RESULTS AT
31 MARCH 2024

Disclaimer

These Results at 31 March 2024 have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document

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GROUP RESULTS AND FINANCIAL POSITION

The excellent performance already recorded by the Group in 2023 continued in the first three months of 2024, with a solid profitability in all the business segments, showing a further significant growth compared to the prior period. In order to make the Group's operating performance more comparable, the indicators for the comparative period are also provided in this Report on a pro-forma basis, including the contribution of the Telespazio Group, consolidated on a line-by-line basis starting from 1 January 2024.

New orders sharply increased by 18.2% (+14.9% compared to the pro-forma figure of March 2023), specifically driven by the European component of the Defence Electronics & Security business.

Revenues increased by 20.8% (+15.3% compared to the pro-forma figure), mainly thanks to the performance of the Defence Electronics & Security and Helicopters sectors. The growth of revenues is accompanied by a significant increase in EBITA of 73.3% (+67.0% compared to the pro-forma figure), bringing the ROS for the period to 5% (3.5% at 31 March 2023).

Free Operating Cash Flow for the period also improved by 9.7% (11.5% compared to the pro-forma figure), demonstrating the Group’s ability to keep on the path to strengthen cash generation it has embarked on, though being affected by the usual interim trend that is characterised by cash absorptions in the first part of the year. The FOCF performance results in a consequent positive impact on the Group's net debt, which decreased by approximately 21% compared to the comparative period.

Key performance indicators (KPI)

The KPIs for the period and the main changes in the Group's performance are shown below.

The Key Performance Indicators for the comparative period are provided also on a pro-forma basis*,* including the effects of the line-by-line consolidation of Telespazio.

	March 2023	March 2024	% Change	March 2023 Proforma	% Change	2023
New orders	4,868	5,753	18.2%	5,007	14.9%	17,926
Order backlog	39,126	43,153	10.3%	40,453	6.7%	39,529
Revenue	3,034	3,664	20.8%	3,178	15.3%	15,291
EBITDA	238	337	41.6%	250	34.8%	1,883
EBITA	105	182	73.3%	109	67.0%	1,289
ROS	*3.5%*	*5.0%*	*1.5 p.p.*	*3.4%*	*1.6 p.p.*	*8.4%*
EBIT	93	168	80.6%	97	73.2%	1,085
EBIT Margin	*3.1%*	*4.6%*	*1.5 p.p.*	*3.1%*	*1.5 p.p.*	*7.1%*
Net Result before extraordinary transactions	40	93	132.5%	42	121.4%	742
Net result	40	459	1,047.5%	42	992.9%	695
Group Net Debt	3,699	2,931	(20.8%)	3,694	(20.7%)	2,323
FOCF	(688)	(621)	9.7%	(702)	11.5%	635
ROI	*10.5%*	*11.5%*	*1.0 p.p.*	*10.8%*	*0.7 p.p.*	*11.9%*
Workforce	51,627	57,171	10.7%	54,749	4.4%	53,566

Please refer to Annex 2 on “Non-GAAP performance indicators” for definitions.

The primary changes that marked the Group's performance compared to the previous year are described below. A thorough analysis can be found in the section covering the trends in each business segment.

	31 March 2023									
	New orders	*Proforma*	Order backlog at 31 Dec. 2023	*Proforma at 31 Dec. 2023*	Revenue	*Proforma*	EBITA	*Proforma*	ROS	*Proforma*
Helicopters	1,889	1,889	14,426	14,426	880	880	38	38	4.3%	4.3%
Defence Electronics & Security	2,304	2,304	16,844	16,844	1,572	1,572	120	120	7.6%	7.6%
- of which MBDA + Hensoldt		-		-		-	1	1		
Aircraft	731	731	7,972	7,972	559	559	54	54	9.7%	9.7%
Aerostructures	126	126	1,095	1,095	151	151	(56)	(56)	(37.1%)	(37.1%)
- of which GIE ATR		-		-		-	(16)	(16)		
Space	-	152	-	1,393	-	146	1	5	n.a.	3.4%
Other activities	133	133	375	375	173	173	(52)	(52)	(30.1%)	(30.1%)
Eliminations	*(315)*	(328)	*(1,183)*	*(1,202)*	*(301)*	(303)	-	-	*n.a.*	*n.a.*
Total	**4,868**	**5,007**	**39,529**	**40,903**	**3,034**	**3,178**	**105**	**109**	**3.5%**	**3.4%**

	31 March 2024				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	2,043	15,444	1,085	54	5.0%
Defence Electronics &	2,991	18,163	1,780	173	9.7%
- of which MBDA + Hensoldt				14	
Aircraft	568	7,993	570	55	9.6%
Aerostructures	253	1,172	175	(43)	(24.6%)
- of which GIE ATR				(7)	
Space	102	1,334	160	(2)	(1.3%)
Other activities	301	539	192	(55)	(28.6%)
Eliminations	*(505)*	*(1,492)*	*(298)*	-	*n.a.*
Total	**5,753**	**43,153**	**3,664**	**182**	**5.0%**

	Change %									
	New orders	*Proforma*	Order backlog	*Proforma*	Revenue	*Proforma*	EBITA	*Proforma*	ROS	*Proforma*
Helicopters	8.2%	8.2%	7.1%	7.1%	23.3%	23.3%	42.1%	42.1%	*0.7 p.p.*	*0.7 p.p.*
Defence Electronics & Security	29.8%	29.8%	7.8%	7.8%	13.2%	13.2%	44.2%	44.2%	*2.1 p.p.*	*2.1 p.p.*
- of which MBDA + Hensoldt							1,300.0%	1,300.0%		
Aircraft	(22.3%)	(22.3%)	0.3%	0.3%	2.0%	2.0%	1.9%	1.9%	*(0.1) p.p.*	*(0.1) p.p.*
Aerostructures	100.8%	100.8%	7.0%	7.0%	15.9%	15.9%	23.2%	23.2%	*12.5 p.p.*	*12.5 p.p.*
- of which GIE ATR							56.3%	56.3%		
Space	n.a.	(32.9%)	n.a.	(4.2%)	n.a.	9.6%	(300.0%)	(140.0%)	*n.a.*	*(4.7) p.p.*
Other activities	126.3%	126.3%	43.7%	43.7%	11.0%	11.0%	(5.8%)	(5.8%)	*1.5 p.p.*	*1.5 p.p.*
Eliminations	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total	**18.2%**	**14.9%**	**9.2%**	**5.5%**	**20.8%**	**15.3%**	**73.3%**	**67.0%**	***1.5 p.p.***	***1.6 p.p.***

