2021 was an important year: we resumed our path to growth which we had already embarked on and recorded results higher than those finally achieved before the pandemic in all business sectors, except for Aerostructures, which continued to be affected by the impact of COVID-19 on the civil Aeronautics market.

In the context of the continuing uncertainty that underlined 2021, Leonardo demonstrated its resilience and the strength of its commercial, industrial, economic and financial fundamentals, laying the foundations to resume its path to growth and sustainable development. Once again, Leonardo fulfilled its commitments, and met and exceeded its targets. We achieved orders above pre-pandemic levels and increased revenues; we achieved excellent operating results and improved profitability, meeting and exceeding targets, with cash generation more than double initial expectations.

The Group’s structure is now stronger, supported by its Defence and Government business and further strengthened by the acquisition of 25.1% of Hensoldt, reflecting the long-term vision for the importance of building cooperation in the European Aerospace and Defence sector and Leonardo’s determination to play an active role in its development.

A concrete plan has been implemented to recover and relaunch the Aerostructures business, which was affected heavily by the impact of the pandemic, and the first signs of improvement can already be seen. Despite a widespread crisis in the civil aeronautics sector, Leonardo achieved orders of over €bil. 14.3 in 2021 (+4.0% compared to 2020), thus increasing its portfolio to over €bil. 35.5. In particular, a substantial order volume in Helicopters, €mil. 4.370, which sees a partial recovery in the civil aviation segment, was accompanied by the excellent performance of Defence Electronics & Security, €mil. 7.579, in particular of the European component (+14.5% compared to 2020), as well as of Aeronautics, €mil. 2.945, with Aircraft recording growth of over 30%, more than offsetting the decline expected in civil Aeronautics.

Despite the effects of the pandemic, revenues of more than €bil. 14.1 were achieved in 2021, recording an increase of 2.45% compared to the pre-pandemic result of 2019 (+5.4% compared to 2020), thanks to the efforts undertaken and the strength of the Group’s fundamentals. All of Leonardo’s businesses marked substantial growth and, in particular, Helicopters, which recorded total revenues of €bil. 4.2; with an increase of 4.7% compared to 2020, Defence Electronics & Security, which stood at €bil. 7 (+4.4% compared to 2020) and Aircraft, which closed with €bil. 3.3 (+24% compared to 2020), more than offsetting the decline expected in civil Aeronautics.

EBITA also showed sharp growth, at €bil. 11 (+19.7% compared to 2020), with a RoS of 7.9%, despite the downturn in Aerostructures, which were affected heavily by the continuing air traffic crisis resulting from the pandemic. It is worth noting that an excellent performance was recorded by Defence Electronics & Security, which reported an increase of over 30% compared to the previous year and 14.7% compared to 2019, reaching €mil. 703, with a RoS of 10.1%. The Aircraft performance also grew by more than 21% (+35% compared to 2019), with an EBITA of €mil. 432 (RoS 13.2%), and the Helicopters division grew by 6% compared to the previous year, with an EBITA of €mil. 406 and RoS of 9.8%. The Space business segment tripled the results of the previous year, recording an EBITA of €mil. 62.

Despite the costs incurred to ensure the health protection of all personnel, and the costs related to the start of operations for the announced recovery of the civil aeronautics sector pursuant to art. 4 of the “Fornero Act”, Leonardo recorded an Operating Result (EBIT) of €mil. 911 with an increase of over 76% compared to the previous year. From a financial perspective, FOCF 2021 was €mil. 209, more than twice the target set, and the overall debt level was reduced down to €mil. 3,122. The reduction in debt then led to a substantial reduction in the cost of debt, which fell from 5.4% in 2016 to the minimum level of 2.3% in 2021.

We have again proposed the payment of dividends (€0.14 per share) in consideration of our performance and confidence in the path to growth we have embarked upon.

Such positive results make us increasingly aware of how sustainable our growth must also needs to be.

We feel a responsibility to play a key role – together with institutions and governments – in providing security and protection of citizens and territories. This is why we continue to selectively invest 12.8% of our revenues in Research & Development; we invest in complex projects that create value in the long term and drive technological progress. Aware of representing a driver for development, security and progress, we continue to pursue our strategic programme outlined in the Leonardo 2030 plan.

We have embarked on a path to sustainable growth in the long term that focuses on innovation and technological development, which are enabling factors and decisive elements that allow us to face the challenges of the present and the future and to seize opportunities in a constantly changing scenario. Looking at Italy, for example, we can only be proud to support the relaunch of the national economic and production system, making our skills and expertise available to the Italian institutions. Think, for example, of the digitisation of the Public Administration, as well as to road infrastructure modernisation and environmental monitoring.

Our commitment to sustainable development has enabled us to achieve important milestones in 2021 too. On the decarbonisation front, we have reduced CO2 emissions by 23% compared to 2020, mainly due to the replacement of SF6 gas in the Helicopter sector. This is an important step that brings us closer to the goal we have set ourselves: reducing emissions by 40% by 2030. Important results have also been achieved in terms of diversity and inclusion: the percentage of women hired with a STEM degree has increased, amounting to 10% of total hires with a STEM degree in 2021, as well as the proportion of young people under 30.

Work also continued on our commitment to sustainable finance. In order to increasingly bring our financing strategy into line with sustainability objectives, we have in fact entered into the first ESG-linked Revolving Credit Facility and the first ESG Term Loan, making 50% of the total sources of financing linked to ESG parameters, including the reduction of CO2 emissions through eco-efficiency of industrial processes and the promotion of female employment with STEM degrees, which are the same as the Long Term Incentive Plan.

