL GROUP PARTICIPATIONS

Naval Group Participations is a holding company. It holds interests in several Naval Group companies created abroad: Naval Group Technologie Canada Inc. (100%), Naval Group Arabia (100%), Alexandria Naval for Maintenance and Industry (99.99%), DCNS Zamil (55%), Naval Group Pacific (100%) and Naval Group Malaysia Sdn Bhd (not significant).

#### BOUSTEAD DCNS NAVAL CORPORATION SDN BHD (BDNC) (40% HOLDING)

BDNC, owned with BHIC Defence Technologies SDN BHD, is located in Malaysia and its main purpose is to provide the Malaysian Navy with in-service support of Scorpène® submarines.

#### DCN INTERNATIONAL

DCN International was created to manage export sales contracts for equipment and services provided by DCN (which became a national service in 2000).

Following the transfer of certain assets, rights and obligations of the *Service à Compétence Nationale* DCN by the French State to DCN, on June 1, 2003, DCN International is responsible for managing all contracts in place at the transfer date (excluding

contracts transferred to Armaris). The company has undertaken no new business since then.

#### NAVAL GROUP FAR EAST PTE LTD

Naval Group Far East Pte Ltd operates in Singapore, delivering logistics and systems maintenance work in relation to naval and naval aviation activities.

#### NAVAL GROUP INDIA PTE LTD

Naval Group India provides its local support for execution of the construction program for Indian submarines and assists the Indian Navy in its in-service support.

#### DÉFENSE ENVIRONNEMENT SERVICES (DES) (49% HOLDING)

DES, a joint venture created by Naval Group and Veolia Environnement Services, is a leading operator of support services for military sites.

#### ITAGUAÍ CONSTRUÇÕES NAVAIS SA (ICN) (41% HOLDING)

ICN held jointly with Novonor Defesa E Tecnologia SA is located in Brazil. The principal object of the company is the construction of submarines in Brazil, in particular under the Prosub program.

#### MO PA2

MO PA2 has no activity.

#### SIREHNA

Sirehna specialises in the development of dynamic stabilisation, positioning and landing system solutions for sea, air and land vehicles and drones.

#### NAVAL GROUP COOPÉRATION

The purpose of Naval Group Coopération is to provide external support to the group's sales staff in export markets. It no longer carries out any operational activities.

#### NAVAL GROUP SUPPORT

The purpose of Naval Group Support is the design, study, improvement, purchase and sale of all technical assistance services of an industrial nature linked to the supply of all systems, software and munitions used in naval and naval aviation activities, particularly in Saudi Arabia.



#### NAVAL GROUP BELGIUM

Naval Group Belgium was created to reflect the group's desire to develop its activities internationally to combat robotic mines, organised from Belgium. This subsidiary manages research and development (R&D) cooperation in mine counter measure operations and cybersecurity.

#### ALEXANDRIA NAVAL FOR MAINTENANCE AND INDUSTRY

The purpose of Alexandria Naval for Maintenance and Industry, an Egyptian subsidiary, is to carry out new construction and maintenance activities for the Egyptian customer.

#### KERSHIP (45% HOLDING)

Kership, held jointly with Piriou, is a joint venture operating in the field of lightly armed vessels 95 metres or less in length, designed primarily to civilian standards and intended for military or civil administrative bodies.

#### NAVAL GROUP MALAYSIA SDN BHD

Naval Group Malaysia provides local support for the Gowind® Malaysia program, its support for technical assistance for the maintenance of Scorpène® submarines in Kota Kinabalu, participates in the development of the group's activities in Malaysia and provides logistical and administrative support to Naval Group's expatriates and secondees in Malaysia.

#### NAVAL GROUP HELLAS

Naval Group Hellas aims to consolidate Naval Group's presence in Greece by executing the local part of Naval Group's contract programs with the Greek customer and by developing industrial and R&D cooperation with the Greek DITB.

#### NAVAL GROUP RÉ

Naval Group Ré is a reinsurance captive whose activity is to assume all or part of the risks of Naval Group and/or the companies it controls within the meaning of article L. 233-3 of the French Commercial Code.

#### NAVAL ENERGIES

After the sale of certain assets constituting its "floating wind turbine" activity and the reclassification of all its employees, the discontinuation of Naval Energies activities continued during the 2024 financial year.

#### NAVAL GROUP BR SISTEMAS DE DEFESA LTDA

Naval Group BR Sistemas de Defesa LTDA is a Brazilian company which participates in the development of the group's business in Brazil and provides logistical and administrative support to Naval Group expatriates and secondees in Brazil.

#### PROJETOS E SISTEMAS NAVAIS SA

Projetos e Sistemas Navais SA (Prosin) aims to develop the engineering systems business in Brazil. Its operations have been suspended.

#### NAVAL GROUP AUSTRALIA PTY LTD

Following the closure of the *Australian Future Submarine* (AFS) program, Naval Group Australia Pty Ltd activity was suspended.

#### NAVIRIS (50% HOLDING)

Naviris is a joint venture with Fincantieri and its purpose is to conduct European projects.

#### NAVAL GROUP PACIFIC LTD

Naval Group Pacific Ltd is an Australian company whose purpose is commercial development and R&D activities in Australia and New Zealand.

#### NAVAL GROUP ARABIA

Naval Group Arabia is the company holding the service contracts with the Saudi Ministry of Defence and is responsible for developing this activity. It aims to apply the 2030 vision of the Kingdom of Saudi Arabia to naval activities. The objective is to develop the Saudi share of in-service support activities on the Sawari fleets in service by being the prime contractor for the Ministry of Defence on in-service support, to cooperate with universities on applied research topics and to develop shipbuilding skills.

#### DCNS ZAMIL (55% HOLDING)

DCNS Zamil is a joint venture with Zamil Offshore Services company and its primary purpose is to perform maintenance work on the military vessels of the Saudi Navy's fleet. The subsidiary is currently in the process of being dissolved.

#### MO PORTE-AVIONS (65% HOLDING)

MO Porte-Avions is a joint venture that is 65%-owned by Naval Group and 35%-owned by Chantiers de l'Atlantique. It was created to ensure the management of the PA-NG program through close cooperation between its parent companies and act as prime contractor for the armed vessel that covers the entire design and aircraft carrier manufacturing cycle.

#### ENERGÍA MARINA SPA (75% OWNED BY NAVAL ENERGIES)

Energía Marina SpA, 75%-owned by Naval Energies and 25%-owned by Enel Green Power (Italy), manages the MERIC Technology Centre (Marine Energy Research and Innovation Centre), which aims to promote the development of the Chilean blue economy in strategic ocean-related sectors, by transforming acquired knowledge into technological services and applied R&D, generating new and innovative business opportunities.

#### TECHNICATOME (20.32%)

TechnicAtome, owned with the French State and the French Atomic Energy and Alternative Energies Commission (CEA), specialises in the design, construction, commissioning and in-service support of compact nuclear reactors.

#### JEUMONT ELECTRIC (31.47%)

Jeumont Electric, a joint venture with Framatome, is an industrial company specialising in the manufacture and maintenance of engines and electrical equipment for the nuclear energy and naval defence sectors.

The results of consolidated companies are presented in note 3.3.



### **III. EQUITY INVESTMENTS AND CONTROLLING INTERESTS DURING THE 2024 FINANCIAL YEAR**

Naval Group did not acquire any equity investment or take control of any company during the 2024 financial year.

### **IV. OFFICES AND BRANCHES ABROAD AT DECEMBER 31, 2024**

Naval Group also has several representative offices or branches abroad whose activity is directly incorporated in the group's results. It has branches in the United Arab Emirates (UAE), Egypt, Chile, Colombia, and representative offices in Greece, Indonesia, the Netherlands and the Philippines.

# V. CORPORATE GOVERNANCE REPORT

Drawn up in accordance with the provisions of article L. 225-37-4 of the French Commercial Code.

## V.1. LIST OF OFFICES AND POSITIONS HELD BY EACH CORPORATE OFFICER DURING THE 2024 FINANCIAL YEAR

	Company	Company form	Function or office	Country
<b>Pierre Éric Pommellet</b>	Naval Group	SA	Chairman of the Board of Directors and Chief Executive Officer	France
	MD Porte-Avions	SAS	Chairman of the Board of Directors	France
	LISI	SA	Director	France
	Groupe Télégramme Médias	SA	Director	France
	Chantiers de l'Atlantique	SA	Director	France
	Naviris SpA	SpA (Italian company)	<i>Director</i>	Italy
<b>Pierre Jeannin</b>	Naval Group	SA	Representative of the State on the Board of Directors	France
	Ministry of the Economy and Finance	Ministry	Head of Industry Shareholdings	France
	Défense Conseil International	SA	Representative of the State on the Board of Directors until December 6, 2024	France
	EURENCO	SA	Representative of the State on the Board of Directors until October 3, 2024	France
	KNDS	SA	Representative of the State on the Board of Directors	France
<b>Pascal Bouchiat</b>	Naval Group	SA	Director	France
	Thales	SA	General Director, Finance and IT Systems	France
	Thales Alenia Space	SA	Director	France
	Thales Corporate Venture SAS	SAS	Director	France
	Air France KLM	SA	Director	France
<b>Nathalie Ravilly</b>	Naval Group	SA	Director	France
	Thales	SA	Vice-President, Corporate Strategy and <i>Development</i>	France
	Telespazio SpA	SpA (Italian company)	Chairman of the Board of Directors	Italy
	Thales Alenia Space	SA	Director	France
	Elettronica SpA	SpA (Italian company)	Director	Italy
	Thales Germany	GmbH (German company)	Member of the Supervisory Board	Germany
<b>Bernard Rétat</b>	Naval Group	SA	Director	France
<b>Jacques Hardelay</b>	Naval Group	SA	Director	France
	Chantier naval de Marseille SAS (CNM)	SAS	Honorary Chairman	France
<b>Patrice Caine</b>	Naval Group	SA	Director	France
	Thales	SA	Chairman of the Board of Directors and Chief Executive Officer	France
	L'Oréal	SA	Director	France
<b>Monique Legrand-Larroche</b>	Naval Group	SA	Director	France
	Directorate General of the Armed Forces (under the direct orders of MINARM)	SA	Inspector General of the Armed Forces	France
	Défense Conseil International	SA	Director	France
<b>Guenaëlle Penin de la Raudière</b>	Naval Group	SA	Director	France
	Airbus	SAS	Group Management Control Director (until December 31, 2024)	France



	Company	Company form	Function or office	Country
<b>Geneviève Mouillerat</b>	Naval Group	SA	Director	France
	BEICIP-FRANLAB	Société anonyme (public limited company) with Board of Directors – wholly-owned subsidiary of Institut français du pétrole énergies nouvelles (IFPEN)	Member of the Supervisory Board	France
<b>Valérie Champagne</b>	Naval Group	SA	Director	France
	Ministry of the Economy, Finance and the Recovery	General Inspectorate of Finance	General Inspector of Finance	France
	SFTRF – Société française du tunnel routier de Fréjus	Semi-public company	Director and Chairman of the Audit Committee and the Compensation Committee	France
<b>François Geleznikoff</b>	Naval Group	SA	Director	France
	CEA	National public industrial or commercial institution without a public accountant	Advisor to the Director of Military Applications	France
<b>Laurent Elie</b>	Naval Group	SA	Director	France
	Naval Group	SA	HR Attaché	France
<b>Béatrice Unia</b>	Naval Group	SA	Director	France
	Naval Group	SA	Head of partnerships for naval base and commercial service offers	France
<b>Tony Lecorps</b>	Naval Group	SA	Director	France
	Naval Group	SA	Operational Technical Expertise Officer	France
			Expert in the 24 relocation activity sector	
<b>Emmanuel Boscher-Tokarski</b>	Naval Group	SA	Director (as from December 19, 2024)	France
	Naval Group	SA	Contract manager	France
<b>Amélie Pichon</b>	Naval Group	SA	Director (as from December 19, 2024)	France
	Naval Group	SA	Diesel fuel officer	France
<b>Régis Guyot</b>	Naval Group	SA	Director (as from December 19, 2024)	France
	Naval Group	SA	Industrial supply manager	France
	Naval Group	SA	Supervisory Board member of FCPE Actionnariat Naval Group	France

## V.2. DIRECTORS WHOSE TERM OF OFFICE ON THE BOARD OF DIRECTORS OF NAVAL GROUP ENDED DURING THE 2024 FINANCIAL YEAR

	Company	Company form	Function or office	Country
<b>Yvon Velly</b>	Naval Group	SA	Director (until December 19, 2024)	France
	Naval Group	SA	HR Attaché	France
<b>Didier Chavrier</b>	Naval Group	SA	Director (until December 19, 2024)	France
	Casacha 2	SAS	Chairman	France
	SCI Casacha	SCI	Manager	France
<b>Olivier Ménard</b>	Naval Group	SA	Director (until December 19, 2024)	France
	Naval Group	SA	HR Attaché	France

## V.3. LIST OF AGREEMENTS ENTERED INTO BETWEEN AN EXECUTIVE OR AGREEMENTS ENTERED INTO BETWEEN AN EXECUTIVE OR A SIGNIFICANT SHAREHOLDER OF NAVAL GROUP AND A SUBSIDIARY OF THE LATTER (EXCLUDING CURRENT AGREEMENTS ENTERED INTO UNDER NORMAL CONDITIONS)

None.

## V.4. LIST OF DELEGATIONS OF POWERS OBTAINED FROM THE GENERAL MEETING IN ACCORDANCE WITH ARTICLES L. 225-129-1 AND L. 225-129-2 OF THE FRENCH COMMERCIAL CODE

None.

## V.5. CHOICE OF EXERCISE OF GENERAL MANAGEMENT PROCEDURES

Pursuant to the decision taken by the Board of Directors of the company on June 2, 2003, the Chairman of the Board of Directors is responsible for the General Management of the company and thus holds the title of Chairman of the Board of Directors and Chief Executive Officer.



## VI. GROUP POSITION DURING THE 2024 FINANCIAL YEAR

### VI.1. EXAMINATION OF THE FINANCIAL STATEMENTS AND HIGHLIGHTS OF THE PERIOD

The consolidated and separate financial statements of Naval Group for the financial year ended December 31, 2024 were approved by the Board of Directors on February 27, 2025 and will be submitted for approval to the General Meeting to be held on March 26, 2025.

The 2024 financial year was marked by the following significant events:

- in excess of €8 billion in orders taken, in particular with the signature of the contract for the delivery of four submarines to the Netherlands;
- revenue in the order of €4,4 billion;
- operational successes, notably with the launch of the Brazilian submarine *Toneleiro*, third unit in the Prosub program, the delivery of the second UAE corvette and the delivery of the SNA *Tourville*, third unit of the Barracuda program.

### VI.2. GROUP INCOME AND FINANCIAL POSITION

#### REVENUE

The group's revenue for the 2024 financial year amounted to €4.4 billion, a 2% improvement on the revenue of the 2023 financial year.

International revenue made up 29.0% of the total.

#### ORDER BOOK

Orders with a value of €8.2 billion were received during the financial year. The book-to-bill ratio was 1.88.

As at December 31, 2024, the group's order book stood at €18.2 billion. Its provisional execution schedule is as follows: 22% in 2025, 17% in 2026, 12% in 2027, 10% in 2028 and 39% thereafter.

#### INCOME

Operating profit/loss of €307.4 million (7.1% of revenue) before amortisation of fair value differences was recorded for the year, compared with €298.2 million (7.0% of revenue) in 2023.

Operating profit/loss after net income from associates was €297.7 million, compared with €295.9 million in 2023.

Net finance income (expense) showed a gain of €42.1 million.

The consolidated income tax expense amounted to (€78) million, composed of current tax for (€47.6) million and a negative change in deferred tax of (€30.4) million.

Net income from assets held for sale, through the application of International Financial Reporting Standards (IFRS) 5, was positive, amounting to €3.9 million.

The net profit for the financial year was consequently €265.6 million.

#### FINANCIAL POSITION AND CHANGES IN NET CASH

Net cash plus investment securities classified under other financial assets as per note 1.3.17 to the consolidated financial statements amounted to €1,043.0 million at December 31, 2024 (compared to €1,375.5 million at December 31, 2023) and is made up as follows:

	12/31/2024	12/31/2023
Non-current investment securities	342.7	385.2
Current investment securities	20.0	0.0
Cash and cash equivalents	680.3	990.3
<b>TOTAL</b>	<b>1,043.0</b>	<b>1,375.5</b>





# VII. NAVAL GROUP SA'S POSITION DURING THE 2024 FINANCIAL YEAR

## VII.1. REVENUE AND INCOME

### ORDER INTAKE

Naval Group SA's order intake for 2024 amounted to €8,094 million, compared with €3,332 million in 2023. As at December 31, 2024, Naval Group SA's order book stood at €18,126 million.

### REVENUE

Naval Group SA revenue amounted to €4,310 million for the 2024 financial year, compared with €4,223 million in 2023.

### INCOME

Operating profit/loss was positive, amounting to €270.5 million, compared with €288,4 million in 2023.

Net finance income amounted to a profit of €125.2 million, compared with €71.3 million in 2023.

Extraordinary income amounted to a loss of [€12.7] million, compared with a profit of [€4.2] million in 2023.

The company's net income amounted to a profit of €350.3 million.

## VII.2. TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS

In accordance with the provisions of article R. 225-102 of the French Commercial Code, details are provided in the following table of Naval Group SA's results for the last five financial years *[in €]*.

Financial year ended	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Length of accounting period <i>(in months)</i>	12	12	12	12	12
<b>SHARE CAPITAL AT REPORTING DATE</b>					
Share capital	563,000,000	563,000,000	563,000,000	563,000,000	563,000,000
Number of ordinary shares	56,300,000	56,300,000	56,300,000	56,299,700	56,299,700
Number of A preference shares	-	-	-	300	300
Number of B preference shares	-	-	-	-	-
<b>OPERATIONS AND INCOME</b>					
Revenue excluding taxes	4,310,157,818	4,223,147,848	4,007,394,057	4,005,535,343	3,291,152,047
Net profit (loss) before tax, profit-sharing, depreciation, amortisation and provisions	364,602,969	418,929,232	542,948,015	385,629,042	42,157,590
Income tax	19,736,633	34,849,153	60,478,918	15,438,572	(30,063,872)
Employee profit-sharing	12,972,437	25,266,352	47,287,859	13,500,000	737,294
Charges to depreciation, amortisation and provisions	(18,397,939)	63,412,887	107,336,152	164,230,716	127,745,124
Net profit (loss) after tax, profit-sharing, depreciation, amortisation and provisions	350,291,838	295,400,841	327,845,085	192,469,754	(56,260,957)
Dividends paid	132,868,000	129,490,000	168,900,000	97,610,050	0
<b>EARNINGS PER SHARE</b>					
Net income after tax, profit-sharing but before depreciation, amortisation and provisions	5.9	6.37	773	6.34	1.27
Net profit (loss) after tax, profit-sharing, depreciation, amortisation and provisions	6.22	5.25	5.82	3.42	(1.00)
Dividend allotted to each ordinary share	2.36	2.30	3.00	1.40	0.00
Dividend allocated to each Class A preference share	-	-	-	62,633	0
Dividend allocated to each Class B preference share	-	-	-	-	-
<b>STAFF</b>					
Average number of staff	15,261	14,823	14,182	13,469	12,661
Payroll expenses	1,004,830,895	930,269,042	905,366,198	807,965,758	719,117,504
Payroll-related costs (Social Security, staff benefits, etc.)	455,678,554	407,621,983	422,055,999	345,940,518	326,116,140

No interim dividend was paid in 2020.

No interim dividend was paid in 2021.

No interim dividend was paid in 2022.

No interim dividend was paid in 2023.

No interim dividend was paid in 2024.



### VII.3. MATURITY OF TRADE RECEIVABLES AND TRADE PAYABLES

In accordance with articles L. 441-14 and D. 441-6 of the French Commercial Code, the schedule of the company's trade receivables is as follows:

#### INVOICES ISSUED AND OUTSTANDING AS AT THE CLOSING DATE OF THE FINANCIAL YEAR

Reporting date		Total	Invoices not overdue for payment	Payment overdue by 1 to 30 days	Payment overdue by 31 to 60 days	Payment overdue by 61 to 90 days	Payment overdue by more than 90 days	Total 1 day or more
<b>LENGTH OF TIME OVERDUE</b>								
12/31/2024	Number of invoices concerned	3,052	919	457	236	90	1,350	2,133
	Total value of invoices concerned excluding tax	1,527.1	882.7	108.0	144.5	201.1	190.8	644.4
	Share of pre-tax revenue for the financial year		20.49%	2.51%	3.35%	4.67%	4.43%	14.96%
12/31/2023	Number of invoices concerned	2,343	665	414	120	127	1,017	1,678
	Total value of invoices concerned excluding tax	783.3	330.5	220.3	46.5	31.7	154.3	452.8
	Share of pre-tax revenue for the financial year		783%	5.22%	1.10%	0.75%	3.66%	10.73%

#### INVOICES ISSUED THAT WERE OVERDUE FOR PAYMENT IN THE FINANCIAL YEAR

Reporting date		Total	Invoices not overdue for payment	Payment overdue by 1 to 30 days	Payment overdue by 31 to 60 days	Payment overdue by 61 to 90 days	Payment overdue by more than 90 days	Total 1 day or more
<b>LENGTH OF TIME OVERDUE</b>								
12/31/2024	Cumulative number of invoices concerned	10,403	5,354	3,553	625	229	642	5,049
	Total cumulative value of invoices concerned excluding tax	3,950.9	1,994.5	1,509.0	193.3	119.9	134.2	1,956.3
	Share of total value of invoices excluding tax issued during the period		42.48%	32.14%	4.12%	2.55%	2.86%	41.66%
12/31/2023	Cumulative number of invoices concerned	10,156	4,942	3,554	621	256	783	5,214
	Total cumulative value of invoices concerned excluding tax	4,032.1	1,650.1	1,836.9	451.0	22.9	71.2	2,382.0
	Share of total value of invoices excluding tax issued during the period		40.33%	44.87%	11.02%	0.56%	1.74%	58.18%



In accordance with articles L. 441-14 and D. 441-6 of the French Commercial Code, the schedule of the company's trade payables is as follows:

#### INVOICES RECEIVED AND OUTSTANDING AS AT THE CLOSING DATE FOR THE FINANCIAL YEAR

Reporting date		Total	Invoices not overdue for payment	Payment overdue by 1 to 30 days	Payment overdue by 31 to 60 days	Payment overdue by 61 to 90 days	Payment overdue by more than 90 days	Total 1 day or more
<b>LENGTH OF TIME OVERDUE</b>								
12/31/2024	Number of invoices concerned	21,248	19,786	527	276	125	534	1,462
	Total value excluding tax of invoices concerned	335.7	302.0	170	5.6	3.3	79	33.7
	Share of invoices received excluding tax, paid in the financial year		12.29%	0.69%	0.23%	0.13%	0.32%	1.37%
12/31/2023	Number of invoices concerned	22,227	19,976	921	339	160	831	2,251
	Total value excluding tax of invoices concerned	401.4	328.0	48.7	8.0	3.6	13.1	73.3
	Share of invoices received excluding tax, paid in the financial year		13.92%	2.07%	0.34%	0.15%	0.56%	3.11%

#### INVOICES RECEIVED THAT WERE OVERDUE FOR PAYMENT IN THE FINANCIAL YEAR

Reporting date		Total	Invoices not overdue for payment	Payment overdue by 1 to 30 days	Payment overdue by 31 to 60 days	Payment overdue by 61 to 90 days	Payment overdue by more than 90 days	Total 1 day or more
<b>LENGTH OF TIME OVERDUE</b>								
12/31/2024	Cumulative number of invoices concerned	352,074	320,712	20,506	5,229	1,936	3,691	31,362
	Total cumulative value of invoices concerned excluding tax	3,346.1	2,705.9	408.0	143.3	38.7	50.1	640.2
	Share of total value of invoices, excluding tax, paid in year		79.45%	11.98%	4.21%	1.14%	1.47%	18.80%
12/31/2023	Cumulative number of invoices concerned	368,649	312,925	43,104	5,422	2,337	4,861	55,724
	Total cumulative value of invoices concerned excluding tax	3,152.7	2,401.2	495.7	128.0	49.7	78.1	751.5
	Share of total value of invoices, excluding tax, paid in year		63.77%	13.17%	3.40%	1.32%	2.08%	19.96%

#### VII.4. TOTAL AMOUNT OF CERTAIN NON-DEDUCTIBLE EXPENSES

In its tax filings, Naval Group SA will add back the sum of €594,949 in relation to excess depreciation on private cars.

No expense forming part of overheads was disallowed for tax purposes.

The amount of compensation paid to directors in 2024 in respect of 2023 amounted to €388,500; this compensation remains deductible in accordance with tax rules.

#### VII.5. REMINDER OF DIVIDENDS PAID IN RESPECT OF THE LAST THREE FINANCIAL YEARS

The following dividends were paid in respect of the last three financial years:

- in respect of the financial year ended December 31, 2021: €97,610,050;
- in respect of the financial year ended December 31, 2022: €168,900,000;
- in respect of the financial year ended December 31, 2023: €129,490,000.

# VIII. ACTIVITIES, PRODUCTS AND SERVICES OF NAVAL GROUP DURING THE 2024 FINANCIAL YEAR

## VIII.1. SUBMARINE ACTIVITY

2024 marked the 125<sup>th</sup> anniversary of the group's underwater construction, as the *Morse* was built in Cherbourg in 1899. The year was particularly rich for activities in submarines.

### 3G SSBN

Development studies continued for the first contract following the development and construction phase of the 3G SSBN. In March 2024, production started on the hull of the first third-generation SSBN at the Cherbourg site. The modernisation of industrial facilities also continued at the Nantes-Indret site for propulsion activities and at Cherbourg for the construction and assembly of submarines.

### SSN BARRACUDA

The program is accelerating and is in the second half of its implementation.

The SSN *Duguay-Trouin*, second submarine of the series, was admitted to active service by the French Navy on April 4, 2024. After conducting its maiden voyage in July 2024 followed by its sea trials, the SSN *Tourville*, third of the series, was delivered to the DGA in November 2024, and then made available to the French Navy. The *Tourville* sailed to Toulon to continue its operational trials with a view to its commissioning for active service in 2025. With the *Tourville*, three of the six Suffren-type SSNs intended for the French Navy have now been delivered by Naval Group to the DGA, within four years.

The three other submarines in the program, the *De Grasse*, the *Rubis* and the *Casabianca*, are currently all under construction at various stages of completion on the Cherbourg site. The *De Grasse* will be transferred to the launch facility (DME) in the spring of 2025. All submarines of the Barracuda program will be delivered by 2030.

### SUBMARINES FOR THE BRAZILIAN NAVY (PROSUB)

The Brazilian submarine program [SBR] of the Prosub program includes the design and construction of four Scorpène®-type submarines.

The delivery ceremony of the *Humaitá*, second submarine in the series, was celebrated in Brazil on January 12, 2024. In March 2024, the *Tonelero*, third vessel of the series, was launched at the Itaguaí Construções Navais [ICN] shipyard in the presence of the Brazilian and French Presidents. Its sea trials are underway with a view to delivery in 2025.

Naval Group also supports the Brazilian Navy for the design and construction of a conventionally armed nuclear submarine (SSN) excluding the nuclear boiler plant. The first heavy-duty hull sheet was cut in June 2024 at the Metal Structures Manufacturing Unit (UFEM) of the Itaguaí naval complex.

### SUBMARINES FOR THE INDIAN NAVY (P75)

The latest in the P75 program of the Kalvari class, the INS *Vagsheer*, continued its sea trials and was delivered to the Indian Navy in January 2025. India has also indicated its wish to acquire three additional Scorpène® submarines.

In parallel, detailed design work on the integration of the Air Independent Propulsion [AIP] system on the Kalvari-class submarines continued, with the Naval Materials Research Laboratory [NMRL] of the Defence Research and Development Organisation [DRDO].

### SUBMARINES FOR THE DUTCH NAVY (RNSC)

On March 15, 2024, after a rigorous competitive tender process, Naval Group was selected by the Dutch Ministry of Defence to replace the current Dutch Walrus-class submarines with conventional expeditionary submarines from the Barracuda family. The contract was signed on September 30, 2024, during a ceremony held at the Helder naval base, in the north of the Netherlands. Named RNSC for Replacement Netherlands Submarine Capability, this program provides for the delivery of four Orka-class submarines from the Blacksworld Barracuda [BSB] product line.

The execution of the subsequent contract will strongly involve the Dutch Defence Technological and Industrial Base, as provided for in the industrial cooperation agreement [ICA] signed on September 10, 2024 with the Netherlands Ministry of Economic Affairs. All Naval Group sites in France will contribute to the development and construction of these submarines, which will be assembled in Cherbourg. The first two units will be delivered by 2034.

### SUBMARINES FOR THE INDONESIAN NAVY

On March 28, 2024, Indonesia chose Naval Group and PT PAL to strengthen the capabilities of the Indonesian Navy with two Scorpène® submarines equipped with lithium-ion [LiB] batteries that will be built in Indonesia at the PT PAL shipyard, through a technology transfer operated by Naval Group.

Investments and developments at the Cherbourg site are continuing to adapt the industrial facilities to the challenges of new national and international programs.



## VIII.2. SURFACE VESSEL ACTIVITIES

### FDI FR

The framework agreement of the FDI contract, signed on April 20, 2017 provides for the development, construction, and delivery to the French Navy of five first-rate digital frigates in the 4,000-tonne range. The first two subsequent contracts, notified in 2017 and 2021 respectively, cover the development and construction of the first three buildings.

The maiden voyage of the *Amiral Ronarc'h*, the first FDI for the French Navy, took place on October 7, 2024 and was followed by a second outing in December 2024. These outings made it possible to complete numerous trials on the propulsion, navigation and combat systems. Delivery is scheduled for the third quarter of 2025.

The FDI 2 and 3 are currently being manufactured in Lorient with discussions underway with the DGA for scheduling adjustments in line with the 2024 French military planning law (LPM).

### FDI HN

On March 24, 2022, Greece signed contracts for the completion of three FDIs, plus one as an option, and their in-service support. The first FDI will be delivered to the Greek Navy in 2025 and the second in 2026.

In 2024, the second FDI *Nearchos* was launched and construction work continued on the third FDI, *Formion*.

In September 2024, when *Nearchos* was launched, the Greek Minister of Defence Nikos Dendias, announced Greece's desire to acquire a fourth FDI. Discussions with the Greek customer on this fourth frigate began in December 2024.

### PA-NG

The detailed preliminary design studies (APD) notified in April 2023 are continuing and will provide the technical data necessary for the preparation of the launch service under construction.

On April 26, 2024, Naval Group and TechnicAtome were notified by the DGA and the CEA for the award of the first pre-decision to launch contract, known as "pre-DLR", relating to long lead-time supply services. This contract marks the launch of the first work on the nuclear boiler plants, scheduled between 2024 and 2029. Intended to be ordered by the end of 2025 for admission to active service in 2038, this vessel, the largest warship ever built in Europe, will be 310 metres long, with a maximum beam of 85 metres and a displacement at full load of 78,000 tonnes.

### MINE COUNTER MEASURE VESSELS (RMCM) PROGRAM

The rMCM program was awarded to the consortium Belgium Naval and Robotics formed by Naval Group and Exail in 2019. It provides for the supply of twelve mine counter measure vessels and their drone system, as well as their in-service support, to the Belgian and Dutch Navies.

In 2024, several milestones were reached for the first two vessels intended for the Belgian Navy, built in Concarneau: the maiden voyage of the *Oostende* (MCM No. 1) and the launch of the *Tournai* (MCM no. 3), in July 2024; the first switch-on of the *Zr.Ms Vlissingen* (MCM no. 2), the first Dutch minesweeper in September 2024, and the launch of the *Zr.Ms. Scheveningen* (MCM no. 4) in November 2024. Finally, construction has started or is ongoing on the third and fourth vessels for the Belgian Navy, *Brugge* (MCM no. 5) and *Liège* (MCM no. 7), as well as the *Zr.Ms. Ijmuiden* (MCM no. 6) and *Zr.Ms. Harlingen* (MCM no. 8) intended for the Dutch Navy. At the end of 2024, eight of the twelve vessels in the program were at different stages of completion at their respective production sites.

### GOWIND® UAE

2024 was marked by the delivery of the second corvette, *Al Emarat* on June 27, 2024, followed by the success of the hot weather tests for the two vessels in the summer months.

It should also be noted: work for the integration of Late Buyer Furnished Equipment (BFE), guarantee activities and the latest training are planned in the UAE.

### GOWIND® MALAYSIA

While the five vessels of the Gowind® Malaysia program are being built by the Malaysian Lumut Naval Shipyard (LUNAS) under the design authority of Naval Group, their Combat Management System (CMS) is wholly produced by the teams at the Naval Group sites in Ollioules and Bagneux.

The resumption of the Littoral Combat Ship (LCS) contract by the Malaysian government, on May 26, 2023 during the LIMA trade convention, led to the signature of amendments on October 10, 2023 that formalised the resumption of Naval Group's activities. The group has been appointed as the design and technical assistance authority. Finalisation of the detailed design, a key activity for the resumption of vessel production, was also entrusted to the group.

Subsequently, on July 15, 2024, the signature of amendments formally signalled the resumption of CMS activities and Combat System Engineering and Integration by Naval Group for LUNAS.

### LOGISTICS FLEET PROGRAM (FLOTLOG)

The French Navy's logistics fleet renewal program continued in 2024 with the completion of the first technical overhaul (AT) of the power supply vessel (BRF) *Jacques Chevallier* in September and October 2024, followed by its admission to active service in November 2024. The final launch of the second BRF, *Jacques Stoskopf*, took place in Saint-Nazaire in August 2024. Construction is continuing on the Chantiers de l'Atlantique site in Saint-Nazaire.

### OCEAN PATROLLERS (PO)

The French Navy's high seas patrol vessel renewal program continued with the construction of the first Patrol boat by Piriou in Concarneau. Naval Group is committed to supplying the combat management system and the platform management system while monitoring the construction of the patrol vessels (7 ordered from Piriou, CMN and SOCARENAM) for the benefit of the DGA.



### VIII.3. SERVICES ACTIVITY

In 2024, commercial activity was mainly marked by the award of contracts for:

- maintenance of *Rubis* and *Suffren* class SSN for a period of four years from 2025 to 2028;
- maintenance of the *Charles de Gaulle* aircraft carrier for the completion of the 2024 technical shutdown and the preparation of the 2025 shutdown;
- the renovation and upgrade (RMV) of two frigates of the Singapore Navy;
- maintenance of UAE Navy corvettes.

In France, the main operational achievements of the period are:

- the continuation of maintenance, repair and modernisation work on the SSBN *Le Vigilant* as part of its periodic unavailability for maintenance and repair (IPER);
- routine maintenance of SSNs;
- routine maintenance of the aircraft carrier *Charles de Gaulle*;
- routine maintenance and modernisation of the eight FREMM front-line frigates;
- the start of deconstruction of the last of the first-generation SSNs *L'Inflexible* at the Cherbourg site, withdrawn from active service in 2008;
- maintaining the posture and availability of the French Navy fleet.

Internationally, the main operational achievements of the period are:

- the continuation of the support contract for the Saudi Navy (technical assistance and spare parts);
- routine maintenance of the Egyptian Navy fleet (FREMM, Gowind® and PHA);
- the execution of the modernisation contract for the La Fayette-type frigate (FLF) combat system;
- delivery of spare parts and technical assistance for Indian Navy submarines;
- maintenance work on the platform for frigates and the continuation of R&D centre activities in Singapore.

In addition, the Services Division is continuing its efforts to digitise its activities and is working to improve its performance and competitiveness for the benefit of its customers.

### VIII.4. ACTIVITY IN THE FIELD OF DRONES, AUTONOMOUS SYSTEMS AND UNDERWATER WEAPONS

#### UNDERWATER WEAPONS

##### F21 FRANCE

The F21 MK1 is qualified for all carriers in the French Navy and its integration on vessels continued in 2024 in line with the contractual schedule, with the acceptance of the penultimate batch in November 2024.

The force support firing trials are taking place at the expected pace and the Baudroie firing test carried out in December 2024 was successful.

In parallel, the development of the F21 MK2 developments accelerated with conclusive sea trials for the software part in the fourth quarter of 2024 and the start of the qualification phase of the new sovereign rear section on the prototypes.

In the second half of 2024, Naval Group was notified of the first phase (amendment) for the production of the F21 MK2 torpedoes, the first deliveries of which are scheduled for 2028.

##### MU90

Notification in the first half of 2024 of new contracts to supply torpedo launchers for the Australian and Polish Navies. In parallel, the production of MU90 torpedoes is continuing in line with expectations on the export contracts in force.

##### COUNTERMEASURES

Completion of deliveries of Canto® countermeasure systems in 2024 for the benefit of the French Navy. On the commercial front, 2024 saw the signing of a significant Canto® contract with the Netherlands (launchers) and the award of further countermeasures contracts for French Navy frigates.

#### DRONES, AUTONOMOUS SYSTEMS

##### SUBMARINES – SEAGENT XL

On December 28, 2023, the DGA notified Naval Group of a framework agreement for the design, construction and testing of an unmanned combat submarine demonstrator (UCUV for Unmanned Combat Underwater Vehicle) in an operational environment, as well as the first subsequent contract for the design and development of controlled decision-making autonomy (ADC\*) and secure autonomous navigation.

Two major new components were notified to Naval Group by the DGA at the end of 2024 (contracts subsequent to the 2023 framework agreement). They mainly concern the technical design of the energy system, the sonar suite and cover the preliminary and detailed design of the drone.

At the same time, several demonstrations took place successfully with the XL UUV demonstrator in 2024 for the benefit of foreign navies.

##### SURFACE – SEAQUEST

Successful qualification in the summer of 2024 of the first surface drone that can be carried by a frigate, the Seaquest 930 ISR, which has successfully completed all its tests, including boarding a French Navy FREMM.

##### DRONING SYSTEM – STEERIS

Continued development and testing of controlled decision-making autonomy (ADC\*) on board Naval Group submarine and surface demonstrators.



### VIII.5. SYSTEMS, EQUIPMENT AND PROPULSION (SEP) ACTIVITY

2024 was marked by the ramp-up of the stand alone activity with the confirmation of the success of the Sylver® launcher family (including the signing of the contract to carry out life extension operations beyond the 25-year life span of the first equipment sold, and the creation of the partnership with MBDA for the development of the new generation of Sylver® for future missiles), the consolidation of the partnership with BAE Systems (shaft line contract for future Canadian frigates, the retrofit of the British SSNs Astute heat exchangers and the commissioning of a preliminary design project for the exchangers of future Aukus submarines). Naval Group is also developing new products in the CMS field, including the co-development of the National Combat Management System (NCMS) program for the UAE.

At the Euronaval convention in November 2024, Naval Group presented the progress of the multipurpose modular launcher system (LMP) and the partnerships forged with major manufacturers including KNDS, Thales and MBDA. The group also confirmed its cyber defence activity.

The teams of the SEP Department also contributed to the milestones of the programs conducted by the group, illustrated in particular by the maiden voyage of the first FDI for the French Navy, the acceptance of the third Barracuda-type SSN and the delivery of nuclear boiler plant and propulsion components for the following submarines, as well as the signature of the contract for new submarines for the Netherlands secured by a range of innovative latest-generation equipment.

Finally, in 2024, management and entities continue their industrial and operational transformation to conduct new projects and improve overall performance, while developing new processes (additive manufacturing and composites) and promoting the use of new technologies.



## IX. R&D ACTIVITY IN THE 2024 FINANCIAL YEAR

Work on innovation has several objectives: guaranteeing the technological superiority of our customer navies in line with their operational ambition, improving the living conditions of seafarers and contributing to the competitiveness of our products and services.

This work is systematically conducted on the basis of a proactive eco-responsible approach.