Commercial and business performance

New orders came to €bil. 5.8, significantly increasing (+18.2%, +14.9% on the pro-forma figure) compared to the first three months of 2023, thanks to the important contribution of the Defence Electronics and Security sector, in all the business areas of its European component, to the contribution of Helicopters and also to the improvement of Aerostructures (+101% compared to the prior period).

The level of Orders for the period is equal to a book to bill (the ratio of New orders to Revenues for the period) of about 1.6. The **Order Backlog** exceeded the €bil. 43 record threshold ensuring a coverage in terms of production exceeding 2.5 years.

Revenues (€bil. 3.7) increased compared to the first three months of 2023 (+20.8%, +15.3% on the pro-forma figures) in all business sectors. The contribution of the Defence Electronics and Security and Helicopters sectors was particularly important.

EBITA (€mil. 182) reflects the solid performance of the Group's businesses, showing a significant increase compared to the first three months of 2023 (+73.3%, +67.0% on the pro-forma figure) in almost all sectors. The period was particularly affected by the performance of the Defence Electronics and Security and Helicopters sectors, in addition to the performance of the Aerostructures which showed a minor loss compared to the comparative period, confirming the improvement path undertaken. On the contrary, the Space sector was affected by the expected difficulties in the manufacturing segment.

EBIT (€mil. 168) was affected by the EBITA improvement and showed a significant increase (80.6%) compared to the first quarter of 2023 (€mil. 93).

The **Net Result before extraordinary transactions** amounting to €mil. 93 (€mil. 40 in the comparative period) reflected an improved EBIT, partially offset by the higher tax burden recorded in the period.

The **Net Result** of €mil. 459 (€mil. 40 in the comparative period) included, in addition to the Net Result before extraordinary transactions, the capital gain recognised after the valuation at fair value of the Telespazio Group, carried out for the purposes of the line-by-line consolidation of the same.

Reclassified income statement

(€ millions)	For the 3 months ended 31 March		Change	% Change
	2023	2024		
Revenue	3,034	3,664	630	20.8%
Purchases and personnel expenses	(2,776)	(3,319)		
Other net operating income/(expenses)	(4)	(4)		
Equity-accounted strategic investments	(14)	(4)		
Amortisation, depreciation and write-offs	(135)	(155)		
EBITA	**105**	**182**	**77**	**73.3%**
ROS	*3.5%*	*5.0%*	1.5 p.p.	
Non-recurring income/(expenses)	(3)	(1)		
Restructuring costs	(1)	(5)		
Amortisation of intangible assets acquired as part of business combinations	(8)	(8)		
EBIT	**93**	**168**	**75**	**80.6%**
EBIT Margin	*3.1%*	*4.6%*	1.5 p.p.	
Net financial income/(expenses)	(41)	(44)		
Income taxes	(12)	(31)		
Net Result before extraordinary transactions	**40**	**93**	**53**	**132.5%**
Net result related to discontinued operations and extraordinary transactions	-	366		
Net result attributable to:	**40**	**459**	**419**	**1,047.5%**
- owners of the parent	*36*	*447*		
- non-controlling interests	*4*	*12*		

Financial performance

FOCF in the first quarter of 2024, negative for €mil. 621, improving compared to the performance of the first quarter of 2023 (negative for €mil. 688, negative for €mil. 702 in the pro-forma figure), confirmed the positive results reached thanks to initiatives to strengthen operational performance and the collection cycle, a careful investment policy in a period of business growth, an efficient financial strategy and to the actions to rationalize and make more efficient working capital.

The figure however highlighted the usual interim trend that is characterised by cash absorptions during the first part of the year.