On the other hand, we are committed to keeping 50% of the Group’s investments in line with the achievement of the Sustainable Development Goals (SDGs), contributing in particular to innovation and digital transformation, creating skilled jobs and developing solutions for the security of people, infrastructure and territories.

The results we have achieved on ESG topics have also been recognised worldwide, following the Group’s presence in several major sustainability rankings, indices and rankings. We achieved the highest score in the Aerospace and Defence sector in the Dow Jones Sustainability Index of S&P Global for the third year running, inclusion in the MIB ESG Index launched by Borsa Italiana in 2021, and confirmation in the CDP Climate Change A list and in the Bloomberg Gender Equality Index. These are results that make us proud of the path we have taken so far and that drive us to an ever greater commitment to meet and exceed the targets we have set ourselves.

None of this would have been possible without the important contribution from colleagues across Leonardo, who have once again demonstrated great strength, adaptability and team spirit in working in a constantly evolving world. We extend to them our most heartfelt thanks.
PROFILE

Revenues by geographical area

- **27%** Rest of the world
- **22%** Rest of Europe
- **25%** United States
- **9%** United Kingdom
- **17%** Italy

Shareholders

- **39.2%** Ministry of Economy and Finance
- **44.7%** Institutional investors
- **17.5%** Individual investors
- **7.1%** Unidentified
- **0.5%** Improper actions

DOMESTIC MARKETS

- **Italy**
- **United Kingdom**
- **United States**
- **Poland**

Revenues by geographical area Shareholders

- **50,413** people
- **186** sites all over the world
- **150 countries** commercial presence
- **€ 1,803 MIL.** research and development in 2021

DOMESTIC MARKETS

- **Italy**
- **United Kingdom**
- **United States**
- **Poland**

PRINCIPAL COMMERCIAL PERFORMANCE INDICATORS

- **36 TH-73A** for the U.S. Navy
- **8 AW139** for the Italian Guardia di Finanza
- **Radar update and avionics suite for Luftwaffe EFAs**
- **18 AW169M LUH** for the Austrian MoD
- **6 M-346** for the Qatar Emirates Air Force
- **SICOTE IV system for the Italian Carabinieri**
- **9 AW139** for the Saudi Royal Court
- **EFA logistical assistance in Italy**
- **MFoCS (Mounted Family of Computer Systems) for the U.S. Army**
**INTERNATIONAL PROGRAMMES AND PARTNERSHIPS**

**TEMPEST**
A new generation ‘system of systems’ for meeting the common defence challenges of the future.

**EURODRONE**
Medium Altitude Long Endurance remotely piloted aircraft for global ISTAR Intelligence, Surveillance, Target Acquisition & Reconnaissance missions.

**NEXT GENERATION CIVIL TILTROTOR**
Research project for development of a new generation tiltrotor, equipped with new technologies and a new aircraft architecture permitting a 50% reduction in CO₂ emissions.

**SESAR**
European research programme for transforming air traffic management and making it more modular, automated, interoperable and focused on the flow of flights.

**EUROFIGHTER**
Multi-role fighter born from a collaborative project of the defence industries of Italy, UK, Germany and Spain.

**JOINT STRIKE FIGHTER**
A new generation network-enabled fighter with stealth features.

**NH90**
Europe’s largest helicopter programme, developed to meet the needs of military operators worldwide, with dedicated mission systems for land and naval operations.

**FREMM**
The most important naval military programme ever developed at the European level, carried out in cooperation between France and Italy.

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**INTRODUCTION TO THE ECOSYSTEM OF SHAREHOLDINGS AND JOINT VENTURES**

**ECOSYSTEM OF SHAREHOLDINGS AND JOINT VENTURES**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leonardo DRS</td>
<td>Defence electronics</td>
<td>100%</td>
</tr>
<tr>
<td>MBDA</td>
<td>Defence systems</td>
<td>25%</td>
</tr>
<tr>
<td>Hensoldt</td>
<td>Defence electronics</td>
<td>25.1%</td>
</tr>
<tr>
<td>Electronics</td>
<td>Defence electronics</td>
<td>31.33%</td>
</tr>
<tr>
<td>Larimart</td>
<td>Defence electronics</td>
<td>60%</td>
</tr>
<tr>
<td>Leonardo UK</td>
<td>Defence electronics/ Helicopters</td>
<td>100%</td>
</tr>
<tr>
<td>PZL-Świdnik</td>
<td>Helicopters</td>
<td>100%</td>
</tr>
<tr>
<td>Kopter</td>
<td>Helicopters</td>
<td>100%</td>
</tr>
<tr>
<td>Telespazio</td>
<td>Satellite services</td>
<td>67%</td>
</tr>
<tr>
<td>Thales Alenia Space</td>
<td>Satellite production</td>
<td>33%</td>
</tr>
<tr>
<td>Avio</td>
<td>Space propulsion</td>
<td>29.63%</td>
</tr>
<tr>
<td>ATR</td>
<td>Regional turboprop aircraft</td>
<td>56%</td>
</tr>
<tr>
<td>Leonardo International</td>
<td>Commercial coordination</td>
<td>100%</td>
</tr>
<tr>
<td>Leonardo Global Solutions</td>
<td>Services</td>
<td>100%</td>
</tr>
<tr>
<td>Leonardo Logistics</td>
<td>Logistics</td>
<td>100%</td>
</tr>
</tbody>
</table>
PRIORITY ANALYSIS

A process aimed at identifying and assessing the strategic priorities of Leonardo and its stakeholders: key themes that will affect the company’s capacity to generate value and protect it in the short, medium and long term.