Innovation work remains structured around six unifying axes: Smart Naval Force, Smart Ship, Blue Ship, Invulnerable Ship, Smart Availability, Smart Industry. Two major complementary cross-functional areas make it possible to develop, on the one hand, the acquisition of upstream knowledge through science and technology (S&T) work which is necessary for the control of future technologies (or the consolidation of the technical framework), and on the other hand, work on the naval force of the future, cooperative monitoring and naval cooperative commitment. 2024 was marked by the continued implementation of the roadmap to meet growing program needs, future and evolving operational needs and in particular by the acceleration of work in response to project contracts confirmed during the period or new capabilities expected by the navies.

Work focused in particular on:

- drones, with numerous experiments in 2024 on navigation capabilities and the autonomous capabilities of Unmanned Underwater Vessels (UUV) and Unmanned Surface Vessels (USV), de-risking UxV concepts, in connection with the project to build a centre of excellence for autonomous systems and underwater weapons in La Londe-les-Maures in the Var department of France;
- the fight against new threats (drone attacks, asymmetric threats, hypersonic missiles, modular and multipurpose weapon systems, cyberattacks, space observation, etc.) continued in 2024, with new anti-drone defence systems tested in combat situations;
- the digital transformation of Naval Group's products and services to accelerate the use of data, with what is offered today by new systems for data capture, calculation and analysis, in particular through the use of artificial intelligence (AI) and its application in the field of combat systems, ship management and maintenance in order to amplify the operational capabilities of naval forces, by defining new digital architectures and experimenting with cloud systems;

- new key technologies for defence innovations (AI, big data, cloud computing, quantum, connectivity, directed energy weapons, use of sea-space interface, etc.);
- control of the energy chain, from energy production to its use, including its management in the vessel and across the fleet, all with a focus on eco-design throughout the life cycle. In particular, work focused on the continued development of lithium-ion batteries for conventional submarines and the testing of on-board energy optimisation systems;
- the development and testing of on-board systems necessary to optimise vessel maintenance (identification, processing and prediction);
- continuation of work on new industrial technologies for competitiveness, such as additive manufacturing and the use of composites on large parts.

The portion of R&D studies funded by Naval Group for naval defence included in R&D costs amounted to over €88 million in 2024. As in previous years, contracts, mainly with the DGA and the European Defence Agency (EDA), supplemented the self-financing and contributed to the implementation of Naval Group's strategic technological plan.

Academic and scientific research ecosystems, in France and abroad, are an essential lever for maintaining Naval Group at a high level of technological innovation. The group relies on ambitious and multidisciplinary scientific collaborations that result in framework agreements, joint laboratories and academic or industrial chairs. In 2024, for example, Naval Group renewed the joint laboratory with the École Centrale de Nantes, the joint laboratory with the National Institute for Research in Computer Science and Automation (INRIA) and prepared the renewal of the joint laboratory in AI with the National Graduate Schools in Advanced Techniques (ENSTA). Naval Group has given concrete expression to its participation in the Centre for Interdisciplinary Studies for Defence and Security (CIEDS) through its involvement in a project on acoustic signatures. In 2024, Naval Group tracked around sixty theses, including more than 30 industrial research training agreements (CIFRE) and conducted two-thirds of its self-funded studies in S&T *via* collaborations.





## **X. EVENTS AFTER THE REPORTING PERIOD**

In its judgment of January 21, 2025 relating to the financial aspect of the Karachi case, the Paris Court of Appeal ruled that DCN International was admissible as a civil party and, unlike the trial judges, ruled that it should be compensated for the damage suffered as a result of misuse of corporate assets.

However, as this opportunity is uncertain, particularly in terms of the amount and deadline for compensation, it cannot therefore be taken into account in the financial statements prepared at December 31, 2024.

## **XI. FORECASTED TRENDS**

Revenue expected for the 2025 financial year should be higher than in 2024 due to the execution of order book contracts.



## XII. RISKS FACTORS AND THEIR MANAGEMENT

### XII.1. RISK MANAGEMENT SYSTEM

The group faces a number of risks and uncertainties that may impact its financial performance. This is why it has set up an integrated risk management and internal control system:

- supervised by the Audit, Accounts and Risks Committee of the Board of Directors (CACR);
- led by the Audit and Risk Department (DAR) and a network of risk and opportunity managers, under the guidance of the Audit and Risk Internal Committee (CARI), co-chaired by the Chief Financial Officer and the General Secretary.

Inspired by the international standard of the Committee of Sponsoring Organisations (COSO), the system is based on the principle of three lines of defence and on a common accounting basis for the entire group. It includes the main components detailed below.

Group-level risk mapping is prepared annually and covers strategic, operational, financial, legal and corporate social responsibility (CSR) issues. Risk management, in particular implementation of the resources defined to reduce impacts and probability of occurrence and to measure the effectiveness of action plans, is the responsibility of each division. The risks associated with particular issues are also supervised by specific organisations that make up the second line of defence and provide their expertise (compliance, nuclear inspection and pyrotechnics, diving safety, export control, etc.).

A single standard of requirements (RUN) representing the company's main internal control requirements covering the group's 16 processes is used by the first lines of defence to carry out self-assessments, and by the second lines to carry out checks with the objective of coverage of the entire system over four years. In 2024, the verifications concerned a smaller scope to allow for an overhaul of the system.

The Internal Audit Department, certified since 2012 by the French Institute for Audit and Internal Control (IFACI), carries out independent internal audits according to an annual plan based on the main risks, approved by the Executive Committee and reviewed by the CACR. It issues annual conclusions on the level of risk management and internal control. In 2024, the audits carried out focused on major programs and their related innovations and industrial transformations (Barracuda, 3G SSBN, FDI, PA-NG, rMCM).

The members of the Executive Committee and the managers of the subsidiaries prepare an annual letter confirming their commitment to risk management and internal control, fraud prevention and compliance with the compliance regulations and on the consideration of environmental, social and societal impacts in their activities.

Internal control helps to achieve the group's objectives, yet it is not an absolute guarantee because of the limitations inherent to any system. The group's business, operating profit/loss or financial position could be materially affected by the risks described below

or by other risks and uncertainties of which the group is currently unaware or which it regards, as at the date of this document, as immaterial.

### XII.2. INSURANCE POLICY

The volatility of the insurance markets for the past few years is likely to expose Naval Group not only to uncertainty about the sustainability of its insurance contracts, but also to an increase in the cost of risk through the combined increase in deductibles and premiums.

Based on an analysis of the company's risk profile, Naval Group has strengthened its insurance arsenal by setting up a reinsurance captive, Naval Group Ré, dedicated exclusively to covering its own risks and those of its subsidiaries.

This captive enables Naval Group to retain its free will over the long term in controlling the terms and conditions for covering its risks and their cost, by rebalancing its relations with the traditional insurance markets.

Other current, emerging or future risks will benefit from the intervention of the captive, which will offer the group agility in adapting coverage to the right needs that insurance market players cannot guarantee over time.

Their integration will be decided taking into account prudential and regulatory management requirements to benefit the overall risk management of Naval Group and its subsidiaries.

### XII.3. FINANCIAL RISKS

#### LIQUIDITY RISK

The risk is currently covered by excess cash; the group occasionally uses short-term credit lines to avoid any strain on its liquidity, particularly to deal with late payments from customers, without sacrificing the long-term performance of its investment portfolio. In addition, Naval Group remains vigilant about the availability of its customers' financial resources (especially the French State), the limitation or decrease of which could result in the emergence of additional requirements.

#### FOREIGN EXCHANGE RISKS

The euro is the reference currency for the group's transactions (sale and purchase), which naturally limits any exposure to foreign exchange risk.

In accordance with the group's policy, all significant transactions in foreign currencies are hedged.

#### OFF-STATEMENT OF FINANCIAL POSITION RISKS

The guarantees given by Naval Group have principally been granted on its own account or on behalf of its subsidiaries in connection with commercial contracts. Guarantees and pledges given by the group are managed centrally, which enables risk control to be enhanced by standardising the commitments made and by managing its balances and payment periods on an overall basis.



### INFLATION-RELATED RISKS

In the current inflationary context, Naval Group continues to strengthen its competitiveness plans and its vigilance on offers, in particular *via* price revision conditions to secure its operating margin.

## XII.4. RISKS OF NON-COMPLIANCE WITH LAWS AND REGULATIONS

### RISK OF NON-COMPLIANCE WITH EXPORT CONTROL AND CUSTOMS REGULATIONS

Naval Group is an exporter of military equipment and related materials, as well as dual-use goods (civil and military). The export markets are of capital importance for the group as they contribute to the activity of the production sites, the maintenance of skills and the financing of R&D.

A strengthening of French, European or foreign regulations relating to exports or transfers of military equipment and related materials, or the occurrence of international events, or changes in geopolitical factors, could prevent or restrict the obtaining of export licences, or even affect the execution of signed contracts. Reduced access to military export markets would have significant consequences on the group's activity and financial position. The Export Control and Customs Affairs Department (DCE) carries out its mission of monitoring compliance with regulations, through the drafting of the appropriate export control guidelines, the permanent support of the group's Products and Services Departments and the operational departments, and with training and awareness-raising actions.

In 2024, Naval Group raised awareness among all its employees through a general policy of zero tolerance to non-compliance with these regulations, guided by its Chairman of the Board of Directors and Chief Executive Officer. An export control review is held every quarter at Executive Committee level. Control procedures have been strengthened, and the compliance control network has been extended within Naval Group's departments conducting export activities.

Additional information is available in section XIII.2.12 of Statement of Non-Financial Performance (SNFP).

### RISK OF CORRUPTION AND INFLUENCE PEDDLING

Naval Group applies a principle of zero tolerance in the fight against corruption and influence peddling.

Naval Group conducts its activities in France and abroad in strict compliance with the conventions, laws and regulations applicable to it, in particular the provisions of French law no. 2016-1691 of December 9, 2016, "on transparency, the fight against corruption and the modernisation of economic life" (known as the "Sapin II" law). Equipped with a robust anti-corruption system, Naval Group was ISO 37001 certified in April 2021.

In France and internationally, in a constantly changing regulatory environment, Naval Group stakeholders regularly request a presentation on its anticorruption policy to ensure that it meets the best standards.

Naval Group has set up a whistleblowing system that enables group employees and stakeholders to report the existence of

inappropriate conduct that is contrary to Naval Group rules or any legal or regulatory provisions. Naval Group guarantees secure and confidential processing of reports.

Risks of corruption and influence peddling are the subject of a dedicated mapping which makes it possible to rank and prioritise said risks.

Additional information is available in section XIII.2.11 of the SNFP.

### NON-COMPLIANCE WITH MULTIPLE CORPORATE SOCIAL RESPONSIBILITY (CSR) REGULATIONS

CSR, concerning environmental, labour and societal issues, is a very broad field. In recent years, CSR regulations have been strengthened and French, European and international regulations are constantly evolving.

In accordance with French Law no. 2017-399 on the "Duty of Vigilance of Parent Companies and Ordering Companies", Naval Group has introduced a plan containing due diligence measures to identify risks and prevent serious violations of human rights and fundamental freedoms, human health and safety and the environment.

With regard to the environment, the industrial activities of Naval Group and the products used throughout the life cycle of vessels and their equipment are likely to impact the environment, notably in the event of accidental failure and through greenhouse gas (GHG) emissions generated. A failure to control the risks of significant environmental impact exposes Naval Group to limited financial and image impacts.

The rapid changes in CSR regulations also make it difficult to anticipate future compliance constraints and obligations on various subjects: production sites and tools, Naval Group's activities and products, materials and substances used, compliance of suppliers and supplies purchased, reporting on environmental, social and governance (ESG) matters, etc. On this last point, in 2024, Naval Group focused on preparing for the implementation of the Corporate Sustainability Reporting Directive (CSRD) which will be applicable to the group in 2025.

The risks of non-compliance with CSR regulations therefore concern Naval Group's entire value chain, with potential impacts on program costs and completion times as well as on the group's reputation.

### RISK OF NON-COMPLIANCE WITH THE GENERAL DATA PROTECTION REGULATION (GDPR)

In an increasingly digital world, the protection of personal data is a major concern of people, companies and governments.

Aware of these challenges, Naval Group has carried out a number of actions, coordinated by the group Chief Privacy Officer, in particular:

- the definition of a common set of personal data protection requirements within the group;
- an international privacy approach to support subsidiaries;
- the overhaul of the groupwide e-learning that will be rolled out in 2025.

Additional information is available in part XIII.2.10 of the SNFP.



### LEGAL DISPUTES

Due to its activities, the group is exposed to technical, contractual, commercial and/or criminal disputes.

The prevention and handling of all disputes and warranty claims are carried out by the group's Legal and Contract Management Department, in association with the other departments concerned. Furthermore, all disputes likely to have a significant negative impact on the group's activities and financial position are presented to the CACR on a regular basis.

Each of the known disputes in which Naval Group or group companies are involved has been examined as at the date of closing of the financial statements, and the provisions deemed necessary by General Management have, where appropriate, been set aside to cover the estimated consequences.

Furthermore, some or all of the losses that Naval Group SA or other group companies could suffer as a result of certain disputes for which no provision has been made are covered either by the French government under the terms of agreements it made with Naval Group in the course of the government's contribution in kind on June 1, 2003 and its sale to Naval Group of a 100% shareholding in DCN International, or by Thales under the terms of agreements made with Naval Group in connection with the group's acquisition of a 100% shareholding in TNF.

Lastly, the Legal and Contract Management Department conducts feedback sessions for the players and departments involved in order to organise the prevention of contentious situations such as those it has been called upon to deal with.

## XII.5. RISKS RELATED TO THE POLITICAL AND SOCIETAL ENVIRONMENT

### COUNTRY RISKS

Growth in the group's international business, which is one of the key areas of focus in its long-term strategy, exposes Naval Group increasingly to various forms of country risk: sovereign risk, changes in the economic situation and business climate, and political, geopolitical and social risks, even risks related to the effects of regional tensions in the client country.

- **Sovereign risk:** Naval Group supplies its systems under State-to-State relations based on strategic partnership agreements. This risk may come from doubts concerning these agreements, whether they come from our customers or from France, or from pressure from competing countries on our customers/prospects. Another risk is an embargo on customer countries by countries that supply subassemblies. Sovereign risk may result in the cancellation of current contracts or significant additional costs (change of suppliers).
- **Economic situation:** the needs of customer navies are driven by geopolitical fundamentals and the renewal of aging fleets; these two elements mean that needs are relatively stable. However, many of Naval Group's customers are subject to economic hazards of all types (sovereign debt, health crisis, extreme volatility of commodity prices, etc.). The impact is a delay of a few years in programs following the call for tenders process, and correspondingly, the industrial load and the associated revenues and margins.

Foreign exchange risks are limited because our contracts are in euros, but this risk may affect our subsidiaries that work with France. There are risks of expropriation in joint-ventures with State-owned companies, due to pressure for both the dilution and eviction of projects in which we operate (Naval Group does not own any projects abroad).

- **Political and social risks:** Naval Group is exposed to changes in defence budgets, which may be subject to variations and arbitration, particularly in periods of high inflation and shortages. These arbitrations may also be decided following a change in political majority in client countries or a change in the social context, for example in the event of viral media campaigns impacting the image and reputation of Naval Group. These risks are increasing in the current geopolitical context and may affect several of our customers/prospects and delay or cancel certain projects.
- **Geopolitical risks:** geopolitical tensions (Ukraine, China Sea, Eastern Mediterranean, etc.) may accelerate projects or even redirect them towards the supply of systems within deadlines incompatible with Naval Group's capabilities, or even change priorities in favour of other needs.

To address these risks, Naval Group ensures:

- for sovereign and geopolitical risks, permanent dialogue with the French authorities (the Élysée, Cabinet of the Prime Minister, Ministry of Europe and Foreign Affairs, Ministry of the Armed Forces, French embassies abroad and embassies of client countries in France);
- for economic, political and social risks: regular communication with country directors, in charge of all customer relations in a country. In addition, thanks to its industrial facilities abroad (subsidiaries and joint ventures), Naval Group provides local activities that could not be carried out from France in satisfactory conditions (maintenance, technical assistance, etc.).

### DEPENDENCE ON PUBLIC SPENDING

Naval Group carries out all its activity for defence goods in close collaboration with the French State. By its nature, the defence sector is dependent on orders from public spending, in other words, on political decisions that fluctuate depending on the country's economic and geopolitical situation and industrial policy. France's 2024-2030 military planning law (LPM) continues the upward trajectory of the defence budget (€413 billion over the period) to reach €68.9 billion in 2030. After a 2019-2024 "repair" LPM, the 2024-2030 LPM is a "transformational" LPM with significant capacity investments, the confirmation of major naval programs and the renewal of the nuclear deterrent for the French Navy centred on replacing the submarine component and the surface component (PA-NG). The in-service support resources are confirmed with a 40% increase in budget. This LPM also reflects support for the war economy and disruptive innovation (€10 billion programmed over the period). Nevertheless, the trajectory of the LPM should be offset against the risk of inflation, (€30 million of inflation were included in the LPM according to an assumption of a 1.75% inflation rate). The budget increases are not linear and the increases are greater in recent years (+€3.5 billion in 2028, 2029 and 2030). The calendar uncertainties of industrial programs are the subject of ongoing



work with the DGA (details on the dates of order recording and contract execution schedules). Naval Group is continuing its international development efforts. Winning export contracts is essential to maintain the cost of the French programs at the contractual level, to preserve and develop the skills of Naval Group and the French DTIB, but also to strengthen the group's ability to invest in the technological and industrial innovations necessary to maintain differentiating factors and developing new attractive products. Autonomous drones and systems are a strategic pillar of Naval Group and an essential pillar in this strategy of technological disruption and expansion of our customer base. In 2024, Naval Group pursues its commitment to position itself in these markets, whose development is accelerating in naval defence.

#### RISKS OF INSECURITY AND SAFETY

The safety of Naval Group employees, in France and abroad, is a major concern, whether they are secondees, expatriates (including families) or locally recruited staff.

Like any company working in a sensitive area and deployed on several sites in France and internationally, Naval Group may be confronted with a range of risks that could have an impact on the safety of its employees, its infrastructure or its data: health, criminal, terrorist, political and social disorder risks. In addition to direct consequences, the group's image and reputation could be damaged.

To ensure the protection of the company, Naval Group relies on several standards and has defined procedures and action plans.

#### RISK OF INTERFERENCE

The risk of espionage, whether of State or competitive origin, weighs particularly heavily on Naval Group. Its international successes, increased competition and the mobility of its employees make it a priority target, accentuated by the fact that the high-tech naval systems produced by the group contribute significantly to the sovereignty of its customers.

Faced with this possible human and technical interference, a state of awareness and vigilance must be maintained at Naval Group. To do so, an incident assessment and management reporting system is in place and the Security Department regularly raises awareness among employees, who also receive information via e-learning as well as a support system for their international travel. This awareness-raising notably addresses risks related to social engineering and the information obtained by manipulating employees or subcontractors.

In addition, the protection of information is structured around the network of specifying entities to guarantee the protection of national defence secrets, intellectual property, assets and personal data.

The update of Interministerial General Instruction (IGI) 1300 of August 9, 2021 continues to have a significant impact on the strengthening of the systems concerning protection of national defence secrets, in particular thanks to the processes well-anchored in the uses for the mandatory inventory of classified information and media or the approval of classified information systems.

## XII.6. RISK OF CHALLENGING NAVAL GROUP'S COMMERCIAL POSITIONING

#### RISKS RELATED TO THE COMPETITIVE ENVIRONMENT

The multiplication of conflicts and the worsening of geopolitical tensions (invasion of Ukraine by Russia, the Israel-Hamas war, tensions in the South China Sea, etc.) favour the growth of defence budgets, and therefore the size of the markets accessible to Naval Group. However, this growth benefits above all, in Europe, the American defence industry and in general the urgent needs encourage investments in aeronautical and land equipment, sometimes to the detriment of investments in naval defence. This trend is less marked in other regions (Asia in particular) where major naval capacity development programs are planned. The attacks carried out by the Houthis in the Red Sea have also demonstrated the relevance of Naval Group's solutions to this type of threat, which can strengthen the company's positioning in the region.

American competition, direct or indirect, is increasing:

- through the emergence of offers or proposals for new units, backed or not by strategic agreements, or through industrial alliances with European partners (Fincantieri, Navantia, Damen) to integrate American weapons or combat systems;
- with the potential marketing of new products and new highly innovative concepts (surface drones, underwater drones, innovative weapons systems, etc.).

Economic and technological competition with other players continues to intensify. In addition to the long-standing European players (Fincantieri, TKMS, Navantia, Damen), there are re-entrants (Sweden, United Kingdom) and new entrants (Korea, China, Turkey, and even, for the lower combat ships segment, Singapore, India, Indonesia).

This increased competitive pressure, including in the field of in-service support, may therefore negatively affect Naval Group's commercial position and profitability as well as that of the DTIB on which Naval Group relies, in an otherwise tense context of rising raw material and energy costs.

Naval Group's response to this intense competition involves continuous improvement in the technological and economic competitiveness of its offers and products. To do this, Naval Group is strengthening its research and technology effort, anticipating its customers' needs and new threats, expanding its portfolio of offers and consolidating its international presence.

In France, the clear trend of the Fleet Support Service (SSF) to more and more systematically put Naval Group in competition for in-service support contracts, or even to award them to other companies (*e.g.* the FRG23 contract) requires specific monitoring of the competitiveness of the Naval Group service offering for France. Naval Group measures its commercial positioning through indicators such as order intake in France in competitive and export markets.



## XII.7. RISK OF PROGRAM EXECUTION DEVIATIONS

### PROGRAM EXECUTION RISKS

A significant proportion of the programs managed by Naval Group present a high degree of complexity given the highly technological nature of the product, operational constraints requiring a high level of reliability in particularly difficult environments, and the complex contractual structures inherent in their sale (overall project management, technology transfer, local shares carried out by partner projects, co-contracting with major partners) and the execution period may exceed ten years. The actual design and construction times and costs are therefore likely to be higher than the projected times and costs.

Certain contracts may include provisions concerning the performance level and/or delivery schedule for the products and services sold. Such provisions may prove to be demanding, particularly given the increased level of competition, and may also give rise to the payment of contractual penalties or damages. Program execution may also be affected by a major hazard, such as an accident, fire, natural disaster at a site, failure of an industrial tool or information system (IS) or by an uncertain environment (international conflicts, export restrictions, inflation, etc.). The occurrence of such events may have an impact on Naval Group's financial position and results. Continuity plans are developed to reduce the severity impact of these risks.

With regard to bids, a risk assessment and control system is in place and has been tightened with the creation of the Financial Control and Evaluation Department (DCEF) to improve control of the offers.

With regard to programs, management rituals are in place at several levels to verify the proper progress of the technical, calendar and financial plan on a monthly basis, making it possible to identify and prevent operational drifts. Program Committees are held three or four times a year to measure the operational progress of programs and anticipate identified risks. The programs are also monitored through Gate reviews, authorising their continuation to a new phase after analysis of the level of completion of the previous phase and the degree of preparation of the following phase. The project management system is also monitored by maturity measures in line with the level of requirements of the Capability Maturity Model Integration (CMMI®) at level 2, an internationally recognized model. The CMMI® audit level 2 on the major programs held in 2022 made it possible to characterise the failings that are now covered by the new framework.

To promote anticipation, the risk and opportunity management approach is implemented through a unified process and a centralising tool starting from the offer phases. This increased visibility makes it possible to improve the consistency of the portfolios, to identify major risks and to ensure the progress of control actions.

Since the beginning of 2023, Naval Group has been organised into Products and Services Departments bringing together the programs and the main industrial entities concerned, thus strengthening operational management, anticipation and management of risks and opportunities.

The contract management function is also organised to enable its members to manage contracts more effectively as soon as they are effective, as well as to help maximise financial and operational performance by minimising risks and exploring all opportunities.

### QUALITY CONTROL

The quality of the products and services delivered by Naval Group raises issues of image, customer satisfaction, the safety and operational capacity of user navies, and the group's competitiveness and sustainability.

Mitigating the risk of delivery of products and services that do not reach the expected level of quality and safety requires the deployment of a strong culture in terms of quality, safety and environment (QSE), actions to ensure compliant development and production and actions to detect non-compliance before delivery. The QSE policy is signed by the Chairman of the Board of Directors and Chief Executive Officer and updated regularly. Each year, it sets out the major commitments for quality. In 2024, in line with previous years these were:

- the deployment of a quality strategy and action plan for the group;
- quality management in programs to guarantee the delivery of products and services that meet customers' expectations;
- employee commitment and management leadership towards zero defects impacting customers and the satisfaction of all customers and partners;
- valuing the preparation of work and prior risk analysis, improving the quality of execution in the teams by aiming for the right one as of the first time.

The Business Management System (BMS) operationally integrates these commitments into the group's processes and procedures. More specifically, it defines the areas of application of the procedures, the operating rules for the entire product life cycle and the certifications that cover the sites and subsidiaries. The group Quality Department reports to the Operations and Performance Department, the director of which is a member of the Executive Committee.

As a whole, the function has around 400 employees attached to the Quality Department to ensure quality management missions across the entities of Naval Group. The controls are mainly entrusted to the operational departments and remain under quality assurance.

Quality constitutes a second line of control for operational processes and as such structures control activities and supports operational teams in the effective application of rules. This principle applies to Naval Group and its subsidiaries.

Different control principles are applied in Naval Group's operations:

- self-auditing;
- industrial controls during production by controllers independent of the production teams;
- workstation audits;
- inspections of suppliers by the quality function;
- inspections by Dive Safety, Nuclear and Fire Safety Inspectors;
- process breakpoints;



- external controls are also carried out by monitoring bodies mandated by Naval Group and its customers.
- The group has put in place various methodological tools to improve performance:
- 8D (8 Do) and Quick Response Quality Control (QRQC) problem-solving tools;
  - risk analyses and analyses of failure modes, their effects and their criticality (FMEA);
  - process and technical feedback.
- Within a quality roadmap, three strengthened areas of work are taken into account in the Naval Group's 2025 transformation program:
- customer commitments (proactivity in the service of customer satisfaction and improvement of perceived quality);
  - quality culture (rigorous development in the application of rules and pride of stakeholders contributing to the quality of group products);
  - right the first time (all preventive actions leading to the improvement of the quality delivered by each team).

## XII.8. CRITICAL SUPPLY CHAIN RISKS

Naval Group's business includes a substantial proportion of bought-in products and services representing over half its revenue. These may relate to studies, industry or services. Naval Group is thus exposed to events that may occur to its suppliers. In this context, Naval Group has also set up and developed a sustainable procurement policy.

A supplier may default as a result of a serious accident at one of its sites or owing to an aspect of its external environment, such as a shortage of critical raw materials or components, serious political instability, natural disaster, event linked to climate change, etc., or as a result of management failings.

The economic dependence of small and medium-sized enterprises (SMEs) on Naval Group is considered a major risk, due to Naval Group's historical footprint in its employment areas. In terms of impacts, the failure of one of its suppliers could affect the performance of Naval Group and, consequently, its profitability. Certain risks, such as the risk of cyberattacks, export prohibitions or the compromise of protected information, may also affect the operational capacity of Naval Group or its products. The impacts can also be environmental or social (particularly employment) in the employment catchment areas where Naval Group sites are located. Certain risks may also have an impact on Naval Group's image, both nationally and internationally.

These risks are compiled and annually updated in a risk map covering purchasing and the applicable action plans, alongside monthly monitoring of supplier risks by the Supplier Risks Committee. This committee brings together the functional departments and cross-functional areas such as the Cybersecurity, Safety, Compliance and Legal Departments to review the supplier risks identified and decide on the corresponding mitigation plans.

Naval Group is also seeing increasing pressure on international logistics flows, which began with the health crisis but which continues in the current geopolitical and economic context, and may impact Naval Group operations.

### CYBERSECURITY OF THE SUPPLY CHAIN

A control system has been put in place with suppliers to prevent risks related to services/supplies purchased, and a plan to strengthen the cybersecurity of the supply chain was defined and deployed. Minimum security requirements harmonised with the DGA and the members of the Cyber Convention organised by the French Ministry of the Armed Forces are included in the supplier referencing process from the initial selection stages, particularly for sensitive service providers. Naval Group SA also conducts periodic audits and reviews, which are accompanied by recommendations to be implemented. Tier 1 outsourcers and all major and strategic suppliers are concerned; more than 300 companies were assessed in terms of information protection in 2024, of which around 10% were visited on their sites. More generally, Naval Group conducts awareness-raising actions and, if necessary, support concerning cybersecurity.

In the event of cyber incidents, the suppliers concerned are put in touch with the Naval Group's Computer Emergency Response Team (CERT) for incident monitoring.

### RISKS OF SUPPLIER DEFAULT

Suppliers' management performance is monitored both from an operational point of view, such as failure to anticipate orders, loss of control of industrial processes, obsolescence of facilities, poor skills management, loss of know-how, etc., and in terms of their overall management and financial management, such as a buyout or change of strategy, loss of revenue, poor management of working capital requirement, cash flow problems, entering administration or insolvency, etc.

To do this, Naval Group conducts financial scorings of its strategic and major suppliers annually, and as often as necessary for other suppliers. Business reviews are also held which address both operational issues on current orders as well as more forward-looking or cross-functional issues, such as projected needs for future years, quality assessment of services provided and improvement plans put in place, competitiveness of suppliers, discussion topics that make it possible to anticipate and limit the occurrence of potential risks. A rating is also assigned to each supplier, taking into account technical criteria, quality, cost and competitiveness, compliance with deadlines, performance in terms of health, safety and environment (HS&E) and CSR, as well as the quality of the commercial relationship. An insufficient rating systematically triggers a request to implement a corrective action plan.

### RISKS OF ECONOMIC AND TECHNOLOGICAL DEPENDENCE

The procurement strategy, the processes for selecting and monitoring the performance of suppliers, and the actions of the Supplier Risk Committee contribute towards the mitigation of these risks both at the tendering stage and during the project phase.

A cross-analysis carried out by the Purchasing Department and the Technical Department made it possible to specify the situations of technical dependence encountered by Naval Group with regard to its panel of suppliers. The results of this analysis are fed into assessments of supplier criticality and subsequent action plans to reduce this criticality.





### SUPPLIER CSR RISKS

Naval Group's requirements towards its suppliers in terms of CSR are expressed in the supplier code of conduct: the supplier code of conduct is one of the documents applicable to orders and contracts awarded by Naval Group. Its acceptance is a prerequisite for the referencing process of a new supplier.

Issues relating to compliance and Occupational Health and Safety (OH&S) are systematically reviewed in the supplier risk analysis and in themselves, constitute elements of the impact analysis on the company. Naval Group uses shared and specialised platforms to carry out CSR assessments of supplier candidates for the panel. In addition, risk analyses of supplier compliance are conducted thanks to a monitoring platform co-managed by the group's Compliance Department and Purchasing Department, and for each new supplier, a compliance analysis and opinion are issued before any contractual commitment.

### 2024 NEWS

2024 saw the implementation of a systematic analysis of risks by commodity (or purchasing category) as well as the continuation of actions to reduce CSR risks due to suppliers working in areas with high CSR risks [see section XIV.2.4 of the vigilance plan].

### PERFORMANCE INDICATORS

The performance indicators we monitor internally are:

- the number of critical risks to date, and their evolution after mitigation actions;
- the number of suppliers in industrial areas with a high CSR risk with an insufficient CSR assessment;
- the number of suppliers having had a compliance audit.

The CSR risks relating to suppliers are detailed in the SNFP chapter and in the vigilance plan, in sections XIII and XIV.

## XII.9. RISK OF LOSS OF TECHNOLOGICAL COMPETITIVENESS

Rapid technological developments in the civilian field [artificial intelligence, transformation of digital infrastructures, drones, quantum technologies, etc.] and their application in the military field, significantly push back the barriers of existing technologies, opening up a wide range of potential applications for our vessels. At the same time, operational needs are changing, as is the threat facing navies, with the adversary running the risk of turning these same technological advances to their advantage.

Also, as an international player in naval defence, and with a constant concern for maintaining sovereignty, Naval Group must master the evolution of applied and applicable technologies in its field by pursuing its strong ambitions in terms of technological innovations. In 2024, these areas apply to drones, the digital transformation of products and services, the application of artificial intelligence, energy management, the handling of new threats, ship resilience and quantum.

To continue to offer its customers major advances to ensure their interests and to maintain its strategic positioning in terms of technological competitiveness, Naval Group has multiple levers to capture and integrate technological and process innovations:

- ongoing scientific and technological monitoring to identify and study scientific and technological developments with an application of interest and changes in competition as early as possible;
- the organisation of dedicated spaces to develop agile, frugal and disruptive innovation and promote the spirit of innovation among all employees [Innov Factory in Ruelle, Naval Innovation Hub in Paris, OpenLabs, etc.]. Since January 2022, the entire system has been coordinated by Innov' Factory Services, to better support deployment, facilitate sharing and accelerate projects;
- sustained and repeated dialogue with customers and the development of frugal experiments, to be as close as possible to their needs, whether in terms of expected capacities, technological constraints or implementation timeframe;
- the implementation of strong governance, favourable to rapid and informed decision-making, allowing the prioritisation and the challenge of subjects according to their targeted application [program, product line, time-to-market], their technological, industrial and economic maturity, all aligned with the group's human and financial resources and strategic objectives;
- the deployment of an industrial or academic collaboration policy aimed at developing partnerships with players specialising in their respective fields with all the required vigilance on the protection of its intellectual property and co-innovation work. Naval Group's collaboration with such partners not only accelerates the development of innovations, but also strengthens the group's sovereignty and that of our customers.

### INTELLECTUAL PROPERTY PROTECTION RISK

The intellectual property policy in place since 2006 aims to protect Naval Group's intellectual assets. It applies to all products and services and their contents, to all knowledge and know-how irrespective of whether or not it has been formally recorded or whether it is acquired through innovations made internally or from outside. Naval Group safeguards the results of its innovation by all possible means, including the imposition of secrecy, protecting them through registered rights (patents, trademarks, designs and copyrights), search engine optimisation, seizure, confidentiality and publication.

Notwithstanding the protection sought and obtained, Naval Group may find itself in a situation where its intellectual property rights are subject to challenge, infringement, invalidation proceedings or circumvention. To reduce the risk of infringement, Naval Group performs intellectual property monitoring and analysis as part of its own patent examination procedures and in the technical and development phases for its products.

To execute its programs or for its operational needs, Naval Group provides its subcontractors and suppliers with elements of its technical portfolio. These elements may be related to sensitive know-how or industrial differentiating factors. Naval Group may face risks of unauthorised use and dissemination of its technical assets. In this context, Naval Group strengthened its technical portfolio control procedure in 2024, through the deployment





of Intellectual Property audits conducted on the premises of its subcontractors and suppliers. An intellectual property audit makes it possible to inventory Naval Group's technical assets located with the subcontractor or supplier, to control the storage and protection measures that are actually implemented by the subcontractor or supplier, and to identify any misuse of Naval Group's technical assets.

## **XII.10. RISKS OF LOSS OF COMPETITIVENESS: SKILLS AND ATTRACTIVENESS OF TALENTS**

### **RISK OF LOSS OF KEY SKILLS**

Given the technical complexity of Naval Group's products and the multitude of skills required for their design, construction, in-service support and development during the operational life of the products, the acquisition, retention, redeployment (depending on program and sites load) and renewal of these skills is a major challenge for the group.

Any loss of very specific skills and know-how can be particularly damaging for the group, particularly in a context of rapid changes in regulations, standards, industrial practices and technologies. The major risk is therefore that the group might experience difficulties in recruiting or retaining talent and having the required skills available in the right place at the right time in order to execute its strategy and successfully complete its programs. To limit this risk, the group is developing a set of actions (school partnerships, training policy, knowledge transfer, new hires coaching on the business fundamentals) so that it will possess the skills in the right place at the right time and anticipate its future needs.

Additional information is available in section XIII.2.9.

### **DETERIORATION OF LABOUR RELATIONS AND POLICIES**

The culture of dialogue with trade unions and employee representative bodies is undoubtedly one of the key components of Naval Group's DNA. The company's ongoing transformation process and in particular, the change in the company's status in 2003, would not have been a success without the quality of social dialogue that the company can draw upon. It resulted in a contractual dynamic that led to the conclusion of major agreements often cited as benchmarks: company agreement, agreement on competitiveness, GPEC agreement (strategic jobs and skills management agreement), teleworking agreement, agreement on quality of life at work, etc. Admittedly, the exercise of social compromise is sometimes difficult but is undeniably an essential prerequisite for the social body to take ownership of the transformations that the company must carry out. This was the case with the implementation of work orders within Naval Group and notably through the establishment of the Social and Economic Committee [SEC] through the signature of amendment no. 2 to the company agreement.

Set up since October 2018, the SEC and its commissions have been truly successful in the renovation of social dialogue at Naval Group.

Conscious of the risks that the company may incur through the deterioration of social dialogue and working conditions, particularly in terms of performance but also the health of its employees, Naval Group strives to develop quality social dialogue where negotiation has a central place.

2022 was marked by the signing of the new metallurgical industry collective agreement (NCCM) in February, applicable from January 1, 2024. The General Management and the trade unions [TUs] therefore engaged in negotiations to adapt the company agreement to the provisions of the new collective agreement and were unable to reach an agreement in 2023. As a result, General Management was forced to terminate the company agreement of April 11, 2017 and negotiations took place throughout 2024, leading to a new company agreement in January 2025.

Naval Group also makes diversity and inclusion, as well as quality of life at work, assets for its development. Additional information is available in section XIII.2.8.

## **XII.11. RISKS OF SERIOUS OPERATIONAL AND INDUSTRIAL ACCIDENTS**

### **TECHNICAL SECURITY RISK**

Product safety is a top priority for Naval Group to prevent any product failure that could lead to a major accident. Control of product safety is therefore a major issue for customer satisfaction and the group's sustainability. Naval Group has implemented certain measures to ensure and continuously improve product safety management. In addition to taking into account safety issues in all operational activities impacting the product and the quality organisation provisions to prevent and detect non-compliance, Naval Group has adopted operating principles and guidelines and specific guidance and control, with inspections to control risks in three major risk areas (nuclear safety, diving safety, pyrotechnic safety).

The three technical authorities: platform, systems and cybersecurity are responsible for the technical framework that guarantees security performance. They ensure that this framework is maintained in order to incorporate the lessons learned. They ensure that product offerings and programs respect this framework and determine whether key milestones in terms of design, production, trials and product maintenance have been met, particularly those concerning safety. The group's Chief Technical Officer is a member of the Executive Committee, which enables an optimised chain of intervention on both prevention and risk management.

The products that the group designs offer a very high level of safety from the outset, thanks to a technical framework in which safety is fundamental. All projects are nevertheless subject to specific reviews involving our safety experts, which enables technical options to be assessed and safety-improving solutions to be put forward.

Naval Group is convinced that our customers have safety requirements as demanding as our own, and we are certain that this factor can give us an advantage over our competitors. The group pays great attention to this point in the preparation of tenders. Its technical experts are closely involved in tender preparation and in the associated technical reviews.

Naval Group remains at our customers' service until our products reach the end of service. In connection with the technical overhauls that we perform, we draw up safety assessments for vessels in service and assist our naval clients in researching further advances. The role of the technical authority for these specific phases is identical to that for new buildings.



## 2024 NEWS

The technical authority took part in the various safety reviews and in monitoring the processing of reserves during the tests of two export submarines and one French submarine. It also took part in the reviews before the sea trials of a French surface vessel and of an export vessel. These staging points ensured the safety of Naval Group products and the absence of risks for on-board personnel and crews.

The technical authority carried out a substantial technical survey on a surface vessel program and was also asked to issue technical opinions at the customer's request.

The technical authority has set up regular exchanges to have an effective chain of intervention on the prevention and management of any associated risks.

