

RESULTS AT 31 MARCH 2021

Disclaimer

This Interim Reporting at 31 March 2021 has 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 results for the first quarter of 2021 were in line with the forecasts of recovery in growth and an increase in profitability reported in the Financial Statements at 31 December 2020, showing a marked improvement in the Group's industrial performance; in the first quarter of 2020 this indicator was in fact particularly affected by the outbreak of the COVID-19 pandemic, which then gradually stabilised over the subsequent months, including as a result of the measures put in place in order to ensure that the business could continue in full operation.

This trend bears witness to the resilience of the government/military business in a scenario that is still characterised by the pandemic. Conversely, the Aerostructures Division experienced the difficulties associated with a fall in volumes and the consequent failure to absorb fixed costs, which led to a decline in results compared to the first quarter of 2020.

Key performance indicators ("KPI")

The KPIs for the period and the main changes that marked the Group's performance are described below. An in-depth analysis can be found in the specific section covering the trends in each business segment.

	March 2020	March 2021	Change	2020
New orders	3,421	3,421	n.a.	13,754
Order backlog	37,000	36,414	(1.6%)	35,516
Revenue	2,591	2,790	7.7%	13,410
EBITDA	159	202	27.0%	1,458
EBITA	41	95	131.7%	938
<i>ROS</i>	1.6%	3.4%	1.8 p.p.	7.0%
EBIT	30	75	150.0%	517
<i>EBIT Margin</i>	1.2%	2.7%	1.5 p.p.	3.9%
Net Result before extraordinary transactions	(59)	(2)	96.6%	241
Net result	(59)	(2)	96.6%	243
Group Net Debt	4,396	4,640	5.6%	3,318
FOCF	(1,595)	(1,422)	10.8%	40
ROI	1.8%	4.1%	2.3 p.p.	11.3%
Workforce	49,180	49,780	1.2%	49,882

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

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	31 March 2020				
	New orders	Order backlog at 31 Dec. 2020	Revenue	EBITA	ROS
Helicopters	1,486	12,377	704	18	2.6%
Defense Electronics & Security	1,473	13,449	1,358	80	5.9%
Aeronautics	644	10,696	644	(17)	(2.6%)
Space	-	-	-	(2)	n.a.
Other activities	36	87	86	(38)	(44.2%)
Eliminations	(218)	(1,093)	(201)	-	n.a.
Total	3,421	35,516	2,591	41	1.6%

	31 March 2021				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	855	12,401	792	31	3.9%
Defense Electronics & Security	2,133	14,357	1,494	127	8.5%
Aeronautics	621	10,760	611	(13)	(2.1%)
Space	-	-	-	3	n.a.
Other activities	56	107	97	(53)	(54.6%)
Eliminations	(244)	(1,211)	(204)	-	n.a.
Total	3,421	36,414	2,790	95	3.4%

	Change %				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	(42.5%)	0.2%	12.5%	72.2%	1.3 p.p.
Defense Electronics & Security	44.8%	6.8%	10.0%	58.8%	2.6 p.p.
Aeronautics	(3.6%)	0.6%	(5.1%)	23.5%	0.5 p.p.
Space	n.a.	n.a.	n.a.	250.0%	n.a.
Other activities	55.6%	23.0%	12.8%	(39.5%)	(10.4) p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.	n.a.
Total	n.a.	2.5%	7.7%	131.7%	1.8 p.p.

Commercial performance

New orders came to €bil. 3.4, in line with the first three months of 2020.

The Defence Electronics and Security sector recorded an excellent performance in terms of sales both in the European and the US components. The Helicopters business segment showed a downturn, which was affected by a major order that had been gained during the period under comparison, while in the Aeronautics sector the expected fall in new orders for the civil aviation segment was almost entirely offset by the performance recorded in the Aircraft Division.

The book to bill ratio is equal to about 1.2. The order backlog ensures a coverage in terms of equivalent production equal to more than 2.5 years.

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Business performance.

Revenues (€bil. 2.8) showed, during the first quarter of 2021, a significant increase in all business sectors, which was only partially offset by the expected reduction in volumes in the Aerostructures segment, which continued to be adversely affected by a decline in production rates on the B787 and ATR programmes.

EBITA, equal to €mil. 95 (ROS of 3.4%), recorded a significant total growth rate (132%), with a considerable increase in all business segments, except for Aerostructures, which was due to higher volumes of revenues and the improvement in profitability and which was also contributed to by a higher share provided by all the strategic Joint Ventures.

EBIT, equal to €mil. 75, showed a substantial increase (150%) compared to the first quarter of 2020 (€mil. 30), despite the impact of the costs that the Group is still sustaining in order to comply with the Government's instructions in the matter of COVID-19, including to protect the health of its workers.

The **Net result before extraordinary transactions**, which posted a loss of €mil 2, equal to the **Net Result**, benefitted from the EBIT performance, as well as from lower financial costs, net of any related tax effect.