The analysis—based on an approach that integrates a data-driven methodology with extensive consultation with stakeholders and top management—supports preparation of the Integrated Financial Statements, defining the company’s strategy and Sustainability Plan, and assessing the risks and opportunities connected with each pertinent topic. The results of the most recent analysis, conducted at the end of 2021, identify sixteen strategic priorities.

ESG AWARDS

Sustainability Leader in the Dow Jones Sustainability Indices of S&P Global for twelve years, with the highest score in the Aerospace and Defence industry for the third year in a row.

One of six Italian companies and the only one in its field to be confirmed in the CDP 2021 Climate-A List.

Ranked in the A band of the Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI) of Transparency International.

Recognised UN Global Compact LEAD for its commitment to the world’s biggest corporate sustainability initiative.

Included in the Bloomberg Gender-Equality Index 2022 for the second year in a row.

One of the companies included in the MIB ESG INDEX on the Italian Stock Exchange (Euronext), Italy’s first blue chip indicator for the forty best companies in terms of ESG performance.

(*) 10,829 press articles and more than 450 million tweets analysed
21 companies in the sector used in the benchmark analysis
1,877 national and international regulations analysed
134 stakeholders from 13 countries have responded to the online survey
PEOPLE WORLDWIDE

<table>
<thead>
<tr>
<th>Country</th>
<th>Employees by Gender and Age</th>
<th>2021 Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>63% Women: 31,661</td>
<td>15% Men: 7,375</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14% Women: 7,274</td>
<td>5% Men: 2,548</td>
</tr>
<tr>
<td>United States</td>
<td>19% Women: 7,374</td>
<td>10.4% Men: 52.3%</td>
</tr>
<tr>
<td>Poland</td>
<td>3% Women: 2,548</td>
<td>37.3% Men: 52.3%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>15% Women: 1,555</td>
<td>10.4% Men: 52.3%</td>
</tr>
</tbody>
</table>

EMPLOYEES BY GENDER AND AGE

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>19%</td>
<td>7,375</td>
</tr>
<tr>
<td>Men</td>
<td>81%</td>
<td>31,661</td>
</tr>
</tbody>
</table>

HUMAN CAPITAL EVOLUTION INDICATORS
(2021 DATA COMPARED TO 2018)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Comparison</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of workforce</td>
<td>+8.5%</td>
<td>+3,051 employees</td>
</tr>
<tr>
<td>Employees under 30</td>
<td>from 8.4% to 10.4%</td>
<td>+1,350 employees</td>
</tr>
<tr>
<td>Female managers</td>
<td>from 15.9% to 18%</td>
<td>&gt;2,700 between 2019 and 2021</td>
</tr>
<tr>
<td>of total managers and junior managers</td>
<td>+247 employees female managers</td>
<td></td>
</tr>
</tbody>
</table>

Military Friendly Employer and Best for Vets Award in the United States

Investors in People (II) at the Gold Level, Investors in Young People (IIYP) and We Invest in WellBeing of II in the United Kingdom
Leonardo has redesigned its training offerings to enable all resources to keep their professional skills up to date. With the LOVE FOR LEARNING initiative launched in July 2020, Leonardo became the first Italian company to extend Coursera’s extensive training services to all its personnel worldwide. One of the world’s leading MOOC (Massive Online Open Courses) platforms offers a catalogue of some 4,500 courses produced by the world’s top universities, accessible from the home or office, from desktop or mobile devices. The university level of the courses enables all participants to obtain the corresponding certificates.

The efficacy of the initiative is confirmed by the growing number of registered participants: over 8,900, with 28,800 courses offered and 156,200 hours of training provided. 24% of the courses attended were in Data Science and 19% in Computer Science.

LOVE FOR LEARNING: INVESTING IN SKILLS
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The promotion of scientific citizenship is an integral part of the Leonardo’s strategy – which aims to be a reference point for STEM culture in the countries where it operates – in terms of strengthening skills and the innovation pipeline.

> 400,000 people reached with scientific and digital citizenship initiatives

2,800 students, 700 teachers and more than 600 schools participate in STEMLab

9,000 students visited Leonardo’s virtual stands and interacted with company representatives during Career Days

> 1,400 hours of instruction by Leonardo employees in 4 Italian Technical High Schools (ITS)

2021 saw the conclusion of Leonardo’s first crowdfunding project supporting digitisation in Italian schools during the Covid-19 emergency. Leonardo for Schools was a fundraising project for all employees in Italy – inclusive of the CEO’s 2019 bonus – to provide new electronic devices for 46 schools identified in agreement with the Ministry for Education: 30 elementary, junior and senior high schools, including 18 schools which were teaching children undergoing long-term hospitalisation, plus 16 juvenile detention facilities, in 18 different regions of Italy.

With funding in support of remote teaching and connectivity, these institutions purchased 900 devices, ranging from tablets to PCs, interactive multimedia boards, video projectors and DVD players.
LEONARDO 2021
ACCELERATING TECHNOLOGY EVOLUTION

HELICOPTERS

Research, design, development and production of helicopters for civil and defence applications. Leonardo’s helicopters, from the 1.8 ton single-engine to the 16 ton three-engine, fulfil missions of public utility, public order, off-shore, search and rescue, EMS (Emergency Medical Services) and defence on land and at sea. To respond to the needs of future vertical mobility, Leonardo is committed to researching innovative technologies and platforms, such as the tiltrotor and the remotely piloted helicopter, and to developing a new generation of light helicopters with hybrid or electrical propulsion.