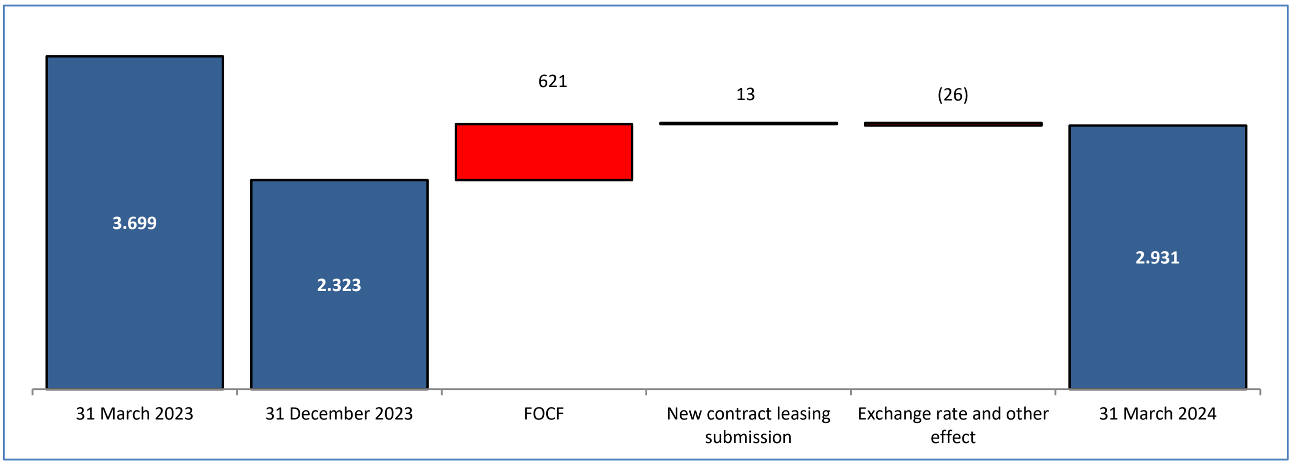
Reclassified cash flow statement

(€ millions)	*For the 3 months ended 31 March* 2023	2024	*Change*	*% Change*
Cash flows used in operating activities	(558)	(474)		
Cash flows from ordinary investing activities	(130)	(147)		
Free Operating Cash Flow (FOCF)	**(688)**	**(621)**	**67**	**9.7%**
Change in other investing activities	(4)	(12)		
Net change in loans and borrowings	255	9		
Net increase (decrease) in cash and cash equivalents	**(437)**	**(624)**		
Cash and cash equivalents at 1 January	1,511	2,407		
Exchange rate differences and other changes	(4)	35		
Cash and cash equivalents at 31 March	**1,070**	**1,818**		

The **Group Net Debt**, equal to €mil. 2,931, reduced significantly (about €bil. 0.8) against March 2023 thanks to the strengthening of the Group's cash generation and to the sale of the minority stake in Leonardo DRS occurred in the last quarter of 2023.

Compared to 31 December 2023 (€mil. 2,323) the figure increased mainly as a result of the abovementioned usual FOCF performance.

Changes in the Group Net Debt



Reclassified statement of financial position

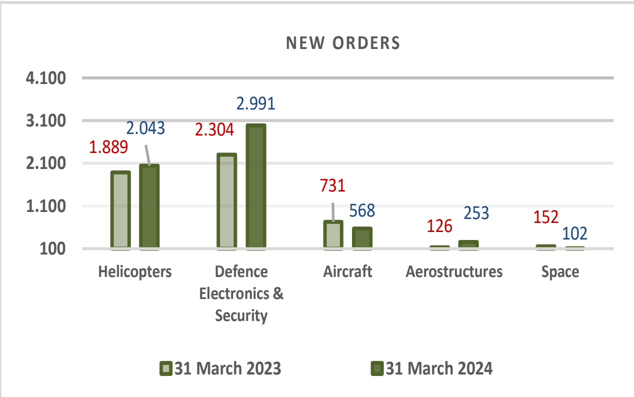
(€ millions)	31 March 2023	31 December 2023	31 March 2024
Non-current assets	13,901	14,295	15,003
Non-current liabilities	(2,169)	(2,248)	(2,264)
Capital assets	**11,732**	**12,047**	**12,739**
Inventories	1,102	596	1,053
Trade receivables	3,376	3,685	3,767
Trade payables	(2,582)	(3,268)	(3,137)
Working capital	**1,896**	**1,013**	**1,683**
Provisions for short-term risks and charges	(1,061)	(1,087)	(1,077)
Other net current assets (liabilities)	(1,144)	(1,049)	(1,050)
Net working capital	**(309)**	**(1,123)**	**(444)**
Net invested capital	**11,423**	**10,924**	**12,295**
Equity attributable to the Owners of the Parent	7,237	7,800	8,327
Equity attributable to non-controlling interests	512	761	1,081
Equity	**7,749**	**8,561**	**9,408**
Group Net Debt	**3,699**	**2,323**	**2,931**
Net (assets)/liabilities held for sale	**(25)**	**40**	**(44)**

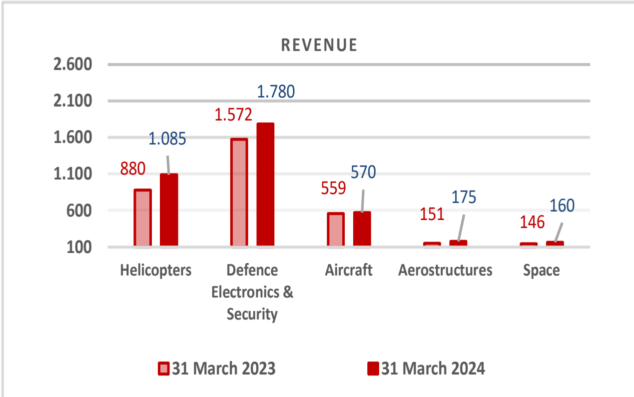
Assets and liabilities classified as held for sale at 31 March 2024 are mainly represented by the “Underwater Armaments and Systems” business unit of Leonardo, whose sale is expected to be finalized by the end of 2024, in addition to liabilities accruing from the charges that are due to arise from the probable sale of the investment in the associate Industria Italiana Autobus.

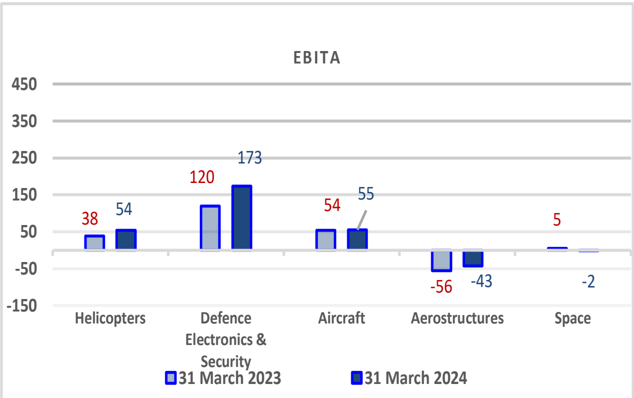
KEY PERFORMANCE INDICATORS BY SECTOR

The Key Performance Indicators of the business Sectors are reported below while pointing out that – starting from 1 January 2024 – the contribution of the Telespazio Group is consolidated on a line-by-line basis in the Space sector. In order to make operating performance comparable, the indicators for the comparative period of the Space sector are provided in this section on a pro-forma basis, including the contribution of the Telespazio Group.