## PERFORMANCE INDICATORS

The exercise of technical authority and its interventions in technical reviews are based on a structured technical network that includes experts recognised at three levels of expertise and distributed across all entities. Their actions are managed and are allocated indicators, which are monitored in the management of the process "Innovate and consolidate the technical base" under the sub-process "ensure the control of technical risks" which scrutinises interventions in reviews, handling of major technical events.

The identification and availability of experts, on the one hand, and of the technical reference framework, on the other hand, are also monitored.

## NUCLEAR SECURITY RISK

The role of the nuclear inspectorate is to propose Naval Group's internal nuclear safety policies and regulations for all of its activities to General Management. It prepares an annual report on the state of safety of Naval Group's nuclear activities. It monitors and verifies the security measures taken under these policies in line with regulatory changes, which it monitors. Its independence is guaranteed by its inclusion in the general inspectorate.

To satisfy the policies proposed, it develops and follows a multi-year plan that defines long-term areas for progress. The multi-year plan for 2023-2025 was drawn up in consultation with the French Navy, the DGA and the Defence Infrastructure Department (SID). It is based on two axes: performance, notably with the effective implementation of operational reliability practices, including among subcontractors with the development of training projects, and the professionalisation of nuclear skill management in production.

The Nuclear Inspectorate conducts inspections to verify the compliance of the group's practices with regulations and internal instructions, and receives regular reports on the implementation of the resulting action plans.

It performs or takes part in, together with the Quality and HS&E Departments, investigations undertaken to analyse the year's most significant events and define the necessary corrective or preventive action.

The nuclear inspectorate manages Naval Group's radiation protection network. It therefore monitors the radiation doses received by Naval Group staff and within its establishments by its subcontractors and ensures an optimised distribution of doses. It ensures that these remain well below not only the legal limits

but also the ceilings set by Naval Group (half the legal ceiling) and ensures that there is no contamination.

The nuclear inspector also manages the job category in the nuclear field. To that end, the inspector proposes or approves the recruitment, training, career paths and professional development of employees specialising in the field to guarantee the development and maintenance of the key skills for this "sovereign family".

## DIVING SAFETY RISK

The mission of the Diving Safety Inspectorate is to ensure the application of Naval Group's internal safety regulations to all its activities in France and abroad. It monitors and verifies the security measures taken under these policies and their developments. Its independence is guaranteed by its inclusion in the general inspectorate. The group Inspector General submits an annual report on the state of diving safety of the submarines designed and maintained by Naval Group to the Chairman of the Board of Directors and Chief Executive Officer.

The Diving Safety Inspectorate conducts inspections to verify the compliance of the group's practices with regulations and internal instructions, and receives regular reports on the implementation of the resulting action plans.

It performs or takes part in, together with the Quality and HS&E Departments, investigations undertaken to analyse the year's most significant events and define the necessary corrective or preventive action.

Few safety-diving incidents occurred in 2024. Action plans were put in place to avoid their replication.

The Diving Safety Inspectorate coordinates the network of engineers specialising in diving safety at the various Naval Group sites concerned with the French and foreign submarines designed and maintained by Naval Group.

The Diving Safety Inspectorate also manages the diving safety job category. To that end, the inspector proposes or approves the recruitment, training, career paths and professional development of employees specialising in the field to guarantee the development and maintenance of the key skills for this sovereign family.

## PYROTECHNIC SAFETY RISK

The role of the pyrotechnic inspectorate is to propose Naval Group's internal pyrotechnic safety policies and regulations for all of its activities to General Management. It monitors and verifies the security measures taken under these policies in line with regulatory changes, which it monitors. Its independence is guaranteed by its inclusion in the general inspectorate. The group Inspector General submits an annual report on the state of safety of Naval Group pyrotechnic activities to the Chairman of the Board of Directors and Chief Executive Officer.

The Pyrotechnic Inspectorate conducts inspections to verify the compliance of the group's practices with regulations and internal instructions and receives regular reports on the implementation of the resulting action plans.

It performs or takes part in, together with the Quality and HS&E Departments, investigations undertaken to analyse the year's most significant events and define the necessary corrective or preventive action.



A few minor pyrotechnic safety incidents occurred in 2024. Action plans were put in place to avoid their replication. The pyrotechnics inspector coordinates the *ad hoc* training and network of employees specialising in this field.

#### RISKS IN RELATION TO HS&E

Any industrial activity carries risks that could affect the HS&E. Improving HS&E is one of Naval Group's CSR commitments. It constitutes a fundamental responsibility for the company as an employer and a lever for improving the group's performance in all operational areas. Naval Group is ISO 45001:2018 and ISO 14001:2015 certified. These two standards, which adopt the same structure as ISO 9001:2015, simplify the integration of the HS&E management system into the overall management system.

#### OH&S RISKS

In order to control OH&S risks and prevent any serious work-related injury, Naval Group relies on an HS&E policy, objectives and requirements applied across the entire group. These define the rules to be implemented and the good behaviours expected of everyone so that everyone is a driving force in the prevention and reduction of risks to themselves and the people working in their environment. The daily presence of risk prevention agents in the field also ensures a high and consistent level of control. Naval Group's OH&S performance is monitored using several indicators: the number of accidents with lost time (LTA), the frequency rate 1 and the severity rate. The main levers put in place in recent years, aimed at strong managerial involvement and a change in behaviours, were continued in 2024:

- manager involvement in the process of analysing accidents and incidents, communication with operational staff;
- incentives for employees to commit to risk prevention by completing risk situation reports;
- raising employee awareness of OH&S risks and those related to addictions [drugs, alcohol];
- dissemination of safety alerts to all managers in the event of a high-potential OH&S event;
- delivery of a safety passport to the main service providers based on their performance and management of OH&S;
- introduction of safety and environmental awards to reward team initiatives and performance.

Additional information is available in section XIII.2.6.

#### ENVIRONMENTAL RISKS

Naval Group's environmental approach encompasses all of its activities, products, services and infrastructure. This approach is developed in the company's design and performance/production processes and has been ISO 14001-certified continually since 2008. Naval Group's activities present three main environmental risks: risks resulting from a major environmental event, risks related to greenhouse gas emissions from sites, and risks related to the environmental footprint of our products. Further information is available in sections XIII.2.1 to XIII.2.5.

#### RISKS OF BUSINESS INTERRUPTION

The risks of interruption or significant disruption to activity are diversified: pandemics, unavailability of infrastructure, failures of strategic machines, cyberattacks, extreme weather events, fires. To limit the impact of such risks, Naval Group mobilises several levers, such as:

- risk mapping;
- risk prevention, through the relationship between sites and the Departmental Fire and Rescue Services (SDIS) or marine firefighters, for example;
- the strengthening of business continuity plans (BCPs) at group and site level, to ensure the resilience of key resources (human resources, information systems, infrastructures, machines, suppliers and subcontractors);
- the organisation of exercises.

### XII.12. RISKS OF CYBERATTACKS

The increase in international geopolitical tensions (conflict in Ukraine, Israeli-Hamas conflict), new modes of access to information related to the increased use of teleworking, as well as the increasing digitisation of industrial activities and equipment to be integrated into weapons systems are all factors that significantly increase cyber risk for an international defence industrial company such as Naval Group.

Depending on their mode of operation and especially the purpose sought by the attackers, cyberattacks can have very different impacts – direct or indirect – at group level:

- legal impacts;
- operational impacts;
- financial impacts;
- competitive loss;
- impacts in terms of image and reputation.

Naval Group's exposure to a cyberattack remains high in an increasingly tense context where attacks can take several forms. In 2024, there were no major cyber incidents to paralyse Naval Group SA's production activities. Some of our suppliers/partners suffered attacks, some of which were serious, but their impacts did not paralyse Naval Group's production.

All the departments concerned remain strongly involved in managing these risks. This has resulted in the continued strengthening of cyberattack detection and protection capabilities by the Naval Group Security Operation Center (SOC), relying in particular on an outsourced part of the SOC Managed Security Service Provider (SOC/MSSP).

The dedicated action plan to control cyber risks on the group's products and means of production is reflected in:

- regular updates and monitoring of the cyber maturity plans managed by the Cybersecurity Director. The Cybersecurity Department is responsible for defining and implementing the group's cyberstrategy and for coordinating, federating and monitoring the deployment of all the systems established in roadmap of each IS, both internally and for the products and services provided by Naval Group;
- significant multi-year investments to modernise, rationalise and secure information systems (IS);



- the construction of a new development IS enables the implementation of a unified framework for practices and technical resources ensuring overall management of cyber risks for the group's software activity;
- a supply chain plan which consists of strengthening the cyber contractual requirements and the selection criteria of suppliers according to the cyber criticality of the purchase, across all purchasing categories;
- regular and independent measurement of the level of cybersecurity of our infrastructures (corporate IS, industrial IS, etc.) and our products, through reviews, audits and penetration tests carried out by experts from the Cybersecurity Department or authorised specialist companies, appointed by the Cybersecurity Department;
- cyber requirements are now taken into consideration internally and for our products right from the design phase and throughout the life cycle of the products, backed up by cyber skills development across the IS, engineering and production teams;
- a coordinated IS certification process;
- increased coordination between the data management systems:
  - the group Security Department for data relating to national defence secrets,
  - the Data Protection Officer (DPO) for the protection of personal data. His/her mission is to ensure the protection of personal data as described in the European GDPR regulation. Additional information is available in section XIII.2.10,
  - IS operators and, in particular, the Digital Transformation and Information Systems Department (DTSI) for the management of IS, their development, their protection and their performance,
  - the Data Office for intellectual property data and all sensitive corporate information. Its mission is to implement the standards for consultation, use and communication of the group's data, whether strategic, industrial and/or operational, in compliance with regulatory and internal and external operational requirements, with the associated governance;
- the adaptation of our processes to strengthen the integration of cybersecurity into all of the group's processes.

In terms of human resources, the plan has two aspects:

- regular cybersecurity awareness-raising for all group employees, accompanied by communication and awareness-raising campaigns;
- cyber familiarisation through a plan called "Cyber champions" aimed at reinforcing the understanding and proper consideration of cybersecurity in all of the group's activities.

Naval Group's protection system therefore covers governance, awareness-raising and tools.

Teleworking is governed by an *ad hoc* agreement; remote access systems for teleworking applications have been stabilised.

#### PERFORMANCE INDICATORS

Cyber performance indicators have been defined and are monitored through regular committee meetings with the directors concerned. These indicators concern cyber monitoring and improvement plans in the build and run activities of Naval Group information systems.

In terms of information security, Naval Group ensures detailed management of employees' authorisations as well as of classified information and media. The dedicated management systems are regularly audited by the State authorities.

### XII.13. RISKS OF NON-PERFORMANCE AND IT FAILURE

To meet the business challenges of Naval Group on the national or international level, but also to face the growing context of cyber threats, the security and performance of our information systems are at the heart of Naval Group concerns now more than ever. Dependent on the long life cycle of vessels and as the result of its heritage, Naval Group's IS portfolio has evolved over the years. The IS offering has been expanded and modernised to ensure solutions adapted to the company's overall strategy and to contribute to the digital transformation.

To control the risks of obsolescence, data loss or cyberattacks, measures have been in place for several years, as well as ambitious action plans, including:

- the infrastructure modernisation and security project (hosting, network, storage, backup, etc.);
- work to streamline the fleet of applications;
- the modernisation of the international IS;
- the development of digital products that meet the business challenges for the production operator;
- the achievement of digital continuity based on data based on the entire life cycle of the product.

These significant multi-year investments to modernise and secure our IS contribute to the enhancement and control of our IS portfolio (applications, technical services, hosting/infrastructures). All actions undertaken are coordinated with the group's Cybersecurity Department and Security Department.



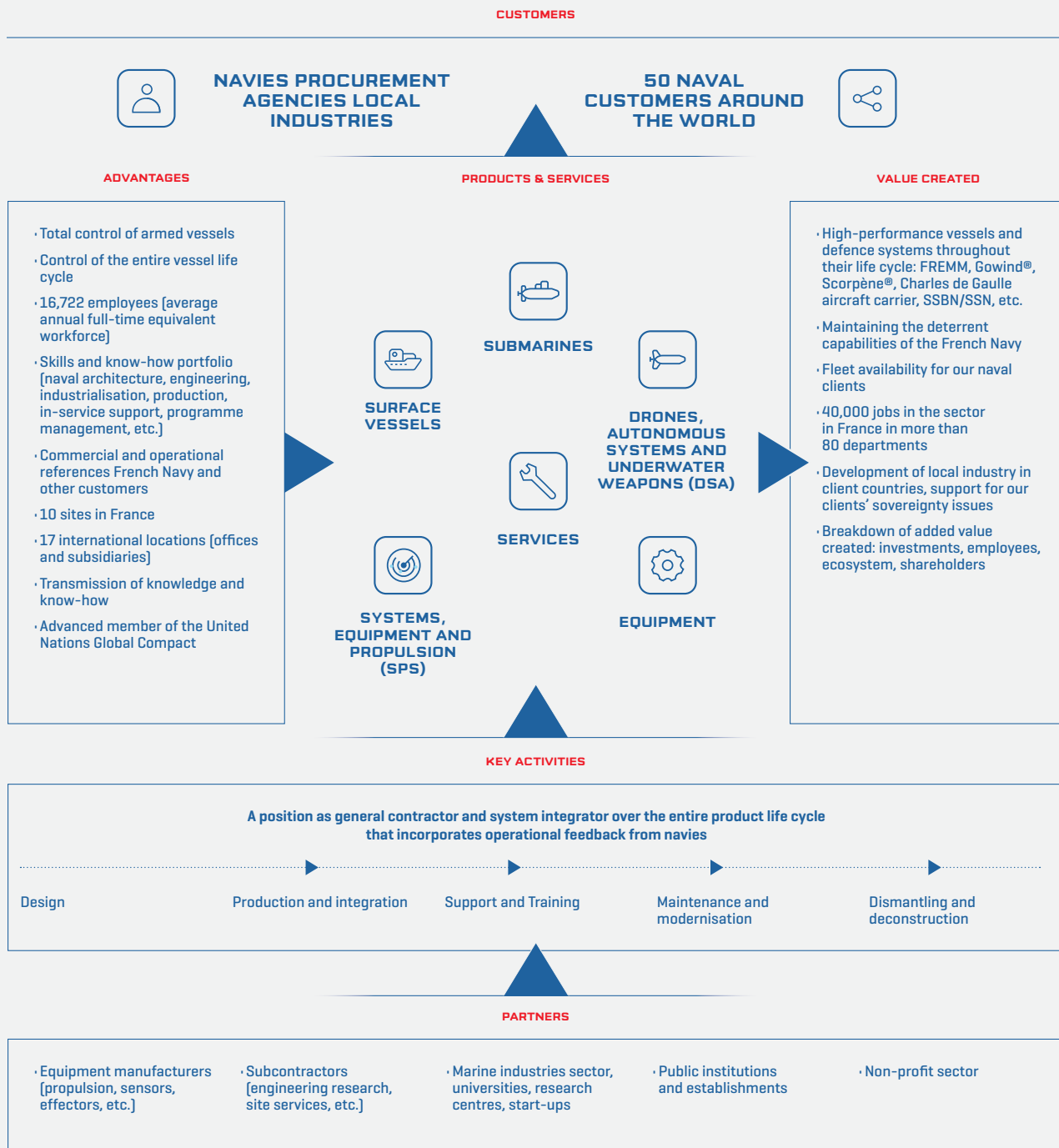
# XIII. STATEMENT OF NON-FINANCIAL PERFORMANCE (SNFP)

## XIII.1. INTRODUCTION

In this chapter, Naval Group presents its SNFP in accordance with the provisions of articles L. 225-102-1 and R. 225-105 of the French Commercial Code in their versions prior to January 1, 2025 as maintained for the 2024 financial year for companies whose securities are not admitted to trading on a regulated market, by setting out its CSR approach with its policies, commitments, achievements and results. This chapter XIII takes into account the following French legislative and regulatory requirements: Order no. 2017-1180 of July 19, 2017 and Decree no. 2017-1265 of August 9, 2017 transposing the European Directive of October 22, 2014 on the disclosure of non-financial information by companies.



### XIII.1.1. BUSINESS MODEL





### XIII.1.2. CSR AT NAVAL GROUP

#### CSR GOVERNANCE

CSR is one of Naval Group's key concerns. The Chairman of the Board of Directors and Chief Executive Officer and the group's executives are keen to anticipate and meet the expectations of internal and external stakeholders in order to ensure the company's sustainability in a safer, more sustainable and more inclusive society.

In order to strengthen the CSR culture and its place in the group's governance, the Chairman of the Board of Directors and Chief Executive Officer has taken measures to accelerate progress on sustainable development issues. The following points are worth a mention:

- for the past four years, the CSR strategy has been integrated into the group's strategic plan. The CSR strategy is broken down into 16 projects divided into four pillars: governance, social commitment, environmental protection and climate resilience, and responsible industrial partner. Each pillar is sponsored by a member of the Executive Committee and each CSR project is managed by a person specialising in the topic concerned;
- the management of the CSR strategy is carried out directly by the Executive Committee on a half-yearly basis. Each year, CSR objectives are defined for each project and approved by the Executive Committee;
- the Compensation, Appointments, Ethics and Corporate Social Responsibility Committee of the Board of Directors reviews the group's CSR strategy once a year;
- the CSR Department reports to the group's General Secretary, who is a member of the Executive Committee.

#### CSR DEPARTMENT

The CSR Department guides the company stakeholders towards an increasingly responsible company on social and environmental issues by promoting responsible behaviour.

The CSR Department oversees management of the CSR strategy. In particular, its role is to:

- support the sponsors and pilots of CSR projects: providing help with structuring, coordinating cross-functional actions and facilitating interactions between entities;
- ensure overall consistency;
- monitor the progress of CSR projects, in particular *via* half-yearly reporting to the Executive Committee;
- detailed presentations of CSR projects at Executive Committee sessions;
- encourage employee involvement in the CSR approach through training and communication actions.

It is responsible for:

- annual reporting;
- consolidation of the vigilance plan and of the SNFP;
- the preparation of the CSR report.

In France, the CSR Department relies on a network of CSR managers with whom it organises monthly updates. The site's CSR manager disseminates the site's CSR culture, shares the site's CSR actions with all CSR managers, and coordinates and/or contributes to local actions.

### XIII.1.3. PRINCIPLES OF ACTION

Naval Group has adhered to the United Nations Global Compact since 2014. This initiative requires companies to align their strategies and operations with the ten universal principles on human rights, labour, environment and anti-corruption as well as to take action to advance societal objectives and the implementation of the seventeen SDGs.

Each year, Naval Group reports its progress to the Global Compact organisation.

Naval Group is committed to meeting the seven pillars of the ISO 26000 standard. The standard defines Corporate Social Responsibility as the responsibility of an organisation with regard to the impacts of its decisions and activities on society and on the environment, resulting in ethical and transparent behaviour that:

- contributes to sustainable development, including the health and well-being of society;
- takes into account the expectations of stakeholders;
- complies with the laws in force while being consistent with international standards of behaviour;
- is integrated throughout the organisation and implemented in its relationships.

Naval Group has been part of a continuous improvement program in the non-financial domain. This approach is built on the basis of recognized international texts such as the ten principles of the United Nations Global Compact, the fundamental conventions of the International Labour Organisation (ILO), the United Nations conventions on the rights of the child, United Nations Universal Declaration of Human Rights, the European Convention on Human Rights, the United Nations Guiding Principles on Business and Human Rights, known as the UNGP, the United Nations Women's Empowerment Principles united, the guiding principles of the Organisation for Economic Cooperation and Development (OECD).

### XIII.1.4. LINK BETWEEN THE ARMED FORCES AND THE NATION

As a defence company, Naval Group has an important role to play in helping to strengthen the link between the Armed Forces and the Nation. This is reflected in the sponsorship and partnership operations implemented by the group to support initiatives related to the national defence sector.

For example, each year Naval Group supports the missions of the French Armed Forces-Youth Commission of the French Ministry of the Armed Forces, which works to maintain the essential link between the armed forces and young people, by sponsoring Commission events such as the Youth Armed Forces Award. The group also supports the "Solidarité Défense" association by contributing financially to the creation of the *My first military ceremony* booklet, an educational book dedicated to children. On the national reservists days in 2023, Naval Group also announced the doubling of the number of days assigned to Naval Group reservists, to support the commitment of its employees. Events to promote the reservist role were held at the group's sites on the occasion of the 2024 national reservist days. A partnership agreement between the DGA, the French Navy and Naval Group to strengthen the defence industrial reserve was also signed on November 5, 2024. Finally, each year, for the ceremonies of May 8 and November 11, Naval Group renews its support for Bleuets de France by promoting collections organised by the association on its sites.



### XIII.1.5 PREPARATORY WORK FOR THE IMPLEMENTATION OF CSRD REPORTING

In accordance with the Corporate Sustainability Reporting Directive (CSRD), Naval Group must publish a sustainability report in accordance with ESRS standards starting in 2026 for the 2025 financial year.

The group began working on this new non-financial reporting in 2024.

A multidisciplinary project team comprising the CSR Department, the Finance Department, the Audit and Risk Department and the Legal Department was created in January 2024.

Five members of the Executive Committee sponsor the CSRD project and validate the stages as the project progresses.

Progress on the project is regularly presented to the CARI and was also presented at a joint meeting of two committees of the Board of Directors, the CRNE and the CACR, in October 2024.

The following milestones were completed in 2024:

- understanding of the directive and training of the stakeholders concerned;
- modelling of the Naval Group value chain;
- identification of the relevant sustainability issues for Naval Group and related impacts, risks and opportunities (IRO);
- definition of the IRO assessment methodology;
- assessment of the issues and IROs by the business lines concerned, in particular the H&SE Department, the Human Resources (HR) Department and the Purchasing Department;
- validation by the Audit and Internal Risks Committee [CARI] of the preliminary material issues;
- gap analysis to identify relevant qualitative and quantitative indicators for implementation in 2025;
- request for proposals for the first sustainability Auditor assignment.

In 2025, the dual materiality mapping will be finalised and work will be carried out to prepare the publication of the sustainability report for the 2025 financial year.

### XIII.1.6. SCOPE OF CSR REPORTING

#### COMPANIES INCLUDED IN THE REPORTING SCOPE OF THE SNFP

The companies included in the reporting scope of the SNFP are those listed in note 1.4 [scope of consolidation].

#### ENVIRONMENTAL INFORMATION INCLUDED IN THE REPORTING SCOPE OF THE SNFP

The environmental information covers all of the French sites of Naval Group SA, namely Cherbourg, Brest, Lorient, Nantes-Indret, Angoulême-Ruelle, Saint-Tropez, Toulon, Ollioules, Paris and Bagneux. Environmental data relating to energy consumption, scope 1 and 2 greenhouse gas (GHG) emissions and environmental incidents are prepared on a rolling year from January 1, 2024 to December 31, 2024.

The other companies in the financial consolidation scope represent less than 2% of the group's number of staff. The subsidiaries carry out design, research, technical assistance, project management assistance, purchasing and sales assistance, administrative support and in-service support activities. They consequently generate a reduced environmental impact compared to French activities and therefore are not included in the scope of environmental reporting of the SNFP.

#### OH&S INFORMATION INCLUDED IN THE REPORTING SCOPE OF THE SNFP

OH&S indicators cover all Naval Group SA sites in France and all staff: employees and temporary workers. The other companies in the financial consolidation scope represent less than 2% of the group's number of staff and are therefore excluded from the OH&S indicators (excluding secondees).

#### SOCIAL INFORMATION INCLUDED IN THE REPORTING SCOPE OF THE SNFP

The social reporting scope highlights the Naval Group SEU (economic and social unit), comprised of the French establishments and the French subsidiaries Sirehna and MO Porte-Avions, and the group, which corresponds to the group made up of the SEU and the French and foreign companies in which Naval Group has a majority stake. The indicators presented below relate to the SEU.

### XIII.2. NON-FINANCIAL RISKS IDENTIFIED BY NAVAL GROUP

#### PRINCIPAL NON-FINANCIAL RISKS

Since 2018, Naval Group has included non-financial risks in its risk mapping exercises and in the mitigation plans required by the entity mapping process.

The list of the group's principal CSR risks was validated by the CARI in June 2022 and renewed in 2023 and 2024.

An update of the climate risk map was validated by the CARI in December 2023. Given the nature of our naval defence, Naval Group considers that combating food waste and food insecurity and respecting animal welfare and responsible, equitable and sustainable food are not major non-financial risks for Naval Group and do not warrant further development in this Statement of Non-Financial Performance.

Details of non-financial risks are presented below. The quantified indicators are shown in the summary table of performance indicators in Part XIII.3 of the SNFP.

#### THE GROUP'S ENVIRONMENTAL COMMITMENT

The sea is the environment in which most of the group's employees work. Our customer navies use products designed and built by Naval Group. Although the maritime space is full of business potential, it is still a fragile environment. Conscious of this reality, the group is committed to tackling environmental issues in its activities: products, services and infrastructure. To embed this guideline in processes, respect for the environment is the subject of an H&SE policy implemented at all its sites in France. It will also be implemented soon in its subsidiaries. Environmental issues are included in the CSR strategy.

In addition to the requirement to comply with the regulations in force, the environmental policy is divided into two areas:

- controlling environmental risks by analysing them and implementing the necessary preventive actions;
- limiting the environmental impacts:
  - of our sites, by reducing greenhouse gas emissions and optimising waste management across our sites,
  - of products and services over their entire life cycle by integrating environmental requirements from the design stage into a proactive approach and into our purchases.





Three principal risks are identified in terms of the environment: a major environmental event, site GHG emissions and the environmental footprint of our products. These three risks are detailed in sections XIII.2.1. to XIII.2.3.

### XIII.2.1. RISKS RESULTING FROM A MAJOR ENVIRONMENTAL EVENT

#### ISSUES

In the process of the performance/production of Naval Group's activities, the measures taken are designed to manage the industrial risks, prevent their occurrence and, where necessary, limit their impact on the environment. High-risk situations are identified and are subject to special monitoring. Likewise, remedial solutions are defined to enable them to be implemented swiftly. Environmental performance targets are set for reducing the number of events having a temporary impact on the environment.

#### DETAILED DESCRIPTION

Environmental events represent a significant risk for Naval Group due to the heavy industrial activities carried out on its sites and the systematic proximity of a river, sea or ocean. These events could be a fire, an explosion, a leak or a large spill of toxic products or pollutants, for example. Their possible causes are as follows:

- failure to identify or prevent risks specific to Naval Group's industrial environments;
- inadequate controls on Naval Group sites, equipment and processes;
- design error in site equipment/production process used;
- failure to follow procedures and regulations on site;
- insufficient training of individuals working on site;
- human error on the part of individuals working on site;
- failure of maintenance/qualification of industrial facilities.

#### IMPACTS

A serious environmental industrial accident could:

- seriously and sustainably pollute the environment (water/air/soil/energy/waste);
- suspend, or even stop Naval Group activities;
- have serious social, financial and criminal consequences;
- adversely affect the Naval Group image.

#### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

In order to control this risk, Naval Group implements a risk analysis by applying the requirements of the ISO 14001 standard. Naval Group and its environmental management are ISO 14001 certified across all sites in France since 2008.

On the sites, environmental advisors, who report to the site's HS&E Department, are responsible for carrying out this analysis, relying as much as necessary on the people implementing the production processes and the site management departments.

The analysis of environmental risks includes:

- their identification;
- their description;
- their gross rating;
- the control measures implemented;
- their net price (taking into account the means of control).

The group has set targets for the number of events concerning industrial environmental performance:

- zero major events;
- a maximum of four events per year with a temporary impact on the environment (significant event).

When an event occurs despite the implementation of preventive actions, a cause analysis is conducted using the "8D" methodology. The corrective and preventive actions decided upon are implemented to avoid the occurrence of the same event or a similar event.

#### 2024 NEWS

As every year, environmental analyses of the sites were reviewed in 2024. A single format for environmental analyses has been determined.

The definition of the various levels of environmental events has been refined and clarified. The objective is to integrate even more objectivity into the assessment of the severity of environmental events. This definition is included in an instruction of the Naval Group framework. It has been tested since the start of 2024.

#### PERFORMANCE INDICATORS

The Naval Group sites demonstrate sustained controlled environmental performance, notably thanks to the actions of environmental advisors.

In terms of performance, the group did not report any major events. Following the new definitions applied since the beginning of 2024, more events are now included in the definition of a significant event. The objective was defined prior to this new method and was not achieved in 2024 due to the change in the rating of events. Experimentation with this method will continue throughout 2025.

### XIII.2.2. RISKS RELATED TO SITE GHG EMISSIONS

#### ISSUES

As part of our CSR approach, Naval Group has set itself the objective of reducing its direct greenhouse gas emissions by a factor of six by 2050 compared to 2014. This represents a reduction of around 70,000 t. CO<sub>2</sub>-eq.

This objective supports the transformation of the sites.

Naval Group uses the Bilan Carbone® (v8.6) tool in operational control and location-based mode to assess greenhouse gas emissions. The emission factors used are those of the 2022 footprint database.

Naval Group's day-to-day activities involve direct and indirect greenhouse gas emissions at all sites, as they involve the following tasks:

- heat, cool and light workplaces;
- produce domestic hot water;
- supply all industrial resources;
- receive and dispatch equipment;
- employee commuting;
- employee business travel.



## IMPACTS

The transformation of sites guided by the objective of reducing GHG emissions must make it possible to:

- improve the environmental performance of sites;
- maintain or strengthen the attractiveness of Naval Group among new candidates and employees;
- communicate positively to our customers;
- limit the impact of the increase in energy costs.

## POLICY AND STRUCTURE IN PLACE

Naval Group has conducted a low-carbon CSR project since 2021 to support the transformation of sites. It aims to improve the carbon footprint of the sites and in 2024 has led to action in several areas:

- the measurement of energy consumption, in particular by the implementation of a centralised technical management tool (BMS/GTC) allowing real-time knowledge of consumption at the entrance to the site, and which associated with the ongoing deployment of metering plans will ensure more specific management of site uses;
- reducing energy consumption, in particular by replacing natural gas as a means of heating;
- business travel, in particular the preference for travel by train rather than by air;
- support by Naval Group of the most significant suppliers (mainly SMEs), in measuring their carbon footprint and implementing action plans to reduce their carbon footprint;
- developing the use of sustainable mobility methods;
- the investigation of rail freight shuttle solutions;
- the impact of digital technology.

Each sub-project is led by a manager in the field concerned, who reports regularly to the Director of Site Coordination. The "low carbon" project is part of the group's CSR strategy. As such, its progress is regularly assessed by the Naval Group Executive Committee.

## 2024 NEWS

In 2024, it was possible to implement actions in relation to greenhouse gas emissions.

In the energy sub-project, significant efforts were made on the use of natural gas (start of the heating period and heating setpoint at 19°C, replacement of natural gas boilers by heat pumps, improvement of the heating system). The development of photovoltaic systems took shape at the Ollioules and Ruelle sites in the summer of 2024, and studies necessary for the deployment of photovoltaic solutions on the other sites are still underway. Naval Group is continuing campaigns to replace lighting with LED solutions.

A building management system (BMS) tool has also been deployed on several sites. The objective is to complete the deployment of the BMS tool across all of Naval Group's French sites by 2026. 2025 will be devoted to the completion of the deployment of a centralised technical management solution in connection with the deployment of the metering plans.

Concerning the sub-project on business travel, in 2023 Naval Group decided to prohibit the use of air travel for journeys that could be completed in less than four and a half hours by train. This decision has led to a significant shift from air travel to the use of trains for business travel.

A major survey was launched among all employees to analyse their business travel habits. This survey was conducted two years

after the previous one and will serve to assess the effectiveness of the actions deployed. Concerning vehicle sub-projects, the group is implementing a proactive approach to service vehicles, enabling an increase in the ratio of electric vehicles across its fleets. 17% of vehicles renewed in 2024 were by low-emission vehicles meeting the requirements of the LOM law (emitting less than 60 g/km of CO<sub>2</sub>), including electric and plug-in hybrid models).

Concerning the sub-project on the use of sustainable mobility methods, a reduction in the modal share of the personal car in favour of bicycles and carpooling validates the relevance of actions in favour of bicycle travel (loans, repair service, shelters) and carpooling (dedicated platforms, reserved spaces, access to sustainable mobility packages). Actions to promote and secure the use of bicycles are ongoing. 111 EV charging stations are available across all sites. In addition, Naval Group now operates carpooling platforms for its employees at all sites (outside the Paris region). 2025 will be devoted to the deployment for users of solutions contracted at the end of 2024 in the Provence-Alpes-Côte d'Azur (PACA) region.

In the freight sub-project, a new logistics platform is used in Brest for supplier reception and storage. It has a roof that is entirely covered in photovoltaic panels. The same type of platform is being assessed for the Nantes-Indret site. A study is underway to develop the use of railways for our goods transport between sites in the West and South of France.

In the digital activities sub-project, a study is underway to optimise our data centres in order to reduce our energy consumption. A communication on digital sobriety is carried out regularly among our employees.

The main levers selected for 2025 are as follows:

- the continued deployment of the BMS tool;
- reducing energy consumption by strengthening the culture of resource management;
- the measurement and implementation of actions to reduce our carbon footprint related to the use of digital technology;
- the development of the use of renewable energies;
- reducing the carbon footprint of the supply chain;
- waste recovery and reduction.

The list of actions described above is not exhaustive. In addition, actions are implemented daily to reduce our greenhouse gas emissions across our sites.

To measure the effectiveness of the actions implemented, even though regulations require a GHG emissions assessment every four years, the group has produced its carbon assessment on an annual basis. However, the assessment will only be filed on the website of the French environment and energy management agency (*Agence de l'environnement et de la maîtrise de l'énergie* - ADEME) every four years. This assessment is carried out internally using the Bilan carbone® method. The assessments for 2016, 2018, 2020 and 2021 are available on the ADEME website. The next assessment will be filed in 2025.

An estimate of the GHG emissions assessment is also produced quarterly on scopes 1 and 2, and has been extended to scope 3 of the carbon assessment (commuting and business travel) since 2023. The objective of reducing greenhouse gas emissions by 5% per year is one of the operational criteria associated with the 2024-2026 profit-sharing agreement. The objective applies to scopes 1 and 2 of the carbon assessment. The associated indicator takes into account changes in site load, measured in hours worked, as well as outdoor temperatures during



heating periods, in order to measure the actual improvement in environmental performance.

For the 2024 financial year, the GHG emissions of the main components of scopes 1 and 2 of the carbon footprint assessment (natural gas, electricity, district heating network, sea trials, vehicle fleet), calculated from site management data, correspond to 18,502 t eq. CO<sub>2</sub>. The calculation scope was expanded in 2024 to include fuel consumption related to sea trials for our products and associated support vessels. This value is gross and does not take into account corrections related to changes in load and temperatures during heating periods. A presentation of the achievement of GHG emission reduction targets and an analysis of the carbon footprint for the past year are provided in the CSR report.

### PERFORMANCE INDICATORS

Emissions for 2024 were estimated on the basis of consumption over the period from December 2023 to November 2024. The indicators for risks related to site GHG emissions are as follows:

- change in energy consumption;
- GHG emissions assessment (ISO hours worked and ISO Unified Degree Days [DUJ]).

### XIII.2.3. RISKS RELATED TO PRODUCT ENVIRONMENTAL FOOTPRINTS

Naval Group ensures that its vessels have the least possible impact on the environment throughout their life cycle, while maintaining their technical performance.

To identify and measure the environmental impact of some of its products, Naval Group carries out environmental assessments. In accordance with ISO 14001 2015, the specific purpose of these environmental assessments is to identify significant environmental aspects and to propose eco-responsible solutions that will reduce them.

A continuous improvement method makes it possible to classify vessels according to their maturity in the environmental approach.

#### DETAILED DESCRIPTION

The main topics studied during these environmental assessments are:

- resources;
- liquid discharges;
- solid waste;
- gaseous emissions;
- energy;
- hazardous substances;
- outdoor environments: biodiversity;
- end-of-life management.

The results of these environmental assessments enable the group to measure the carbon footprint of its products and thus meet the requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL) developed by the International Maritime Organisation (IMO). Nonetheless, the assessments depend on assumptions on how products are used and on the available data, which are not comprehensively reported.

The methodology for measuring carbon footprints was consolidated by a study entrusted to AMVALOR, to work on the determination of the functional unit and the possible comparison between vessels. This method has been validated by the Technical Department and included in the business lines guidelines. Environmental assessment results may be accessed in different ways. They can be read:

- according to the systems or subsystems of the vessel's architecture over their entire life cycle, or over a single life phase, based on one or all criteria (resources, discharges, biodiversity);
- according to life phase (design, manufacture, operation, maintenance, end-of-life), for all or part of the vessel, based on one or more criteria, which makes it possible to weight the life phases using criteria, and to identify optimisations throughout the vessel in each of its life phases [*e.g.* energy].

### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

Since 2010, Naval Group has focused on eco-design and ISO 14001 certification for all its activities, including design activities.

Eco-design is driven by the group's Technical Department, which leads the approach. Within the Technical Department, and more specifically the "Environment and Eco-design" business sector where around fifty specialists work, the Environment Design Managers (REC) set out the environmental requirements for ship projects and programs and support the architects and system manufacturers in their design choices, actively participate in R&D and the definition of business rules, according to their needs and the feedback acquired on the programs.

A continuous improvement method makes it possible to classify vessels on five levels, according to their maturity in the environmental approach.

- level 1: systematic application of the Naval Group regulatory standard;
- level 2: at least two environmental studies on the first level of the vessel's tree structure (platform, combat system, propulsion, etc.);
- level 3: environmental analysis or life cycle analysis during the design phase, followed by the allocation of eco-design requirements;
- level 4: proposed green technologies with a 20% reduction in significant environmental aspects resulting from the analyses;
- level 5: proposed green technologies on all significant environmental aspects with a 50% reduction in significant environmental aspects.

The transition to level N can only be done if level N-1 has been achieved.

Five level 3 environmental assessments were finalised and presented internally in 2023 and 2024: FDI, Gowind®, BSB and future oceanic submarine (FSM0) and 3G SSBN.

FDI's results were presented to the DGA in September 2023.

The carbon footprint of the FREMM was assessed in 2017, that of the Gowind® corvette in 2018, that of the Scorpène® submarine in 2019, and that of the SSN Barracuda in 2021.

To reduce significant environmental aspects by 20% and be able to achieve level 4, the development of eco-responsible solutions is based on R&D. Since 2023, for each Technology Readiness Level (TRL), Naval Group has offered a tool that adapts to the maturity of the innovation and in particular to the available data, enabling us to measure its share of eco-contribution. The higher the TRL, the more reliable, quantified and robust the data allowing this measurement will be. For innovations at the concept or laboratory validation stage (TRL 3/4), an environmental performance index (EPI), developed a few years ago, was reworked then renamed



“environmental contribution indicator” (ECI). It is structured around the eight areas of progress resulting from life-cycle analyses (LCA): consumption of resources, energy consumption, solid waste, liquid discharges, gaseous emissions, hazardous substances, end of life and external environments (preservation of biodiversity). The solution is considered to be eco-responsible when the energy component is concerned or at least four of the other areas. This melting pot of eco-responsible solutions, labelled through the ECI, will be challenged on environmental issues as it matures. Thus, in TRL5, Naval Group uses a simplified LCA, then in TRL6 and if necessary, a full LCA. Throughout the maturity process, the share of eco-contribution is therefore increasingly assessed. It is verified during the Innovation Maturity Committee (CMI) review. From a first fairly large list of eco-contributing solutions, the goal is to come up with a more restricted yet robust list, intended to enrich the catalogue of technical solutions proposed for the programs. These are solutions that will then be tagged as eco-responsible and achieve the stated objective, *i.e.* reduce the environmental impact generated and position the vessels at level 4.

#### 2024 NEWS

To do this, a strong awareness-raising campaign was held, in particular by making the completion of e-learning in eco-design compulsory, with nearly 6,000 employees involved in the value chain: from marketing to purchasing, including the design teams of all entities.