ELECTRONICS FOR DEFENCE AND SECURITY

Multi-domain technological solutions for border security and management of critical infrastructure. C4ISTAR (Command, Control, Communication, Computers, Intelligence, Surveillance, Target Acquisition, Reconnaissance) sensors and systems and self-protection equipment allowing forces in the field to be aware of the operational scenario and obtain superior information.

Services for secure digitisation of processes, infrastructure and applications, with a view to protecting global security; technologies and solutions for mission and business critical communications; systems and platforms for monitoring and responding to physical and cyberspace threats.

HIGHLIGHTS

Over 4,300 helicopters operating in more than 130 countries
Over 1200 AW109 sold so far, with more than 3 million flying hours
Over 40% of the global market for multiengine passenger helicopters

1,000 air defence and surveillance radars in 58 countries
1,000 naval units supplied to 70 marines equipped with defence systems
200 airports in 110 countries use ATC systems
4,000 optronic systems onboard air and land platforms
90,000 security events monitored per second by the SOC (Security Operation Centre)
70,000 users and 5,000 cyber networks protected in 130 countries
75 NATO sites cyber-protected in 29 countries
AERONAUTICS

Design, development and production of latest-generation aircraft that meet the needs of the most complex operational scenarios: from basic training to complex defence and peace enforcement operations; from tactical transport to humanitarian and firefighting support; from command and control to intelligence, surveillance and reconnaissance.

Specific expertise in the production and assembly of large structural components in composite materials and traditional metal components, including the design of aerostructures for some of the most important commercial aircraft, including the class-leading ATR regional transport aircraft.

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SPACE

Leonardo covers the entire value chain of the space industry, from the manufacture of satellites and orbiting infrastructure and the production of high-tech equipment and sensors to management of satellite services and propulsion and launching systems. These capabilities, stemming from over 60 years of experience, have been consolidated with the aid of a strategic partnership between Leonardo and Thales for the Space Alliance and Leonardo’s industrial participation in Avio.

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HIGHLIGHTS

The world’s most powerful hyper spectral instrument on board the ASI PRISMA satellite

Over 2,000,000 radar images acquired by the COSMO-SkyMed constellation developed by ASI in cooperation with the Italian Ministry of Defence

2 metres is the depth to which Leonardo’s drill will penetrate on the ESA’s ExoMars mission

Over 50% of the living volume of the International Space Station is developed by Thales Alenia Space

Over 170 antennas in operation at the Fucino Space Centre, the world’s first and most important “teleport” for civilian use
DAVINCI-1

The davinci-1 supercomputer, one of the world’s most powerful HPCs for AD&S, represents the digital backbone of Leonardo, cutting across all business areas and the Leonardo Labs network. davinci-1 supports the Group’s digital transformation process.

The davinci-1 High Performance Computing architecture is an integrated supercomputing and cloud computing platform that combines flexibility with computing power, enabling the use of algorithms (from deep learning to artificial intelligence), the customisation of technological platforms, and the calculation of countless interactions between the data generated (data analysis and big data).

davinci-1 is a digital enabler for improving product legacy and accelerating evolution of the ecosystem of Leonardo Technologies.

- 200 servers installed at Torre Fiumara in Genoa
- 5 million billion of operations per second
- 20 million gigabytes of memory
- Among the most powerful HPCs in the AD&S industry worldwide
MILESTONES IN 2021

START OF THE JOINT LAB
Establishment of laboratories in partnership with industrial partners (Solvay) and research centres (IIT – Istituto Italiano di Tecnologia) for development of Leonardo’s technological and product portfolio.

A109 AND AW139 ANNIVERSARIES
50 years since the first flight of the A109 light transport helicopter, and 20 years since the launch of the AW139, the bestselling helicopter in its category, with over 1,000 units in service all over the world.

“SUMERI” DEMONSTRATION
“Sumeri sets sail!” is Italy’s first, and one of the world’s first, examples of an electric propulsion drone for urban cargo transport.

SUPPLEMENTARY CONTRACT AGREEMENT
The Supplementary Contract, inspired by the principles of sustainability, growth, trust, joint responsibility and flexibility as a new model for labour relations, was renewed in Italy and signed by the trade unions.

HENSOLDT TAKEOVER
Purchase (finalised in 2022) of a 25.1% share in HENSOLDT, a German leader in sensors for defence and security applications, strengthening the partnership the two companies have had under way for some time.

PARTNERSHIP WITH BABCOCK
Partnership agreement with Babcock, a world leader in AD&S, to offer joint solutions for the Future Aircrew Training (FACT) programme for Canadian air force pilots.

GENOA TECHNOLOGICAL HUB
Launch of a national competence centre for Leonardo’s industrial digitisation, based in Genoa, to implement Leonardo’s digital transformation and improve its technological and product competitiveness.

60 YEARS OF TELESPAZIO
Celebrating the sixtieth anniversary of the establishment of Telespazio, a Leonardo subsidiary which is now one of the world’s principal providers of satellite solutions and services, founded in 1961 by Rai and Italcable.

FIRST ESG-LINKED LINE OF CREDIT
Subscription of the first ESG-linked revolving line of credit – linked with ESG targets in line with the sustainability strategy underlying the Group’s Industrial Plan – with a syndicate of domestic and international banks.

AWHERO CERTIFICATION
A WHero obtains the world’s first military certification for a remotely piloted helicopter in its category, obtaining basic military certification from the DAAA (Direction of Aeronautic Armaments and Airworthiness).

FIRST DELIVERY OF EFA AIRCRAFT
Delivery to Kuwait of the first two Eurofighter Typhoons, the most advanced aircraft ever made in the history of the European programme, made by Leonardo in response to the specific needs of the Kuwaiti Air Force.