Leonardo continued the path to growth in all sectors of its core business. The trend of new orders, revenues and EBITA by sector was as follows:







The business sectors are commented on below in terms of business and financial performance:

		31 March 2023	31 March 2024	Change	Change %
1. Helicopters	New orders	1,889	2,043	154	8.2%
	Order backlog at 31 Dec. 2023	14,426	15,444	1,018	7.1%
	Revenue	880	1,085	205	23.3%
	EBITA	38	54	16	42.1%
	ROS	4.3%	5.0%		0.7 p.p.
2. Defence Electronics & Security	New orders	2,304	2,991	687	29.8%
	Order backlog at 31 Dec. 2023	16,844	18,163	1,319	7.8%
	Revenue	1,572	1,780	208	13.2%
	EBITA	120	173	53	44.2%
	ROS	7.6%	9.7%		2.1 p.p.
3. Aircraft	New orders	731	568	(163)	(22.3%)
	Order backlog at 31 Dec. 2023	7,972	7,993	21	0.3%
	Revenue	559	570	11	2.0%
	EBITA	54	55	1	1.9%
	ROS	9.7%	9.6%		(0.1) p.p.
3. Aerostructures	New orders	126	253	127	100.8%
	Order backlog at 31 Dec. 2023	1,095	1,172	77	7.0%
	Revenue	151	175	24	15.9%
	EBITA	(56)	(43)	13	23.2%
	ROS	(37.1%)	(24.6%)		12.5 p.p.
5. Space	New orders	152	102	(50)	(32.9%)
	Order backlog at 31 Dec. 2023	1,393	1,334	(59)	4.2%
	Revenue	146	160	14	9.6%
	EBITA	5	(2)	(7)	(140.0%)
	ROS	3.4%	(1.3%)		(4.7) p.p.

Helicopters

In the first quarter of 2024, the sector continued to show a positive performance, with all the indicators improving compared to the first quarter of 2023. During the period 31 new helicopters were delivered compared to 28 recorded in 2023.

New orders. Up compared to the first quarter of 2023 (+8.2%), confirming the good performance of the sector. Among the main acquisitions for the period we note:

- the order for additional 20 AW139 helicopters to be used in healthcare and search and rescue missions from the operator The Helicopter Company in Saudi Arabia;
- the contract signed with Galaxy Aerospace for 4 AW189 helicopters for the Malaysian Maritime Enforcement Agency (MMEA) for search and rescue missions.

Revenues. These were on a rise mainly for increases on the dual use helicopter lines.

EBITA. This figure increased due to higher revenues, with a slightly improving profitability.

Defence Electronics & Security

The first quarter of the year was characterised by an excellent commercial performance in all the main business areas, with particular reference to the European component which showed increased Revenues and profitability compared to the same period of last year. As for LDO DRS, we highlight a growth in all the main indicators.

Key Performance Indicators of the sector

31 March 2023	New orders	Revenue	EBITA	ROS
DES Europe	1,624	1,046	89	8.5%
Leonardo DRS	698	530	31	5.8%
Eliminations	*(18)*	*(4)*	-	*n.a.*
Total	**2,304**	**1,572**	**120**	**7.6%**

31 March 2024	New orders	Revenue	EBITA	ROS
DES Europe	2,242	1,147	123	10.7%
Leonardo DRS	750	634	50	8.0%
Eliminations	*(1)*	*(1)*	-	*n.a.*
Total	**2,991**	**1,780**	**173**	**9.7%**

Change %	New orders	Revenue	EBITA	ROS
DES Europe	38.1%	9.7%	38.2%	2.2 p.p.
Leonardo DRS	7.4%	19.6%	61.3%	2.2 p.p.
Eliminations	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total	**29.8%**	**13.2%**	**44.2%**	**2.1 p.p.**

Average €/USD exchange rate: 1.08574 (first three months of 2024) and 1.07299 (first three months of 2023)

New orders.

These were considerably higher compared to the same period of 2023. Among the main acquisitions of the period, we highlight, for the European component:

- in the naval domain, the order for the supply and setup of combat systems falling within the broader programme to renew the surface patrol units of the Italian Navy;
- as part of the broader Light Multirole Tactical Vehicle (LMTV) programme, the supply of new-generation Software Defined Radio (SDR) communication systems and the supply of satellite communication equipment, which will provide Satcom-On-The-Move (SOTM) capabilities, to equip new-generation vehicles used by the Italian Army to ensure mobility and safety in medium/high-intensity operational theatres and to reach areas affected by disasters;
- as part of the defence systems, various export orders for the supply of large multirole calibers in the naval domain.

As for Leonardo DRS note the further orders for the production of new-generation information systems, called Mounted Family of Computer Systems (MFoCS), for the US army mission commands.

Revenues. Increased volumes compared to the same period of the last year (+13.2%), in particular in the European component, as a result of the gradual and continuous backlog increase. Also the Leonardo DRS volumes showed an increase.

EBITA. These showed a sharp increase in all the main business areas both in the European component and in LDO DRS, determined by higher volumes and minor impacts of overheads. An improved contribution was given by the strategic investments to the profitability of the sector, especially by MBDA.

Leonardo DRS data in USD

	New orders	Revenue	EBITA	ROS
Leonardo DRS ($mil.) March 2023	749	569	33	5.8%
Leonardo DRS ($mil.) March 2024	815	688	55	8.0%

Aircraft

The Aircraft sector confirmed the high profitability of the business already recorded in 2023, with an important performance of the military business.

From a production point of view, for the military programmes of the Aircraft Division no. 9 wings were delivered to Lockheed Martin for the F-35 programme (no. 10 wings delivered in the first quarter of 2023) and no. 2 fuselages to the Eurofighter consortium and no. 1 wing for the Typhoon programme (no. 1 fuselage and no. 2 wings delivered in the first quarter of 2023). There was no delivery of Typhoon aircraft to Kuwait, compared to the 2 deliveries recorded in 2023.