In addition, on the initiative of the Submarines Division, an ideas competition was organised on the theme of eco-design. The most realistic and promising submissions were transcribed into R&D proposals for 2024.

The network of “Environment and Eco-design” specialists was developed by integrating new scopes, in particular the Drones, Autonomous Systems and Underwater Weapons Department (DSA) or the Combat Systems Department, as well as new activities such as infrastructures sold by the Services Division.

#### PERFORMANCE INDICATORS

The performance indicator is the number of environmental analyses launched on the programs. For 2024, only the 3G SSBN environmental assessment was expected. This indicator is included in the HS&E indicators.

### XIII.2.4 RISK OF BUSINESS INTERRUPTION DUE TO EXTREME WEATHER EVENTS

#### ISSUES

Naval Group may be impacted occasionally or on a recurring and long-term basis by extreme weather events.

Faced with these risks, Naval Group is strengthening its climate resilience, *i.e.* its ability to adapt to climate change and its ability to react to and limit the effects of extreme climate events.

Extreme climate events are likely to impact Naval Group over a wide area: Naval Group's sites, products and suppliers are affected by this risk.

#### IMPACTS

The vulnerability analysis shows the predominance of three climate hazards:

- floods/submersions;
- extreme winds;
- temperature variations.

#### 2024 NEWS

Naval Group is continuing and updating its analysis of the resilience of group sites to climate change by integrating climate projections. These risks are included in the business continuity plans of sites.

In terms of products, continuous monitoring is carried out on the impacts of climate change on vessels. A conference on the impacts of climate change on defence vessels was held in 2024 to raise awareness among Naval Group personnel on this subject. This work will be continued in consultation with Naval Group's customers as part of their own approaches adapted from the Climate and Defence strategy of the French Ministry of the Armed Forces of April 2022.

With regard to suppliers, a benchmark was initiated on supplier climate risk assessment methods. This work will continue with the definition of a climate risk assessment method for Naval Group's panel of suppliers.

#### PERFORMANCE INDICATORS

In 2024, ten sites defined their risks of business interruption due to extreme weather events.

Faced with the increase in the number of extreme events, Naval Group has expanded its Business Continuity Plan (BCP) system to prevent and also limit the effects of climate events (in particular *via* an alert system).

### XIII.2.5. RISKS OF FURTHER CHANGES AND LEGAL AND REGULATORY REQUIREMENTS IN TERMS OF THE ENVIRONMENT

#### ISSUES

Environmental regulations are increasingly ambitious with clear and dated objectives, in particular on the release of GHG into the atmosphere.

#### IMPACTS

This risk may result in a substantial increase for our products and sites in terms of:

- prices (energy, water, raw materials, semi-finished products);
- delays;
- adaptation and compliance costs.

#### POLICIES AND ORGANISATION IN PLACE

#### PRODUCTS

Within the business sector dedicated to eco-design, a regulatory watch unit exists to identify changes in legal and regulatory constraints in terms of the environment. They are referenced in a standard requirements document (SRD). Those applicable to vessels designed by Naval Group constitute the standard basis of this SRD. This SRD gives rise to the applicable requirements, which are mandatory for all new vessels designed by Naval Group.



The SRD supported by the eco-design business line must be applied to all new projects. It makes it possible to deal with the following topics, all stemming from regulations:

- resources;
- liquid discharges;
- solid waste;
- gaseous emissions;
- energy;
- hazardous substances;
- outdoor environments: biodiversity;
- end of life.

In addition, Naval Group ensures regulatory intelligence to anticipate changes prior to 2050, by participating in standardisation bodies in France and internationally.

#### SITES

To monitor regulations on environmental issues across its sites, Naval Group uses the Red-on-line tool. An environmental questionnaire is filled out regularly at each site. After processing, this questionnaire is used to obtain all the requirements applicable to the site. Compliance with the applicable requirements is assessed on a regular basis. In the event of non-compliance, the necessary actions are defined and planned.

An instruction defines the regularity of the submission of the questionnaire and the verification of compliance. It also defines the roles and responsibilities in this regulatory watch.

#### PERFORMANCE INDICATORS

##### PRODUCTS

Naval Group's ambition regarding the eco-design approach is split into five levels (see above in part XIII.2.3 of the SNFP).

##### SITES

The regulatory compliance rate of sites in terms of HS&E is monitored regularly.

### XIII.2.6. OH&S RISKS

#### ISSUES

The Occupational Health and Safety policy is an integral part of the group's strategy and its transformation plan. It is signed by the Chairman of the Board of Directors and Chief Executive Officer together with the members of the Executive Committee. It consolidates the group's ambitions and requirements, providing a general overview thereof to meet the needs and expectations of its customers, to develop a culture of risk identification, and to control and ensure regulatory compliance.

Naval Group's global QSE management system is certified according to the ISO 9001, ISO 14001 and ISO 45001 standards. The main risks of accidents and incidents identified at Naval Group are defined, on the one hand, with regard to the most recurring causes that have led to accidents and, on the other hand, in consideration of the risks whose consequences are likely to result in serious injury or death.

The main causes of these accidents in 2024 were manual load handling and transportation, trips or falls from height following movements in workshops and vessels. By themselves, they make up more than half of the LTAs.

Travel accidents with and without lost time accounted for nearly one-third of the total number of accidents in 2024 and remain very serious, despite a significant decrease in the number of days lost this year.

The activities related to our major risks are: handling and lifting of parts, work at height, electrical work, work in confined spaces, work on rotating machines and fires. These activities generated few accidents but remain closely monitored.

#### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

The OH&S policy is the responsibility of the Director of Operations and Performance, and is deployed locally by risk prevention teams. They ensure that all employees are involved in the process of inspiring individual and collective vigilance so that everyone is aware of the role and responsibility incumbent on them.

These teams, present on every site, are composed of prevention facilitators and advisors, guided by prevention managers. These managers act as advisors to the site directors. Together, they enforce risk prevention, provide advice and expertise to operators and management, and manage the coordination of activities from the OH&S standpoint.

The OH&S network also relies on experts to manage all risks generated by industrial activities. Ergonomics, fires, hazardous chemical agents and asbestos are all areas in which these experts provide guidance.

The healthcare policy is a component of Naval Group's strategy and a sign of its operational excellence. Its implementation and monitoring involve shared governance that is integrated into process and performance reviews. It is carried out by the Occupational Health steering committee, which meets on a half-yearly basis.

It is structured around four main areas:

- preventing work-related accidents and diseases;
- protecting employee health;
- preserving the employability of employees;
- preventing health-related discrimination.

In support of these objectives, the occupational health policy provides for the deployment of annual or multi-year action plans based on the priorities defined for each major objective. Its action plans are rolled out by Naval Group's coordinating physician, who is supported by occupational physicians, experts in the fields of travel health, toxicology, addictions, radiation protection, ergonomics and epidemiology.

The involvement of the management line and developments in the behaviours of all staff present on our sites, Naval Group employees or otherwise, are central to the OH&S effort. Training is one of the main levers used by Naval Group to accomplish this aim.

In 2024, numerous hours of training in OH&S topics were delivered. In addition, an awareness-raising campaign on the risks related to addictions was conducted at all sites, raising awareness among nearly 11,000 employees.

Every new hire undergoes OH&S training upon arrival to ensure that every person entering a Naval Group site is familiar with OH&S requirements. This awareness-raising is a *sine qua non* condition for obtaining an access badge.



Workstation training is also administered by the manager of every person who joins the company to ensure that he/she is knowledgeable about the OH&S risks of his/her position and the procedures to be followed in the event of an accident or incident. This training is supplemented by training in the working environment.

Each manager taking up his/her duties at a Naval Group site undergoes an OH&S managerial passport training course informing him/her of his/her OH&S responsibilities. Through this training, he/she will notably be made aware of risk assessments, accident management and employee safety management. A comprehensive panel of more specialised training is given at Naval Group to ensure that everyone has enough information so as to manage the risks related to the industrial activities in which they are involved.

## 2024 NEWS

To reduce the number and severity of accidents within Naval Group, several large-scale actions were launched in 2024. Thus, action plans resulting from audits, accident data and specific aspects of sites were initiated and monitored throughout 2024.

OH&S trophies were also awarded to recognise employees who achieved good results or proposed effective initiatives to reduce risks within Naval Group.

Lastly, in a desire to include our service providers in our continuous improvement approach to OH&S, Naval Group has created OH&S passports and awarded them to our main service providers based on their performance and their OH&S management.

## CONTROL OF PRINCIPAL OCCUPATIONAL SAFETY RISKS

The actions introduced several years ago to prevent the principal OH&S risks continued in 2024. Inter-site groups specialised in the major risks are in regular contact to share their best practices and the problems they encounter. These groups of experts work together to ensure optimal management of the risks that employees are exposed to.

The principal risks are also subject to precise statistical monitoring of their evolution; accidents or incidents that occur are also subject to in-depth analyses that are regularly presented to the local and national Social and Economic Committees in order to present results and observations. These analyses and the ensuing preventive actions are shared throughout the prevention network so that the feedback benefits the entire group.

These primary risks are also controlled through strong management involvement and changes in behaviour. To this end, the principal levers put in place in recent years were continued in 2024:

- manager involvement in the process of analysing accidents and incidents, talking to staff on the ground;
- incentives for employees to engage in risk prevention by completing risk situation reports;
- conducting safety culture diagnostics.

## PARTICIPATION IN PHYSICAL AND SPORTING ACTIVITIES

In order to prevent musculoskeletal disorders (MSDs) and avoid ankylosis, Naval Group has taken several measures. A click and move training specific to the prevention of MSDs related to working on screens, for example, was provided by an ergonomist at several sites. Muscular awakening and warming up by adapted physical activity teachers are also being rolled out at the various sites.

Moreover, the CSEs offer various physical and sports activities *via* subsidies, and the implementation of sports activities during lunch breaks or through the establishment of company clubs.

## OH&S COMMUNICATION

Awareness-raising campaigns remain an essential vehicle for sharing results, actions and programs with all employees and getting everyone on board. They are conducted online, in the Naval Group internal magazine and local OH&S newsletters and news flashes, and in connection with events such as Occupational Health & Safety Week and World Environment Day.

Local and national communications operations are also periodically conducted on the sites' key themes; interviews with the main company risk prevention participants are conducted to inform and educate staff about the prevention measures developed.

An OH&S communication plan has been implemented. These campaigns, rolled out in the form of videos, posters, articles on the intranet and support for "safety toolbox meetings", helped raise awareness among all Naval Group employees.

## OH&S INTERNATIONALLY

International development is a key factor for Naval Group. The company's growth depends on our ability to meet the needs of our customers in France and internationally, and to guarantee the safety of our employees. To this end, an international OH&S network was launched in 2018. It brings together the prevention managers of the Naval Group subsidiaries with the highest numbers of staff, located in Malaysia, Saudi Arabia, India, Egypt, Brazil and Singapore. The purpose of this network is to specify OH&S requirements and expectations, and to regularly exchange views with a view to sharing best practices.

Furthermore, to guarantee an optimal level of safety for expatriate employees or those on assignment, actions undertaken in previous years were continued:

- the introduction of prevention plans by Naval Group and its customers to prevent risks and ensure effective coordination between the parties;
- the organisation and follow-up of expatriate employees conducted by the occupational physician and the involvement of the international medical official;
- the definition of essential training prior to departure on an expatriation assignment.

## PERFORMANCE INDICATORS

Naval Group's OH&S performance is monitored using several indicators. The number of accidents with lost time (LTAs), supplemented by the frequency rate 1 (FR1) (frequency rate of accidents with lost time per million hours worked) and severity rate (SR): number of days compensated x 1,000/number of hours worked.

The accident report of external companies on site is monitored internally.





### XIII.2.7. RISKS RELATED TO HARASSMENT AND DISCRIMINATION

Everyone has the right to a workplace free from harassment and discrimination (according to article 1a of ILO Convention No. 111, the term “discrimination” includes “any distinction, exclusion or preference made on the basis of race, colour, gender, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”).

#### ISSUES

Naval Group is committed to eliminating all forms of harassment and discrimination at the company. On November 9, 2021, France enacted a law authorising the ratification by France of ILO Convention no. 190 on the elimination of violence and harassment in the world of work. It is in this legal context that Naval Group's actions in this area take place.

In January 2024, Naval Group transformed its whistleblowing system, which is now accessible *via* a digital platform at “speakup.naval-group.com”, in particular to collect and process reports of moral and sexual harassment and discrimination.

This platform is available 24 hours a day, 7 days a week, in the main languages of the countries where Naval Group operates. For statistical purposes, the platform also makes it possible to list the alerts reported through other channels.

#### DETAILED DESCRIPTION

The main risks in terms of harassment and discrimination can be associated with:

- the number of Naval Group employees. Indeed, the multitude of staff required to collaborate or interact, coupled with the diversity of backgrounds and personalities, can lead to conflictual situations;
- in the business sector with a minority of women. Naval Group's activity is primarily focused on shipbuilding. This requires the hiring and intervention of specialists in metallurgy, steelmaking, etc. These sectors of activity, which are predominantly male, can constitute factors of discrimination or even harassment.

#### IMPACTS

Failure to comply with this commitment to combat all forms of harassment and discrimination within the company could have multiple impacts:

- legal: increase in labour disputes, civil and criminal penalties;
- social: on the social climate and employee trust in Naval Group;
- reputational: adversely affect the Naval Group's image.

#### XIII.2.7.1. BULLYING AND SEXUAL HARASSMENT

With regard to harassment, the company implements actions that reduce the risks mentioned above.

#### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

Naval Group has set up several systems in France to reduce the risks related to potential situations of sexual harassment and bullying.

#### 2024 NEWS

Alongside the Speak Up platform, Naval Group has introduced several systems in France to reduce the risks related to potential situations of sexual harassment and bullying.

Preventive measures have been put in place to prevent harassment and, for those that could not be avoided, curative measures have been implemented to stop them.

#### PREVENTIVE MEASURES

As part of the prevention of and fight against sexual harassment and sexist behaviour, officers have been appointed at each site:

- a focal point appointed by the company, responsible for organising prevention actions, information, guidance and support for employees;
- a focal point appointed by the CSE, who is responsible for information, guidance and support for employees.

These interlocutors were trained on legal definitions, sanctions, Naval Group procedures and their missions. Specific communication was carried out at each site and distributed to all Naval Group employees. It is permanently posted at all sites.

As part of the prevention of potential situations of sexual harassment and sexist behaviour and bullying, prevention actions were carried out at Naval Group sites in 2023 and 2024.

Awareness-raising sessions on situations of sexual harassment and sexist behaviour were held in 2023 and 2024 for the entire group human resources community.

An e-learning module on sexual harassment and sexist behaviour has been available to all employees as of October 28, 2022 [323 people trained in 2023 and 78 in 2024].

An e-learning module on bullying has also been available to all employees since June 2024 [246 people trained in 2024].

Managers were made aware of situations of sexual harassment and sexist attitude, and of prevention actions, when the module was made available on the Naval University digital platform.

On January 21, 2022, Naval Group committed to the StOpE approach (stop ordinary sexism in the workplace), an initiative launched in 2018 by 30 companies (including Accor, EY and L'Oréal, which were at the origin of the approach). This approach aims to raise awareness of ordinary sexism in the workplace and to make commitments to combat it. It thus makes it possible to reduce the number of situations of sexual harassment in the workplace by taking action at the first signs of sexist behaviour in the company.

#### CURATIVE MEASURES

A practical and legal investigation guide was distributed to internal interviewers appointed to report potential situations of sexual harassment, bullying and/or discrimination. This guide makes it possible to professionalise the interviewers in the context of their mission with a follow-up of the stages of the investigation, practical advice for conducting the interviews in good conditions, models of letters, reports, minutes as well as the legal definitions of the concepts of harassment (sexual and moral) and discrimination. This guide is given to learners during their training sessions: five training sessions took place in 2022 and



2023 and two in 2024, representing 54 internal interviewers from all Naval Group establishments.

The ESC's sexual harassment and sexist behaviour officers were appointed following the professional elections of October 2022; training was provided to them on May 4, 2023 to better perform their duties.

Free access to the two e-learning modules on sexual harassment, sexist behaviour and bullying is available to all employees on the Naval University training platform.

#### PERFORMANCE INDICATORS

The indicators for harassment risks are as follows:

- number of employees who completed training on sexual harassment and sexist behaviour in 2024 (e-learning);
- number of employees who completed training on bullying in 2024 (e-learning).

### XIII.2.7.2. DISCRIMINATION

#### ISSUES

Equal treatment, and respect for people and differences, are major challenges for Naval Group. Pursuant to applicable international conventions, European and French legislation, Naval Group must prevent and penalise any form of unfavourable treatment of its employees, candidates and partners, which may be based on personal characteristics (age, gender, disability, name, physical appearance, etc.).

#### DETAILED DESCRIPTION

As such, Naval Group:

- guarantees fair treatment in all its processes, and in particular its human resources (HR) and managerial processes;
- makes all its employees, and in particular HR players and managers, aware of the application of the principles of non-discrimination in their behaviour and decisions;
- sets up and communicates the process for handling any alert related to potential discrimination.

#### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

Preventive and curative measures have been put in place to prevent situations of discrimination and, for those that could not be avoided, to implement measures to stop them.

#### PREVENTIVE MEASURES

Diversity and inclusion are strategic priorities for Naval Group and are integrated into the group's transformation program, managed at the level of the Executive Committee. They are regularly communicated to top management, the managerial line and employees. Notably, the commitments in favour of inclusion were the subject of a communication and poster campaign at all sites in 2023, recalling Naval Group's zero tolerance for any inappropriate or discriminatory behaviour. The general principles are set out in the group's code of ethics.

Because solidarity, respect for people and the rights of employees are principles to which Naval Group is committed, an agreement on diversity and inclusion was signed on September 29, 2021, by all the trade unions representing Naval Group. A network of diversity and inclusion officers is present on all sites to promote diversity and inclusion by delivering local activities on the theme. Discrimination officers are appointed at each site in France as provided for by the agreement, and their contact details are communicated to employees, notably through our intranet.

#### CURATIVE MEASURES

The process for handling an alert related to potential discrimination is specified in the agreement and was the subject of a practical sheet which has been made available to all employees since March 2022. Alerts on discrimination – and the associated processing – are monitored and communicated to the social partners, as provided for in the agreement, within the framework of the monitoring committees of the agreement. Discrimination prevention awareness campaigns for recruiters, HR partners and managers are implemented across all sites. Discrimination training and a discrimination quiz are also available *via* e-learning, for all Naval Group employees.

#### PERFORMANCE INDICATORS<sup>(1)</sup>

The performance indicators for discrimination risks are as follows:

- professional gender equality index (France scope);
- number of discrimination officers appointed in France;
- number of correspondents within the association "Elles bougent";
- revenue generated by adapted companies (EA) and work-based assistance establishments (ESAT);
- percentage of women among senior executives;
- percentage of people with disabilities among new hires;
- employment rate of people with disabilities;
- proportion of women managers;
- percentage of women among new hires;
- percentage of seniors (aged over 50) among new hires.

### XIII.2.8. RISKS RELATED TO THE DETERIORATION OF SOCIAL RELATIONS AND POLICIES

#### ISSUES

The quality and dynamism of social dialogue are key drivers of Naval Group's performance and the success of its transformation. They help to build a contract-based social foundation, which is crucial to employee confidence in the company's management and representatives.

For this reason, Naval Group pays very close attention to the quality of social dialogue, in particular to conduct the company's transformation projects, implement new organisations or change operating methods, and for anything that can impact jobs and the staff or undermine the social climate.

[1] In accordance with the rules for calculating the labour report, these indicators include employee mobility with a change of contract amongst group entities.





To date, this policy has only been implemented in France. However, the challenge is to develop an international approach to the core components of the group's social foundation.

#### DETAILED DESCRIPTION

The negative impact of a deterioration in dialogue with trade unions and/or employee representative bodies could present an obstacle to the plans for transforming the organisation or modernisation of processes, and erode the confidence of external supervisory bodies, the main industrial shareholders, and customers, going as far as to suspend operations due to strike action.

This could also have a human impact in terms of health (psychosocial risks) and OH&S in general.

#### IMPACTS

These situations can result in unforeseen financial costs due to the delay in meeting contractual milestones and, eventually, missing the contractual delivery date. A deteriorated social climate and harmful social dialogue also affect the company's image, especially its employer brand, which again would be detrimental to the company's ability to attract prospects and applicants.

#### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

The structure of Naval Group, specifically its Social Policy Department within the Human Resources Department, is focused on maintaining direct and constructive social dialogue with employee representatives and trade unions. It has a central team and industrial relations officers for each of the company's nine sites. The site's industrial relations officer reports to the establishment's Human Resources Director [HRD]. He or she uses the services of a labour lawyer. At the corporate level, the Social Policy Director is supported by a person in charge of labours relations, a six-person legal team, a three-person division for health including a doctor coordinator, and a two-person personnel team with public-sector status.

Relations with trade unions and employee representatives are structured on the basis of the company agreement revised in 2017, 2018 [amendment 2] and 2021 [amendment 2]. This agreement and these amendments dedicate two chapters to social dialogue, one for rules and methods of employee representation [CSE] and one for the trade unions. The organisation for information and consultation of the bodies is based on a desire for high transparency involving upstream players in particular in decisions that have an impact on organisations and individuals.

Amendment 2 stipulates that for any fundamental project, a concerted and participatory approach must be taken with the teams concerned in the very early stages of the project. The social partners are also involved in this process.

Naval Group's approach to social dialogue leads it to go far beyond its legal obligations in terms of transparency, involvement of social partners in the company's organisational development projects, contractual policy where the emphasis is on consultation and negotiation rather than unilateral measures. The number and length of meetings with employee representatives and the agreements reached are proof of this.

2022 was marked by the February 7 signing of the new collective agreement for metallurgy [NCCM], which is a major event in the social ecosystem. The agreement came into force in January 2024. This new contractual system requires that all companies in the business unit adopt a new approach in both their HR practices and their contractual framework. It is in this context that on October 5, 2022, Naval Group and the trade unions [CFDT, UNSA and CFE-CGC] signed an agreement defining the framework and terms of consultation and negotiation on the implementation of the new collective agreement for metallurgy. In 2023, management and the trade unions therefore initiated the negotiation of an amendment 4 to the company agreement, the purpose of which was to adapt and bring into compliance part of the text of the company agreement with the provisions of the new collective agreement. As negotiations could not lead to an agreement, the company agreement and its amendments were terminated at the end of 2023 and negotiations have been held with the representative trade unions since the beginning of 2024 to reach a new company agreement.

#### 2024 NEWS

In this context, a method agreement relating to the negotiation of a new company agreement was signed on February 7, 2024, to define the framework and terms and conditions based on a concerted working method with the trade unions, and to set the employee calendar of the various stages of these negotiations for the year 2024.

Other negotiations were held in 2024 and resulted in the signing of the following agreements:

- NAO agreement and salary measures for 2024 of March 12, 2024;
- profit-sharing agreement of June 26, 2024;
- agreement defining the framework and the procedures for consultation, negotiation and cooperation relating to the transfer of the mission and combat systems [MCS] activities of the Bagneux site of December 6, 2024;
- amendment No. 2 to the GPEC agreement on forward skills planning of July 2, 2024;
- amendment No. 1 to the diversity and inclusion agreement of July 2, 2024;
- amendment No. 1 to the profit-sharing agreement of September 11, 2024;
- amendment No. 2 to the agreement on quality of life at work [QVT] of September 25, 2024;
- amendment No. 2 to the consolidated group agreement on the reimbursement of healthcare expenses and personal provident insurance of November 21, 2024.

#### PERFORMANCE INDICATORS

To measure the quality of social dialogue, the company takes into account the contractual dynamic and internal indicators: the number of irritants reported by employee representatives, notably *via* the individual and collective complaints commissions [CRIC], and the processing of complaints. The conflict rate and short-term absenteeism rate are also measured internally.

In addition, a labour climate observatory was developed and set up at all Naval Group sites, the purpose of which is to anticipate the risks of labour tensions or conflicts. This local document is prepared monthly and a summary is prepared at group level.



The risk performance indicators related to the deterioration of social relations and policies are as follows:

- number of collective agreements signed (including amendments);
- short-term absenteeism rate;
- pay equity ratio.

### XIII.2.9. RISK OF LOSS OF KEY SKILLS

#### ISSUES

Naval Group employs a wide range of specialisms and fields of expertise in the performance of its activities, making use of the varied skills of every member of its workforce. Naval Group products incorporate leading-edge technology systems which require specific skills and know-how.

Any losses in this area can be especially damaging for the group in a context of rapidly changing regulations, standards, industrial and technological practices.

#### DETAILED DESCRIPTION

The major risk is therefore that the group might experience difficulties in having the requisite skills available in the right place at the right time to implement its strategy and successfully execute its programs.

These difficulties could arise from:

- the inability to recruit and retain talent;
- a failure to identify the key skills required to implement the company's strategy;
- the lack of career paths;
- a failure in knowledge transmission when managing successions;
- a wave of departures, in a competitive job market, particularly for short-term jobs.

#### IMPACTS

The consequences can be damaging for the group: a risk of not maintaining the group's high technology standard and, eventually, a risk of losing customers and markets.

#### POLICIES AND ORGANISATION IN PLACE

##### POLICY

To limit this risk, the group takes all possible steps to ensure it can hire, retain, redeploy or replace the skills it will need.

The HR Department and the Communication Department (DCO) have strengthened their employer brand action plan, which includes the objectives of creating pools in critical areas and occupations where there is a shortage of talent. The HR Department runs a partnership policy with schools and training institutions to promote recruitment in the key areas of the group's activity.

In addition, Naval Group supports and contributes to the development of the CInav, a naval industries skills centre whose objective is the creation of "naval-specific" training courses (incorporating knowledge and know-how specific to the naval environment) and the development of the attractiveness of the sector.

In order to support these actions, Naval Group has put in place a roadmap to strengthen its attractiveness among its target audiences, strengthening its network of partnerships and its strategy of mobilising employees as ambassadors of the employer brand.

Moreover, the many career and geographic mobility options including international transfers, the creation of systems for detecting high potential, and investment in training and knowledge transmission enhance the group's appeal.

Locally, a GPEC forward skills management plan includes action plans relating to new hires or knowledge transmission. Furthermore, all medium-and long-term business developments are assessed jointly with the Technical Department. Coordination of the network of 1,824 specialists/experts and senior experts (some with a dual role) serves to manage technical skills within the group [Appointment Committees, specific career management, actions to recognise the sector].

In addition to the GPEC systems in place for all its activities, Naval Group specifically tracks the occupations critical to national sovereignty: so-called "sovereign" families are managed by family heads who make sure the group has up-to-date mapping of the existing skills and of typical career pathways, and organise cross-departmental career reviews.

In addition, the group has established an attractive compensation policy and implements employee profit-sharing under both the statutory and voluntary schemes, as well as employee share ownership and savings schemes which enable employees to own a stake in Naval Group, thus encouraging identification with and loyalty to the group.

##### ORGANISATION

The team's structure for managing skills issues is as follows:

- a unique new service combining attractiveness, recruitment, diversity and inclusion (head office and sites), at the service of operational staff who express their needs in terms of resources and in coordination with the Human Resources Business Partners (HRBP);
- a department responsible for the forward-looking strategic jobs and skills management and training, which oversees the entire GPEC system, career management with HRBP and coordinates the network of the group's specialist correspondents while leading work on sovereign families. It also ensures the consistency of the group's training policy with regard to strategic issues (strategic plan) and sets out the group's guidelines, which are then implemented and enhanced in each department. Naval Group University is working on optimising and enriching the offer with regard to this policy;
- four "Development and skills" Key Account Managers to whom one or more departments are assigned (HR correspondents with business lines): they guarantee the deployment of the development and skills, training and recruitment policy.

##### 2024 NEWS

The group continues its commitment to young people by welcoming more than 1,000 people on internships or work-study programs.

As part of its 2024 work-study program, Naval Group offered 552 young people the opportunity to join its workforce, 80% of whom were in the design and production professions. Securing the recruitment path to renew skills and adjust programs to the required level of capacity resulted in the recruitment of 1,955 new employees in 2024 (Naval Group SEU).



The HR investment plan to secure key skills is accompanied by GPEC highlights at each site involving the Executive Committees, managers, group and local specialty managers to share analyses and recommendations.

In 2024, the main key skills management activities were as follows:

- anchoring the strategic management of resources to strengthen the quantitative and qualitative adequacy of the workload and the internal resources, in line with the operational GPEC approach, in particular associated with the needs of the 3G SSBN and PA-NG programs;
- deployment of learning in the workplace, by strengthening the offering at training sites [roadmap of 35 training shipyards, *i.e.* six more training shipyards in one year, in line with the objectives set], developing seamanship as part of the training plan [seamanship is similar to mentoring and allows people to learn, improve and develop their career in stages with seasoned and recognised professionals, through immersion, benefiting from their experience], continuing Fridays at school, etc.;
- reinforcement of business line integration, in particular, with over 150 business integration courses being rolled out in fields such as hull/welding, industrial development, design, mechanics, procurement, digital technology and in new ones being created, for example metalworking;
- 2024 made it possible to continue to develop the design and industrial development school and to innovate by adapting its courses in order to meet both the challenges of programs and the optimisation of the business model. New: creation of a training course for hull and structure design managers with a five-month “gateway” course for internal employees in the process of professional development or retraining and a 12-month external course. The training provided by the design school in 2024 includes two industrial development and relocation training courses for two years, in partnership with secondary schools and IUT, two integrator and designer training courses and “FIP gateway” (retraining) to meet the ramp-up needs of the 3G SSBN program, as well as two new courses for hull and structure design managers;
- consolidation of the school relations and partnerships strategy, with an improvement in the positioning of Naval Group with priority schools, young people and families. Naval Group has also consolidated its presence and visibility with schools by developing partnerships and expanding the School Partners community, enabling employees to be leaders and share their skill in order to promote the vocations. In 2024, Naval Group still occupies a significant place in engineering schools (16<sup>th</sup> place in the Universum ranking) and gained five places with secondary school/+3 level schools by joining the top 10 most popular companies (9<sup>th</sup> place);
- in 2024, a special effort was made among the priority schools to create pools of work-study students and interns, and to continue to promote Naval Group's business lines among training institutions. Lastly, to support and develop attractiveness, several campaigns combining digital and local media were conducted to attract employees to our trades. For example, the “Digital careers” or “Naval Group is recruiting” campaigns throughout France complement Naval Group's outreach strategy.

#### PERFORMANCE INDICATORS

The following objectives were pursued in 2024:

- fill positions in sovereign families;
- create pools of jobs in shortage areas: followed by the filling of positions in such areas.

The rate of progress in the staffing plan for occupations where there is a shortage of talent and critical skills is monitored in order to measure the quality of key skills management.

In addition to the monitored objectives mentioned above, Naval Group tracks and publishes several performance indicators related to the policies aiming to reduce the risk of lack of key skills such as departure rate, and the number of new hires and departures.

### XIII.2.10. RISKS ARISING FROM BREACHES OF PERSONAL DATA PROTECTION REGULATIONS

#### ISSUES

At a time when concerns about the protection of personal data continue to grow, companies are organising themselves to improve the security and data protection of their employees and customers.

#### POLICY AND ORGANISATION PUT IN PLACE TO CONTROL THE RISK

Recent regulatory changes around the world show the extent to which this subject is at the heart of the concerns of companies and individuals.

Indeed, companies must operate in an increasingly regulated environment, particularly those operating internationally.

In this context, Naval Group is continuing its compliance approach to address the challenges of personal data protection. The group has defined and rolled out a number of actions, coordinated by the group Chief Privacy Officer and in particular:

- harmonise personal data protection requirements across the group;
- support subsidiaries in improving their compliance with applicable local regulations;
- raise awareness among group employees.

#### PERFORMANCE INDICATORS

The indicator related to risks resulting from breaches of regulations relating to personal data protection is the percentage of employees trained in the group's Privacy e-learning.



### XIII.2.11. RISKS RESULTING FROM THE FAILURE TO COMPLY WITH FRENCH AND FOREIGN ANTI-CORRUPTION REGULATIONS, RISK OF CONFLICT OF INTEREST AND INFLUENCE PEDDLING

#### ISSUES

Naval Group applies a principle of zero tolerance to corruption and influence peddling. The group conducts its activities in France and abroad in strict compliance with the conventions, laws and regulations applicable to it, in particular the provisions of the Sapin II law.

The group's Compliance Department, the director of which is the anticorruption and influence peddling correspondent, is in charge of defining and deploying the group's anticorruption system. This system is implemented to prevent and detect any risk of corruption and influence peddling.

In France and internationally, in a constantly changing regulatory environment, Naval Group stakeholders regularly request a presentation on its anticorruption policy to ensure that it meets the best standards.

#### SCOPE

The risks of corruption and influence peddling are identified in the group's risk mapping for activities conducted in France and internationally.

The mapping of the group's corruption and influence peddling risks identifies them by process and associates them with event scenarios that could occur if appropriate control actions were not implemented.

#### IMPACTS

Each risk of corruption and influence peddling is analysed with regard to its potential impact on the company, which includes damage to its reputation, its activity (consequences relating to market access, for example) or its finances.

#### ANTICORRUPTION SYSTEM AND ORGANISATION

The Chairman of the Board of Directors and Chief Executive Officer of Naval Group signs the group's anticorruption policy in which he/she reaffirms the company's commitment, the necessary involvement of its governing body and the measures taken to comply with the Sapin II law.

The cornerstone of Naval Group's anticorruption system, which applies to all its employees, is the identification and assessment of risks of corruption and influence peddling. It also provides for improvement in their control, in particular through prevention actions and where necessary, mitigation and remediation actions. It also includes a documentary framework, simplified in 2023, the foundation of which is the anticorruption code of conduct, supplemented by the anticorruption manual which constitutes the framework for business lines in this area.

The Speak Up whistleblowing system is available to Naval Group employees and stakeholders to collect and process reports made in this way.

An awareness-raising and training program has been rolled out, based on two e-learning modules, one for awareness-raising and the other for training. The first must be followed by all employees and the second by those most exposed to the risks of corruption and influence peddling. They must be repeated every three years. At the end of 2024, 15,841 employees were up to date with their awareness-raising and 7,382 with their training.

To implement and manage this system, the group Compliance Department, which acts as one of the second lines of control of the company, relies on a network of Compliance Officers, appointed by the directors of entities (departments, sites and subsidiaries).

An internal control plan is also in place to assess the level of maturity of the anticorruption system deployed within each entity, based on ten requirements. It aims to support and strengthen the deployment of the anticorruption system within the group.

#### ANTICORRUPTION SYSTEM PERFORMANCE

Each month, the anticorruption system is assessed based on management and performance indicators that cover several themes: the commitment of the governing *via* the level of deployment of the system within their entity, the employee training and awareness-raising, the assessment of third parties and the related risk levels, the self-declarations of conflicts of interest, the weak signals and reports including those received on the whistleblowing system.

#### 2024 NEWS

In 2024, the ISO 37001 certification of Naval Group was confirmed, demonstrating the group's commitment to the fight against corruption and influence peddling. In addition, and in accordance with the roadmap that the Compliance Department had set, the following main actions were taken to improve the anti-corruption system:

- updates to the corruption risk map following feedback from 2023;
- the construction and implementation of a new mapping of corruption risks for each country;
- the roll-out of new anticorruption awareness and training modules;
- the deployment and commissioning of the new "speakup.naval-group.com" whistleblowing system;
- conducting internal controls on the level of application of the anticorruption system at the sites and subsidiaries;
- continued implementation of the process of collecting and analysing weak signals.

#### PERFORMANCE INDICATORS

The indicator for risks resulting from breaches of French and foreign anti-corruption regulations, risk of conflict of interest and influence peddling is the number of reports received.



### **XIII.2.12. RISKS RELATED TO NON-COMPLIANCE WITH EXPORT AND CUSTOMS CONTROL RULES**

#### **ISSUES**

Naval Group is an exporter of military equipment and related materials, as well as dual-use goods [civil and military]. Export markets are of capital importance for the group as they contribute to the activity of its production sites, the maintenance of skills and the financing of R&D.

Exports or intra-community transfers of military equipment and dual-use goods are subject to French, European or foreign authorisation regulations.

In fact, a strengthening of French or European or foreign regulations relating to exports or transfers of military equipment and similar, or the occurrence of international events, or changes in geopolitical factors, could prohibit or restrict the obtaining of export licenses, or even affect the execution of signed contracts.

#### **IMPACTS**

Reduced access to military export markets would have significant consequences on the group's activity and financial position.

#### **POLICIES AND ORGANISATION IN PLACE**

By drafting appropriate export control criteria, alongside permanent support for the group's Products and Services Departments and the group's operational departments, and through training and awareness-raising actions, Naval Group's Export Control and Customs Affairs Department (DCE) carries out its control mission in compliance with applicable regulations.

#### **2024 NEWS**

Naval Group applies a principle of zero tolerance in the event of non-observance of rules on compliance with export control regulations. A meeting dedicated to the subject is held every quarter at Executive Committee level.

Control procedures have been strengthened and the compliance control network has been extended within Naval Group's departments which conduct export activities.

Procedures [standards, operating methods, forms] are being redesigned and awareness-raising/training actions for staff have been intensified.

A tool-based method for the export control of material goods before transport and customs clearance has been introduced. The corresponding tools have been provided to all sites, training has been delivered and user support has been put in place.

With regard to customs matters, the DCE is continuing the actions undertaken to guarantee the group's customs compliance and ensures cross-functional management in view of the preparation of the audit for the renewal of the Authorized Economic Operator (AEO) certification.

#### **PERFORMANCE INDICATORS**

Monitoring and updating the framework of procedures for obtaining export licences; Monitoring the training plan and the handling of anomalies and non-conformities.