25TH ANNIVERSARY OF THE MIRACH 100/5
25th anniversary of the first official flight of the Mirach 100/5 aerial target system, with a NATO certified reliability coefficient (98%) and more than 2,000 launches to its credit.
Leonardo’s 2030 strategic plan sets out a clear vision for the path the Group intends to take over the next ten years and beyond: to strengthen and transform the business in order to grow, accelerate the process of innovation and increase long-term competitiveness in the pursuit of sustainability. The aim is to develop new skills, in both the civil and military domain, to respond to the challenges posed by the complexity of the digital age: interdependence, interrelation and rapid evolution.

### GUIDELINES FOR DEVELOPMENT

**1. STRENGTHENING OUR CORE BUSINESS**
Further developing our core business and activities, with the aid of a more focused and homogeneous portfolio

**2. PURSUING TRANSFORMATION**
Making the organisation more modern and flexible and adopting more effective innovative business models to expand the business and respond to customers’ needs

**3. MASTERING NEW TECHNOLOGIES**
Innovating and creating new technologies and new high-tech markets

### TARGETS FOR 2030

#### 1. SOLID
- Investment grade
- Profitable
- Solid cash conversion capacity

#### 2. GLOBAL
- Global Leader in Helicopters and in Simulation and Training solutions
- European number one in defence electronics
- Key player in collaborative international aviation programmes
- Key Player in Europe in Unmanned systems and solutions for all domains
- Partner of security institutions
- Key Partner of the Big Primes and US DoD to consolidate our presence in the country

#### 3. DRIVER OF INNOVATION
- Fully digitalised processes, production and offering
- The engine of an innovative eco-system along interconnected technological lines
  - Point of reference for green innovation in A&D&S
Leonardo is Italy’s partner in the country’s digital, ecological and industrial transition, having the competences required to intercept all six missions of the National Recovery and Resilience Plan (PNRR) with the involvement of private and public stakeholders.

Leonardo has identified six clusters of interest in relation to which it has developed more than 30 projects.

- **GLOBAL MONITORING**: Continuous monitoring and securing of critical infrastructure
- **SMART CITIES**: Increasing the safety and resilience of cities by promoting sustainable mobility
- **SPACE**: Contributing to the growth of the Space Economy as a strategic aspect of the country’s development
- **DIGITAL PA**: Facilitating the delivery of easily usable, efficient and secure digital public services
- **DIGITAL LOGISTICS**: Contributing to the development of connected, automated and secure multimodal logistics
- **HEALTH**: Contributing to the development of an efficient and interconnected health system

It leverages core assets and distinctive competences as enabling factors.

- Private/hybrid cloud
- High performance computing
- Artificial intelligence algorithms
- Predictive simulation capability
- Decision-making support tools
- Command and control
- Space assets

Project development involves all of Leonardo’s areas of business.

**STRATEGIC NATIONAL HUB (SNH)**

Leonardo is a candidate participant, with other entities, of the creation of a National Strategic Hub, a new cloud infrastructure offering cyber & security services for the secure management of data and of critical and strategic services of the Public Administration (PA).
LEONARDO LABS NETWORK

Laboratories dedicated to long-term research and development of the most innovative technologies. A network of laboratories operating out of multiple centres across Italy and abroad, connected to the global research ecosystem through an international network of collaborations with industrial partners such as universities and research centres.

18 LEONARDO LABS

- Applied artificial intelligence
- Future aircraft technologies
- Future electronics & sensing
- Future rotorcraft technologies
- Future security & safety technologies
- HPC/Cloud/Big data technologies
- Intelligent autonomous system
- Materials technologies
- Quantum technologies
- Space technologies

4 JOINT LABS

- Solvay
- IIT (Istituto Italiano di Tecnologia)
- New materials
- Industrial robotics
- Space robotic
- High performance computing

8 AREAS OF TECHNOLOGICAL RESEARCH

- Digital twins and advanced simulation
- Artificial Intelligence
- Big Data
- HPC/Cloud
- Robotics and Autonomous Systems
- Quantum Technologies
- Electrification
- New materials

DIGITAL TWIN IN LEONARDO

Virtual modelling of mechanical apparatuses, fluid dynamics and platform subsystems

- Modelling of the ECS – Environment Control System – to simulate the behaviour of the helicopter in various real-life contexts
- Simulation of simultaneous take-off and landing of several helicopters on aircraft carriers and predictive models of wing ice formation for the British Navy
- Numerical simulation and data for the production line at the Pomigliano plant: the first example of Industry 4.0 in the group
- Facilitating the study of new materials such as thermoplastics and RF shielding
- Modelling of helicopter propulsion systems for validation and testing activities

Evaluation of commercial and open source platforms for multi-domain analysis and orchestration functionalities, through the implementation of aeronautical use cases

Creation of the virtual regional aircraft model electrified

Experimentation with enabling technologies such as ROM (Read Only Memory) and FMI/FMU (Functional Mock-up Interface / Functional Mock-up Unit)

Porting of workflows and engineering computing tools on davinci-1 for LHD, LAD and LED
LEONARDO AND ITS RESEARCH

15 TECHNOLOGICAL AREAS

- Artificial intelligence
- Communication networks
- Cyber
- Digital enablers
- Electronics
- Flight technologies
- Materials
- Mechanics
- Modelling and simulation
- Quantum technologies
- Software architecture and processing
- Systems autonomy
- Design and integration technologies
- Optronics
- Propulsion

INTELLECTUAL PROPERTY

The type of patents developed mainly focus on dual use of technologies in sectors close to AD&S (Aerospace, Defence & Security), assisting small and medium-sized enterprises in the development of their products and supporting emerging start-ups.