New orders. The sector registered orders which were slightly lower than those of the same period of 2023. In 2024 we highlight significant orders for the logistic component of the EFA and C-27J aircraft, in addition to the supply of wings for the JSF programme of Lockheed Martin.

Revenues. These slightly increased compared to 2023 as a result of the higher production volumes of the international cooperation programmes.

EBITA. Slightly higher than in the first quarter of 2023, confirming a high level of profitability, mainly supported by the international programmes of the Fighter line.

Aerostructures

The Aerostructures sector confirmed the improvement path embarked on as early as in 2022. For this sector, it should be noted the positive impact of the reduction in the rate of the Grottaglie site working at a lower capacity and the increase in the deliveries of the GIE-ATR Consortium.

From an industrial point of view:

- 18 fuselage sections and 12 stabilisers were delivered for the B787 programme (10 fuselages and 8 stabilisers were delivered in 2023) and 7 fuselages were delivered under the ATR programme (6 in 2023);
- for GIE-ATR 4 deliveries were registered compared to the 2 ones recorded in 2023, confirming an upturn in volumes.

Key Performance Indicators of the sector

31 March 2023	New orders	Revenue	EBITA	ROS
Aerostructures	126	151	(40)	(26.5%)
GIE ATR	*n.a.*	*n.a.*	*(16)*	*n.a.*
Total	**126**	**151**	**(56)**	**(37.1%)**

31 March 2024	New orders	Revenue	EBITA	ROS
Aerostructures	253	175	(36)	(20.6%)
GIE ATR	*n.a.*	*n.a.*	(7)	*n.a.*
Total	**253**	**175**	**(43)**	**(24.6%)**

Change %	New orders	Revenue	EBITA	ROS
Aerostructures	100.8%	15.9%	10.0%	5.9 p.p.
GIE ATR	*n.a.*	*n.a.*	56.3%	*n.a.*
Total	**100.8%**	**15.9%**	**23.2%**	**12.5 p.p.**

New orders. The Aerostructures sector recorded an important increase compared to last year, benefitting from the recovery of the orders for Boeing fuselages and the increase in the Airbus orders for A321.

Revenues. These were on a rise, benefitting from the increased activities on the B787 programme.

EBITA. The improvement of the production sites which were working at lower capacity, specifically Grottaglie, and the increase in deliveries by the GIE-ATR Consortium, determined a higher result compared to the same period of 2023.

Space

In the first quarter of 2024 the Sector recorded a good level of acquisitions taking into account that in the comparative period of the last year it benefitted from the positive effects of the NRRP.

New orders. Among the main acquisitions of the first quarter we highlight:

- the order for the preliminary activities under the LCNS (Lunar Communication and Navigation System, better known as MoonLight) programme with the European Space Agency,
- the orders for Engineering Services for the ESOC (European Space Operations Centre) and
- the orders for additional activities on the Tropospheric Communication System in Romania.

Revenues. For the subsidiary Telespazio, volumes increased thanks to the performances of the Satellite Systems and Operations and Geo Information LoBs.

EBITA. The subsidiary Telespazio recorded an operating result in line with that of last year while the manufacturing segment of the Space Alliance was affected, as expected, by significant increases in development costs related to the commercial telecommunication business, which were not reflected in the first quarter of last year.

OUTLOOK

According to the First Quarter 2024 results and the expectations for the coming quarters, we confirm the guidance for the full year 2024 as disclosed in March 2024.

Below is the summary table:

	FY2023 (Pro-forma) (1)	*2024 Guidance*(2)
New Orders (€bn)	18.7	ca. 19.5
Revenues (€bn)	16.0	ca. 16.8
EBITA (€mln)	1,326	ca. 1,440
FOCF (€mln)	652	ca. 770
Group Net Debt (€bn)	2.3	ca. 2.0

2024 exchange rate assumptions €/USD = 1.15 and €/GBP = 0.89

(1) The values shown for the year 2023 enhance the full consolidation of Telespazio, effective from 2024

(2) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deteriorationi

Main transactions of the first 3 months of 2024 and significant events occurred after the period-end

With reference to **industrial transactions**, it should be noted that, following the amendments to the arrangements originally provided for in the “Space Alliance” with Thales, Leonardo acquired control over the Telespazio Group which was then consolidated on a line-by-line basis from 1 January 2024. The purchase price allocation process, whose preliminary results showed a capital gain for the Leonardo Group equal to €mil. 366, representing the fair value of the Telespazio Group equal to approximately €mil. 885, is currently underway.

Furthermore, on 16 April 2024 Leonardo finalized the acquisition of the remaining 30% of the quota capital of Alea S.r.l (hereinafter "Alea"), with a total disbursement of about €mil. 1.5. Leonardo entered the quota capital of Alea in 2021, signing an agreement to acquire 70% of the quota capital with an option for a subsequent future acquisition of the remaining portion through a call option mechanism. Following the exercise of its option under the agreed terms and conditions, Leonardo now holds the entire quota capital of Alea.

Financial transactions. No new transaction was carried out on the financial markets during the first quarter of 2024.

As at 31 March 2024 Leonardo SpA had sources of liquidity for a total of about €mil. 4,210 to meet the financing needs of the Group’s recurring operations, all unused at 31 March 2024 and broken-down as follows:

- an ESG-linked Revolving Credit Facility for an amount of €mil. 2,400, divided into two tranches of €mil. 600 and of €mil. 1,800 expiring on 7 October 2024 and on 7 October 2026 respectively;
- additional unconfirmed short-term lines of credit of about €mil. 810;
- a framework programme for the issue of commercial papers on the European market (Multi-Currency Commercial Paper Programme) for a maximum amount of €bil. 1 expiring on 2 August 2025.