### XIII.3. SUMMARY TABLE OF PERFORMANCE INDICATORS

Risks	Indicators	Methodology	2023 data	2024 data
XIII.2.9. Risk of loss of key skills	Departure rate	Number of departures on permanent/secondment contracts over a rolling 12-month period excluding natural departures (retirement)/number of staff (permanent/secondment contracts) in January of year N.	3.3	3.2
	Percentage of positions filled in critical positions (GPEC)	Number of positions filled/total positions provided for in the job description for occupations where there is a shortage of talent (permanent/fixed-term contracts).	80	86
	Number of new hires	Number of new hires on all contracts, excluding temporary staff (including contract changes).	2,127	2,118
	Number of departures	Number of departures for all contracts, excluding temporary staff (including contract changes).	1,596	1,699
XIII.2.8. Risks related to the deterioration of social relations and policies	Number of collective agreements signed (including amendments)	Number of collective agreements signed in year N (including amendments) (SEU scope).	5	9
	Short-term absenteeism rate	Based on the number of staff managed over the period: sum of absences of less than 10 days recorded during the analysis period divided by the sum of working days recorded (Naval Group SA).	0.7	0.7
	Pay equity ratio	Indicator 221 of the labour report: ratio of the average gross full-time salary of executives (including senior executives) versus the average compensation of workers and employees.	2.04 for the reference year 2022	1.97 for the reference year 2023
XIII.2.7. Risks related to harassment and discrimination	Number of employees who completed the training on sexual harassment and sexist behaviour (e-learning)		323	78
	Number of employees who completed the training on bullying (e-learning)			246
	Number of discrimination officers appointed in France	Number of discrimination officers appointed in France.	10	10
	Number of "Elles bougent" focal points	Number of "Elles bougent" focal points. Quarterly monitoring of new registrations made on the "Elles bougent" website.	300	340
	Percentage of women among all members of governing bodies	Percentage of women among all members of salaried governing bodies (decree of 2021-Rixain law).	30.6	30.0
	Percentage of women among senior executives	Percentage of women among all members of senior executives (excluding corporate officers – decree of 2021-Rixain law).	15.5	14.6
	Percentage of women managers	Ratio of women managers/total managers (number of staff).	173	176
	Revenue generated by adapted companies (EA) and work-based assistance establishments (ESAT)	Revenue generated by adapted companies (EA) and work-based assistance establishments (ESAT) in Euros.	3,904,317	4,615,000
	Employment rate of people with disabilities	Calculated once a year as part of the DOETH (and validated by URSSAF) on the basis of the previous year's data.	6.3 for the reference year 2022	6.7 for the reference year 2023
	Gender equality index	The gender equality index consists of five indicators scored out of 100 points, which assess the inequalities between women and men in the company.	89 for reference year 2022	89 for reference year 2023
	Percentage of people with disabilities among new hires	Ratio of people with disabilities hired/total new hires (excluding interns and temporary workers).	1.7	2.0
	Percentage of women among new hires	Ratio of women among external hires compared to the total number of external hires (including transformation) as full-time equivalent (FTE) employees, all contracts excluding temporary workers.	23.4	19.1
	Percentage of seniors among new hires	Ratio of seniors (over 51) among external hires compared to the total number of external hires (including transformation) as full-time equivalent (FTE) employees, all contracts excluding temporary workers.	6	6



Risks	Indicators	Methodology	2023 data	2024 data
XIII.2.6. OH&S risks	Number of work-related injuries with lost time	Includes work-related injuries with lost time (excluding commuting accidents and relapses) of Naval Group SA and temporary staff (all contracts) who were not rejected by the health insurance fund at first instance (refusal of coverage, closed without action) or after challenge by the employer (rejected).	133	168
	Number of days lost	On the same scope as for the "Number of work-related injuries with lost time" indicator, this indicator corresponds to the sum of days lost in year N (calendar days from the day following the accident) including relapse and extension in year N.	3,314	5,619
	Frequency rate 1	Work-related injuries with lost time/hours worked x 1,000,000.	5	6.2
	Severity rate	Lost days including relapse and extension in year N divided by the number of work-related injuries with lost time/hours worked * 1,000.	0.13	0.208
XIII.2.1. Risks resulting from a major environmental event	Number of environmental accidents		0	0
	Number of significant environmental incidents		1	7
XIII.2.2. Risks concerning site greenhouse gas emissions	Change compared to the previous year in the scopes 1 and 2 GHG emissions of sites (ISO hours worked and ISO Unified Degree Days)	Use of the Bilan carbone methodology on scopes 1 and 2. A ratio is applied for hours worked (Naval Group and subcontractors) and DJUI8 (unified degree days).	-11.60%	-5%
	Change in gas energy consumption compared to the previous year (ISO hours worked and ISO unified degree days)	Retrieval of all natural gas consumption data at French sites. A ratio is applied for hours worked (Naval Group and subcontractors) and DJUI8 (unified degree days).	-19.60%	-7%
	Change compared to the previous year in electricity consumption (ISO hours worked and ISO unified degree days)	Retrieval of all electricity consumption data at French sites. A ratio is applied for hours worked (Naval Group and subcontractors). A ratio is applied for the DJUI8 (unified degree days) at 20% of consumption (heating).	-8.70%	-1%
	Material recovery rate from non-hazardous waste	Recovery of all tonnages of non-hazardous waste and their treatment (supply to the SRD service provider). Ratio between non-hazardous waste subject to material recovery (excluding rubble and excavated soil) and all non-hazardous waste (excluding rubble and excavated soil).	75%	76%
XIII.2.3. Risks related to product environmental footprints	Number of environmental analyses of products	Number of analyses completed during the financial year.	4	1
XIII.2.4 Risk of business interruption due to extreme weather events	Number of sites that have defined their risks of business interruption due to extreme weather events.		8	10
XIII.2.10. Risks resulting from failure to comply with the General Data Protection Regulation	Percentage of employees trained via the group's Privacy e-learning			73.87
XIII.2.11. Risks resulting from the failure to comply with French and foreign anti-corruption regulations, risk of conflict of interest and influence peddling	Number of alerts received (of which admissible)			3 (2 admissible)
XIII.2.5. Risks of further changes and legal and regulatory requirements in terms of the environment		Rate of site compliance with HS&E regulations.	87%	90%

# XIV. VIGILANCE PLAN

## XIV.1. INTRODUCTION

### XIV.1.1. LEGAL REFERENCE FRAMEWORK

French law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and ordering companies introduced, in article L. 225-102-4 of the French Commercial Code, the obligation to parent companies and ordering companies, whose registered office is located in France and which employ more than 5,000 employees in France or more than 10,000 employees in France and abroad, to establish and effectively implement a vigilance plan.

This plan must include “reasonable vigilance measures to identify risks and prevent serious violations of human rights and fundamental freedoms, health and safety of people and the environment” that may result from the group’s activities and those of suppliers or subcontractors with whom there is an established commercial relationship.

### XIV.1.2. DUTY OF VIGILANCE GOVERNANCE

Coordination of the vigilance plan is managed by the group’s CSR Department under the aegis of the General Secretary, to whom the monitoring, actions and proposals for improvements to the plan are presented every six months.

Each department concerned by the risks identified implements actions to mitigate and prevent any serious breaches. They monitor and measure their effectiveness, particularly via performance indicators.

As part of monitoring of the CSR strategy, the vigilance plan was presented to the Executive Committee in June and December 2024. In July 2024, it was also presented to the Remuneration, Appointments, Ethics and CSR Committee of the Naval Group Board of Directors.

### XIV.1.3. APPLICABLE INTERNATIONAL AND INTERNAL STANDARDS – DUTY OF VIGILANCE INITIATIVES

Naval Group adheres to the highest standards in the performance of its activities. The group is committed to respecting human rights, protecting the environment and the health and safety at work of its employees. These commitments are set out in a set of internal documents such as the group’s Code of Ethics, the Charter of Human Rights and the group’s practical guide to ethical behaviour.

Naval Group has also implemented a supplier code of conduct that incorporates the precise commitments expected from Naval Group’s suppliers and subcontractors, particularly in terms of human rights, environmental protection and the health and safety of people (see section XIV.4.4 of the vigilance plan).

The principles applied by Naval Group are guided by the following (international) conventions and regulations:

- ILO Conventions: 29, 105, 138, 182 (child labour and forced labour), 155 (safety and health of workers), 111 (discrimination), 100 (compensation), 87 and 98 (freedom of association, right to organise and collective bargaining);
- the United Nations Convention on the Rights of the Child;
- the United Nations Universal Declaration of Human Rights and the European Convention on Human Rights;
- the OECD Guidelines for Multinational Enterprises;
- the 10 principles of the United Nations Global Compact and the associated Sustainable Development Goals (SDGs);
- the United Nations Guiding Principles on Business and Human Rights (UNGP for United Nations Guiding Principles on Business and Human Rights);
- the United Nations Women’s Empowerment Principles.

Naval Group supports several initiatives in favour of the duty of vigilance.

### UNITED NATIONS GLOBAL COMPACT

Naval Group has adhered to the United Nations Global Compact since 2014. This initiative requires companies to align their strategies and operations with the ten universal principles on human rights, labour, environment and anti-corruption as well as to take action to advance societal objectives and the implementation of the 17 Sustainable Development Goals (described below as “SDGs”).

Naval Group contributes through its activities, its commitment and its environmental and social actions to five of the seventeen SDGs that the United Nations has put in place to eradicate poverty, protect the planet and guarantee prosperity for all by 2030:

- SDG 5: achieve gender equality and empower all women and girls;
- SDG 9: build resilient infrastructure, promote sustainable industrialisation that benefits all and encourage innovation;
- SDG 13: take urgent action to combat climate change and its impacts;
- SDG 14: conserve and sustainably use oceans, seas and marine resources for sustainable development;
- SDG 16: promote peaceful and inclusive societies for sustainable development, ensure access to justice for all and build effective, accountable and inclusive institutions at all levels.

Each year, Naval Group reports its progress to the Global Compact organisation.

### ENTREPRISES POUR LES DROITS DE L’HOMME (EDH)

Naval Group joined the EDH association in January 2020. This association aims to promote understanding and integration of human rights within companies through the deployment of vigilance measures, as well as voluntary and multi-sectoral initiatives. This association is a place for dialogue, sharing of best practices and collective reflection.



## XIV.2. RISKS IDENTIFIED AS PART OF THE DUTY OF VIGILANCE

### XIV.2.1. RISKS TO HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Naval Group ensures the respect of human rights for the group's employees and in particular the fight against child labour and forced and undeclared labour, the guarantee of freedom of unionisation, association and collective bargaining and the fight against discrimination.

#### CHILD LABOUR

The minimum age limit applicable to child labour must be respected in all countries where the group operates. In any case, this minimum age may not be lower than that provided for by ILO Conventions 138 and 182, *i.e.* 16 years, raised to 18 years for hazardous or particularly difficult work.

#### FORCED AND CONCEALED LABOUR

Forced labour is defined as work that is performed under duress or threat.

Undeclared work is the intentional concealment of an activity or all or part of a salaried job within the company.

Naval Group takes care not to use forced or undeclared labour.

#### FREEDOM OF UNIONISATION, FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

At the collective level, the group promotes high-quality social dialogue and consultation with employee representatives.

At the individual level, it communicates to each employee by carrying out an annual review of their individual performance and informs them of their rights, duties and benefits related to their contractual situation and function.

#### FIGHT AGAINST DISCRIMINATION

The right to respect and human dignity is a fundamental principle. The group prohibits any conduct, breach of equity or action based on personal characteristics and constituting direct or indirect discrimination. It ensures a caring and respectful working environment.

Naval Group promotes diversity, which it sees as a source of enrichment. An inclusion policy is implemented so that the company resembles society, through its diversity of profiles. The group strives to promote a culture of equal opportunities and treatment (recruitment, compensation, leave, job security, promotion, training, etc.) and to take into account all differences in an inclusive approach, making it possible to be yourself at work. Naval Group has not identified any particular risks in terms of human rights and fundamental freedoms for group employees.

### XIV.2.2. OH&S RISKS

The main risks of accidents and incidents identified at Naval Group are defined, on the one hand, with regard to the most recurring causes that have led to accidents and, on the other hand, in consideration of the risks whose consequences are likely to result in serious injury or death.

The activities related to our major risks are: handling and lifting of parts, work at height, electrical work, work in confined spaces, work on rotating machines, fires and commuting travel.

Given the industrial nature of the group's activities, OH&S risks have been identified as requiring actions to mitigate and prevent serious harm to the group's employees.

### XIV.2.3. ENVIRONMENTAL RISKS

Three main risks have been identified in terms of the environment: risks resulting from a major environmental event, risks related to site GHG emissions and risks related to the environmental footprint of our products.

#### RISKS RESULTING FROM A MAJOR ENVIRONMENTAL EVENT

Environmental events represent a risk for Naval Group due to the heavy industrial activities carried out on its sites and the systematic close location of a river, sea or ocean. These events could be a fire, an explosion, a leak or a large spill of toxic products or pollutants, for example.

#### RISKS ARISING FROM SITE GHG EMISSIONS

Naval Group's day-to-day activities involve direct and indirect greenhouse gas emissions at all sites, as they involve the following tasks:

- heat, cool and light workplaces;
- produce domestic hot water;
- supply all industrial resources;
- receive and dispatch equipment;
- employee commuting;
- employee business travel.

#### RISKS RESULTING FROM THE ENVIRONMENTAL FOOTPRINT OF PRODUCTS

Through its eco-design activities, Naval Group ensures that a product generates the least possible impact on the environment throughout its life cycle, while maintaining its technical performance.

The main topics studied during the life cycle assessments of our products are:

- resources;
- liquid discharges;
- solid waste;
- gaseous emissions;
- energy;
- hazardous substances;
- outdoor environments: biodiversity;
- end-of-life management.

Given the industrial nature of the group's activities, the risk related to site GHG emissions (energy, business travel, home/work travel) and the risk of environmental accidents are considered as risks requiring action, mitigation and prevention of serious harm.

#### **XIV.2.4. RISKS RELATED TO THE ACTIVITIES OF SUBCONTRACTORS OR SUPPLIERS WITH WHOM THERE IS AN ESTABLISHED COMMERCIAL RELATIONSHIP**

Since 2017, Naval Group has used a CSR risk map of its value chain. More than 180 types of purchases were listed according to an international standard industrial classification (ISIC).

This mapping makes it possible to assess the environmental and social risks of each of the group's types of purchases. It covers the topics of the duty of vigilance (human rights and fundamental freedoms, health and safety at work, environment). It emerges from this mapping that no type of purchase presents severe risks and that the following 11 types of purchases carry high risks:

- chemicals (excluding marine paints and raw materials for composites and excluding thermal and acoustic insulation materials);
- standard and specific gaskets, tapes, sheets, sheets made of elastomers (excluding manufacturer spare parts);
- suspension studs;
- semi-finished nickel-based product (sheets, tubes, bars);
- semi-finished copper alloy product (sheets, tubes, bars);
- semi-finished aluminium product (sheets, tubes, bars);
- semi-finished titanium product (sheets, tubes, bars);
- on-board electrical energy storage systems;
- industry standard electric accumulators;
- preparatory work and deconstruction;
- installation of scaffolding including lease.

These 11 types of purchases correspond to the following six ISIC procurement categories: battery and accumulator manufacturing, basic chemical manufacturing, rubber products manufacturing, precious and non-ferrous metal processing, demolition and site preparation, specialised construction activities and installation of scaffolding.

The risks in terms of vigilance associated with these 11 types of purchases are related to:

- energy consumption during production and during transport/delivery (GHG emissions);
- chemicals and waste treatment (manufacturing process);
- water consumption for wastewater production and reprocessing;
- employee health and safety;
- environmental practices of suppliers;
- environmental impact in use (pollution);
- product end-of-life (recycling, pollution);
- accidental pollution.

The risk mapping highlighted the most risky purchases from a CSR perspective and thus made it possible to identify 350 Naval Group suppliers (called "suppliers at CSR risk") whose business area is concerned by these types of purchases.

This mapping is subject to an update which will be finalised in the course of 2025 to more precisely integrate the risk levels of the types of purchases for each country and thereby better identify the risks related to the purchases of our subsidiaries.

#### **XIV.3. PROCEDURES FOR ASSESSING RISKS RELATED TO THE ACTIVITIES OF SUBCONTRACTORS OR SUPPLIERS WITH WHICH IS MAINTAINED A COMMERCIAL RELATIONSHIP**

Suppliers at CSR risk have been identified as explained in the previous paragraph. Naval Group asks these suppliers to provide it with a CSR assessment carried out by a third party.

The results of the assessments are monitored by the Supplier Risk Committee chaired by the group's Purchasing Department.

This supplier assessment sheet is updated every one to three years, depending on whether the supplier is strategic or not, and it is systematically presented to the supplier during a steering committee or business review meeting.

Lastly, in the event of an insufficient CSR assessment, an action plan is requested from the suppliers concerned (see section XIV.4.4 of the vigilance plan). The update of assessments makes it possible to estimate the effectiveness of the action plans put in place by suppliers. In some cases, CSR audits may also take place, but no such audit was conducted in 2024.

#### **XIV.4. ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS HARM: SYSTEM FOR MONITORING AND EVALUATING THE EFFECTIVENESS OF THE ACTIONS IMPLEMENTED**

As the management of suppliers and subcontractors is subject to specific measures, the actions implemented in this context are set out in section XIV.4.4 of the vigilance plan.

##### **XIV.4.1. ACTIONS TAKEN TO COVER NAVAL GROUP'S RISKS IN TERMS OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS**

With regard to paragraph XIV.2.1 above, Naval Group has not identified any particular risk in terms of human rights and fundamental freedoms for the group's employees requiring the implementation of risk mitigation or actions to prevent serious harm. However, as a reminder, many awareness-raising and prevention actions are carried out to improve the fight against harassment and discrimination or to improve social relations and policies (see sections XIII.2.7 and XIII.2.8 of the SNFP).

##### **XIV.4.2. ACTIONS TAKEN TO COVER NAVAL GROUP'S HEALTH AND SAFETY RISKS**

The HSE policy is the responsibility of the Director of Operations and Performance, and is deployed locally by risk prevention teams. They ensure that all employees are involved in the process of inspiring individual and collective vigilance so that everyone is aware of the role and responsibility incumbent on them.

These teams, present on every site, are composed of prevention facilitators and advisors, guided by prevention managers. These

managers act as advisors to the site directors. Together, they enforce risk prevention, provide advice and expertise to operators and management and manage the coordination of activities from the HS&E angle.

This HS&E network also relies on experts to manage all risks generated by industrial businesses. Ergonomics, fires, hazardous chemical agents and asbestos are all areas in which these experts provide guidance.

The healthcare policy is a component of Naval Group's strategy and a sign of its operational excellence. Its implementation and monitoring involve shared governance that is integrated into process and performance reviews. It is carried out by the Occupational Health steering committee, which meets on a half-yearly basis.

It is structured around four main areas:

- preventing work-related accidents and diseases;
- protecting employee health;
- preserving the employability of employees;
- preventing health-related discrimination.

In support of these objectives, the occupational health policy provides for the deployment of annual or multi-year action plans based on the priorities defined for each major objective. Its action plans are rolled out by Naval Group's coordinating physician, who is supported by occupational physicians, experts in the fields of travel, health, toxicology, addictions, radiation protection, ergonomics and epidemiology.

The involvement of the management line and developments in the behaviours of all staff present on our sites, Naval Group employees or otherwise, are central to the OH&S effort. Training is one of the main levers used by Naval Group to accomplish this aim.

For more information on the actions implemented in 2024, see section XIII.2.6. of the SNFP.

#### **XIV.4.3. ACTIONS IMPLEMENTED TO COVER NAVAL GROUP'S ENVIRONMENTAL RISKS**

##### **ACTIONS TAKEN TO COVER THE RISKS THAT MAY RESULT FROM A MAJOR ENVIRONMENTAL EVENT ON NAVAL GROUP SITES**

In order to control this risk, Naval Group implements a risk analysis by applying the requirements of the ISO 14001 standard. Naval Group and its environmental management have been ISO 14001 certified across all sites in France since 2008.

On the sites, environmental advisors, who report to the site's HS&E Department, are responsible for carrying out this analysis, relying as much as necessary on the people implementing the production processes and the site management departments.

When an event occurs despite the implementation of preventive actions, a cause analysis is conducted using the "8D" methodology. The corrective and preventive actions decided upon are implemented to avoid the occurrence of the same event or a similar event.

For more information on the actions implemented in 2024, see section XIII.2.1. of the SNFP.

##### **ACTIONS IMPLEMENTED TO COVER THE RISKS RELATED TO GHG EMISSIONS AT NAVAL GROUP SITES**

Naval Group has conducted a low-carbon CSR project since 2021 to support the transformation of sites. It aims to improve the carbon footprint of the sites, and in 2024 it focused on:

- the measurement of energy consumption, in particular by the implementation of a centralised technical management tool (BMS/GTC) allowing real-time knowledge of consumption at the entrance to the site, and which associated with the ongoing deployment of metering plans will ensure more specific management of site uses;
- reducing energy consumption, in particular by replacing natural gas as a means of heating;
- business travel, in particular the preference for travel by train rather than by air;
- support by Naval Group of the most significant suppliers (mainly SMEs), in measuring their carbon footprint and implementing action plans to reduce their carbon footprint;
- developing the use of sustainable mobility methods;
- the investigation of rail freight shuttle solutions;
- the impact of digital technology.

For more information on the actions implemented in 2024, see section XIII.2.2. of the SNFP.

#### **XIV.4.4. ACTIONS TAKEN TO COVER THE RISKS RELATED TO THE ACTIVITIES OF SUBCONTRACTORS AND SUPPLIERS**

In this area, Naval Group implements actions to mitigate risks or prevent serious general attacks, specific mitigation actions to monitor certain specific risks and finally support actions.

##### **A) GENERAL MITIGATION OR PREVENTION ACTIONS**

###### **SUPPLIER CODE OF CONDUCT**

The supplier code of conduct defines the minimum standards that Naval Group requires its suppliers to adopt and ensure in their commercial activities. It can be adapted for use by the group's subsidiaries to take into account the legislation of the country where the subsidiary is located while retaining the essential principles of the code of conduct. The commitment of the group's suppliers to strictly comply with this code of conduct helps to guarantee that Naval Group complies with its commitments to its stakeholders, notably in terms of CSR.

The supplier code of conduct is available on the website in English, French, Portuguese and Arabic versions. This is a constituent document of any order or contract notified by Naval Group. This code covers the topics of the law on the duty of vigilance.

In order to ensure that subsidiary suppliers effectively commit to strictly complying with the group's supplier code of conduct, Naval Group conducted campaigns targeting the managers of its subsidiaries in 2023 and 2024.



## B) SPECIFIC MITIGATION ACTIONS

### IMPLEMENTATION OF ACTION PLANS WITH SUPPLIERS IDENTIFIED AS BEING AT CSR RISK

Naval Group carried out a CSR assessment of the 350 suppliers identified [see section XIV.2.4 of the vigilance plan]. Among these suppliers, the company estimated that 43 assessments were deemed insufficient [35 in 2023, 8 in 2024]. Increased monitoring of these suppliers was then put in place in 2024 in order to obtain from them an action plan enabling them to better take into account CSR risks. In the event that the implementation of the supplier's action plan does not result in a new satisfactory CSR assessment for Naval Group, measures that may go as far as withdrawing the company from the Naval Group's panel of suppliers are put in place.

### PRODUCTION OF A CARBON ASSESSMENT FOR PURCHASES AND ESTABLISHMENT OF A DECARBONISATION TRAJECTORY

In 2024, the carbon assessment of the purchases made in 2023 was produced. The carbon footprint relating to the share of Naval Group purchases is around 670,000 t eq. CO<sub>2</sub>. The group's ambition is to reduce this footprint by 5% per year until 2050. In order to achieve this objective, two major initiatives were launched:

- approach of a first circle of suppliers generating the largest carbon impact in the group's bought-in share and discussions on the progress plans they are implementing. In 2024, Naval Group spoke with 70 companies, which represent approximately 30% of the carbon footprint of purchases made by the group in 2023. These are mainly steelmakers, suppliers of metal parts and equipment manufacturers who generate significant revenue with Naval Group, and with whom it is necessary to share best practices. Among these 70 contributors, there are also many SMEs. In July 2023, Pacte PME launched its *Alliance pour la décarbonation* program for mid-sized companies and SMEs. Naval Group has joined this Alliance to support SMEs that request support, by regularly hosting round tables or webinars for their benefit;
- gradual introduction of decarbonisation criteria in calls for tenders. Purchasing specifications, particularly for electrical equipment or infrastructure, include energy performance requirements. Naval Group is highly attentive to energy consumption in submarines, surface vessels and drones as well as in its land-based infrastructures. In addition to these technical requirements, the group is beginning to introduce decarbonisation criteria for certain requests for proposals. For these consultations, the companies selected are those that offer the best solution in terms of quality, costs and deadlines and that are proactive in terms of decarbonisation.

### ACTIONS IMPLEMENTED IN THE FIELD OF HS&E

Naval Group shares an HS&E culture with its suppliers and subcontractors. This culture has been built over the successive transformation plans implemented by Naval Group since 2010, by cooperating with all companies involved in Naval Group's production cycles and by sharing with them a common global vision combining the technical approach, the behaviour of management and operational stakeholders, consideration of human and organisational factors, ways of thinking and ways of doing things.

The actions implemented to mitigate the most significant HS&E risks related to the activities of Naval Group's suppliers and subcontractors are based on the following five areas:

- position HS&E in Naval Group's purchasing requirements;
- integrate the HS&E dimension into the selection of Naval Group's suppliers and subcontractors;
- prepare the safety of the site and the reception of Naval Group's suppliers and subcontractors;
- manage and conduct operations safely;
- assess the HS&E of Naval Group suppliers and subcontractors through feedback and a continuous improvement loop.

Under the five aforementioned areas, the following actions were implemented:

- the HS&E requirements applicable to subcontractors working on Naval Group sites have been formally defined in an inter-site set of instructions;
- an online OH&S prequalification process has been set up for all suppliers and subcontractors wishing to join the Naval Group supplier panel;
- a standard selection grid incorporating HS&E and CSR assessments in the choice of Naval Group suppliers and subcontractors was put in place for the use of buyers;
- the production of an OH&S commitment charter and the creation of an OH&S club at the Cherbourg site were set up;
- a "stop partner accident" map has been set up at the Lorient site. It gives our on-site subcontractors the possibility of interrupting work in progress at any time when they perceive a hazardous situation. Co-signed by the site manager and the local manager of the subcontractor, it is based on the principle of "dare to speak for the subcontractor/know how to listen for Naval Group";
- 58 safety passports were issued to Naval Group's subcontracting partners working on its sites [31 green passports, 16 orange passports and 11 red passports, requiring the implementation of a security plan for the latter];
- joint security visits between Naval Group and its subcontractors on the Cherbourg and Lorient sites are held on a regular basis;
- a position has been opened within the group HS&E Department to promote international HS&E in the subsidiaries of Naval Group;
- OH&S and environmental awards have been awarded each year for the past five years to Naval Group's suppliers during the Naval Partners Meeting where the supplier HS&E theme is addressed by all stakeholders.

## C) SUPPORT ACTIONS

### SUPPLIER CONVENTION

Two targeted interventions on the decarbonisation of purchases and on OH&S took place during the last supplier convention in November 2024, an agreement bringing together representatives of the top management of Naval Group's main suppliers, to ensure their involvement in these crucial issues. On this occasion, several awards were presented, including the award for best performance on these themes and the award for best dynamic, thus motivating suppliers to be a source of proposals.

### TRAINING

Naval Group trains its buyers to support suppliers in their responsible approach.

Special training was provided in 2022 to lead buyers, to equip them with the tools to encourage their suppliers to adopt the approach undertaken by Naval Group and to steer the action plans requested from their suppliers when their CSR assessment score was insufficient. A site survey was carried out in 2023 to raise awareness among all Naval Group buyers of CSR-related issues, and the site survey was renewed in 2024 by including awareness-raising on the carbon footprint of the Naval Group supply chain as well as the decarbonisation actions launched with suppliers having the most impact.

An e-learning module concerning human rights has been set up for buyer. 72% of them have already followed it, giving them a better knowledge of this subject to better understand the issues and risks concerning Naval Group's supply chain.

## XIV.5. WHISTLEBLOWING AND REPORTING MECHANISM

Naval Group has set up a whistleblowing system in accordance with the requirements of the law on the duty of vigilance. The new whistleblowing system Speak Up set up in 2024 is now accessible via a digital platform ["speakup.naval-group.com"]. It is available 24 hours a day, 7 days a week, in all the languages in which the group operates.

### Who can issue an alert?

Any Naval Group employee may issue an alert whether they are a member of staff, temporary worker, intern or apprentice. The same applies to any external stakeholder, *via* the group's website. This person must act in good faith, *i.e.* having reasonable grounds to believe, in light of the circumstances and the information available to him/her, that the facts that are the subject of his/her report are true, and without expecting any personal consideration. If this is the case, the person may not be subject to reprisals or any sanction even if the facts are not proven to be materially established after processing.

Excluded from the scope of this system are elements covered by national defence secrecy, medical secrecy, secrecy of legal deliberations, investigative secrecy, judicial investigation secrecy or legal professional secrecy.

### In which case should an alert be issued?

Naval Group encourages its employees to report when the person concerned is a victim, witness or is aware of a situation or behaviour contrary to the group's rules or any applicable legislation or regulations.

### How can an alert be made?

Each employee can issue a report through the channel of his or her choice: the HR Department, the relevant correspondent (discrimination, sexual harassment and sexist behaviour, or the Compliance Officer), their line manager or the whistleblowing system.

### How is an alert handled?

Processing of reports made to the Speak Up whistleblowing system is supervised and monitored by the Alert Monitoring Committee (CSA), which is chaired by the General Secretary of the group.

The process guarantees the protection of the identity of the issuer as well as of the persons concerned and the nature of the facts. If necessary, an investigation is carried out to establish the facts and ensure the reality and materiality of the facts reported. Depending on the outcome of the investigation, disciplinary proceedings or legal proceedings may be initiated.

### How many reports were made?

In 2024, the whistleblowing system received 55 reports, 37 of which were considered admissible and were processed.



## XV. APPENDICES

### XV.1. PROPOSAL TO ALLOCATE THE EARNINGS OF NAVAL GROUP SA FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

On the proposal of the Board of Directors and voting in accordance with *quorum* and majority requirements for Ordinary General Meetings, the General Meeting resolves to allocate the profit of €350,291,837.84 for the financial year ended December 31, 2024, as follows:

- profit for the financial year: €350,291,837.84;
- plus retained earnings: €617,385,634.23;
- for distributable profit for the period of €967,677,472.07:
  - as a dividend to shareholders in the amount of €132,868,000, *i.e.* a dividend of €2.36 per share,
  - and the balance as retained earnings, *i.e.* an amount of €834,809,472.07.

Retained earnings thus increased from €617,385,634.23 to €834,809,472.07.

### XV.2. LIST OF PREVIOUSLY AUTHORISED REGULATED AGREEMENTS WHOSE PERFORMANCE CONTINUED DURING THE LAST FINANCIAL YEAR

Order no. 2014-863 of July 31, 2014, introduced a new article 225-40-1 pertaining to the annual review by the Board of Directors of related-party agreements authorised previously and that remained in effect during the last financial year. The Board of Directors of the company will carry out this review at its meeting on February 27, 2025.

#### RELATED-PARTY AGREEMENTS APPROVED BY THE BOARD OF DIRECTORS AND SIGNED IN 2021

Parties to the contract	Subject matter of the contract	Date signed
Naval Group and Chantiers de l'Atlantique	Agreement joint <i>venture</i> of MO Porte-Avions Approved by the Board of Directors on March 2, 2021	03/10/2021

#### RELATED-PARTY AGREEMENTS APPROVED BY THE BOARD OF DIRECTORS AND SIGNED IN 2018

Parties to the contract	Subject matter of the contract	Date signed
Naval Group and the French State	Shareholder agreement of Les Chantiers de l'Atlantique (formerly STX France) Approved by the Board of Directors on July 17, 2018	07/18/2018 (taking effect on 08/01/2018)
Naval Group, the French State and COFIPME, in the presence of the company Chantiers de l'Atlantique	Shareholder agreement of Les Chantiers de l'Atlantique (formerly STX France) Approved by the Board of Directors on July 17, 2018	07/18/2018 (taking effect on 08/01/2018)

#### RELATED-PARTY AGREEMENTS APPROVED BY THE BOARD OF DIRECTORS AND SIGNED IN 2016

Parties to the contract	Subject matter of the contract	Date signed
DCNS, Areva SA, the French State and the CEA	Contract on <i>the</i> sale and purchases of shares relating to Société Technique pour l'Énergie Atomique Approved by the Board of Directors on October 28, 2016	12/15/2016

## RELATED-PARTY AGREEMENTS APPROVED BY THE BOARD OF DIRECTORS AND SIGNED IN 2007

Parties to the contract	Subject matter of the contract	Date signed
DCN, Thales and Armaris.	Letter concerning the transfer by Armaris to Thales of the benefit of its rights under the DCN letter of October 5, 2005 no. 05000162 OL/NP Approved by the Board of Directors of March 22, 2007	03/29/2007
DCNS, Thales and Thales Naval France	Irrevocable undertaking, without compensation, for Thales to indemnify TNF or DCNS for the damaging consequences resulting from any arbitration or legal proceedings, in progress, or that might be brought against TNF as a result of the conditions for concluding or performing the Bravo contract	01/30/2007

## RELATED-PARTY AGREEMENTS APPROVED BY THE BOARD OF DIRECTORS AND SIGNED IN 2003

Parties to the contract	Subject matter of the contract	Date signed
French State and DCN Développement	Contribution agreement describing the rights, property and obligations of the service à compétence nationale of the French Ministry of Defence that were contributed by the State to DCN Développement, the value placed on these and the terms and conditions of the contribution	05/26/2003
French State and DCN Développement	Framework agreement specifying the agreements in addition to the contribution agreement to be entered into by the State and DCN Développement in connection with performing the contribution operation	05/26/2003

## XV.3. LIST OF REGULATED AGREEMENTS AUTHORISED AND SIGNED IN 2024

None.



## XV.4. CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

To facilitate the reading of this document, the cross-reference table below makes it possible to identify the information that must be included in the management report according to the provisions of the French Commercial Code applicable to public limited companies with a Board of Directors.

Sections of the 2024 management report	Reference texts	Pages
<b>Situation of the group during the 2024 financial year, the situation of Naval Group during the 2024 financial year, Naval Group's product and service activities during the 2024 financial year, R&amp;D activity during the 2024 financial year, risk factors and management risks</b>		
Situation of the company during the past financial year, objective and exhaustive analysis of the evolution of its business, its results and its position, in particular its debt position, with regard to the volume and complexity of its business, as well as foreseeable trends, significant events occurring between the closing date of the financial year and the reporting date	Article L. 232-1, II, 1° of the French Commercial Code	14, 15, 18, 23
Table of results for the last five financial years	Article R. 225-102 of the French Commercial Code	15
Company's R&D activities	Article L. 232-1, II, 2° of the French Commercial Code	22
Existing branches	Article L. 232-1, II, 3° of the French Commercial Code	10
Description of the main risks and uncertainties facing the company	Article L. 232-1, II, 5° of the French Commercial Code	24
<b>Shareholding and governance</b>		
Statement of employee profit-sharing on the last day of the financial year and proportion of the share capital represented by the shares held by employees managed collectively (FCPE mutual investment fund) and the registered shares held directly by them following a free allocation or occasionally other arrangements	Article L. 225-102, line 1 of the French Commercial Code	6
Information on share capital and treasury shares	Articles L. 233-13 and L. 247-2 of the French Commercial Code	6
<b>Subsidiaries, controlled companies and companies over which Naval Group exercises significant influence</b>		
Activity and results of subsidiaries and controlled companies and companies over which Naval Group exercises significant influence	Articles L. 233-6 and L. 247-1 of the French Commercial Code	8
<b>Acquisition of equity investments and controlling interests during the 2024 financial year</b>		
Significant equity investments in companies having their registered office in France or takeover of such companies	Articles L. 225-102-1 and R. 225-105 of the French Commercial Code in their versions prior to January 1, 2025	10
<b>Statement of Non-Financial Performance</b>		
Consolidated Statement of Non-Financial Performance	Articles L. 225-102-1 and R. 225-105 of the French Commercial Code in their versions prior to January 1, 2025	35
<b>Corporate governance report</b>		
List of offices and positions held by each corporate officer	Article L. 225-37-4, 1° of the French Commercial Code	11
Agreements entered into between an executive or a significant shareholder and a controlled company	Article L. 225-37-4, 2° of the French Commercial Code	13
List of delegations for capital increases	Article L. 225-37-4, 3° of the French Commercial Code	13
Choice of exercise of General Management procedures	Article L. 225-37-4, 4° of the French Commercial Code	13
<b>Vigilance plan</b>		
Vigilance plan that includes reasonable vigilance measures to identify risks and prevent serious violations of human rights and fundamental freedoms, the health and safety of people and the environment	Article L. 225-102-4 of the French Commercial Code in the version in force from January 1, 2025	54
<b>Other information in the management report</b>		
Amount of dividends distributed over the last three financial years	Article 243 a of the French General Tax Code	17
Amount of non-deductible expenses and charges	Article 223 quater of the French General Tax Code	17
Information on the payment terms of the company's suppliers and customers	Articles L. 441-14 and D. 441-6 of the French Commercial Code	16
Number and total amount of unpaid invoices at the reporting date that are overdue	Articles L. 441-14 and D. 441-6 of the French Commercial Code	17



**XV.5. CROSS-REFERENCE TABLE OF RISK FACTORS – SNFP – VIGILANCE PLAN**

Description of the risk	Risk factors	SNFP	Vigilance plan
Financial risks	Page 24	N/A	N/A
Risks of non-compliance with laws and regulations	Page 25	Pages 42, 43, 45, 49, 50, 51	Pages 55, 56
Risks related to the political and societal environment	Page 26	N/A	N/A
Risk of doubt on our commercial positioning	Page 27	N/A	N/A
Risk of program execution deviations	Page 28	N/A	N/A
Critical supply chain risks	Page 29	N/A	Page 56
Risk of loss of technological competitiveness	Page 30	Page 41	N/A
Risks of loss of competitiveness (skills and attracting talent)	Page 31	Pages 46, 48	N/A
Risks of serious operational and industrial accidents	Page 31	Pages 39, 43	Page 55
Risks of cyberattacks	Page 33	N/A	N/A
Risks of non-performance and failure of IT systems	Page 34	N/A	N/A



# 03

## CONSOLIDATED FINANCIAL STATEMENTS

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**II. Consolidated statement of financial position**

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**VI. Statutory Auditors' report on the consolidated financial statements**

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**VII. Report of the independent third party on the verification of the consolidated statement of non-financial performance included in the management report**



Financial year ended December 31, 2024

All amounts are in millions of euros unless otherwise stated.

## I. COMPREHENSIVE INCOME STATEMENT

### CONSOLIDATED INCOME STATEMENT

	Notes	2024	2023
Revenue	2.1	4,354.6	4,257.4
Cost of sales		(3,679.6)	(3,562.6)
Research and development costs	2.2.2	(91.8)	(104.5)
Marketing and selling expenses		(111.2)	(118.4)
General and administration expenses		(164.6)	(173.7)
<b>OPERATING PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE AMORTISATION OF FAIR VALUE DIFFERENCES</b>	<b>2.2</b>	<b>307.4</b>	<b>298.2</b>
Amortisation of intangible assets acquired in business combinations		-	-
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>307.4</b>	<b>298.2</b>
Other operating income	2.2.4	0.1	0.5
Other operating expenses	2.2.5	(18.2)	(5.6)
<b>OPERATING PROFIT/(LOSS) BEFORE NET INCOME FROM ASSOCIATES</b>		<b>289.3</b>	<b>293.1</b>
Net income from associates	3.3	8.4	2.8
<b>OPERATING PROFIT/(LOSS) AFTER NET INCOME FROM ASSOCIATES</b>		<b>297.7</b>	<b>295.9</b>
Interest expense on IFRS 16 contract	2.3	(4.6)	(2.6)
Income from financial investments	2.3	35.1	31.1
Other financial income	2.3.1	41.2	34.4
Other financial expenses	2.3.2	(29.6)	(172)
<b>NET FINANCE INCOME (EXPENSE)</b>	<b>2.3</b>	<b>42.1</b>	<b>45.7</b>
Income tax	2.4	(78.0)	(79.9)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>261.7</b>	<b>261.8</b>
Net income from discontinued operations		3.9	(1.1)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>265.6</b>	<b>260.7</b>
<b>NET PROFIT/(LOSS) FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>265.7</b>	<b>260.7</b>
<i>of which net income from continuing operations</i>		<i>261.8</i>	<i>261.8</i>
<i>of which net income from discontinued operations</i>		<i>3.9</i>	<i>(1.1)</i>
<b>NET PROFIT/(LOSS) FOR THE PERIOD, NON-AUDITED PORTION</b>		<b>-</b>	<b>-</b>
<i>of which net income from continuing operations</i>		<i>-</i>	<i>-</i>
<i>of which net income from discontinued operations</i>		<i>-</i>	<i>-</i>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE (IN €)</b>	<b>2.5</b>	<b>4.77</b>	<b>4.68</b>
<i>of which net income from continuing operations</i>		<i>4.70</i>	<i>4.70</i>
<i>of which net income from discontinued operations</i>		<i>0.07</i>	<i>(0.02)</i>



## STATEMENT OF COMPREHENSIVE INCOME

	2024	2023
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>265.6</b>	<b>260.7</b>
<b>Items to be subsequently reclassified to the income statement</b>	<b>(5.9)</b>	<b>-</b>
Changes in fair value of the cash flow hedges	(5.9)	-
<b>Items that cannot be reclassified to the income statement</b>	<b>12.9</b>	<b>(11.5)</b>
Translation differences on the conversion of foreign businesses	5.6	(0.5)
Actuarial gains and losses	12.3	(11.0)
<b>INCOME AND EXPENSES RECOGNISED IN EQUITY, BEFORE TAX</b>	<b>12.0</b>	<b>(11.5)</b>
Tax recognised directly in equity	(1.6)	2.8
<b>INCOME AND EXPENSES RECOGNISED IN EQUITY</b>	<b>10.4</b>	<b>(8.6)</b>
<b>CONSOLIDATED COMPREHENSIVE NET INCOME</b>	<b>276.0</b>	<b>252.1</b>
attributable to owners of the parent	276.0	252.1
attributable to non-controlling interests	-	-

## ROC/EBITA BRIDGE

Profit (loss) from continuing operations is operating profit/loss from operations before recognition:

- of the effect of restructuring;
- of impairment losses on non-current assets (non-operating);
- of other operating income and expenses arising from events considered unusual as regards their frequency, nature, or amount.