THE FIGURES ON INNOVATION

- **1.8 billion euro** invested in Research and Development in 2021
- **90** universities and research centres around the world with whom we collaborate
- **9,600** people involved in research and development activities

- **27.1** PetaBytes of filing capacity
- **6.2** PetaFlops of computing power
UNMANNED TECHNOLOGY

The development of unmanned technology is a frontier of innovation for which Leonardo is producing remote piloting systems for air and sea use in civil and military missions. Modular, flexible solutions that integrate platforms, radar and electrooptical sensors, mission systems and ground control stations. In this context, Leonardo supplies technologies and services for the management and protection of drone air traffic Unmanned Traffic Management (UTM).

50
Falco remotely piloted aircraft systems sold worldwide

825
unmanned systems - including 125 surveillance aircraft and 700 target drones - delivered worldwide

2nd edition of the Leonardo Drone Contest, the only open innovation project in Italy, held in partnership with six Italian universities, promoting the development of AI for application to unmanned systems

>30 KM
the route travelled by an experimental electric drone, in partnership with the Bambino Gesù Paediatric Hospital, to transport biomedical material

up to
100 KG
the maximum load carried by electrical propulsion drones for logistics services developed by Leonardo and FlyingBasket and used to transport freight for Poste Italiane

EURODRONE

Remotely piloted aircraft for medium-altitude long-endurance operations, developed as part of a four-nation programme between France, Germany, Italy and Spain. The twin-turboprop Eurodrone is the first unmanned system designed to fly in non-segregated airspace in military and civil missions, with strategic capabilities and advanced performance. Its features include mission modularity for operational superiority in Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) missions.

4 countries involved
7 Bil. Euro project value
7,000 jobs created
Initial production of 20 systems
100% European technologies

SKYDWELLER

Leonardo is a technological partner in the Skydweller project, developed by Skydweller Aero Inc., a US and Spanish start-up specialising in remotely piloted aircraft powered by solar energy. This is the world's first solar drone with a high load-bearing capacity and unlimited persistence. Designed to fly at a maximum altitude of 14,000 metres, the drone can be used for land and sea surveillance, environmental and infrastructure monitoring, geo-information services, telecommunications and precision navigation.

The world's first solar drone with a high load-bearing capacity and unlimited persistence

Maximum load capacity 400 kg
More than 1,250 hours of flight accumulated
LEONARDO PRODUCTION SYSTEM

The LPS programme is an advanced production system that improves the process of transformation from raw materials to finished products through process standardisation and the development of professional skills. LPS also leverages the digital transformation (LPS Digital), adopting instruments that facilitate data collection and their use in process management, implementation of new digital platforms and ongoing monitoring of Industry 4.0 technologies on the market.

>2,000 people involved
16 production plants
>1,900 improvement plans
+30% productivity
-95% accidents at work

Baseline 2019

LEONARDO AND THE ECOSYSTEM OF ENTERPRISES

Leonardo’s activity develops an interconnected and innovation-driven supply chain. A system that translates into a supply chain present in 77 countries and made up of 11,000 companies – over 4,000 in Italy alone – with an order value of around 9.2 billion euros, 4.5 billion of which is generated in Italy. Leonardo, in Italy, is at the heart of an ecosystem employing over 126,000 people and generating 10.4 billion euros in added value.

LOCAL SUPPLY CHAINS: SMES AS A PERCENTAGE OF THE TOTAL

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Italy</td>
<td>87%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>72%</td>
</tr>
<tr>
<td>United States</td>
<td>60%</td>
</tr>
<tr>
<td>Poland</td>
<td>82%</td>
</tr>
</tbody>
</table>

Purchases by country

- € 9.2 BIL. value of purchases of goods and services
- 65% incidence of purchases on revenues
- 81% of purchases related to domestic markets, with a supply chain of more than 6,700 SMEs

LEAP PROGRAMME

The LEAP (Leonardo Empowering Advanced Partnerships) programme is a new supply chain management and improvement model. Through LEAP, Leonardo acts as a driver and accelerator of the growth of SMEs in the national ecosystem to create stronger, more sustainable relations with the supply chain.

Around 200 suppliers have initially been assessed for inclusion in partnerships. Improvement and development projects are already under way with 120 suppliers, including managerial training programmes, commercial partnership agreements, financing, and support for technology transfer, digital transformation and cyber security.

LEADS SUPPLIER EVALUATION MODEL

LEADS, Leonardo Assessment and Development for Sustainability, is a supplier evaluation model which has been introduced to improve assessment of suppliers’ performance in relation to key suppliers’ sustainability and development risks. Operative performance, capability and sustainability have been integrated into a new, single supplier assessment tool. In 2021, more than 500 key suppliers were assessed in terms of ESG sustainability, identifying strong points and areas for improvement in the supply chain.
CUSTOMER CENTRICITY

TRAINING AND SIMULATION
Civil and military training services for pilots, maintainers and operators, through a structured network of Training Academies, digital platforms and dedicated services. Leonardo’s training capability uses proprietary methods, simulation systems and Live-Virtual-Constructive (LVC) learning environments, as well as comprehensive classroom- and computer-based training programmes.

MAINTENANCE AND SUPPORT
Leonardo ensures round-the-clock operativity of products and systems, whether proprietary or otherwise, through maintenance centres worldwide, both in its own facilities and in those of its civil and military customers. Leonardo offers both front-line operational support and heavy maintenance/storage activities in its plants and, due in part to the introduction of 4.0 technologies, can manage any kind of platform and system upgrade, from Mid-Life to Long Term Evolution, and from product support engineering to onsite renovation and dismantling.