The Company also has a €mil. 260 Sustainability-linked financing granted by the European Investment Bank (EIB) – with a contract signed in November 2022 – entirely unused at the date of this report.

Furthermore, Leonardo has unconfirmed lines of credit for a total of €mil. 11,033, of which €mil. 3,301 still available as at 31 March 2024.

Finally, other Group subsidiaries have the following credit facilities:

- Leonardo DRS has a Revolving Credit Facility for an amount of USDmil. 275 (€mil. 254) which was entered into at the same time as the completion of the merger with RADA, entirely unused at 31 March 2024;
- Leonardo US Corporation has short-term revocable credit lines, guaranteed by Leonardo Spa, for USDmil. 210 (€mil. 194), which were used for USDmil. 42 (€mil. 39) at 31 March 2024;
- Leonardo US Holding has short-term revocable credit lines, guaranteed by Leonardo, for USDmil. 5 (€mil. 5), which were unused at 31 March 2024.

Finally, Leonardo had in place an EMTN (Euro Medium Term Note) programme for the possible issue of bonds on the European market for a total of €bil. 4 that, at the date of this report, was still available for €mil. 2,400.

Outstanding bond issues (equal to a total of €mil 1,600) are given a medium/long-term financial credit rating by the international rating agencies Moody's, Standard&Poor's and Fitch. In this regard it should be noted that, on the reporting date, thanks to the positive results shown by the Group during 2022 and 2023, Leonardo's credit ratings, compared to those preceding the last change, were as follows:

Agency	Last update	Previous		Updated	
		Credit Rating	*Outlook*	*Credit Rating*	*Outlook*
Moody's	May 2023	Ba1	positive	Baa3	stable
Standard&Poor's	August 2023	BB+	positive	BBB-	stable
Fitch	January 2022	BBB-	negative	BBB-	stable

With regard to the impact of positive or negative changes in Leonardo's credit ratings, the only possible effects deriving from further changes, if any, to the credit ratings refer to rate margins applied to certain payables of Leonardo (Revolving Credit Facility and Term Loan).

Furthermore, it should be noted that the Funding Agreement between MBDA and its shareholders also provides, among other things, that any change in the rating assigned to the shareholders will result in a change in the applicable margin.

EXPLANATORY NOTES

This interim reporting that has been approved today by the Board of Directors, was made available to the public at the registered office, with Borsa Italiana S.p.A., on the Company website (www.leonardo.com, in the section Investors/Results and Reports), as well as on the website of the authorized storage mechanism NIS-Storage (www.emarketstorage.com).

The accounting policies, measurement criteria and consolidation methods used for this interim reporting at 31 March 2024, which should be read in conjunction with the Consolidated Financial Statements at 31 December 2023, are unchanged from those of the Consolidated Financial Statements at 31 December 2023 (except for those specifically applicable to interim financial reports) and the interim reporting at 31 March 2023.

This interim reporting, approved by the Board of Directors on 7 May 2024, was not subject to any statutory review.

FINANCIAL INCOME AND EXPENSE

(€ millions)	***For the 3 months ended 31 March***	
	2023	**2024**
Interest	(30)	(17)
Commissions	(2)	(3)
Fair value gains (losses) through profit or loss	2	(6)
Premiums (paid) received on forwards	1	(2)
Exchange rate differences	-	1
Other financial income and expenses	(14)	(18)
Share of profits/(losses) of equity-accounted investees	2	1
	(41)	**(44)**

The performance of net financial expenses in the first quarter of 2024 was substantially in line with the data of March 2023; compared to the first three months of 2023 we highlight a decrease in net interest expenses and lower fair value of derivatives.

LOANS AND BORROWINGS

The Group Net Debt breaks down as follows:

(€ millions)	31 March 2023	*of which current*	31 December 2023	*of which current*	31 March 2024	*of which current*
Bonds	1,603	*10*	1,631	*635*	1,607	*1,110*
Bank debt	1,570	*296*	1,312	*87*	1,327	*100*
Cash and cash equivalents	(1,070)	*(1,070)*	(2,407)	*(2,407)*	(1,818)	*(1,818)*
Net bank debt and bonds	**2,103**		**536**		**1,116**	
Current loans and receivables from related parties	(43)	*(43)*	(183)	*(183)*	(190)	*(190)*
Other current loans and receivables	(17)	*(17)*	(22)	*(22)*	(25)	*(25)*
Current loans and receivables and securities	**(60)**		**(205)**		**(215)**	
Hedging derivatives in respect of debt items	(7)	*(7)*	6	*6*	(1)	*(1)*
Other related party loans and borrowings	983	*883*	1,292	*1,192*	1,319	*1,219*
Lease liabilities	573	*78*	610	*79*	642	*79*
Other loans and borrowings	107	*46*	84	*51*	70	*27*
Group Net Debt	**3,699**		**2,323**		**2,931**	

The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006, updated by the provisions of ESMA Guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021, is provided in Annex 2.

Following the early redemption in 2022 of bonds issued by Leonardo US Holding in the U.S. market, Leonardo S.p.A. turns out to be the Group's only issuer in the bond market. Leonardo’s issuance programmes are governed by regulations laying down standard legal clauses for this type of transactions carried out by corporate entities in institutional markets, which do not require any commitment with respect to specific financial covenants, while they include, among others, negative pledge and cross default clauses. According to negative pledge clauses, Leonardo and its Material Subsidiaries (i.e. entities in which Leonardo holds more than 50% of the capital and whose gross revenues and total assets account for at least 10% of consolidated gross revenues and total assets) are specifically prohibited from creating collaterals or any other encumbrance as security for their debt comprised of bonds or financial instruments that are either listed or capable of being listed, unless these guarantees are extended to all the bondholders. This prohibition shall not apply to securitisation transactions and to any set of assets intended for specific businesses pursuant to Articles 2447-bis and ff. of the Italian Civil Code. On the contrary, cross default clauses grant the bondholders the right to request early repayment of bonds in their possession upon the occurrence of an event of default on the part of Leonardo and/or any of its Material Subsidiaries, the result of which would be their failure to make payments above the established limits.