EBITA (Earnings Before Interest Taxes and Amortisation or adjusted operating profit/loss) corresponds to the operating profit/loss excluding goodwill amortisation.

	2024	2023
<b>Operating profit/(loss) from continuing operations before amortisation of fair value differences</b>	<b>307.4</b>	<b>298.2</b>
Share of operating profit/(loss) of SMEs	11.3	1.4
Other operating income	0.1	0.5
Other operating expenses	(18.2)	(5.6)
<b>EBITA</b>	<b>300.7</b>	<b>294.5</b>



## II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

	Notes	12/31/2024	12/31/2023
Goodwill	3.2	382.8	382.8
Intangible assets	3.1.1	76.9	65.5
Rights of use	3.1.2	137.1	95.4
Property, plant, and equipment	3.1.2	775.0	719.6
Investments in associates	3.3	74.5	124.0
Non-current financial assets	4.1.1	391.9	437.5
Other non-current assets		0.2	0.2
Deferred tax assets	2.4.3	141.5	175.6
<b>NON-CURRENT ASSETS</b>		<b>1,979.9</b>	<b>2,000.5</b>
Inventories and work in progress	3.4	518.5	482.3
Contract assets	3.9	634.2	673.1
Customers	3.5	1,798.4	905.8
Advances and part payments paid		1,493.2	1,300.6
Current financial assets	4.1.1	22.6	2.1
Current tax receivable		41.2	19.0
Other receivables	3.5	553.3	438.9
Cash and cash equivalents	4.2	680.9	990.3
<b>CURRENT ASSETS</b>		<b>5,742.3</b>	<b>4,812.0</b>
<b>TOTAL ASSETS</b>		<b>7,722.2</b>	<b>6,812.5</b>



## LIABILITIES

	Notes	12/31/2024	12/31/2023
Share capital	3.6.1	563.0	563.0
Premiums		18.4	18.4
Treasury shares	3.6.6	(88.5)	(872)
Remeasurement of financial instruments	3.6.3	(4.4)	-
Translation differences	3.6.5	(2.4)	(8.0)
Actuarial gains and losses		23.0	13.9
Other reserves attributable to owners of the parent		1,056.8	922.2
Consolidated income attributable to owners of the parent		265.7	260.7
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>1,831.6</b>	<b>1,683.1</b>
Non-controlling interests		0.4	0.4
<b>EQUITY</b>		<b>1,832.0</b>	<b>1,683.5</b>
Non-current provisions	3.7	73.1	81.0
Non-current financial liabilities	4.1.2	64.7	66.8
Non-current IFRS 16 lease liabilities	4.1.2	126.5	74.9
Other liabilities		1.6	-
Deferred tax liabilities	2.4.3	3.5	2.7
<b>NON-CURRENT LIABILITIES</b>		<b>269.4</b>	<b>225.4</b>
Current provisions	3.7	504.7	635.2
Current financial liabilities	4.1.2	359.7	35.2
Current IFRS 16 lease liabilities	4.1.2	14.1	23.0
Contract liabilities	3.9	2,016.2	1,829.2
Suppliers	3.8	1,887.1	1,694.2
Current tax payables		12.1	10.5
Other payables	3.8	827.0	676.4
<b>CURRENT LIABILITIES</b>		<b>5,620.9</b>	<b>4,903.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,722.2</b>	<b>6,812.5</b>



### III. TOTAL CONSOLIDATED EQUITY

	Number of shares	Share capital	Premiums	Other reserves <sup>(1)</sup>	Treasury shares	Cash flow hedging	Translation differences <sup>(2)</sup>	Actuarial gains and losses	Equity attributable to owners of the parent	Non-controlling interests	Equity
<b>01/01/2023</b>	<b>55,779,919</b>	<b>563.0</b>	<b>18.4</b>	<b>1,086.5</b>	<b>(83.9)</b>	<b>-</b>	<b>(7.5)</b>	<b>21.4</b>	<b>1,597.9</b>	<b>0.4</b>	<b>1,598.3</b>
<i>of which controlled companies</i>				257.9	-	-	(1.0)	(8.2)	249.3	-	249.3
<i>of which associates</i>				2.8	-	-	0.5	0.1	2.8	-	2.8
<b>CONSOLIDATED COMPREHENSIVE NET INCOME</b>			-	260.7	-	-	(0.5)	(8.1)	252.1	-	252.1
Dividend payments			-	(167.4)	-	-	-	-	(167.4)	-	(167.4)
Treasury shares <sup>(3)</sup>	(34,402)			3.7	(3.7)				-		-
Other		-	-	(0.6)	0.4	-	-	0.6	0.3	-	0.3
<b>12/31/2023</b>	<b>55,745,517</b>	<b>563.0</b>	<b>18.4</b>	<b>1,182.9</b>	<b>(87.2)</b>	<b>-</b>	<b>(8.0)</b>	<b>13.9</b>	<b>1,683.1</b>	<b>0.4</b>	<b>1,683.5</b>
<i>of which controlled companies</i>				257.3	-	-	0.1	9.8	267.6	-	267.6
<i>of which associates</i>				8.4	-	(4.4)	5.5	(0.7)	8.4	-	8.4
<b>CONSOLIDATED COMPREHENSIVE NET INCOME</b>			-	265.7	-	(4.4)	5.6	9.1	276.0	-	276.0
Dividend payments			-	(128.2)	-	-	-	-	(128.2)	-	(128.2)
Treasury shares <sup>(3)</sup>	(58,524)			1.8	(1.8)				-		-
Other		-	-	0.3	0.5	-	-	-	0.8	-	0.8
<b>12/31/2024</b>	<b>55,686,993</b>	<b>563.0</b>	<b>18.4</b>	<b>1,322.5</b>	<b>(88.5)</b>	<b>(4.4)</b>	<b>(2.4)</b>	<b>23.0</b>	<b>1,831.6</b>	<b>0.4</b>	<b>1,832.0</b>

(1) The "Other reserves" item includes the legal reserve, retained earnings and consolidated profit or loss for the period.

(2) For the list of currencies used, see note 3.6.5.

(3) The "Treasury shares" item includes shares in the company owned by the group and those for which holders have a put option towards Naval Group Actionnariat.





## IV. CONSOLIDATED STATEMENT OF CASH FLOWS

	2024	2023
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>261.7</b>	<b>261.8</b>
<b>Deduct (add):</b>		
Net depreciation/(reversal)	142.0	134.1
Net provision expense/(reversal)	(124.8)	(44.5)
Net asset impairment loss/(reversal)	(6.1)	0.7
Changes in fair value of financial instruments	4.1	(4.3)
Proceeds from disposals	11.8	4.0
Change in employee share offer liability	1.8	3.7
Tax expense/(income)	78.0	79.9
Share in income/(loss) of associates	(8.3)	(2.8)
Dividends received from associates	58.3	11.7
Other dividends received (reclassified as net financial investments)	(8.5)	(1.0)
Cost of financial debt	12.1	4.1
Impact of discontinued operations	4.0	(2.1)
<b>CASH FLOW FROM OPERATIONS</b>	<b>426.1</b>	<b>445.2</b>
Change in working capital requirement	(665.3)	(261.6)
Tax refunded/(paid)	(68.7)	(68.2)
Impact of discontinued operations	-	(0.5)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(307.9)</b>	<b>114.8</b>
Purchases of property, plant and equipment and intangible assets	(186.3)	(159.6)
Disposals of property, plant and equipment and intangible assets	0.2	0.2
Acquisitions of holdings, net of cash acquired/brought into scope of consolidation	-	(1.0)
Change in loans and advance payments	(5.0)	(9.1)
<b>NET OPERATING INVESTMENTS</b>	<b>(191.1)</b>	<b>(169.5)</b>
Decrease/(increase) in investment securities <sup>(1)</sup>	22.7	20.7
Decrease/(increase) in financial assets	8.5	1.0
<b>NET FINANCIAL INVESTMENTS</b>	<b>31.2</b>	<b>21.7</b>
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(159.9)</b>	<b>(147.8)</b>
Increase in capital – non-controlling interests	-	(13.9)
Dividends paid to owners of the parent	(128.2)	(1674)
Dividends paid to non-controlling interests	-	-
Sale/(purchase) of treasury shares	(4.1)	(3.1)
<b>CASH PAYMENTS TO OR FROM SHAREHOLDERS</b>	<b>(132.3)</b>	<b>(184.4)</b>
Increase in financial liabilities	326.7	0.9
Decrease in financial liabilities	(79)	(1.8)
Net change in current accounts <sup>(2)</sup>	2.4	14.6
Repayment of IFRS 16 lease liabilities	(277)	(25.7)
Impact of discontinued operations	(4.0)	2.3
<b>NET CHANGE IN FINANCIAL LIABILITIES</b>	<b>289.5</b>	<b>(9.7)</b>
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>157.2</b>	<b>(194.1)</b>
Effects of changes in exchange rates/Fair value	0.6	(1.2)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(310.6)</b>	<b>(227.0)</b>
Net cash and cash equivalents at beginning of period	990.3	1,218.4
<b>CLOSING NET CASH AND CASH EQUIVALENTS</b>	<b>680.3</b>	<b>990.3</b>

(1) In accordance with note 1.3.17, investment securities mainly include changes in certificates of deposit, term deposits and negotiable medium-term notes with an original maturity of more than three months.

(2) The amounts for 2023 take into account the new aggregate: "Net change in current accounts".



Net cash plus investment securities classified under other financial assets as per note 1.3.17 amounted to €1,043.0 million on December 31, 2024 (compared to €1,375.5 million on December 31, 2023) and is made up as follows:

	12/31/2024	12/31/2023
Non-current investment securities	342.7	385.2
Current investment securities	20.0	-
Closing net cash and cash equivalents <sup>(1)</sup>	680.3	990.3
<b>TOTAL</b>	<b>1,043.0</b>	<b>1,375.5</b>

(1) Including bank overdrafts for an amount of (€0.6) million at December 31, 2024. (No impact as of December 31, 2023).

# V

## NOTES TO THE FINANCIAL STATEMENTS

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**Note 1.** Rules, methods  
and scope

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**Note 2.** Income statement

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**Note 3.** Operating assets and liabilities

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**Note 4.** Financial assets and liabilities

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**Note 5.** Other information



## NOTE 1. RULES, METHODS AND SCOPE

### 1.1. EXAMINATION OF THE FINANCIAL STATEMENTS AND HIGHLIGHTS OF THE PERIOD

The consolidated and separate financial statements of Naval Group for the financial year ended December 31, 2024 were approved by the Board of Directors on February 27, 2025 and will be submitted for approval to the General Meeting to be held on March 26, 2025.

The 2024 financial year was marked by the following significant events:

- in excess of €8 billion in orders taken, in particular with the signature of the contract for the delivery of four submarines to the Netherlands;
- revenue in the order of €4,4 billion;
- operational successes, notably with the roll-out of the Brazilian submarine *Tonelero*, third unit in the Prosub program, the delivery of the second UAE corvette, and the delivery of the nuclear attack submarine *Tourville*, third unit of the Barracuda program.

### 1.2. GENERAL OVERVIEW OF THE GROUP'S ACTIVITIES

An international player in naval defence and heir to French naval know-how, Naval Group is a partner of States in the control of their maritime sovereignty.

Naval Group develops innovative solutions to meet the needs of its navy customers. Active across the entire life cycle of ships, it designs, makes, services and upgrades submarines and surface vessels and their systems and equipment, up until dismantling. It also provides services to naval bases and shipyards.

A high-tech manufacturer, it relies on its exceptional expertise, unique design and production resources and its capacity to set up strategic partnerships, particularly in terms of technology transfer. Attentive to corporate social responsibility (CSR) issues, Naval Group is a member of the United Nations Global Compact. Naval Group presents the segment information required by IFRS 8 "Operating Segments" on the basis of a single segment since the group's structure, designed to support the group's strategic orientations, does not as yet enable financial information to be presented separately for each operating segment.

### 1.3. ACCOUNTING RULES AND POLICIES

#### 1.3.1. DECLARATION OF COMPLIANCE

Pursuant to the option available under regulation 1606/2002 adopted on July 19, 2002, by the European Parliament and the European Council, the group has elected to prepare its consolidated financial statements in accordance with IAS/IFRS (International Financial Reporting Standards) as adopted by the European Union, on the reporting date by the Board of Directors on February 27, 2025, the principles of which are applicable on December 31, 2024.

The accounting rules and policies are identical to those applied in the consolidated financial statements for the financial year ended December 31, 2023.

### 1.3.2. NEW MANDATORY STANDARDS AND INTERPRETATIONS

#### 1.3.2.1. IAS 12 INCOME TAXES

On May 23, 2023, the IASB published the final amendments to IAS 12, concerning Pillar II rules, published in December 2021 by the OECD.

The OECD has published model rules (Global Anti-Base Erosion Rules or "GloBE") for multinational enterprises whose consolidated financial statements show revenue in excess of €750 million in at least two of the last four financial years. They will have to calculate an effective tax rate (ETR) in accordance with the GloBE rules in each of the jurisdictions in which they operate, and will be liable for a top-up tax if this rate is below the minimum rate of 15%. For the 2024 financial year, this minimum rate is set at 15%.

At December 31, 2024, the group applied the protection measures provided for by the OECD (de minimis test and simplified ETR). Thus, the group has not identified any countries whose ETR is lower than the minimum rate in force, and has not recognized additional tax in its financial statements.

#### 1.3.3. CONSOLIDATION PRINCIPLES

Companies over which Naval Group exercises exclusive control, directly or indirectly, are fully consolidated.

Control is defined and assessed, in accordance with IFRS 10, on the basis of three criteria: decision-making power, exposure to variable returns and the relationship between the two.

Full consolidation makes it possible to take into account, after elimination of internal operations and results, all the assets, liabilities and income statement items of the companies concerned, the share of the results and equity attributable to the companies of the group ("Attributable to owners of the parent") being distinguished from that relating to the interests of other shareholders ("Minority interests").

Jointly controlled companies are accounted for under the equity method, following the application of IFRS 10, IFRS 11 and IFRS 12 since January 1, 2014.

Companies are accounted for under the equity method when the group exercises significant control, whether directly or indirectly. The equity method requires that the investment in an associate or joint venture is initially recognised at acquisition cost, and subsequently adjusted for the group's share in the income and, where applicable, in other comprehensive income of the associate or joint venture. The goodwill related to these entities is included in the carrying amount of the investment.

Any impairment loss and the gain or loss on the disposal of investments in associates are recognised in "Other operating income and expenses".

The financial statements of consolidated companies prepared under the accounting rules in force in their respective countries are restated to comply with IAS/IFRS.

The inclusion of a company in the scope of consolidation is effective on the date control or significant influence is acquired. The removal of a company from the scope of consolidation is effective on the date of loss of control or significant influence. All transactions between consolidated companies as well as internal results of the consolidated entity (including dividends) are eliminated.

Investments in companies excluded from the scope of consolidation are recorded as non-current financial assets available for sale.



### 1.3.4. USE OF ESTIMATES

In preparing consolidated financial statements under IAS/IFRS, Management makes estimates and assumptions that it considers realistic and reasonable. Management regularly revises its estimates at program reviews on the basis of the information at its disposal. Whenever there are unexpected changes in events and circumstances, actual results may be different from these estimates. The main accounting policies that require estimates to be used are the following:

#### RECOGNITION OF REVENUE AND PROFIT ON CONTRACTS ACCOUNTED FOR UNDER THE PERCENTAGE OF COMPLETION METHOD AND RELATED PROVISIONS (NOTES 2.1, 3.5, 3.9)

The recognition of revenue and gross profit on contracts accounted for under the percentage of completion method requires the income to be recognised in line with the performance of the contract, measured on the basis of the costs incurred to date. Whenever a program review reveals a negative gross profit, the loss relating to work not yet carried out is recognised immediately as a provision for the entire contract concerned. Revenue and profit are thus recognised on the basis of an estimate of revenue and costs to completion that is revised as work progresses.

The total revenue and expenses expected under a contract reflect Management's best estimate of the future benefits and obligations arising from the contract. The assumptions made in determining the present and future obligations take account of an assessment of the technological, commercial and contractual constraints of each program. The financial statements are thus prepared on the basis of the contractual assumptions as they exist at the reporting date, with no anticipated changes taken into account.

These assumptions are based in particular on the latest known or reasonably estimated indicators (contracted hourly rates and price review indices) for determining revenue and costs to completion. Therefore, the group uses statistical methods to determine the probable impact of future changes in such indicators on the gross profit to completion of its programs. Movements in such indicators are only taken into account if their probable impact on gross profit to completion is negative.

The sale of high-technology products exposes the group to the risk of product defects. The group therefore recognises provisions to cover these risks from the moment they are likely. The amount of the provisions is regularly reviewed on the basis of an assessment of the risk factors.

Obligations under construction contracts may give rise to penalties for delays in performance of the contract or to unexpected cost increases due to program amendments, non-compliance by a supplier or subcontractor with its obligations or delays resulting from unexpected events or situations.

#### MEASUREMENT OF ASSETS AND LIABILITIES UNDER RETIREMENT BENEFIT AND SIMILAR OBLIGATIONS (NOTE 3.21)

The group's measurement of assets and liabilities under defined benefit plans (retirement benefits, long-service bonuses, senior time bank scheme, strategic jobs and skills management and annuities) requires the use of statistical data and other variables to forecast future trends. These variables include the discount rate, the expected return on plan assets, the rate of salary increases and the employee turnover and mortality rates. If the actuarial assumptions are materially different from the actual data experienced subsequently, this may result in substantial changes in the expense for retirement and similar benefit obligations recognised through profit or loss and in the related assets and liabilities shown in the statement of financial position.

#### MEASUREMENT OF ASSETS (NOTES 3.1 AND 3.2)

The discounted cash flow model used to determine the value in use of the groups of cash-generating units to which goodwill is allocated requires the use of a number of variables, including estimates of future cash flows, discount rates and other variables. Impairment tests on intangible assets and items of property, plant and equipment are also based on these variables. Any future deterioration in market conditions or weak operational performance could result in recovery of their carrying amount becoming impossible.

#### MEASUREMENT OF NON-CURRENT FINANCIAL ASSETS (NOTE 4.1)

Non-current financial assets mainly comprise investments in companies not listed on regulated markets and financial investments. To assess the fair value of these non-current financial assets, the group uses various measurement models, based in particular on the information at its disposal, on the accounting documents of the companies concerned, on the amortised cost method, or on valuations provided by the banks.

#### MEASUREMENT OF TRADE RECEIVABLES (NOTE 3.5)

An estimate of collection risks, based on sales information, has been made in order to determine any impairment charge.

#### RISKS AND LITIGATION (NOTE 3.7)

The group regularly identifies and reviews ongoing disputes and where necessary, recognises accounting provisions that it considers to be reasonable. Any uncertainties concerning litigation in progress are described in note 5.3.2.

### 1.3.5. FUNCTIONAL AND PRESENTATION CURRENCY

The group's reporting currency is the euro. This is also the parent company's functional currency.

Each group entity determines its own functional currency and uses it to record its own financial data.



### 1.3.6. TRANSLATION OF FINANCIAL STATEMENTS

The financial statements of companies with a different functional currency from the group's reporting currency are translated as follows:

- items on the statement of financial position are translated at the closing rate;
- income statement and cash flow statement items are translated at the average rate for the period;
- translation differences are taken directly to equity under "Translation differences".

The rates used are those published by the European Central Bank. *Failing this, the unavailable rates are obtained from the website <http://fr.exchange-rates.org>.*

### 1.3.7. IMPLEMENTATION OF HEDGE ACCOUNTING

The group uses foreign exchange derivatives to hedge the foreign exchange risk associated with its business.

When these derivatives are designated as qualifying as cash flow hedges, the following principles are applied:

- the change in the fair value of the hedging instrument is recognised directly in equity in the case of the effective portion of the hedge, until the hedged flows affect profit or loss. The ineffective portion is recognised in profit or loss;
- changes in the fair value of the discount or premium relating to the forward exchange contracts are recognised in "Other financial income/expense" since they are excluded from the hedging relationship.

When these derivatives are not designated as qualifying as hedges, the changes in their fair value are recognised in profit or loss within net financial income/expense.

### 1.3.8. STATEMENT OF FINANCIAL POSITION STRUCTURE

Because of the nature of the group's activities, its operating cycles are very long. Therefore, all assets and liabilities relating to programs – inventories, trade receivables and payables, provisions, etc. – are reported under current assets and liabilities whatever their maturity date, even if they are expected to be realised more than 12 months hence. Other assets and liabilities (in particular provisions that do not relate to programs and financial assets and liabilities) are recognised as current assets and liabilities if their maturity date is in 12 months or less, and as non-current assets and liabilities if their maturity date is after 12 months. In accordance with note 3.9, contract assets and liabilities are presented in the consolidated statement of financial position under current assets and liabilities, without distinction between the portion due in less than one year and the portion due in more than one year.

### 1.3.9. INTANGIBLE ASSETS

Intangible assets acquired in business combinations are initially recognised at their fair value at acquisition date and comprise:

- the fair value of naval programs (including technologies, order book, manufacturing agreements and customer relations);
- the fair value of brands.

Separately acquired intangible assets are initially recognised at the cost of acquisition and include, in particular, patents and software. Intangible assets created by the group itself are recognised at production cost.

They are subsequently measured at cost less cumulative amortisation and impairment losses.

The group assesses whether an intangible asset's useful life is finite or indefinite.

Non-current assets with a finite useful life are amortised over their economic useful life and are tested for impairment, as stated in note 1.3.13. The amortisation period and method for intangible assets with a finite useful life are re-examined at least once at each year-end. Any change in the expected useful life or the expected pattern of consumption of future economic benefits flowing from the asset leads to a change in the amortisation period or method, depending on the case, such changes being treated as changes in accounting estimates. The amortisation expense on intangible assets with a finite useful life is recognised through profit or loss in the expense category that is appropriate given the asset's function.

Intangible assets with an indefinite useful life (including goodwill) are not amortised but are tested for impairment annually, as stated in note 1.3.13. Whenever the useful life of an intangible asset is indefinite, it is re-examined annually to ascertain whether this designation is still valid. If it is not, the change of designation from indefinite to finite is recognised prospectively.

Gains or losses resulting from the derecognition of an intangible asset are determined as being the difference between the net income on removal and the asset's carrying amount. They are recognised through profit or loss in the category of expenses that is appropriate in view of the asset's function when derecognised.

### 1.3.10. RESEARCH AND DEVELOPMENT EXPENSE

Research expenditure incurred to acquire scientific understanding and knowledge, or new techniques is recognised under expenses when incurred.

Internally funded development activities imply the existence of a plan or design for the production of new or substantially improved products or processes.

Development expenditure is recognised as an asset if and only if the costs can be reliably measured and the group can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention and the availability of adequate resources to complete the development and to use or sell the asset. Such analysis is carried out for each project on an individual basis, depending on the activity developed and the targeted market. Expenses that can be recognised under assets include the cost of materials, direct labour and directly attributable overheads necessary to prepare the asset for its intended use. Other development expenditure is recognised as an expense as it is incurred.

Research and development expenditure is recognised net of any state subsidies received or due. These subsidies are recognised as the associated costs are incurred.



### 1.3.11. BUSINESS COMBINATIONS

Goodwill represents the difference between the fair value of the counterparty transferred and the valuation of the proportionate share of identifiable assets, liabilities and contingent liabilities recognised at fair value in the group statement of financial position.

The fair value of identifiable assets, liabilities and contingent liabilities is determined by independent experts. The valuation of assets and liabilities is primarily based on market values. Where there is no active market, approaches based on the discounting of future expected revenues may be used (DCF methods, super-profits methods or royalty-based methods).

The amount of goodwill only becomes definitive after completion of the assessment process, which must occur within one year from the date of acquisition.

Positive goodwill is recognised under the heading "Intangible assets". As stated in note 1.3.9, its recoverable amount is assessed annually and whenever events or circumstances indicate that it might be impaired. Where appropriate, an impairment loss is charged under "Other operating expenses".

Negative goodwill is recognised on the income statement for the financial year after an analysis of all of the assets and liabilities acquired.

### 1.3.12. PROPERTY, PLANT, AND EQUIPMENT

Items of property, plant and equipment are recognised at acquisition cost, or at production cost when constructed by the group itself.

The depreciation period is determined on the basis of the useful life of the asset and its components. This period is subject to annual review when drawing up the medium-term plan; impairment is recognised on a case-by-case basis for assets that are to be scrapped.

Depreciation is calculated using the straight-line method over the expected useful life of each component. The useful lives adopted are:

- buildings and fittings: 10 to 25 years;
- plant and machinery: 5 to 20 years;
- other property, plant, and equipment: 5 to 10 years.

Finance leases are recorded as fixed assets on the statement of financial position, and the corresponding debt is recorded as financial debt on the statement of financial position. The duration corresponds to the commitment of the contract.

The rental capitalisation period corresponds to the non-cancellable period of the contract. In the event of a renewal option, the group has determined that it is reasonably certain that the option will be exercised, based in particular on the ease of replacement and the critical importance of the leased property.

The group's leases mainly relate to real estate.

The group uses the following exemptions permitted by the standard:

- exclusion of short-term leases (less than 12 months);
- exclusion of contracts where the underlying asset is of low value [new unit value less than US\$5,000].

The group used discount rates corresponding to the marginal financing rate of each lessee for a maturity corresponding to the duration of the commitment. The weighted average discount rate used to value the lease liability at December 31, 2024 is 2.58%.

### 1.3.13. IMPAIRMENT OF NON-CURRENT ASSETS

In accordance with IAS 36 – Impairment of assets, the recoverability of intangible assets and property, plant and equipment is tested as soon as there is an indication of impairment, and at least once a year for assets with an indefinite useful life, which are mainly goodwill.

Goodwill is broken down by cash-generating units (CGUs), which correspond to homogeneous groups generating identifiable cash flows.

The test consists of comparing the net carrying amount of an asset or group of assets with its recoverable amount, which is defined as the higher of fair value and value in use. The value in use is determined by discounting the future cash flows expected from the use of the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU is higher than its recoverable amount. An impairment loss in respect of a CGU or group of CGUs is first allocated as a reduction of the carrying amount of any goodwill allocated to the CGU or group of CGUs, then against the carrying amounts of the other assets of the CGU or group of CGUs, in proportion to the carrying amount of each asset.

The CGUs monitored by the group are as follows:

- surface vessels (SV);
- submarines (SM);
- services (SER);
- drones, autonomous systems and underwater weapons (DSASM);
- systems, equipment and propulsion (SEP).

### 1.3.14. INVENTORIES

#### INVENTORIES NOT ALLOCATED TO PROGRAMS

Inventories not allocated to programs are measured in aggregate using the weighted average unit purchase cost method.

Inventory impairment allowances consist of:

- an impairment allowance for obsolescence where consumption has been non-existent for at least two years; a graduated rate of impairment is applied based on the length of time without consumption;
- an impairment allowance for slow moving inventory whenever the quantity of inventory is higher than the quantity consumed over the last 24 months.

#### INVENTORIES ALLOCATED TO PROGRAMS

Inventories allocated to programs are accounted for at their entry value and are included in the costs to completion of these programs.

### 1.3.15. REVENUES

The group's revenue recognition principles are as follows:

#### SEGMENTATION OF CONTRACTS INTO PERFORMANCE OBLIGATIONS

A contract may include several promises to transfer goods and services to a customer. Although Naval Group has traditionally treated a series of goods and services promised under a contract as a single accounting item, a contract may be divided into several performance obligations.



When these goods and services are considered separate within the same contract, they are treated as different performance obligations to be accounted for separately:

- each performance obligation bears its own share of revenue, costs and its own margin;
- the revenue recognition method (and recognition of the corresponding costs) is determined and recorded separately for each performance obligation.

#### ALLOCATION OF THE TRANSACTION PRICE TO CONTRACT PERFORMANCE OBLIGATIONS

The purpose of this allocation is to calculate the amount of Naval Group's consideration in exchange for the transfer of the goods or services promised for each performance obligation. Therefore, this step is only applicable and/or relevant when a contract includes several performance obligations.

In most cases, when the selling price is disaggregated into several lots in the contract which correspond to or might relate to performance obligations, Naval Group expects the project teams to allocate the contract transaction price to each performance obligation.

Where it is not possible to disaggregate the price, or where there is objective evidence that the disaggregation does not accurately reflect the allocation of the selling price to the contract's performance obligations, the transaction price is disaggregated on the basis of individual selling prices.

The variable elements included in the contract selling price are only taken into account if it is highly probable that the subsequent removal of the uncertainties surrounding the variable element will not lead to a significant reduction in the revenue already recognised or forecast.

Penalties for delay or for the improper performance of a service obligation are taken into account in the analysis upon completion of each performance obligation and are deducted from income. Contractual amendments negotiated with customers are included in the selling price only when they become legally enforceable.

#### REVENUE RECOGNITION

Revenue is recognised as each associated performance obligation is satisfied, *i.e.* when the customer acquires control of the promised good or service. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Control of the goods is transferred progressively to the customer, with the corresponding revenue recognised under the percentage of completion method, provided it can be demonstrated that:

- the asset sold does not have an alternative use;
- the group has an enforceable right to payment for performance completed to date (corresponding to costs incurred to date, plus a reasonable profit margin), in case of termination for reasons other than Naval Group's failure to perform.

The customer remains the owner of the asset on which Naval Group carries out maintenance, generally in the case of in-service support contracts.

The customer remains the owner of any asset undergoing a refit by Naval Group, particularly for contracts held by the Naval Group Services Department.

Revenue from services is also recognised on a percentage of completion basis through costs based on the stage of completion of the services, with the customer benefiting from the services as Naval Group performs them.

For some non-material contracts that are not accounted for under the percentage of completion method, the completed contract method is applied. The completed contract method consists of recognising the revenue and profit from the contract only on completion of the contracted work.

For reporting purposes, completion is defined as the technical completion of the programs.

#### METHOD FOR MEASURING PROGRESS

The group generally uses the percentage of completion method to measure progress: revenue is recognised on the basis of costs incurred to date, as a percentage of all expected costs to completion.

#### RECOGNITION OF MARGIN

Tender costs are expensed under "marketing and selling expenses" when they are incurred. They are therefore excluded from the contract margin.

All probable losses on contracts are provided for in full as soon as they become known.

#### ORDER BOOK

Only firm contracts awarded by the client and in effect are entered in Naval Group's order book. Conditional tranches, options and highly probable amendments are not entered in the order book until they are awarded.

As at December 31, 2024, the group's order book stood at €18.2 billion. Its provisional execution schedule is as follows: 22% in 2025, 17% in 2026, 12% in 2027, 10% in 2028 and 39% thereafter.

#### TREATMENT OF LOSSES AT COMPLETION (LOC)

Losses on completion are not considered in performance obligations (PO), a concept specific to IFRS 15. See IAS 37 "Provisions" in order to assess these situations.

IAS 37 requires a provision to be recorded where a contract becomes "costly"/loss-making. Any loss on completion must be assessed at contract level (and not PO level) regardless of which method is used to recognise revenue (percentage of completion by incurred costs or completion). Financial data in contracts with several performance obligations should, therefore, continue to be consolidated.

Where the cost to completion estimate shows an overall loss on the contract (cost to completion exceeds revenue to completion), a provision for loss on completion (LOC) must be made immediately to safeguard performance in future financial years from the negative outcome of this business.

#### 1.3.16. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in currencies other than the functional currency of the entity carrying them out are initially translated and recognised in that functional currency at the rate ruling at the date of the transactions.

Statement of financial position items are translated at the closing rate. Income statement and cash flow statement items are translated at the average rate for the period.





### 1.3.17 CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and in hand. It is complemented by cash equivalents, which are cash invested in short-term risk-free investments. For this purpose, the group mainly chooses undertakings for collective investment in transferable securities (UCITS), certificates of deposit, term accounts with an exit option and interest rate products with an initial maturity of less than three months.

Investments in UCITS will be designated as cash equivalents if they belong to the Euro money-market category as defined by the French financial markets regulator, the Autorité des Marchés Financiers.

Investments in certificates of deposit and fixed-yield instruments will be designated as cash equivalents if their original maturity was three months at the most.

Investments that do not meet these criteria for recognition as cash equivalents, and those that are pledged, will be recognised under other financial assets.

"Net Cash" in the cash flow statement represents the balance of cash and cash equivalents less bank overdrafts.

Whether or not they are classified as cash equivalents, investments are measured at amortised cost, except for structured medium-term negotiable notes and UCITS, which are valued at the fair value provided by the banks.

### 1.3.18. EMPLOYEE BENEFITS

#### POST-EMPLOYMENT BENEFITS

Obligations to employees for lump sums payable on retirement, which constitute post-employment benefits, are provided for in full, net of plan's financial assets intended to cover these obligations. In accordance with IAS 19 revised, the group's obligations are determined using the actuarial method known as the projected unit credit method, applied to all the private-sector employees (*i.e.* excluding seconded personnel).

This method is based on projection rules relating *inter alia* to:

- final salaries. Their valuation incorporates employees' length of service, salary level and career progression;
- retirement ages, determined on the basis of the likely age of commencement of employment for each category of employees, as well as the gradual lengthening of the contribution period under the standard Social Security scheme;
- the development of the workforce estimated on the basis of the TGH-TGF mortality tables and on a turnover rate resulting from the statistical observation of employee behaviour.

The obligations are calculated as follows:

- they are valued only from a certain number of years of service and on a straight-line basis until the date of retirement of the employee;
- the vesting period is determined from the date of retirement and no longer from the date of employment. When the rights are capped, the duration of the vesting period is limited to the length of service required at the time of the cap;
- they are updated;

- they are determined in accordance with the most favourable conditions for lump-sum payments provided for under the collective bargaining agreement for the metalworking industry and works agreements for the employees of the UES (Economic and Social Unit);
- actuarial gains and losses are disclosed under "Other comprehensive income" as items that cannot be reclassified to the income statement;
- the effects of the changes in the method used have been recognised in full in the income statement for the period in which they occurred;
- the expected return on plan assets held to cover retirement schemes is estimated using the same discounting rate as is used for the liabilities to employees.

The obligation is covered in part by financial assets obtained from an insurance company.

#### OTHER LONG-TERM BENEFITS

##### PROVISIONS FOR LONG-SERVICE AWARDS

Long-service awards, which constitute long-service bonuses, are granted in some group companies subject to a minimum length of service for each category within the company. Employees of Naval Group must have at least ten years' service with the company to be eligible, in accordance with the company agreement dated April 11, 2017, together with its addenda. In accordance with IAS 19, obligations to employees for long-service bonuses are estimated using the projected unit credit method, and correspond to the likely present value of future payments when the employee has reached various levels of seniority. A *pro rata* basis is applied to length of service.

##### SPECIFIC PENSIONS

Compensation pensions paid to French government employees seconded to the State-owned company as a result of work-related injuries or illnesses arising or attributable to services rendered during their period of secondment are paid by the State and reimbursed by the State-owned company until extinguishment of the debt.

Any specific pensions arising from work-related injuries or work-related illness claims equal to or greater than a permanent disability percentage of 10% thus constitute annuity benefits and are provided for as such, in accordance with the group's obligations. These pensions are calculated in accordance with the rules laid down in the French Social Security Code (*Code de la Sécurité sociale*).

##### PROVISIONS FOR SENIOR TIME SAVINGS ACCOUNTS

This scheme enables any employee aged 50 or above to bank holiday entitlements, which they can then use to bring forward their retirement date.

Each employee can bank up to ten days' holiday per year in the senior time bank scheme, subject to a maximum of 130 days.

##### PROVISIONS FOR THE FORWARD-LOOKING MANAGEMENT OF JOBS AND SKILLS (GPEC)

As part of a transfer of knowledge, the agreement of September 7, 2020 allows employees with at least five years of seniority in the group and aged over 58 years to commit to a retirement date.

In this respect, the employer offers employees who are beneficiaries of this scheme an increase in their retirement bonus of a value of three months' salary or a buyback of quarters of up to four.



Calculations are carried out once a year at the end of the year using the probable present value of future benefits method. The measures provided for in the strategic jobs and skills management agreement will cease to apply on September 7, 2025 as specified in amendment 2 signed on July 2, 2024.

### 1.3.19. EMPLOYEE SHARE OFFER (ORS) AND COLLECTIVE SHAREHOLDING PLAN (PAC)

As part of Thales' acquisition of a 25% stake in Naval Group SA in 2007, followed by a 35% stake in 2011, two employee share offers were made for group employees to acquire Naval Group shares. As part of the implementation of a collective shareholding plan (PAC) in 2019 and 2022, Naval Group SA shares were acquired by the beneficiaries of the plan, who immediately added them to the Compartment of FCPE Actions Naval Group created for that purpose.

These offers have been regarded as a share-based payment that will be cash-settled. The group itself ensures the liquidity of the transaction by providing a mechanism to buy back its own shares from employees who request it (see note 3.6.6. for more details). The liability corresponding to the group's obligation to buy back shares is remeasured annually on the basis of a share valuation performed by a group of independent experts. The change in value of this liability is recognised under financial income and expenses.

### 1.3.20. INCOME TAX

Income tax comprises current and deferred tax. Tax is recognised in profit or loss unless it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the estimated amount of tax due in respect of the taxable profit for the year after deduction of the various tax credits, calculated using the tax rates enacted or substantively enacted in law at the reporting date, plus or minus any adjustment to the amount of current tax due in respect of previous years. Deferred tax is calculated and recognised using the liability method for all temporary differences between the carrying amount of assets and liabilities and their tax bases. The recoverability of deferred tax assets is assessed on the basis of forecast data contained in the strategic plans of each of the tax groups in question.

### 1.3.21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders of the parent corrected for the impact of dilutive instruments by the weighted average number of ordinary shares, corrected for the number of dilutive instruments deemed to have been exercised.

Shares in the consolidating company held by itself and where applicable, by consolidated companies, are excluded from the average number of shares outstanding.



## 1.4. SCOPE OF CONSOLIDATION

### 1.4.1. ACQUISITIONS DURING THE FINANCIAL YEAR

Naval Group did not acquire any companies during the financial year ended December 31, 2024.