TECHNICAL AND LOGISTICS SERVICES
A global support structure ensuring technical and logistics services 24/7, wherever and whenever required. Support is provided on the field and remotely through AOG centres and e-commerce activities to satisfy the needs of military and civil customers, and encompasses site management, in-service data acquisition, installation and development, management of configurations and their obsolescence, info-logistics services and technical publications.

FULL SERVICE
Leonardo provides high-value turnkey solutions in all business areas, using and managing its resources, systems, equipment and expertise, while greatly reducing the level of risk and investment for the customer.

DIGITISATION OF CUSTOMER SERVICE
Leonardo has developed new Customer Relationship Management and e-commerce platforms permitting digitised customer management, offering a shared tool for access to all post-sales services (Leonardo Customer Portal).

30% of total 2021 revenues from Customer Support, Service and Training

>33,700 hours of training delivered using flight simulators

~11,000 helicopter and aircraft pilots and operators trained

1st for the third year running in the ProPilot ranking of helicopter companies by quality of post-sales service

1st in the Product Support Survey ranking of AIN (Aviation International News)
LEONARDO FLAGSHIP

Helicopters

AW09
A new-generation single-engine helicopter characterised by high performance, the roomiest cabin in its category, and state-of-the-art avionics.

AW139
A multirole helicopter capable of carrying out any type of mission: search and rescue, security, offshore, private and executive transport.

AW101
The most advanced and powerful multi-role aircraft available on the market today. Equipped with sophisticated avionics and mission systems, it guarantees maximum operational efficiency, also thanks to its high degree of autonomy.

AW609
The first tiltrotor for civil and governmental applications. It combines the benefits of helicopters with those of airplanes.

Electronics for Defence and Security

FALCO Xplorer
Unmanned system providing 24/7 surveillance under all conditions, covering a wide range of military and civil missions.

SeaSpray
Air-to-air and ground-to-ground surveillance radar with AESA (Active Electronic Scanned Array) single face or multiple face electronic scanning, offering advanced performance in terms of capacity, operating methods and resolution.

KRONOS
A family of state-of-the-art, multi-function, multi-mission radars for land and naval air surveillance and defence.

ATHENA
Advanced naval theatre management system for all ship types, from patrol vessels to the largest aircraft carriers.

Aircraft

C-27J
World benchmark for new generation medium-sized tactical turboprop transport aircraft.

M-346
Among the most advanced jet aircraft for training military pilots. It offers extensive training capabilities, long-term reliability and reduced costs in operation.

M-345
Trainer for the basic to advanced phases of military pilot training with the performance typical of a jet aircraft and operating costs comparable to those of high-power tiltrotor training craft.

Space

Cosmo SkyMED 2
Italian Earth observation satellite system, equipped with synthetic aperture radar sensors, ensuring global coverage of the planet under all weather conditions.

SICRAL 3
Italian satellite system for military communications, guaranteeing interoperability of defence, public safety and civil protection networks.

Copernicus
European satellite programme for monitoring the Earth, the marine environment, the atmosphere and climate change.

Galileo
Leonardo's Sustainability Plan covers the entire value chain, identifying eight thematic areas (clusters) to accelerate the transition to a sustainable business model, in line with the targets of the UN Agenda and the European Green Deal. Technological innovation and digitisation are the main drivers of the Plan, and are keys to addressing the challenges of sustainability at the global level and accelerating a sustainable, inclusive transition. Each of the eight clusters may be divided into specific actions and projects identified taking into account their short and long term measurability.

DATA-DRIVEN PLAN AND SUSTAINABILITY

In line with the new operating model and related procedures and policies, the Plan implements data-driven sustainability. Through monitoring with specific Key Performance Indicators (KPIs), data management makes it possible to analyse performance and effectively guide decisions and the sustainability strategy. The Plan consists of projects that look at short-term benefits, in line with public sustainability objectives, as well as “transformational” initiatives that, by looking at future trends and needs, will produce medium-to-long term impacts.
COMMITMENT TO THE PLANET

To counter and mitigate the effects of human and industrial activities on the planet, Leonardo has defined a sustainable business strategy. Through the Sustainability Plan and by leveraging technological innovation, the Group is countering climate change and promoting ecological transition. The actions envisaged range from efficiency of production processes, reducing emissions, energy consumption and the use of resources, to the development of lower environmental impact solutions.

In this context, the transition to a circular economic model is another integral part of the strategy and projects of the Leonardo Sustainability Plan, with a transformative approach across the entire value chain.

THE CIRCULAR ECONOMY MODEL

OPTIMISE

- Reducing materials through advanced design systems
- Applying the Product Life Cycle Management and Ecodesign approach
- Using composite materials to reduce weight, consumption and impact
- Studying new materials to promote reuse and limit disposal
- Reducing fuel consumption by 10-15% and emissions by 20% with the use of carbon fibre for aerostuctures of aircraft and helicopters
- About 60% less scraps thanks to Additive Manufacturing for the construction of primary composite parts of the Tiltrotor Training programme in Life Cycle Assessment and the applicable ISO 14040 and ISO 14044 standards for employees in the areas of R&D and new product engineering and production

SHARE AND DEMATERIALISE

- “Product as a service”: selling flight hours instead of products
- Virtual product testing
- Virtual training systems
- Elimination of printed documents from production processes
- ~41,450 tonnes of CO₂ avoided through use of virtual training systems in 2021
- From 50 data centres to two new-generation computing hubs, virtualising services offered on the cloud and optimising performance, resulting in energy savings of ~20%•