Financial covenants are included in the ESG-linked Revolving Credit Facility and in the ESG-linked Term Loan signed in 2021 which require Leonardo to comply with two Financial ratios (the ratio of Group net debt - excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities /EBITDA, including amortisation of the right of use assets, must be no higher than 3.75 and the ratio of EBITDA, including amortisation of the right of use assets / Net interest must be no lower than 3.25), tested annually based on consolidated data and which had been complied with in full at 31 December 2023. These covenants are included in the loan agreement with CDP of €mil. 100, as well as in all EIB loans in place (they had been used for a total amount of €mil. 481 at 31 March 2024).

In addition, the ESG-linked loans illustrated above envisaged margin adjustment clauses based on the achievement of certain indicators (KPIs) related to ESG objectives. Specifically:

- Reduction in CO_2 emissions of the Group; such KPI is included in the RCF and in the Term Loan signed in 2021 as well as in the Sustainability-Linked Loan granted by the European Investment Bank in 2022;
- Promotion of female employment with STEM degrees; such KPI is included in the RCF and in the Term Loan signed in 2021;
- Increase in per capita computing power of the Group; such KPI is included in the Sustainability-Linked Loan granted by the European Investment Bank in 2022.

Financial covenants, in line with U.S. standard practices, are also provided for in bank loans granted in favour of Leonardo DRS. Also such financial ratios (Net debt / adj. EBITA no higher than 3.75 and adj. EBITA /Net interest no lower than 3.0, to be determined based on the data obtainable from the US GAAP financial statements of the Leonardo DRS Group) were met at the date of the last reported data.

CONTINGENT LIABILITIES

During this quarter there were no updates with respect to the ongoing criminal proceedings compared to what is described in the Consolidated Financial Statements at 31 December 2023, to which reference is made.

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With reference to the ongoing civil disputes – compared to what already described in the Consolidated Financial Statements at 31 December 2023, to which reference is made – we point out that as for the proceedings – joined before the Court of Naples – and brought, on one hand, by Firema under extraordinary management against the directors and statutory and independent auditors of Firema Trasporti (General Register 32257/13) in order to have them declared responsible for the financial collapse caused to the company, who then summoned Leonardo and AnsaldoBreda requesting for direct compensation in favour of the plaintiff for the damages that should be ascertained (presumptively at €mil. 262, equal to Firema's statement of liabilities), and on the other hand, by GMR against Leonardo and AnsaldoBreda due to abuse of economic dependence (General Register 16312/15), the Court, lifting his reservation taken at the hearing of 14 March 2024, put forward a settlement proposal to the parties and ordered them to appear either in person or through their attorneys aware of the facts of the case, at the hearing of 21 May 2024 for the purpose of a settlement attempt and as a demostration by the parties of their willingness to accept the settlement proposal.

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Given their complexity, their cutting-edge technological content and the nature of customers, the Group's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Group adjusts the estimated contract costs for foreseeable issues, also taking into account the possible developments in the relevant disputes. With regard to contracts in progress affected by uncertainties and issues under discussion with customers, it should be noted that as part of the arbitration proceedings initiated by Leonardo S.p.a. and PSC S.p.A. (collectively referred to as "LP" unincorporated joint venture) against Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. (collectively referred to as "GSIC" unincorporated joint venture), following the issue of the final award on 7 March 2024, LP filed a new petition before the Court of Arbitration for correction of the award due to clerical errors, for which the issue of the new corrected award is pending.

With reference to the request for termination for default due to alleged delays and non-compliant products formalised during 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties started a mediation process in April 2023. The NHI position, confirmed by Leonardo, is unchanged compared to what was reported in the financial statements as at 31 December 2023, considering this request to be legally ungrounded and reasonably disputable in the appropriate forum due to a lack of factual and legal basis and misinterpretation of the contract and Norwegian law, as well as due to a breach of confidentiality obligations. On 18 March 2024, the hearings before the mediators began, and on 20 March 2024 the mediation was suspended due to the excessive distance between the parties' positions; subsequently the parties expressed their willingness to extend the mediation until 7 May 2024. By virtue of the mediation agreement, once it is terminated without an agreement being reached, each party may initiate legal proceedings before the Court of Oslo.

With reference to the agreement entered into with Nav Canada on 21 July 2015, amended in 2019, for the supply of goods and services related to the replacement of 12 radar systems in as many sites ("Terminal Surveillance Radar (TSR) Replacement Project"), in March 2024 the customer formalized a notice of termination, alternatively qualifying it as termination by default or, where the conditions are not met, termination for convenience, for alleged breaches of contract by Leonardo in the phase of further testing ("Final Site Acceptance Test" or "FSAT") introduced by the abovesaid amendment. Moreover, Nav Canada subsequently attempted to enforce a Performance Bond amounting to CAD 4,000,000. Leonardo considers the termination by default to be legally ungrounded and reasonably disputable in the appropriate forum due to a lack of factual and legal basis. A meeting was agreed between the parties to be held in the first ten days of May to consider a settlement solution.

For the Board of Directors

The Chairman

Stefano Pontecorvo

ANNEXES

ANNEX 1: SCOPE OF CONSOLIDATION

Below are the changes in the scope of consolidation at 31 March 2024 in comparison with 31 March 2023:

Company	Event	Month
Companies which entered the scope of consolidation:		
Cnbm Leonardo (Shanghai) Aerostructures Co. Ltd (*)	newly established	April 2023
E2E Engineering Ltd	acquired	November 2023
E2E Satcom Ltd	acquired	November 2023
E2E Services Ltd	acquired	November 2023
Leonardo Us Automation Inc.	newly established	February 2024

Companies which left the scope of consolidation:

No change to report.