### 1.4.2. SUBSIDIARIES AND ASSOCIATES

As at December 31, 2024, the consolidation scope, consisting of the main fully consolidated subsidiaries and associates, was as follows:

(in percentages)	Country	Control at 12/31/2024	Interests at 12/31/2024	Control at 12/31/2023	Interests at 12/31/2023
<b>PARENT</b>					
Naval Group SA	France				
<b>EXCLUSIVE CONTROL</b>					
Alexandria Naval for Maintenance & Industry	Egypt	100	100	100	100
Armaris Quater SAS	France	100	100	100	100
Armaris Sixt SAS	France	100	100	100	100
Armaris Quint	France	100	100	100	100
DCN International SA	France	100	100	100	100
Naval Group Actionnariat SAS	France	100	100	100	100
Naval Group Coopération SA	Belgium	100	100	100	100
Naval Energies SAS	France	100	100	100	100
Naval Group Far East PTE Ltd	Singapore	100	100	100	100
Naval Group India PTE Ltd	India	100	100	100	100
Naval Group Malaysia	Malaysia	100	100	100	100
Naval Group Participations	France	100	100	100	100
Naval Group Support SAS	France	100	100	100	100
MO PA2 SAS	France	100	100	100	100
Sirehna SA	France	100	100	100	100
Naval Group BR Sistemas de Defesa	Brazil	100	100	100	100
Prosin	Brazil	100	100	100	100
DCNS Energía Marina SpA	Chile	75	75	75	75
Naval Group Australia Pty Ltd	Australia	100	100	100	100
DCNS Zamil	Saudi Arabia	55	55	55	55
Naval Group Arabia	Saudi Arabia	100	100	100	100
Naval Group Pacific Pty Ltd	Australia	100	100	100	100
Naval Group Belgium	Belgium	100	100	100	100
Naval Group RE	France	100	100	100	100
Naval Group Hellas	Greece	100	100	100	100
Long Marine Services	Singapore	100	100	100	100
<b>SIGNIFICANT INFLUENCE</b>					
Boustead DCNS Naval Corporation SDN BHD	Malaysia	40	40	40	40
Défense Environnement Services SAS	France	49	49	49	49
Naviris parent company	Italy	50	50	50	50
Itaguaí Construções Navais SA	Brazil	41	41	41	41
Kership SAS	France	45	45	45	45
MO Porte-Avions	France	65	65	65	65
TechnicAtome	France	20	20	20	20
Jeumont Electric SAS	France	31	31	31	31
Jeumont India	India	31	31	-	-



### 1.5. DISCONTINUED OPERATIONS AND RESTATEMENT OF COMPARATIVE INFORMATION

In accordance with the provisions of IFRS 5 – Non-current assets held for sale and discontinued operations, the presentation impacts are as follows:

- the subsidiary's net income is presented on a separate line of the income statement entitled "Net income from discontinued operations";

- in the statement of cash flows, all flows relating to this subsidiary are presented on the line "Impact of discontinued operations".

The main aggregates of the consolidated income statement of the subsidiary Naval Energies treated in accordance with IFRS 5 for the 2024 and 2023 financial years are as follows:

#### NAVAL ENERGIES INCOME STATEMENT

	2024	2023
Cost of sales	-	-
Marketing and selling expenses	-	-
General and administration expenses	0.6	0.9
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>0.6</b>	<b>0.9</b>
<b>OPERATING PROFIT/LOSS</b>	<b>6.3</b>	<b>0.8</b>
Net financial expense	(2.1)	(1.9)
Income tax	(0.4)	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>3.9</b>	<b>(1.1)</b>

## NOTE 2. INCOME STATEMENT

### 2.1. REVENUE

Group revenue for the financial year ended December 31, 2024, was €4,354.6 million [*versus* €4,257.4 million for the financial year ended December 31, 2023].

	Surface vessels	Submarines	Services	Other	2024
Construction contracts	1,251.2	1,228.7	1,593.7	74.1	4,147.8
Sales of goods and services	1.3	0.2	108.3	96.9	206.8
<b>REVENUE</b>	<b>1,252.6</b>	<b>1,229.0</b>	<b>1,702.1</b>	<b>171.0</b>	<b>4,354.6</b>
<i>France share</i>	<i>35.6%</i>	<i>86.4%</i>	<i>85.7%</i>	<i>72.5%</i>	<i>71.0%</i>
<i>Foreign share</i>	<i>64.4%</i>	<i>13.6%</i>	<i>14.3%</i>	<i>27.5%</i>	<i>29.0%</i>

	Surface vessels	Submarines	Services	Other	2023
Construction contracts	1,260.2	1,266.9	1,522.9	75.1	4,125.2
Sales of goods and services	2.1	2.7	572	70.2	132.2
<b>REVENUE</b>	<b>1,262.3</b>	<b>1,269.6</b>	<b>1,580.2</b>	<b>145.3</b>	<b>4,257.4</b>
<i>France share</i>	<i>36.2%</i>	<i>84.6%</i>	<i>84.4%</i>	<i>71.5%</i>	<i>69.7%</i>
<i>Foreign share</i>	<i>63.8%</i>	<i>15.4%</i>	<i>15.6%</i>	<i>28.5%</i>	<i>30.3%</i>



## 2.2. OPERATING INCOME

The cost of sales for an amount of €3,679.6 million on December 31, 2024, consists of purchasing costs and employee benefits expenses.

### 2.2.1. EMPLOYEE HEADCOUNT AND COSTS OF OWN AND SECONDED EMPLOYEES

	2024	2023
Wages and salaries (including social security charges) of own employees	(1,485.6)	(1,380.7)
Retirement and other long-term employee benefit expenses	(5.9)	(75)
Employees seconded by the French State	(114.3)	(122.0)
Other	(46.2)	(35.3)
<b>TOTAL</b>	<b>(1,652.0)</b>	<b>(1,545.5)</b>

The costs of own and seconded employees are recognised in the income statement under the following current operating expenses:

- cost of sales;
- research and development expense;
- marketing and selling expenses;
- general and administration expenses.

The average workforce employed by fully consolidated group companies was as follows, on a full-time equivalent basis:

	2024	2023
Managers	8,338	7,861
Non-managerial staff <sup>(1)</sup>	8,024	8,148
<b>TOTAL FULLY CONSOLIDATED FRENCH COMPANIES</b>	<b>16,362</b>	<b>16,009</b>
Other consolidated companies of the group	360	316
<b>TOTAL WORKFORCE</b>	<b>16,722</b>	<b>16,325</b>
Of which seconded employees	1,262	1,416

(1) In 2023, the total of 8,148 "non-managerial staff" was divided into 4,910 "supervisors and technicians" and 3,239 "workers and employees".

### 2.2.2. RESEARCH AND DEVELOPMENT EXPENSE

Research and development expenses, net of the research tax credit, amounted to [€91.8] million for the financial year ended December 31, 2024 (versus [€104.5] million for the financial year ended December 31, 2023).

These research and development expenses correspond to the net research and development expenses incurred by the group.

### 2.2.3. STATUTORY AUDITORS' FEES

	EY Network		Forvis Mazars network		Total	
	12/2024	12/2023	12/2024	12/2023	12/2024	12/2023
<b>Certification of financial statements</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>1.3</b>	<b>1.3</b>
Naval Group	0.5	0.6	0.5	0.5	1.1	1.1
Consolidated subsidiaries	0.1	0.1	0.1	0.1	0.2	0.2
<b>TOTAL</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>1.3</b>	<b>1.3</b>

### 2.2.4. OTHER OPERATING INCOME

	2024	2023
Competitiveness/restructuring plan	-	0.2
Other	0.1	0.3
<b>OTHER OPERATING INCOME</b>	<b>0.1</b>	<b>0.5</b>



### 2.2.5. OTHER OPERATING EXPENSES

	2024	2023
Competitiveness/restructuring plan	-	(0.2)
Other <sup>(1)</sup>	(18.2)	(5.4)
<b>OTHER OPERATING EXPENSES</b>	<b>(18.2)</b>	<b>(5.6)</b>

(1) At December 31, 2024, the amount mainly corresponded to the relative cost of the Bagneux site closure.

### 2.3. NET FINANCE INCOME (EXPENSE)

Income from financial investments represents interest earned by the group on its cash investments in the amount of €35.1 million for the financial year ended December 31, 2024 (*versus* €31.1 million for the financial year ended December 31, 2023).

Interest expenses related to IFRS 16 contracts were [€4.6] million for the financial year ended December 31, 2024 (*versus* [€2.6] million for the financial year ended December 31, 2023).

#### 2.3.1. OTHER FINANCIAL INCOME

	2024	2023
Changes in fair value of financial investments	-	4.3
Dividends received	8.5	1.0
Interest on overdue trade receivables	8.6	4.2
Foreign exchange gains	4.6	4.7
Reversal of impairment on provisions for long-term benefits	1.0	10.2
Reversal of impairments on financial assets	6.1	0.3
Revenues from cash equivalents	0.2	0.1
Interest on bank accounts	9.1	9.0
Other income	3.1	0.6
<b>OTHER FINANCIAL INCOME</b>	<b>41.2</b>	<b>34.4</b>

#### 2.3.2. OTHER FINANCIAL EXPENSES

	2024	2023
Changes in fair value of financial investments	(4.1)	-
Change in employee share offer liability	(1.8)	(3.7)
Interest on overdue trade payables	(0.3)	(1.9)
Foreign exchange losses	(2.5)	(5.0)
Impairment losses on provisions of long-term benefits	(2.0)	(2.9)
Impairment losses on financial assets/provisions	(1.2)	(1.0)
Interest on loans	(75)	(1.5)
Other expenses	(10.2)	(1.2)
<b>OTHER FINANCIAL EXPENSES</b>	<b>(29.6)</b>	<b>(17.2)</b>

### 2.4. INCOME TAX

#### 2.4.1. ANALYSIS OF INCOME TAX EXPENSE

	2024	2023
Deferred tax	(30.4)	(15.6)
Current tax	(476)	(64.3)
<b>INCOME TAX</b>	<b>(78.0)</b>	<b>(79.9)</b>



## 2.4.2. RECONCILIATION OF ACTUAL AND THEORETICAL INCOME TAX EXPENSE

	2024	2023
Net income from continuing operations	261.7	261.8
Income tax	(78.0)	(79.9)
Operating profit/(loss) after net income from associates	8.4	2.8
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>331.4</b>	<b>338.9</b>
Group theoretical tax rate	25.83%	25.83%
<b>THEORETICAL TAX EXPENSE</b>	<b>(85.6)</b>	<b>(87.5)</b>
Offset of research tax credit in EBITDA <sup>(1)</sup>	6.6	72
Deferred tax not recognised <sup>(2)</sup>	(0.1)	(0.0)
Difference in corporation tax rate on foreign income/(loss) <sup>(3)</sup>	0.6	0.4
Other permanent differences	(0.5)	0.1
<b>ACTUAL TAX EXPENSE</b>	<b>(79.0)</b>	<b>(79.9)</b>
Effective tax rate <sup>(4)</sup>	23.80%	23.57%

(1) The recognition of research tax credit set against operating expenses generates a theoretical income tax expense of (€6.6) million, which must be offset.

(2) No deferred tax has been capitalised on the losses as it is unlikely that they can be offset.

(3) The rate difference between the theoretical corporation tax rate and the current rate applied in the overseas subsidiaries and permanent establishments.

(4) Excluding losses not recognised.

## 2.4.3. DEFERRED TAXES ON THE STATEMENT OF FINANCIAL POSITION

	12/31/2023	Net income	Net position excluding associates		12/31/2024
			OCI	Other	
Deferred tax assets	175.6	(29.2)	(3.5)	(1.4)	141.5
Deferred tax liabilities	(2.7)	(1.2)	-	0.3	(3.5)
<b>DEFERRED TAX BALANCE</b>	<b>172.9</b>	<b>(30.4)</b>	<b>(3.4)</b>	<b>(1.1)</b>	<b>138.0</b>
Of which impairment of deferred tax	-	-	-	-	-

	12/31/2022	Net income	Net position excluding associates		12/31/2023
			OCI	Other	
Deferred tax assets	187.3	(15.0)	2.8	0.6	175.6
Deferred tax liabilities	(2.1)	(0.6)	-	-	(2.7)
<b>DEFERRED TAX BALANCE</b>	<b>185.2</b>	<b>(15.6)</b>	<b>2.8</b>	<b>0.6</b>	<b>172.9</b>
Of which impairment of deferred tax	-	-	-	-	-

Deferred tax assets mainly involve the differences between the book basis and the tax basis of provisions on contracts and provisions for lump-sum payments payable on retirement. Taxable units within the group include in particular the Naval Group tax consolidation group, which comprises all fully consolidated French companies in which its interest exceeds 95%.

As of December 31, 2024, the tax loss carry forwards of certain companies have not been capitalised.



## 2.5. EARNINGS PER SHARE

The group issued no new ordinary shares during the financial years ended December 31, 2024 and December 31, 2023. The calculation of earnings per share is therefore based on a number of ordinary shares outstanding after buybacks of treasury shares, which was 55,686,993 shares and 55,745,517 shares for the financial years ended December 31, 2024, and December 31, 2023 respectively.

No dilutive instruments were issued during the financial years ended December 31, 2024 and December 31, 2023. Diluted and basic earnings per share are therefore identical.

The numerator is equal to the net profit and the denominator is the average number of shares outstanding, *i.e.* 55,686,993 shares and 55,745,517 shares for the years ended December 31, 2024 and December 31, 2023 respectively.

	2024	2023
Earnings per share from continuing operations	4.70	4.70
Earnings per share from discontinued operations	0.07	(0.02)
<b>BASIC AND DILUTED EARNINGS PER SHARE (IN €)</b>	<b>4.77</b>	<b>4.68</b>

## NOTE 3. OPERATING ASSETS AND LIABILITIES

### 3.1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### 3.1.1. INTANGIBLE ASSETS

	Patents & similar	Fair value differences	Other intangible assets	Total intangible assets
<b>Gross amounts</b>				
Opening	302.4	1571	24.3	483.8
Acquisitions	35.4	-	0.3	35.7
Disposals	(0.1)	-	-	(0.1)
Other changes	(3.5)	-	3.9	0.4
<b>CLOSING</b>	<b>334.3</b>	<b>157.1</b>	<b>28.5</b>	<b>519.9</b>
<b>Depreciation, amortisation, and impairment losses</b>				-
Opening	(260.9)	(1571)	(0.3)	(418.3)
Net depreciation for the financial year	(23.0)	-	(1.8)	(24.8)
Disposals	0.1	-	-	0.1
<b>CLOSING</b>	<b>(283.8)</b>	<b>(157.1)</b>	<b>(2.1)</b>	<b>(443.0)</b>
Net amounts 12/31/2023	41.5	-	24.0	65.5
<b>NET AMOUNTS 12/31/2024</b>	<b>50.5</b>	<b>-</b>	<b>26.4</b>	<b>76.9</b>





### 3.1.2. PROPERTY, PLANT AND EQUIPMENT AND RIGHTS OF USE

	Land	Buildings	Plant and machinery	Other property plant and equipment	Total property, plant and equipment
<b>Gross amounts</b>					
Opening	25.2	440.7	465.7	894.3	1,825.9
Acquisitions	-	4.5	39.8	104.5	148.8
Disposals	-	(2.1)	(13.5)	(6.3)	(21.9)
IFRS 16 – entry	-	65.7	0.1	-	65.8
IFRS 16 – exit	-	(35.3)	(0.1)	-	(35.4)
Other changes	-	0.3	0.2	0.4	0.9
<b>CLOSING</b>	<b>25.2</b>	<b>473.8</b>	<b>492.3</b>	<b>992.9</b>	<b>1,984.2</b>
<b>Depreciation, amortisation, and impairment losses</b>					
Opening	-	(1872)	(321.6)	(502.1)	(1,010.9)
Net depreciation for the financial year	-	(11.0)	(274)	(55.8)	(94.2)
Reversals	-	0.2	0.3	0.6	1.1
Disposals	-	1.5	13.4	5.8	20.7
Net provisions for IFRS 16 rights of use	-	(22.4)	(2.0)	-	(24.4)
Reversals of IFRS 16 rights of use	-	35.7	-	-	35.7
Other changes	-	(0.5)	(0.2)	0.6	(0.1)
<b>CLOSING</b>	<b>-</b>	<b>(183.7)</b>	<b>(337.5)</b>	<b>(551.0)</b>	<b>(1,072.2)</b>
Net amounts 12/31/2023	25.2	253.5	144.1	392.2	815.0
<b>NET AMOUNTS 12/31/2024</b>	<b>25.2</b>	<b>290.1</b>	<b>154.8</b>	<b>441.9</b>	<b>912.0</b>
<i>Of which property, plant, and equipment at 12/31/2024</i>	<i>25.2</i>	<i>156.0</i>	<i>151.7</i>	<i>441.9</i>	<i>774.8</i>
<i>Of which rights of use at 12/31/2024</i>	<i>-</i>	<i>134.1</i>	<i>3.1</i>	<i>-</i>	<i>137.2</i>

### 3.2. GOODWILL

#### 3.2.1. CHANGE IN GOODWILL

	12/31/2023	Acquisitions	Disposals	Impairment	12/31/2024
Services (SER)	86.9	0	0	0	86.9
Surface vessels (SV)	196.8	0	0	0	196.8
Submarines (SM)	99.1	0	0	0	99.1
<b>GOODWILL</b>	<b>382.8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>382.8</b>

	12/31/2022	Acquisitions	Disposals	Impairment	12/31/2023
Services (SER)	86.9	0	0	0	86.9
Surface vessels (SV)	196.8	0	0	0	196.8
Submarines (SM)	99.1	0	0	0	99.1
<b>GOODWILL</b>	<b>382.8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>382.8</b>



### 3.2.2. ASSUMPTIONS USED

At December 31, 2024, for all CGUs, the discount rate (WACC) of future cash flows is 7.88%. Impairment tests use the four-year business plan adopted by General Management and presented to the Board of Directors. These assumptions take into account current market conditions, their foreseeable changes, as well as the group's assumptions about changes in the context. Beyond the horizon of the four-year plan, the perpetual growth rate used to calculate the value of the terminal cash flow is 1.50%.

### 3.2.3. SENSITIVITY OF VALUES IN USE TO KEY ASSUMPTIONS

Given the high positive difference between the value in use (determined *via* the DCF) and the value of the assets to be tested, no potential impairment loss appears for all the CGUs. The same applies to the assumption of an increase in the WACC of 0.5 point and a decrease in the perpetual growth rate of 0.5 point.

## 3.3. INVESTMENTS IN ASSOCIATES

### 3.3.1. SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT IN THE NET ASSETS AND NET INCOME OF ASSOCIATES

	Share attributable to owners of the parent in the net position as of:		Net income	
	12/31/2024	12/31/2023	2024	2023
Boustead DCNS Naval Corporation SDN BHD (Malaysia)	(6.3)	(6.3)	0.6	6.9
Itaguaí Construções Navais SA (Brazil)	(35.9)	(30.1)	(11.8)	(274)
Défense Environnement Services SAS (France)	0.7	1.0	0.4	0.7
Kership SAS (France)	6.8	6.2	0.5	2.3
TechnicAtome SA (France)	98.6	1377	18.4	18.7
Naviris parent company (Italy)	2.0	0.1	1.8	0.8
MO Porte-Avions (France)	(2.4)	1.5	1.5	0.8
Jeumont Electric SAS (France)	10.9	13.9	(3.0)	-
<b>TOTAL</b>	<b>74.5</b>	<b>124.0</b>	<b>8.4</b>	<b>2.8</b>

### 3.3.2. CHANGES IN "INVESTMENTS IN ASSOCIATES BOOKED USING THE EQUITY METHOD"

	12/31/2024	12/31/2023
<b>INVESTMENTS IN ASSOCIATES AS AT JANUARY 1</b>	<b>124.0</b>	<b>117.6</b>
Share in income/(loss) of associates	8.4	2.8
Dividends paid	(58.3)	(11.7)
Actuarial gains (losses) on pensions, net of deferred taxes	(0.7)	0.8
Foreign exchange hedges net of deferred taxes	(4.4)	-
Translation differences	5.5	0.5
Changes in scope	-	13.9
Other		0.1
<b>INVESTMENTS IN ASSOCIATES</b>	<b>74.5</b>	<b>124.0</b>



### 3.3.3. SUMMARY FINANCIAL INFORMATION RELATING TO TECHNICATOME

Naval Group holds 20.32% of the share capital of TechnicAtome, which specialises in nuclear power. TechnicAtome's summary financial statements (prepared in accordance with IFRS) are as follows:

Summarised statement of financial position (100%)	12/31/2024	12/31/2023
<b>TOTAL ASSETS</b>	<b>997.6</b>	<b>1,181.1</b>
Equity restated, entity's share before net income	73.4	260.3
Actuarial gains (losses) on pensions, net of deferred taxes	(3.0)	0.6
Entity's net income	90.7	91.8
<b>Equity restated, entity's share</b>	<b>161.1</b>	<b>352.8</b>
Other liabilities	836.5	828.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>997.6</b>	<b>1,181.1</b>
Cash and cash equivalents	626.3	836.3

Consolidation in Naval Group	12/31/2024	12/31/2023
Equity restated, entity's share before net income	73.4	260.3
Actuarial gains (losses) on pensions, net of deferred taxes	(3.0)	0.6
Entity's net income	90.7	91.8
<b>Equity restated, entity's share</b>	<b>161.1</b>	<b>352.8</b>
Naval Group % shareholding	20.32%	20.32%
<b>NAVAL GROUP SHARE</b>	<b>32.7</b>	<b>71.7</b>
Goodwill	66.0	66.0
<b>SHARE IN THE JOINT VENTURE</b>	<b>98.7</b>	<b>137.7</b>

Income statement (100%)	12/31/2024	12/31/2023
Revenue	625.6	554.5
Operating profit	104.7	94.8
Net financial expense	19.5	22.4
Tax	(33.5)	(25.4)
<b>NET INCOME RESTATED</b>	<b>90.7</b>	<b>91.8</b>
Naval Group % shareholding	20.32%	20.32%
<b>SHARE OF NET INCOME OF JOINT VENTURE</b>	<b>18.4</b>	<b>18.7</b>

### 3.4. INVENTORIES AND WORK IN PROGRESS

	12/31/2024	12/31/2023
Raw materials and goods for resale	478.5	464.5
Work in progress	62.2	45.6
Finished and semi-finished products	1.1	0.5
<b>GROSS AMOUNTS</b>	<b>541.8</b>	<b>510.6</b>
Impairment	(23.3)	(28.3)
<b>INVENTORIES AND WORK IN PROGRESS</b>	<b>518.5</b>	<b>482.3</b>



### 3.5. TRADE AND OTHER RECEIVABLES

	12/31/2024	12/31/2023
Trade receivables, gross	1,816.2	927.0
Trade receivables, impairment allowance	(178)	(21.3)
<b>CUSTOMERS</b>	<b>1,798.4</b>	<b>905.8</b>
Tax receivables (excluding current tax)	437.9	345.2
Employment and social benefit receivables	14.5	9.9
<b>TAX, EMPLOYMENT, AND SOCIAL BENEFIT RECEIVABLES</b>	<b>452.4</b>	<b>355.1</b>
Deferred expenses	73.2	56.5
Other receivables, gross	277	273
<b>OTHER RECEIVABLES, NET</b>	<b>100.9</b>	<b>83.8</b>
<b>TRADE AND OTHER RECEIVABLES</b>	<b>2,351.7</b>	<b>1,344.6</b>

### 3.6. EQUITY

#### 3.6.1. SHARE CAPITAL

As at December 31, 2024, the parent company's share capital comprised 56,300,000 ordinary shares of a nominal value of €10, distributed as follows:

	Ordinary shares	Total	%
The French State	35,047,871	35,047,871	62.25%
Thales	19,705,000	19,705,000	35.00%
FCPE Actions Naval Group	924,080	924,080	1.64%
Naval Group Actionnariat (treasury shares)	613,007	613,007	1.09%
Employees	10,042	10,042	0.02%
<b>TOTAL</b>	<b>56,300,000</b>	<b>56,300,000</b>	<b>100.00%</b>

There are no other securities in circulation giving access to the capital of Naval Group.

#### 3.6.2. DIVIDEND PAYMENTS

The Ordinary General Meeting of March 27, 2024 decided to allocate earnings for the financial year ended December 31, 2023 as follows:

- €129.5 million as shareholder dividends.

#### 3.6.3. CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

During the financial year ended December 31, 2024, the group did not record a change in the fair value of financial assets and liabilities.

#### 3.6.4. CHANGES IN THE FAIR VALUE OF THE CASH FLOW HEDGE RESERVE

At December 31, 2024, the group had financial hedging instruments, but these were not recognised using hedge accounting with an offsetting entry in other comprehensive income (within the meaning of IFRS 9), but at fair value through profit or loss.  
At December 31, 2024, MO Porte-Avions [equity associate] had a valuation of (€4.4) million net of deferred taxes on the fair value of the hedging reserve.

#### 3.6.5. TRANSLATION DIFFERENCES (FOREIGN SUBSIDIARIES)

As stated in note 1.3.5, this item comprises differences arising on the translation of the financial statements of foreign companies on the basis of the closing and average exchange rates.  
The following group companies do not use the euro as their functional currency: Naval Group Far East (Singapore dollar – SGD), Itaguaí Construções Navais, Prosin and Naval Group BR (Brazilian real – BRL), Boustead DCNS Naval Corporation and Naval Group Malaysia (Malaysian ringgit – MYR), Naval Group India (Indian rupee – INR), Naval Group Australia Pty Ltd and Naval Group Pacific (Australian dollar – AUD), DCNS Zamil and Naval Group Arabia (Saudi riyal – SAR), DCNS Energía Marina SpA (Chilean pesos – CLP) and Alexandria Naval for Maintenance & Industry (Egyptian pound – EGP).

During the financial year ended December 31, 2024, the group recorded an increase of €5.6 million in its reserves for translation differences (compared with a decrease of €0.5 million in 2023).

#### 3.6.6. TREASURY SHARES

During the financial years ended December 31, 2023 and December 31, 2024, 47,503 and 58,524 treasury shares respectively were bought back by Naval Group Actionnariat (a wholly owned subsidiary of the group) under the mechanism set up to ensure the liquidity of the shares acquired in connection with the employee share offers carried out in 2008 and 2014, the collective shareholding plans carried out in 2019 and 2022 and the 2019 LTIP.



In accordance with note 1.3.18, Naval Group shares held by Naval Group Actionnariat and those whose liquidity must be ensured by the latter in the context of the aforementioned transactions were deducted from shareholders' equity. The impact on equity was €88.5 million as at December 31, 2024 (€87.2 million as at December 31, 2023).

As a new valuation of the group's share was published in April 2024, it was used to revalue the reserve of treasury shares (only for those corresponding to the buyback commitment issued by Naval Group and not yet redeemed) against other reserves for (€1.8) million.

At December 31, 2024, Naval Group Actionnariat held 613,007 Naval Group shares, and FCPE Actions Naval Group, the shares of which are therefore held by beneficiaries of the transactions referred to above, held 924,080 shares.

The conditions restricting the resale of shares held by employees have all been lifted since August 2013 for the first operation (the 2008 employee share offer) and since December 2019 for the second operation (the 2014 employee share offer).

Shares acquired under the 2019 Collective Shareholding Plan (2019 PAC) are subject to a five-year lock-up period ending in July 2024. As for all assets held under the group savings plan (PEG), early releases are possible in accordance with the applicable regulations in force.

Shares acquired under the 2022 Collective Shareholding Plan (2022 PAC) are subject to a five-year retention period ending in July 2027. As for all assets held under the group savings plan (PEG), early releases are possible in accordance with the applicable regulations in force.

### 3.6.7 CAPITAL MANAGEMENT

The group's cash position, net of financial debt, is positive. Under its current strategic plan, the group therefore does not envisage altering its share capital as its funds are considered to be sufficient.

Nevertheless, subject to legal and contractual provisions, the shareholder structure may alter due to exchanges of shares between shareholders, as they decide.

## 3.7. PROVISIONS

	12/31/2023	Allocations	Utilisation	Reversals	Other	12/31/2024
Provisions for retirement benefits <sup>(1)</sup>	34.1	12.6	(75)	-	(11.5)	276
Other non-current provisions <sup>(2)</sup>	46.9	5.1	(3.5)	-	(3.0)	45.5
<b>NON-CURRENT PROVISIONS</b>	<b>81.0</b>	<b>17.7</b>	<b>(11.1)</b>	<b>-</b>	<b>(14.5)</b>	<b>73.1</b>
Provisions for retirement benefit	5.4	-	-	-	(1.8)	3.7
Restructuring provision <sup>(5)</sup>	-	10.1	-	-	-	10.1
Provisions under warranties	69.2	9.2	(6.6)	-	-	71.9
Provisions on contracts <sup>(3)</sup>	477.3	68.2	(0.7)	(219.2)	-	325.5
Provisions for losses on completion <sup>(3)</sup>	38.3	23.1	(0.2)	(16.7)	-	44.4
Other current provisions <sup>(4)</sup>	45.0	16.0	(4.0)	(10.9)	3.0	49.1
<b>CURRENT PROVISIONS</b>	<b>635.2</b>	<b>126.6</b>	<b>(11.5)</b>	<b>(246.8)</b>	<b>1.2</b>	<b>504.7</b>
<b>PROVISIONS</b>	<b>716.2</b>	<b>144.3</b>	<b>(22.6)</b>	<b>(246.8)</b>	<b>(13.3)</b>	<b>577.8</b>

(1) The "Other" flow of "Provisions for retirement benefits" corresponds to the reclassification of €1.7 million between current and non-current, and to the actuarial difference of (€13.2) million.

(2) At December 31, 2024, other non-current provisions included provisions for other long-term benefits (long-service bonuses, annuities, and CET for Senior employees, see note 1.3.18) for an amount of €42.1 million and provisions for litigation.

(3) For each contract, the change in the provision for losses on completion is recognised at its net amount.

(4) Other current provisions mainly include provisions relating to tax, labour, environmental and supplier disputes.

(5) At December 31, 2024, the provision mainly concerns the costs related to the closure of the Bagneux site.



	12/31/2022	Allocations	Utilisation	Reversals	Other	12/31/2023
Provisions for retirement benefits <sup>(1)</sup>	18.4	11.7	(6.3)	-	10.3	34.1
Other non-current provisions <sup>(2)</sup>	50.6	8.3	(12.0)	-	0.1	46.9
<b>NON-CURRENT PROVISIONS</b>	<b>69.0</b>	<b>19.9</b>	<b>(18.3)</b>	<b>-</b>	<b>10.4</b>	<b>81.0</b>
Provisions for retirement benefits <sup>(1)</sup>	4.7	-	-	-	0.7	5.4
Provisions for the competitiveness plan	0.4	-	(0.4)	-	-	-
Provisions under warranties	679	10.7	(5.9)	(3.5)	-	69.2
Provisions on contracts <sup>(3)</sup>	5372	96.5	(102.5)	(53.9)	-	4773
Provisions for losses on completion <sup>(3)</sup>	276	14.1	(1.0)	(2.4)	-	38.3
Other current provisions <sup>(4)</sup>	44.1	22.9	13.3	(35.2)	(0.1)	45.0
<b>CURRENT PROVISIONS</b>	<b>681.8</b>	<b>144.3</b>	<b>(96.5)</b>	<b>(95.0)</b>	<b>0.6</b>	<b>635.2</b>
<b>PROVISIONS</b>	<b>750.8</b>	<b>164.2</b>	<b>(114.9)</b>	<b>(95.0)</b>	<b>11.0</b>	<b>716.2</b>

(1) The "Other" flow of "Provisions for retirement benefits" corresponds to the reclassification of €0.7 million between current and non-current, and to the actuarial difference of €11 million.

(2) At December 31, 2023, other non-current provisions included provisions for other long-term benefits (long-service bonuses, annuities, and CET for Senior employees, see note 1.3.18) for an amount of €46.9 million and provisions for litigation.

(3) For each contract, the change in the provision for losses on completion is recognised at its net amount.

(4) Other current provisions mainly include provisions relating to tax, labour, environmental and supplier disputes.

### 3.71. PROVISIONS FOR RETIREMENT BENEFITS

As at December 31, 2024, provisions for retirement benefits for the group as a whole amounted to €31.3 million [compared to €39.5 million as at December 31, 2023], mainly related to Naval Group.

The assumptions used were as follows:

- a discount rate of 3.50% [compared to 3.20% at December 31, 2023];
- an inflation rate of 2% [same as at December 31, 2023];

- a salary increase rate of 2.80% [same as at December 31, 2023].

As at December 31, 2024, the sensitivity of the net obligation to a change in the discount rate was as follows:

- reducing the discount rate by 0.5 point would lead to a commitment for retirement benefits of €137.2 million;
- increasing the discount rate by 0.5 point would lead to a commitment for retirement benefits of €120.3 million.

Changes in the retirement obligation were as follows:

	2024	2023
Opening obligation	126.8	111.3
Current service cost	11.4	10.9
Accretion expense	10.9	(0.1)
Benefits paid	(74)	(6.3)
Actuarial gains and losses <sup>(1)</sup>	(13.3)	11.0
<b>OBLIGATION AT END OF PERIOD</b>	<b>128.4</b>	<b>126.8</b>

(1) The change in actuarial gains and losses in 2024 is mainly related to the differences on the assumptions made on the discount rate for (€5.2) million, the revaluation of assets for (€70) million and on experience for (€1.1) million.

The change in actuarial gains and losses in 2023 is mainly related to the differences on the assumptions made on the discount rate for (€1.6) million, the revaluation of assets for €3.6 million and on experience for €9.5 million.

Changes in pension plan assets were as follows:

	2024	2023
Assets at start of period	873	88.2
Payment on hedging assets	0.0	0.0
Return on assets <sup>(1)</sup>	9.8	(0.9)
<b>ASSETS AT END OF PERIOD</b>	<b>97.1</b>	<b>87.3</b>

(1) Including actuarial gains and losses on assets



As at December 31, 2024, the assets were invested as follows: 60.39% in equities, 16.38% in bonds, 9.32% in diversified assets and 13.91% in money-market instruments.

The net charge recognised breaks down as follows:

	2024	2023
Current service cost	(11.4)	(10.9)
Accretion expense	(1.1)	(0.8)
Benefits paid	7.4	6.3
<b>NET EXPENSE</b>	<b>(5.1)</b>	<b>(5.4)</b>

The reconciliation of the actuarial obligation and the provision recognised in the statement of financial position is as follows:

	12/31/2024	12/31/2023
Actuarial commitment	128.4	126.8
Fair value of assets	(97.1)	(87.3)
<b>PROVISIONS AT END OF PERIOD</b>	<b>31.3</b>	<b>39.5</b>

Forecast payments for retirement benefits for the next four years are as follows:

	12/31/2024
Forecast benefits 2025	9.2
Forecast benefits 2026	10.2
Forecast benefits 2027	11.1
Forecast benefits 2028	10.2
<b>FORECAST BENEFITS FOR THE NEXT 4 YEARS</b>	<b>40.8</b>

### 3.7.2. PROVISIONS FOR OTHER LONG-TERM BENEFITS

The provision for other long-term benefits concerns the following:

- pensions;
- long-service bonuses;
- CET Senior.

They are defined in note 1.3.18.

Changes in obligations to pay other long-term benefits as at December 31, 2024 were as follows:

	12/31/2024	12/31/2023
Opening obligation	46.9	52.1
Current service cost	3.7	4.7
Accretion expense	1.4	1.6
Benefits paid	(1.7)	(1.8)
Actuarial gains and losses	(1.5)	(9.7)
<b>OBLIGATION AT YEAR-END TO PAY OTHER LONG-TERM BENEFITS</b>	<b>48.8</b>	<b>46.9</b>

### 3.8. TRADE AND OTHER PAYABLES

	12/31/2024	12/31/2023
Suppliers	1,887.1	1,694.2
Tax payables (excluding current tax)	415.0	267.3
Social benefit liabilities	301.5	286.9
Other payables	110.5	122.2
<b>TRADE AND OTHER PAYABLES</b>	<b>2,714.1</b>	<b>2,370.6</b>



### 3.9. CONTRACT ASSETS AND LIABILITIES

Contract assets, corresponding to the net debit position of unbilled receivables from which the corresponding advances received from customers have been deducted, and contract liabilities, corresponding to the net credit position of advances received from customers from which the corresponding unbilled receivables have been deducted, as well as deferred income.

This amount increases in line with the stage of completion of the contract and decreases as services are invoiced to the customer or as part payments are received. Contract assets and liabilities are as follows:

(in € millions)	12/31/2024	12/31/2023
Unbilled receivables, gross	6,765.5	10,125.1
Advances and part payments received from customers	(6,112.7)	(9,452.5)
Deferred income	(18.6)	0.6
<b>CONTRACT ASSETS</b>	<b>634.2</b>	<b>673.1</b>
Advances and part payments received from customers	6,583.8	3,522.4
Unbilled receivables	(5,172.0)	(2,173.0)
Deferred income	604.4	479.8
<b>CONTRACT LIABILITIES</b>	<b>2,016.2</b>	<b>1,829.2</b>

## NOTE 4. FINANCIAL ASSETS AND LIABILITIES

### 4.1. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES

The various financial assets and liabilities shown below are measured as follows [the fair value measurement level under IFRS 7 is shown in brackets]:

- fixed-yield instruments and term deposits (fair value through profit and loss); the fair value of these products is measured based on the accrued interest at the reporting date (level 2);
- monetary and non-monetary UCITS (fair value through profit and loss); valued at their latest known net asset value (level 1);
- negotiable medium-term notes (fair value through profit and loss); valued at their latest known net asset value (level 1);
- hedging instruments (fair value through equity) eligible for hedge accounting; valued based on the model commonly used by market operators to value financial instruments (model incorporating observable market data) (level 2);
- hedging instruments (fair value through profit and loss account) not eligible for hedge accounting; valued based on the models commonly used by market operators to value financial instruments (model incorporating observable market data) (level 2);
- investments (fair value through equity, designated as "available-for-sale"); these investments do not relate to companies listed on a regulated market. In consequence, they are valued either on the basis of modelling by independent third parties or by reference to the group's share of their net assets (level 3);
- trade receivables and payables (loans and receivables); these are contractually subject to price review clauses. The group therefore considers that they are shown at their fair value;
- liability in respect of employee share offer (ORS) (fair value through profit and loss account); as stated in the section "Accounting rules and policies", this liability is re-measured annually on the basis of the valuation of Naval Group shares by a group of independent experts (level 2).





## 4.1.1. FAIR VALUE AND CLASSIFICATION OF FINANCIAL ASSETS

	Loans and receivables at amortised cost	Fair value through profit and loss	Fair value through equity	12/31/2024	Impact of the change in fair value on equity	Impact of the change in fair value on profit and loss
Investments	49.2	-	-	49.2	-	-
Hedging instruments, non-current portion	-	(0.1)	-	(0.1)	-	0.2
Non-current investment securities	-	342.7	-	342.7	-	(0.4)
Other non-current financial assets	0.1	-	-	0.1	-	-
<b>TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>49.3</b>	<b>342.6</b>		<b>391.9</b>	<b>-</b>	<b>(0.2)</b>
Customers	1,798.4	-	-	1,798.4	-	-
Hedging instruments, current portion	-	0.4	-	0.4	-	(0.5)
Non-current investment securities	-	20.0	-	20.0	-	(0.2)
Other current financial assets	2.2	-	-	2.2	-	-
Cash and cash equivalents	-	680.9	-	680.9	-	(1.4)
<b>TOTAL CURRENT FINANCIAL ASSETS AND TRADE RECEIVABLES</b>	<b>1,800.6</b>	<b>701.3</b>	<b>-</b>	<b>2,501.9</b>	<b>-</b>	<b>(2.1)</b>

	Loans and receivables at amortised cost	Fair value through profit and loss	Fair value through equity	12/31/2023	Impact of the change in fair value on equity	Impact of the change in fair value on profit and loss
Investments	52.4	-	-	52.4	-	-
Hedging instruments, non-current portion	-	(0.2)	-	(0.2)	-	-
Investment securities	-	385.2	-	385.2	-	(0.5)
Other non-current financial assets	0.1	-	-	0.1	-	-
<b>TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>52.5</b>	<b>385.0</b>	<b>-</b>	<b>437.5</b>	<b>-</b>	<b>(0.5)</b>
Customers	905.8	-	-	905.8	-	-
Hedging instruments, current portion	-	0.9	-	0.9	-	0.2
Other current financial assets	1.2	-	-	1.2	-	-
Cash and cash equivalents	-	990.3	-	990.3	-	2.2
<b>TOTAL CURRENT FINANCIAL ASSETS AND TRADE RECEIVABLES</b>	<b>907.0</b>	<b>991.2</b>	<b>-</b>	<b>1,898.1</b>	<b>-</b>	<b>2.4</b>

The impacts on equity and profit and loss are shown before tax.