EXTEND USEFUL LIFE

- Optimising maintenance cycle
- Implementing predictive maintenance of helicopters
- Replacing only those components that reach end of life
- Upgrading software to extend the life of hardware components
- Buy-back of pre-owned helicopters
- >70% of aircraft and helicopters in circulation manufactured with recyclable metal parts
- Aircraft structures with a useful life of > 20 years of operation

RECYCLE/REUSE

- Using recyclable metal materials
- Regenerating used components
- Recycling and reusing auxiliary materials, packaging, assembly platforms and metal equipment
- Recycling of composite materials (such as carboresins)
- Centralisation and digitisation of archives at the Aprilia site; further centralisation in 2022
- Reclamation of about ~600 kg of unused material and reduction of costs due to restoration of helicopter flight apparatuses reaching end of life
- 51% of produced waste recovered in 2021
- 1.3 tonnes of WEEE material reclaimed (10.2 tonnes since 2019) from obsolete servers in data centres
- Research into creation of circular economy uses for composite materials (Carbon Fiber Reinforced Polymer - CFRP), promoting reuse and recycling of carbon fibre
- Reuse in a number of areas of plastic packaging from production materials and study of new reusable standard packaging, with the involvement of suppliers
# SUSTAINABILITY TARGETS

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>AREA</th>
<th>TARGETS</th>
<th>PROGRESS</th>
<th>TARGET YEAR</th>
<th>SDG Material themes</th>
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<tbody>
<tr>
<td><strong>GOVERNANCE</strong></td>
<td>Promote a responsible business model</td>
<td>Issue of a Trade Compliance Guideline including Human Rights Impact Assessment (HRIA) and development of country risk assessment tools for Leonardo SpA</td>
<td>2021</td>
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<td></td>
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<td>Extending Trade Compliance Directive to the Group</td>
<td>2022</td>
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<td>Expanding the business compliance training to other types of third parties (distributors/resellers), making it a mandatory prerequisite for completion of the engagement</td>
<td>2022</td>
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<tr>
<td><strong>PEOPLE</strong></td>
<td>Attract and promote talent</td>
<td>More than 100 training hours per employee in the period 2018-2022</td>
<td>2022</td>
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<td></td>
<td></td>
<td>Under 30s equal to at least 40% of total new hires</td>
<td>2022</td>
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<td></td>
<td>Promote an inclusive environment</td>
<td>Women equal to at least 32% of total new hires</td>
<td>2022</td>
<td>Target 16.5, 16.6 Responsible business conduct</td>
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<tr>
<td></td>
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<td>Women equal to 30% of total new hires in STEM areas</td>
<td>2025</td>
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<td>20% female representation at management levels</td>
<td>2025</td>
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<td>20% female representation among all employees</td>
<td>2025</td>
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<td></td>
<td></td>
<td>27% female representation in succession plans</td>
<td>2025</td>
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<tr>
<td><strong>PLANET</strong></td>
<td>Reduce energy consumption and CO₂ emissions</td>
<td>Reduction of electricity consumption from the grid by 10%²</td>
<td>2025</td>
<td>Target 12.2 Reduced energy consumption and CO₂ emissions</td>
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<td>4% reduction in Scope 1 + Scope 2 emissions (location-based)⁶</td>
<td>2025</td>
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<td></td>
<td>40% reduction in Scope 1 + Scope 2 emissions (market-based)⁶</td>
<td>2030</td>
<td>Target 8.4, 9.4, 12.2, 12.5, 13.1 Climate change, adaptation and mitigation Management of natural resources</td>
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<td>10% reduction in water withdrawals²</td>
<td>2025</td>
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<td>10% reduction in the amount of waste produced²</td>
<td>2025</td>
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<td><strong>PROSPERITY</strong></td>
<td>Develop the supply chain</td>
<td>Implement supply chain development programmes and medium/long-term partnerships, focused on SMEs, to improve business sustainability</td>
<td>2023</td>
<td>Target 4.4, 8.2, 8.3, 9.4, 9.5, 12.2, 12.5, 13.1 Climate change, adaptation and mitigation R&amp;D, innovation and advanced technologies Digital transformation</td>
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<td>Manage more than 75% of the value of orders placed by Leonardo Divisions through digital collaboration platforms⁵</td>
<td>2022</td>
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<td>Raise awareness of/deliver training on SDGs and supporting tools for reporting to more than 80% of key suppliers (over 500 suppliers)</td>
<td>2022</td>
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<td>100% of LEAP partners with set targets and plans on green energy, CO₂ emission reduction, waste recycling, water consumption</td>
<td>2023</td>
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<tr>
<td></td>
<td>Strengthen digitisation and processing capacity</td>
<td>Increase computing power by 40% per capita⁴</td>
<td>2025</td>
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<td></td>
<td></td>
<td>Increase storage capacity by 40% per capita⁴</td>
<td>2025</td>
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### SDG-ALIGNED INVESTMENTS

In 2021-2023, Leonardo will invest an average of €600-700 million annually* Leonardo is committed to keeping about 50% of its investments aligned with the SDGs. The initiatives mainly impact SDG 9 “Enterprise, Innovation and Infrastructure”, SDG 8 “Decent Work and Economic Growth”, and SDG 11 “Sustainable Cities and Communities”

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* Includes gross capitalised R&D, investment in tangible assets, equipment and other intangible assets
For more information:
leonardo.com/en/investors/results-and-reports