Companies involved in merger transactions:

Merged company	Merging company	Month
Agustawestland Spa	Leonardo Partecipazioni Spa	March 2024
Selex Es Spa (in liquidation)	Leonardo Partecipazioni Spa	March 2024

Companies which changed their name:

Old name	New name	Month
Vega Deutschland GmbH	Leonardo GmbH	March 2024

Starting from 1 January 2024 the Telespazio Group, which had been consolidated with the equity method until the 2023 Consolidated Financial Statements, was consolidated on a line-by-line basis following the acquisition of control by the Leonardo Group.

(*): company valued at equity

ANNEX 2: "NON-GAAP" PERFORMANCE INDICATORS

Leonardo Management assesses the Group's performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs. Specifically, EBITA is used as the primary indicator of profitability, since it allows us to analyse the Group's margins by eliminating the impact of the volatility associated with non-recurring/extraordinary items or items unrelated to ordinary operations.

As required by Consob Communication 0092543 of 3 December 2015 implementing the ESMA guidelines 2015/1415 on alternative performance indicators, below is a description of the components of each of these indicators:

- **New orders**: this figure includes sales contracts signed with customers in the period, which are of a commercial nature and which provide for the counterparties' obligation to comply therewith.
- **Order backlog**: this figure is the sum of the order backlog for the preceding period and new orders, less revenues during the reference period.
- **EBITDA**: this is given by EBITA, as defined below, before amortisation and depreciation (excluding amortisation of intangible assets arising from business combinations) and impairment losses (net of those relating to goodwill or classified among "non-recurring costs").
- **EBITA**: it is arrived at by eliminating from EBIT, as defined below, the following items:
  - any impairment in goodwill;
  - amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3;
  - restructuring costs that are a part of defined and significant plans. This item includes personnel costs as well as any and all other costs deriving from the reorganisation (e.g. impairment of assets, costs for the closure of sites, relocation costs, etc.);
  - other non-recurring costs or income, i.e. connected to particularly significant and extraordinary events that are not related to the ordinary performance of the business. This item includes costs incurred in M&A transactions, as well as costs connected with businesses and/or products and systems held for disposal, and the recognition of losses on contracts that have become onerous as a result of events that are not connected with operations.

  L'EBITA is then used to calculate return on sales (ROS) and return on investment (ROI).

  A reconciliation of Income before tax and financial expense, EBIT and EBITA is shown below:

(€ millions)	*For the 3 months ended 31 March*	
	2023	*2024*
Income before tax and financial expenses	107	172
Equity-accounted strategic investments	(14)	(4)
EBIT	**93**	**168**
Amortisation of intangible assets acquired as part of business combinations	8	8
Restructuring costs	1	5
Non-recurring (income) expense	3	1
EBITA	**105**	**182**

- **Return on Sales (ROS)**: this is calculated as the ratio of EBITA to revenue.

- **EBIT**: this is obtained by adding to Income before tax and financial expenses (defined as earnings before "financial income and expense", "share of profits (losses) of equity- accounted investees", "income taxes" and "Profit (loss) from discontinued operations") the Group's share of profit in the results of its strategic investments (MBDA, GIE ATR, TAS and Hensoldt), reported in the "share of profits (losses) of equity-accounted investees".
- **Net result before extraordinary transactions**: this is the Net Result before the result from discontinued operations and the effects of the extraordinary transactions (acquisitions and disposals).
- **Group Net Debt**: this includes cash, financial receivables and current securities, net of (current and non-current) loans and borrowings and of the fair value of derivatives covering financial debt items, as well as the main non-current receivables. The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006, updated by the provisions of ESMA Guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021, is provided below:

(€ millions)	**31 December 2023**	**31 March 2024**
A – Cash	(2,407)	(1,818)
C - Other current financial assets	(205)	(215)
D - Liquidity	**(2,612)**	**(2,033)**
E - Current financial debt (*)	1,409	1,425
F - Current portion of non-current financial debt	635	1,110
G - Current financial debt	**2,044**	**2,535**
H - Net current financial debt (funds)	**(568)**	**502**
I - Non-current financial debt (*)	2,885	2,430
J - Debt instruments (**)	6	(1)
K- Trade payables and other non-current debt	212	213
L - Non-current financial debt	**3,103**	**2,642**
M - Total financial debt	**2,535**	**3,144**

(*) Includes payables for leases of €mil 79 in current payables and €mil. 563 in non-current payables (€mil. 79 current and €mil. 531 non-current at 31 December 2023)
(**) Includes the fair value of FX hedging derivatives in respect of debt items

- **Free Operating Cash-Flow (FOCF)**: this is the sum of the cash flows generated by (used in) operating activities (excluding the changes in the Group Net Debt), the cash flows generated by (used in) ordinary investing activities (property, plant and equipment, intangible assets, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered "strategic investments"), dividends received and collections pursuant to Law 808/1985. The calculation of FOCF is presented in the reclassified cash flow statement shown in the section "Group results and financial position".
- **Return on Investments (ROI)**: this is calculated as the ratio of EBITA to the average net capital invested in the 12 months before the period.
- **Workforce:** the number of employees recorded in the register on the last day of the period.

STATEMENT OF THE OFFICER IN CHARGE OF FINANCIAL REPORTING PURSUANT TO ART. 154 BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED

In accordance with the provisions of article 154-bis, paragraph 2 of Legislative Decree no. 58/1998 as amended and supplemented, the undersigned Alessandra Genco, the Officer in charge of Financial Reporting of Leonardo Società per azioni certifies that this interim reporting at 31 March 2024 corresponds to the related accounting records, books and supporting documentation.

Rome, 7 May 2024

Officer in charge of Financial Reporting

(Alessandra Genco)