## 4.1.2. FAIR VALUE AND CLASSIFICATION OF FINANCIAL LIABILITIES

	Loans and trade payables at amortised cost	Fair value through profit and loss	Fair value through equity	12/31/2024	Impact of the change in fair value on equity	Impact of the change in fair value on profit and loss
Loans, non-current portion	1.3	-	-	1.3	-	-
IFRS 16 lease liabilities, non-current portion	126.5	-	-	126.5	-	-
Hedging instruments, non-current portion	-	(0.9)	-	(0.9)	-	(0.4)
ORS & PAC liabilities, non-current portion	64.3	-	-	64.3	-	1.8
Other non-current financial liabilities	-	-	-	-	-	-
<b>TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>192.1</b>	<b>(0.9)</b>	<b>-</b>	<b>191.3</b>	<b>-</b>	<b>1.4</b>
Suppliers	1,887.1	-	-	1,887.1	-	-
Loans, current portion	325.0	-	-	325.0	-	-
IFRS 16 lease liabilities, current portion	14.1	-	-	14.1	-	-
Hedging instruments, current portion	-	0.4	-	0.4	-	1.0
ORS & PAC liabilities, current portion	3.4	-	-	3.4	(1.8)	-
Other current financial liabilities	-	30.2	-	30.2	-	-
<b>TOTAL CURRENT FINANCIAL LIABILITIES AND TRADE PAYABLES</b>	<b>2,229.6</b>	<b>30.6</b>	<b>-</b>	<b>2,260.9</b>	<b>(1.8)</b>	<b>1.0</b>

	Loans and trade payables at amortised cost	Fair value through profit and loss	Fair value through equity	12/31/2023	Impact of the change in fair value on equity	Impact of the change in fair value on profit and loss
Loans, non-current portion	-	-	-	-	-	-
IFRS 16 lease liabilities, non-current portion	74.9	-	-	74.9	-	-
Hedging instruments, non-current portion	-	(0.5)	-	(0.5)	-	(0.4)
ORS & PAC liabilities, non-current portion	69.4	-	-	69.4	(0.1)	3.7
Other non-current financial liabilities	-	-	-	-	-	-
<b>TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>144.3</b>	<b>(0.5)</b>	<b>-</b>	<b>143.8</b>	<b>(0.1)</b>	<b>3.3</b>
Suppliers	1,694.2	-	-	1,694.2	-	-
Loans, current portion	-	-	-	-	-	-
IFRS 16 lease liabilities, current portion	23.0	-	-	23.0	-	-
Hedging instruments, current portion	-	(0.6)	-	(0.6)	-	(0.6)
ORS & PAC liabilities, current portion	1.5	-	-	1.5	(3.5)	-
Other current financial liabilities	-	32.2	-	32.2	-	-
<b>TOTAL CURRENT FINANCIAL LIABILITIES AND TRADE PAYABLES</b>	<b>1,718.7</b>	<b>31.6</b>	<b>-</b>	<b>1,750.3</b>	<b>(3.5)</b>	<b>(0.6)</b>

The impacts on equity and profit and loss are shown before tax.



#### 4.1.3. FAIR VALUE OF INVESTMENTS

Investments, which are classified as “available-for-sale” financial assets, and loans in associates are broken down as follows:

12/31/2024	Percentage of ownership	Gross	FCPR unrealised payments	Depreciation	Net
Chantiers de l'Atlantique	12%	13.9	-	-	13.9
Itaguaí Construções Navais	41%	21.0	-	-	21.0
Jeumont Electric SAS	31%	6.4	-	-	6.4
OpenHydro	72%	478	-	(478)	-
FCPR Financière de Brienne 3	6%	4.3	(0.3)	-	4.0
PSL Innovation Fund	7%	3.0	(0.4)	-	2.6
Other <sup>(1)</sup>	-	2.8	-	-	1.3
<b>INVESTMENTS</b>		<b>99.1</b>	<b>(0.7)</b>	<b>(49.2)</b>	<b>49.2</b>

(1) Investments of less than €2 million.

#### 4.1.4. FINANCIAL DEBT

	12/31/2023	Increase	Decrease	Changes in fair value of debt	Changes in fair value of derivative instruments	Translation differences	Other	12/31/2024
Loans	-	326.3	-	-	-	-	-	326.3
ORS & PAC liabilities	70.9	-	(5.0)	1.8	-	-	-	677
Other financial liabilities	32.2	4.2	(5.7)	-	-	(0.2)	0.3	30.8
Financial instruments	(1.1)	-	-	-	0.6	-	-	(0.5)
Lease liabilities IFRS 16	979	70.4	(277)	-	-	0.1	-	140.7
<b>FINANCIAL DEBT</b>	<b>199.9</b>	<b>400.9</b>	<b>(38.4)</b>	<b>1.8</b>	<b>0.6</b>	<b>(0.1)</b>	<b>0.3</b>	<b>565.0</b>

	12/31/2022	Increase	Decrease	Changes in fair value of debt	Changes in fair value of derivative instruments	Translation differences	Other	12/31/2023
Loans	-	-	-	-	-	-	-	-
ORS & PAC liabilities	70.2	1.0	(4.0)	3.7	-	-	-	70.9
Other financial liabilities	14.6	178	0.1	-	-	0.2	(0.5)	32.2
Financial instruments	-	-	-	-	(1.0)	-	-	(1.1)
Lease liabilities IFRS 16	870	36.6	(25.7)	-	-	(0.1)	(0.1)	979
<b>FINANCIAL DEBT</b>	<b>171.8</b>	<b>55.4</b>	<b>(29.6)</b>	<b>3.7</b>	<b>(1.0)</b>	<b>0.1</b>	<b>(0.6)</b>	<b>199.9</b>



## 4.2. NET FINANCIAL DEBT

At December 31, 2024, the group's net financial debt amounted to (€506.7) million (compared to (€1,200.4) million on December 31, 2023). The statement of financial position items contributing to net financial debt are as follows:

	12/31/2024	12/31/2023
Cash and cash equivalents	(680.9)	(990.3)
Bank overdrafts	0.6	-
Investment securities	(362.7)	(385.2)
Current accounts & other non-current financial assets	(5.9)	(6.4)
Loans and other liabilities	401.5	83.6
<b>NET FINANCIAL DEBT BEFORE IFRS 16 LEASE LIABILITIES</b>	<b>(647.4)</b>	<b>(1,298.3)</b>
Lease liabilities IFRS 16	140.7	979
<b>NET FINANCIAL DEBT</b>	<b>(506.7)</b>	<b>(1,200.4)</b>

Net financial debt is not a financial indicator defined by IFRS and may not be comparable to indicators similarly named by other companies. This is additional information that should not be considered as a substitute for an analysis of all of the group's assets and liabilities.

## 4.3. RISK MANAGEMENT

### 4.3.1. CREDIT RISK

Credit risk is the risk of financial loss as a consequence of a counterparty's default on its payment obligations. The group is exposed to credit risk because of its commercial operations (mainly through trade receivables).

The group considers that the risk of a counterparty default in respect of its trade receivables that could materially affect its financial situation and earnings is limited. In fact, its counterparties are generally sovereign states that have adequate resources to meet their financial obligations. Where this is not the case, the group covers such credit risk through public (Coface) or private insurers.

All impairment allowances against trade receivables are assessed on a case-by-case basis.

Financial market transactions are only entered into with banks or institutions with first-class ratings and within the authorised levels set by General Management for each counterparty.

	12/31/2022	Allocations	Reversals	Other	12/31/2023	Allocations	Reversals	Other	12/31/2024
Impairment allowances against trade receivables	(25.0)	(0.1)	3.8	0.1	(21.3)	-	3.5	-	(17.8)

### 4.3.2. LIQUIDITY RISK

Liquidity risk is currently covered by excess cash. The group occasionally uses short-term credit lines to avoid any strain on its liquidity. In addition, Naval Group remains vigilant about the availability of its customers' financial resources, the limitation or decrease of which could result in the emergence of additional needs.

The group also owes a debt to its employees through the ORS and PAC operation.

### 4.3.3. COMMODITY RISK

Raw materials risks are covered by price review clauses in contracts that hedge against price fluctuations. Therefore, the group does not acquire financial instruments to hedge this type of risk.

### 4.3.4. FOREIGN EXCHANGE RISK

The group has no financial debts in currencies other than the euro. As part of its normal activities, the group may be faced with foreign currency exchange rate issues on tenders submitted in foreign currency, contracts awarded and all future disbursements denominated in foreign currency. The main currencies to which the group was exposed during the period are the US dollar (USD), the Saudi riyal (SAR), the Pound sterling (GBP) and the Brazilian real (BRL). In accordance with group policy, all significant transactions in foreign currencies are subject to a foreign exchange risk management policy. This involves matching the amount of receipts in currencies to the expected disbursements in those currencies at the time a contract is drafted whenever possible. Residual exposure is then hedged by purchasing forward contracts or foreign exchange options on these currencies.



	12/31/2024	12/31/2023
<b>FORWARD PURCHASE CONTRACTS</b>		
US Dollar (USD)	70	14.9
Pound sterling (GBP)	15.9	25.5
Brazilian real (BRL)	8.6	8.8
Indian rupee (INR)		1.6
<b>CALL OPTIONS</b>		
Pound sterling (GBP)	2.1	1.8

The nominal amounts under the forward buy and sell contracts are converted into euros at the exchange rate guaranteed by each contract, as are the call options.

#### 4.3.5. INTEREST RATE RISK

The group's financial statements are not very sensitive to this type of risk.

#### 4.3.6. INFLATION-RELATED RISKS

In the current inflationary context, Naval Group is continuing to strengthen its competitiveness plans and its vigilance with regard to bids, in particular by means of price revision conditions contributing to secure our operating margin.

## NOTE 5. OTHER INFORMATION

### 5.1. NOTES TO THE CASH FLOW STATEMENT

#### 5.1.1. CHANGE IN WORKING CAPITAL REQUIREMENT

	2024	2023
Net decrease (increase) in inventories	(36.2)	(39.3)
Net decrease (increase) in advances and part payments paid	(192.4)	(263.8)
Net decrease (increase) in trade receivables	(890.0)	90.9
Net increase (decrease) in other receivables	(115.8)	0.2
Net increase (decrease) in trade payables	190.7	251.6
Net increase/(decrease) in other payables	154.6	(6.5)
Net increase/(decrease) in contract assets and liabilities	223.8	(294.8)
<b>CHANGE IN WORKING CAPITAL REQUIREMENT</b>	<b>(665.3)</b>	<b>(261.6)</b>

#### 5.1.2. PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2024	2023
Purchases of intangible assets	(35.7)	(23.6)
Purchases of property, plant, and equipment	(148.8)	(142.0)
<b>ACQUISITIONS DURING THE FINANCIAL YEAR</b>	<b>(184.5)</b>	<b>(165.7)</b>
Deferred disbursement	(1.8)	6.1
<b>PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS</b>	<b>(186.3)</b>	<b>(159.6)</b>

#### 5.1.3. DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2024	2023
Disposals of intangible assets	-	-
Disposals of property, plant, and equipment	0.2	0.2
<b>DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS</b>	<b>0.2</b>	<b>0.2</b>



## 5.2. RELATED PARTIES

The group considers the following to be related parties:

- the French State and companies over which it has exclusive control, joint control, or significant influence (including all companies in the Thales group);
- the "Actions Naval Group" employee mutual fund (*fonds commun de placement d'entreprise*);
- non-consolidated entities;
- entities over which the group exercises joint control or significant influence;
- the group's executives.

The companies over which the French State has exclusive control, joint control or significant influence, including in particular all

companies in the Thales group, are government-related entities as defined by revised IAS 24 (Related Party Disclosures). In accordance with that standard, the group, over which the French State has exclusive control, only discloses summary information about the revenues arising from its business with the French State and the government-related entities concerned.

### 5.2.1. TRANSACTIONS WITH THE FRENCH STATE AND GOVERNMENT-RELATED ENTITIES

During the year ended December 31, 2024, the group generated 71.0% of its revenue with the French State and government-related entities (*versus* 69.7% of its revenue for the financial year ended December 31, 2023).

### 5.2.2. TRANSACTIONS WITH RELATED PARTIES (EXCLUDING THE FRENCH STATE AND GOVERNMENT-RELATED ENTITIES)

	2024	2023
<b>SALES</b>		
Non-controlling interests in associates	149.9	122.5
Shareholders and companies controlled by them (excluding the French State and government-related entities)	-	-
Others (Eurotorp)	20.1	122

### 5.2.3. RELATED-PARTY RECEIVABLES AND PAYABLES (EXCLUDING THE FRENCH STATE AND GOVERNMENT-RELATED ENTITIES)

	12/31/2024	12/31/2023
<b>OPERATING RECEIVABLE*</b>		
Associates <sup>(1)</sup>	788.4	505.7
Shareholders and companies controlled by them (excluding the French State and government-related entities)	-	-
Others (Eurotorp and Chantiers de l'Atlantique)	25.3	18.6
<b>OPERATING PAYABLE*</b>		
Associates <sup>(2)</sup>	882.9	578.1
Shareholders and companies controlled by them (excluding the French State and government-related entities)	-	-
Others (Eurotorp and Chantiers de l'Atlantique)	55.3	48.4
<b>FINANCIAL LIABILITIES<sup>(3)</sup></b>		
Associates	22.2	18.5
Shareholders and companies controlled by them (excluding the French State and government-related entities)	677	70.9
Other	-	-

(1) Other operating receivables mainly comprise receivables from the following companies: Boustard DCNS Naval Corporation SDN BHD, Défense Environnement Services SAS, Itaguaí Construções Navais SA, Jeumont Electric SAS, Kership SAS, MO Porte-Avions, Naviris Parent Company and TechnicAtome.

(2) Other operating liabilities mainly comprise debts to the following companies: Boustard DCNS Naval Corporation SDN BHD, Défense Environnement Services SAS, Itaguaí Construções Navais SA, Jeumont Electric SAS, Kership SAS, MO Porte-Avions and TechnicAtome.

(3) Financial liabilities consist of the ORS/PAC debt and current accounts with the following companies: Défense Environnement Services SAS, MO Porte-Avions and Naviris parent company.

### 5.2.4. AGREEMENTS CONCLUDED WITH THALES

At the end of January 2007, in connection with the convergence with the naval activities of Thales, the shareholders' agreement between the French State and Thales made Thales a "partner industrial shareholder" in the group. The governance arrangements grant Thales the right to play an active role on the group's Board of Directors.

The group has also signed an industrial and commercial cooperation agreement with Thales. This provides for the optimisation of the organisation of the two groups' activities based on:

- the non-resumption by Thales (whether directly or indirectly) of any of the activities carried out by TNF, Armaris or MO PA2 after completion of the transaction;

- the free exercise by the French or foreign subsidiaries of Thales of activities not covered by the non-resumption undertaking;
  - technical and industrial cooperation based on the specialisation of each company's activities in order to optimise each company's investments and to allow each party to the contract to benefit from the other's technological resources;
  - the group's commercial freedom;
  - cooperation in the areas of procurement and human resources.
- Specific cooperation rules have also been agreed between the two companies in certain specific technical fields. These rules are based on the observation that the group and Thales have complementary competencies.



This is reflected in the specialisation concept, under which one of the two companies carries out design and execution in a given area.

Regarding the part of the agreement relating to marketing and sales, the group retains an independent commercial policy and free access to international invitations to tender.

In addition to the parts relating to technical and commercial matters, the agreement also provides for cooperation in the area of procurement, instituting a principle of preference on equal terms in competitive tendering for the supply of goods or services between parties to the agreement.

The industrial and commercial cooperation agreement is valid for seven years and is automatically renewable for five years at a time.

### 5.2.5. EXECUTIVE COMPENSATION

The gross compensation and benefits in kind paid to members of the Executive Committee and employer's social benefit contributions were as follows during the financial years ended December 31, 2024 and December 31, 2023:

	2024	2023
Fixed compensation	3.9	3.7
Variable compensation	1.8	2.1
Benefits in kind and miscellaneous	0.2	0.5
Employer's social benefit contributions	2.5	2.3
<b>TOTAL</b>	<b>8.4</b>	<b>8.6</b>
Persons concerned	14.0	14.0

### 5.3. OFF-STATEMENT COMMITMENTS

#### 5.3.1. OFF-STATEMENT OF FINANCIAL POSITION COMMITMENTS ARISING FROM COMMERCIAL CONTRACTS

The group gives or receives guarantees in connection with its commercial contracts, to cover future obligations. These are mainly market guarantees.

#### COMMITMENTS MADE

	12/31/2024	12/31/2023
Performance guarantees <sup>(1) (2) (3)</sup>	511.1	512.1
Guarantees in lieu of retentions	2.8	5.6
Other guarantees made <sup>(4) (5)</sup>	186.9	186.7
<b>COMMITMENTS MADE</b>	<b>700.8</b>	<b>709.3</b>

(1) Under a sale contract entered into in Greece, the group's banks have issued bank guarantees of €116 million in favour of its customer to guarantee performance.

(2) Under a series of sale contracts entered into by the group in Brazil, bank guarantees for a total amount of €111.2 million were issued to guarantee performance.

(3) Under a series of sale contracts entered into by the group in the United Arab Emirates, bank guarantees for a total amount of €143.3 million were issued to guarantee performance.

(4) In the context of the employee share offer, the group instructed its banks to issue a €28 million financial guarantee to the management company in charge of managing the fund.

(5) Under the subcontracting law of 1975, Naval Group issued payment guarantees to its subcontractors in the amount of €103.2 million.

The maturity schedule as at December 31, 2024 was as follows:

	Due in less than one year	Due in one to five years	Due in more than five years
Performance guarantees	165.3	285.1	60.6
Guarantees in lieu of retentions	2.8	-	-
Other guarantees made	11.0	139.4	36.5
<b>COMMITMENTS MADE</b>	<b>179.1</b>	<b>424.5</b>	<b>97.1</b>



## COMMITMENTS RECEIVED

	12/31/2024	12/31/2023
Performance guarantees	41.0	62.5
Guarantees in lieu of retentions	0.2	0.2
Other guarantees received	22.6	13.9
<b>COMMITMENTS RECEIVED</b>	<b>63.8</b>	<b>76.6</b>

The maturity schedule as at December 31, 2024 was as follows:

	Due in less than one year	Due in one to five years	Due in more than five years
Performance guarantees	34.8	0.1	6.2
Guarantees in lieu of retentions	0.2	-	-
Other guarantees received	18.4	1.1	3.0
<b>COMMITMENTS RECEIVED</b>	<b>53.3</b>	<b>1.3</b>	<b>9.2</b>

### 5.3.2. OTHER COMMITMENTS

#### COMMITMENTS MADE

As at December 31, 2024, firm investment commitments totalled €156.7 million (*versus* €114.3 million as at December 31, 2023). On December 16, 2016, Naval Group undertook, primarily in favour of the other partners of Naval Energies and, on a subsidiary basis, in favour of the latter, to replace the bank financing *via* current account advances when this financing has not been obtained in whole or in part by Naval Energies. The commitment entered into by Naval Group could not exceed the amount of the bank finance, set at the amount of €40 million. Naval Group satisfied this commitment by entering into a current account agreement with Naval Energies for a maximum advance of €40 million. The DGA is requesting that Naval Group and Chantiers de l'Atlantique guarantee the performance of each contract for the new generation aircraft carrier (PA-NG) program for which MO Porte-Avions (MO PA) – a joint company owned 65% by Naval Group and 35% by Chantiers de l'Atlantique – is the contractor.

In this context, the Board of Directors of Naval Group authorised the issuance of nine guarantees under the terms of which Naval Group has irrevocably undertaken to take over the rights and obligations of MO PA under the following contracts, in the event of a substantial breach by MO PA affecting the performance of said contracts:

- detailed preliminary design contract, first subsequent contract [authorised February 17, 2023];
- EIS/ASN4G contract [authorised June 27, 2023];
- derisking contract, second subsequent contract [authorised June 27, 2023];
- risk mitigation survey contract, third subsequent contract [authorised October 17, 2023];

- contract dedicated to the pre-DLR activities of Indret's nuclear heating plant and industrial resources and infrastructure [authorised March 15, 2024];
- contract for fire risk mitigation studies [authorised May 28, 2024];
- contract for steam energy conversion activities [authorised July 18, 2024];
- contract for the continuation of the study and system engineering for the integration of new-generation on-board fighter aircraft into the new-generation aircraft carriers and the provision of associated services [authorised October 15, 2024];
- contract for risk mitigation studies relating to the alignment of catapults, the installation of a munitions lift with a flush panel, the integration of drones and future developments of the Setis® 3.0 CMS [authorised October 15, 2024].

#### COMMITMENTS RECEIVED

When making its contributions in kind, the French State decided, under the power provided for by article 78 of the French Amending Finance Act of December 28, 2001, to retain responsibility for certain obligations relating to the rights and property contributed beyond the provisions established.

### 5.4. EVENTS AFTER THE REPORTING PERIOD

In its judgment of January 21, 2025 relating to the financial aspect of the Karachi case, the Paris Court of Appeal ruled that DCN International was admissible as a civil party and, unlike the trial judges, ruled that it should be compensated for the damage suffered as a result of misuse of corporate assets. However, as this opportunity has an uncertain probability, particularly as regards the amount and period of compensation, it cannot, therefore be included in the financial statements for the year ended on December 31, 2024.





## VI. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### Financial year ended December 31, 2024

To the General Meeting of Naval Group,

#### OPINION

Pursuant to the assignment entrusted to us by your General Meetings, we conducted our audit of the consolidated financial statements of Naval Group for the financial year ended December 31, 2024, as presented in the attachment to this report.

We certify that the consolidated financial statements for the financial year were prepared in accordance with IFRS, as adopted by the European Union and that they are lawful and genuine and give a true and fair view of income from operations for the year just ended and the financial position and assets, at the end of the year, of the group made up of the persons and entities included in the consolidation.

#### BASIS OF OUR OPINION

##### AUDITING STANDARDS

We conducted our audit in accordance with French generally accepted auditing standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors in the audit of the consolidated financial statements" section of this report.

##### INDEPENDENCE

We carried out our audit in pursuant to the rules of independence set out in the French Commercial Code and the Code of Ethics for Statutory Auditors, over the period from January 1, 2024, to the issue date of our report.

#### JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments which, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the financial year.

These assessments are made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We offer no opinion on individual items in these consolidated financial statements.

- Note 1.3.4. "Accounting rules and policies – Use of estimates – Recognition of revenue and profit on contracts accounted for under the percentage of completion method and related provisions" in the notes to the consolidated financial statements states that your group recognises revenue and profit on certain projects using the percentage of completion method. This involves the use by Management of estimates, in particular to determine the profit on completion of each contract, made on the basis of the most up-to-date information available with regard to its progress. These estimates affect net income as well as the assets and liabilities recorded in the statement of financial position. Our work consisted of understanding the processes in place by the group in this area and assessing the underlying data and assumptions on which these estimates are based. We also assessed the reasonableness of these estimates, on the basis of the information available at the time the financial statements were prepared.
- Note 1.3.4. "Accounting rules and policies – Use of estimates – Valuation of assets" in the notes to the consolidated financial statements states that your group conducted an annual impairment test of goodwill by using assumptions of future cash flows, discount rates and perpetual growth rates, which required the use of judgement. We assessed the conditions under which the annual impairment test was conducted and examined the assumptions used, which are justified by the information available at the reporting date.

#### SPECIFIC VERIFICATIONS

We also carried out specific verifications, in accordance with professional standards applicable in France and provided for by law and regulations, of the information relating to the group, given in the Board of Directors' management report.

We have no matters to report as to the fair presentation and consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance provided for in article L. 225 102 1 of the French Commercial Code is included in the information on the group presented in management report, it being specified that, pursuant to the provisions of article L. 823 10 of this Code, the information contained in this statement has not been verified by us as to its fair presentation or consistency with the consolidated financial statements and is subject to a report by an independent verifier.



## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS benchmark, as adopted by the European Union and for such internal control as Management determines is necessary to prepare consolidated financial statements that are free from misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to said going concern and using the going concern basis of accounting, unless Management either intends to wind up the company or cease operations.

The consolidated financial statements are prepared by the Board of Directors.

## RESPONSIBILITIES OF THE STATUTORY AUDITORS FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

It is our responsibility to report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from any material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 consolidated financial statements.

As specified by article L. 821-55 of the French Commercial Code, our task of certifying the financial statements does not extend to vouching for the viability or quality of Naval Group's management.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgement throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, define and perform audit procedures that address these risks and obtain the evidence deemed sufficient and appropriate to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control;
- obtain an understanding of internal control relevant to the audit in order to define audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- assess the appropriateness of accounting methods used and the reasonableness of accounting estimates and related disclosures made by Management, in the consolidated financial statements;
- assess the appropriateness of Management's use of the going concern accounting convention and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Naval Group's ability to continue as a going concern. This assessment is based on the audit evidence obtained at the date of our report. However, it should be pointed out that future events or conditions may cause Naval Group to cease to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the consolidated financial statements as regards said uncertainty or, if such disclosures are not provided or are not relevant, to certify with reservations or refuse to certify;
- assess the overall presentation of the consolidated financial statements and whether the consolidated financial statements fairly reflect the underlying transactions and events;
- obtain audit evidence that is sufficient and appropriate, regarding persons or entities included in the consolidated financial statements, to provide a basis for our opinion on the consolidated financial statements. We are responsible for managing, supervising, and conducting the audit of the consolidated financial statements and for expressing our opinion.

Paris-La Défense, March 3, 2025

The Statutory Auditors

FORVIS MAZARS

Juliette Decoux-Guillemot

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Marion Flora

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ERNST & YOUNG Audit  
 Nour-Eddine Zanouda

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## VII. REPORT OF THE INDEPENDENT THIRD PARTY ON THE VERIFICATION OF THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE INCLUDED IN THE MANAGEMENT REPORT

### Financial year ended December 31, 2024

To the General Meeting,

In our capacity as an independent verifier, member of the Forvis Mazars network, Statutory Auditor of Naval Group, accredited by COFRAC Inspection under number 3-1895 (accreditation for which the list of sites and scope are available on [www.cofrac.fr](http://www.cofrac.fr)), we have performed work designed to provide a reasoned opinion expressing a moderate level of assurance on the historical information (observed or extrapolated) of the consolidated statement of non-financial performance (hereinafter the "Information" and the "Statement", respectively), prepared in accordance with the procedures of the Entity (hereinafter the "Criteria"), for the year ended December 31, 2024, presented in the management report of Naval Group (hereinafter the "company" or the "Entity"), pursuant to the provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (in their versions prior to January 1, 2025)

### CONCLUSION

Based on the procedures we have implemented, as described in the "Nature and scope of the work" section, and the information we have collected, we have not identified any significant anomaly that would call into question. The fact that the statement of non-financial performance complies with the applicable regulatory provisions and that the Information, taken as a whole, is fairly presented in accordance with the Guidelines.

### PREPARATION OF THE STATEMENT OF NON-FINANCIAL PERFORMANCE

The absence of a generally accepted and commonly used reference framework or established practices on which to evaluate and measure the Information allows the use of different but acceptable measurement techniques that may affect comparability between entities and within the scope of the information time.

The Information must therefore be read and understood with reference to the Criteria, the significant elements of which are presented in the Statement.

### LIMITATIONS INHERENT IN THE PREPARATION OF THE INFORMATION

As indicated in the Statement, the Information may be subject to inherent uncertainty in the state of scientific or economic knowledge and in the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare it and presented in the Statement.

### COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Information;
- preparing a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators;
- as well as putting in place the internal control that it deems necessary to prepare the information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared in accordance with the entity's Guidelines as mentioned above.

### RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work, to formulate a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code (in its version prior to January 1, 2025);
- the accuracy of the historical information (recorded or extrapolated) provided pursuant to (3) of I and II of article R. 225-105 of the French Commercial Code (in its version prior to January 1, 2025), *i.e.* the results of policies, including key performance indicators, and actions, relating to the main risks.

We conducted our work in order to provide a reasoned opinion expressing a moderate level of assurance on the historical, observed and extrapolated information.

As we are responsible for making an independent conclusion on the Information as prepared by management, we are not authorised to be involved in the preparation of such Information as this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (particularly in terms of the vigilance plan and the fight against corruption and tax evasion);
- compliance of products and services with applicable regulations.

### REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL DOCTRINE

Our work described below was carried out in accordance with the provisions of articles A. 225 1 *et seq.* of the French Commercial Code, to the professional guidance issued by the *Compagnie Nationale des Commissaires aux Comptes* relating to this procedure in lieu of an audit program and to the international standard ISAE 3000 (revised).

This report has been drawn up in accordance with the audit program, RSE\_SQ\_Programme de vérification\_DPEF.



## INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 821-28 of the French Commercial Code and the Code of Professional Conduct for Statutory Auditors. In addition, we set up a quality control system that includes documented policies and procedures to ensure compliance with applicable laws and regulations, ethical rules, and professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes* relating to this activity.

## MEANS AND RESOURCES

Our work was conducted by a team of five people over a total period of six weeks between September 2024 and February 2025. We conducted around ten interviews with the people responsible for preparing the Statement, representing in particular the General Management, CSR, Risk Management, Compliance, Human Resources, Innovation, Health and Safety and Environment Departments.

## NATURE AND SCOPE OF WORK

We have planned and carried out our work taking into account the risk of material misstatement of the Information.

We believe that the procedures we have conducted, exercising our professional judgment, enable us to formulate a conclusion of limited assurance:

- we acknowledged the business activities of all the entities included in the consolidation scope and the description of the main risks;
  - we assessed the suitability of the Criteria in view of their relevance, completeness, reliability, neutrality, and clarity, taking into account industry best practice, where appropriate;
  - we have verified that the Statement covers each category of social and environmental information provided for in paragraph III of article L. 225 102 1 (in its version prior to January 1, 2025);
  - we have verified that the Statement presents the information required under II of article R. 225-105 I (in its version prior to January 1, 2025) when they are relevant with regard to the main risks and include, where applicable, an explanation of the reasons justifying the absence of the information required by the second paragraph of III of article L. 225-102-1 (in its version prior to January 1, 2025);
  - we have verified that the Statement discloses the business model and the main business risks affecting all entities included in the consolidation scope, including, where relevant and proportionate, the risks arising from their business relationships, products and services, as well as policies, actions and outcomes, including the key performance indicators related to the main risks;
  - we consulted the documentary sources and carried out interviews to:
    - assess the process for selecting and validating the main risks as well as the consistency of the results, including the key performance indicators selected, with respect to the main risks and policies presented, and
    - corroborate the qualitative information (actions and outcomes) that we considered material, as presented in Appendix 1. For certain risks (increased changes and legal and regulatory constraints in terms of the environment, breach of the General Data Protection regulation, breach of French and foreign anti-corruption regulations, risk of fraud, conflict of interest and influence peddling, etc.), our work was carried out at the level of the consolidating entity; for the other risks, work was carried out at the level of the consolidating entity and in a selection of entities<sup>[1]</sup>;
  - we have verified that the Declaration covers the entire consolidation scope, *i.e.* all entities included in the consolidation scope in accordance with article L. 233-16, subject to the limitations specified in the Statement;
  - we acknowledged the internal control procedures and the risk management implemented by the entity and evaluated the compilation process put in place by the entity to ensure that the Disclosures are comprehensive and fair;
  - for the key performance indicators and the other quantitative results that we considered material, as presented in Appendix 1, we carried out:
    - analytical procedures to check that the data compiled had been consolidated correctly and that trends in the data were consistent,
    - detailed tests based on sampling or other means of selection, consisting of verifying the correct application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out on a selection of contributing entities, covering between 12% and 100% of the consolidated data selected for these tests;
  - we assessed the overall consistency of the Statement with our knowledge of the entity and all entities included in the consolidation scope.
- The procedures performed as part of a moderate assurance engagement are not as extensive as those required for a reasonable assurance engagement performed in accordance with the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes*; a higher level of assurance would have required more extensive verification work.

Paris-La Défense, March 3, 2025

The independent verifier,  
Forvis Mazars SAS

Edwige Rey  
CSR & Sustainable Development Partner

Signé par :  
  
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[1] Sites audited: Brest and Ruelle.



## APPENDIX 1: INFORMATION CONSIDERED TO BE THE MOST IMPORTANT

### Qualitative information

- Percentage of positions filled in critical positions (GPEC)
- Number of collective agreements signed (including amendments)
- Short-term absenteeism rate
- Percentage of women among senior executives
- Percentage of women among all members of governing bodies
- Percentage of women managers
- Percentage of women among new hires
- Percentage of seniors among new hires
- Number of work-related injuries with lost time
- Number of days lost
- Frequency rate 1
- Severity rate
- Number of environmental accidents
- Number of significant environmental incidents
- Change compared to the previous year in GHG emissions scopes 1 and 2 for sites of the ISO hours worked and ISO unified degree days
- Change in gas energy consumption compared to the previous year (ISO hours worked and ISO unified degree days)
- Change compared to the previous year in electricity consumption (ISO hours worked and ISO unified degree days)
- Number of environmental analyses of products
- Number of sites that have defined their risks of business interruption due to extreme weather events
- Percentage of employees completing the group's Privacy e-learning
- Number of whistleblowing alerts received (of which admissible)
- Increased changes and legal and regulatory constraints in terms of the environment (mention)



## GLOSSARY

*This glossary lists certain technical terms used in this document.  
The list is not exhaustive.*

### 3DEXPERIENCE®:

cloud platform, created by Dassault Systems, that allows access to online applications and services, to design, simulate, share and collaborate with the company's ecosystem.

### FRAMEWORK AGREEMENT:

contract entered into by one or more buyers with one or more economic operators, the purpose of which is to establish the rules relating to the purchase orders to be issued or the terms governing the contracts to be awarded during a given period, in particular as regards the prices and, where applicable, the quantities envisaged [article 4 of Order No. 2015-899 of July 23, 2015 on public contracts].

### ADEME:

the Environment and Energy Management Agency is a national public industrial and commercial establishment (EPIC) that operates under the supervision of the French ministries of the Ecological and Inclusive Transition, Higher Education, Research and Innovation. Its main areas of intervention concern energy management and environmental policies.

### ADMISSION TO ACTIVE SERVICE:

designates the time when the building is able to fulfil all the missions that may be entrusted to it.

### AUKUS ALLIANCE:

military alliance signed on September 15, 2021, between Australia, the United States, and the United Kingdom in the field of defence and security.

### AQAP 2110 – ALLIED QUALITY ASSURANCE PUBLICATIONS:

certification set up by NATO, which sets out quality requirements. It is a management tool that meets the quality requirements of ISO 9001 and the specific requirements of the "Defence" sector.

### FORCE SUPPLY VESSELS:

vessels intended for the logistical support of French Navy vessels deployed on the high seas. They are used to supply fuel, spare parts, and food.

### CRADLES:

structures intended to support a submarine during its launch or transport.

### ANTI-AIRCRAFT CAPABILITIES:

set of defence systems responding to threats from aircraft or airborne weapons.

### ECOVEILLE CATALOGUE:

guide covering cleantech technologies [industrial technologies and services using natural resources with a view to improve efficiency and productivity, and reduce the volume of waste, while preserving or improving performance].

### COFFERDAMS OR DRY MESH:

space separating two parts of a ship's hull, delimited by two watertight bulkheads on either side.

### COMMITTEE OF SPONSORING ORGANISATIONS – COSO:

internal control framework defined by the Committee of Sponsoring Organisations of the Treadway Commission.

### CORVETTE:

medium-sized warship.

### ECO-DESIGN:

set of production methods that reduce the environmental impact from the design of a product or service and during all stages of its life cycle.

### ECOVADIS:

global provider of corporate sustainability ratings.

### POOL-SUPPORT SYSTEM:

interior structure of the nuclear boiler room of a submarine that supports the main components (accumulator, pressuriser, vessel, etc.).

### ADDITIVE MANUFACTURING:

manufacturing process by adding materials in successive layers. 3D manufacturing is an example of additive manufacturing.

### MUTUAL INVESTMENT FUND (FCPE):

undertaking for collective investment in transferable securities reserved for employees of companies.

### FRIGATE:

medium-tonnage combat vessel, intermediate between the corvette and the cruiser, with an anti-submarine vocation.

### DANISH INSTITUTE FOR HUMAN RIGHTS:

State institution, independent of the government, promoting the creation of sustainable solutions. It acts as a link between governments, NGOs, and companies.

### ISO 9001:

standard defining the criteria and requirements for the implementation of a quality management system. The tools and methods aim to optimise the effectiveness, efficiency and excellence of the company's production processes and overall operations.

### ISO 14001:

environmental management standard providing guarantees in terms of controlling environmental impacts in the company.

**ISO 37001:**

standard enabling organisations of all types to prevent, detect and deal with corruption issues.

**ISO 45001:**

standard defining the criteria and requirements for occupational health and safety. Its objective is to implement an Occupational Health and Safety (OH&S) management system aimed at reducing the risk of accidents in all company functions.

**MODULAR HANDLING:**

scalable handling system to adapt to the specific needs of the company.

**SUBSEQUENT CONTRACT:**

contract concluded on the basis of a framework agreement, which specifies the characteristics and terms of performance of the services requested, not defined in the framework agreement.

**SEAMANSHIP:**

workplace training program (AFEST). Seamanship allows to learn, improve and deepen skills in stages through immersion from experienced and recognised professionals, benefiting from their experience. It is based on the performance of professional activities in the presence of a peer, who passes on their knowledge and know-how, in particular through demonstrations: the mentor (the "seaman") demonstrates, the employee (the "trainee") observes then repeats. Together, they reflect on the employee's practices.

**ASYMMETRIC THREATS:**

threats from an adversary whose strengths and objectives are not comparable (terrorism, guerrilla warfare, etc.).

**BILAN CARBONE® METHOD:**

method developed by ADEME and updated by the association's carbon footprint (ABC), which defines a methodology and tools to quantify the greenhouse gas emissions generated by activities, services and/or products.

**SESAME NAVE:**

nave housing the acoustic test station for engine equipment (SESAME) at the Nantes-Indret site.

**GLOBAL COMPACT:**

United Nations initiative based on ten principles aimed at encouraging companies, public organisations, and civil society to adopt a socially responsible attitude. These principles relate to human rights, international labour standards, the environment, and the fight against corruption.

**PATROLLER:**

small building intended for surveillance, maritime safeguarding, or attack missions in coastal areas.

**NUCLEAR RECOVERY PLAN:**

support plan put in place by the Government to strengthen the skills and competitiveness of the nuclear sector. This plan aims to support projects for the modernisation, development, or relocation of industrial sites. It is operated by BPI France.

**PURPOSE:**

principles that a company may adopt, which may be specified in its articles of association and for which it intends to allocate resources in the conduct of its business.

**BOOK-TO-BILL RATIO:**

ratio between orders taken and revenue for a given period.

**NUCLEAR ATTACK SUBMARINE (SSN):**

nuclear-powered submarine with protection, intelligence, and defence projection missions.

**NUCLEAR BALLISTIC MISSILE SUBMARINE (SSBN):**

very large naval nuclear-powered submarine equipped with nuclear-charged strategic ballistic missiles.

**TONNE EQUIVALENT OF CO<sub>2</sub>:**

unit of measurement created by the Intergovernmental Panel on Climate Change (IPCC), which compares the impacts of different greenhouse gases on the environment.

**TORPEDO:**

self-propelled underwater vehicle loaded with explosives, used against maritime objectives by ships, submarines or aircrafts.

**WOMEN EMPOWERMENT PRINCIPLES:**

set of seven principles that provide guidance to companies on how to promote gender equality and the empowerment of women in the workplace. At the initiative of UN Women and the Global Compact of the United Nations, these principles are based on the interest and responsibility of companies for gender equality and women's empowerment.

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