Reclassified income statement

(€ millions)	For the three months ended 31 March		Change	% Change
	2020	2021		
Revenue	2,591	2,790	199	7.7%
Purchases and personnel expenses	(2,420)	(2,587)		
Other net operating income/(expenses)	-	(2)		
Equity-accounted strategic JVs	(12)	1		
Amortisation, depreciation and write-offs	(118)	(107)		
EBITA	41	95	54	131.7%
ROS	1.6%	3.4%	1.8 p.p.	
Non-recurring income/(expenses)	-	(11)		
Restructuring costs	(4)	(4)		
Amortisation of intangible assets acquired as part of business combinations	(7)	(5)		
EBIT	30	75	45	150.0%
EBIT Margin	1.2%	2.7%	1.5 p.p.	
Net financial income/(expenses)	(81)	(46)		
Income taxes	(8)	(31)		
Net Result before extraordinary transactions	(59)	(2)	57	96.6%
Net result related to discontinued operations and extraordinary transactions	-	-		
Net profit/(loss) for the period attributable to:	(59)	(2)	57	96.6%
- owners of the parent	(59)	(2)		
- non-controlling interests	-	-		

Financial performance

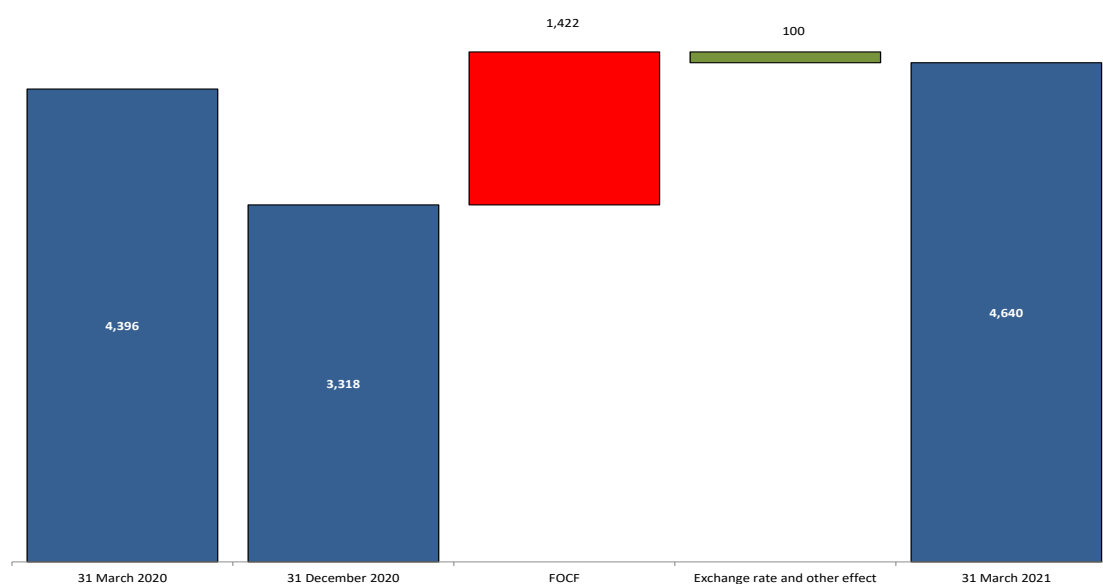
Reclassified cash flow statement

(€ millions)	For the three months ended 31 March		Change	% Change
	2020	2021		
Cash flows used in operating activities	(1,523)	(1,312)		
Dividends received	33	-		
Cash flows from ordinary investing activities	(105)	(110)		
Free Operating Cash Flow (FOCF)	(1,595)	(1,422)	173	10.8%
Change in other investing activities	2	2		
Net change in loans and borrowings	339	(402)		
Net increase (decrease) in cash and cash equivalents	(1,254)	(1,822)		
Cash and cash equivalents at 1 January	1,962	2,213		
Exchange rate differences and other changes	6	17		
Cash and cash equivalents at 31 March	714	408		

FOCF in the first quarter of 2021, which was negative for €mil. 1,422, showed a significant improvement (€mil. 173), despite the continuation of the COVID-19 pandemic emergency. This result, although confirming the usual interim trend that is characterised by significant cash absorptions in the first part of the year, reflects the expected positive trend towards improvement.

The **Group Net Debt**, equal to €mil. 4,640, showed an increase compared to 31 December 2020 (€mil. 3,318) mainly as a result of the negative FOCF performance.

Changes in the Group Net Debt are shown below:



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Reclassified statement of financial position

	31 March 2020	31 December 2020	31 March 2021
(€ millions)			
Non-current assets	12,440	11,883	12,186
Non-current liabilities	(2,209)	(1,996)	(1,986)
Capital assets	10,231	9,887	10,200
Inventories	1,845	1,164	2,232
Trade receivables	2,819	3,033	2,866
Trade payables	(3,242)	(3,619)	(3,164)
Working capital	1,422	578	1,934
Provisions for short-term risks and charges	(1,125)	(1,318)	(1,283)
Other net current assets (liabilities)	(828)	(598)	(710)
Net working capital	(531)	(1,338)	(59)
Net invested capital	9,700	8,549	10,141
Equity attributable to the Owners of the Parent	5,357	5,267	5,491
Equity attributable to non-controlling interests	11	11	11
Equity	5,368	5,278	5,502
Group Net Debt	4,396	3,318	4,640
Net (assets)/liabilities held for sale	(64)	(47)	(1)

KEY PERFORMANCE INDICATORS BY SEGMENT

Below are the key performance indicators by sector:

		31 March 2020	31 March 2021	Change	Change %
1. Helicopters	New orders	1,486	855	(631)	(42.5%)
	Order backlog at 31 Dec. 2020	12,377	12,401	24	0.2%
	Revenue	704	792	88	12.5%
	EBITA	18	31	13	72.2%
	ROS	2.6%	3.9%		1.3 p.p.
2. Defense Electronics & Security	New orders	1,473	2,133	660	44.8%
	Order backlog at 31 Dec. 2020	13,449	14,357	908	6.8%
	Revenue	1,358	1,494	136	10.0%
	EBITA	80	127	47	58.8%
	ROS	5.9%	8.5%		2.6 p.p.
3. Aeronautics	New orders	644	621	(23)	(3.6%)
	Order backlog at 31 Dec. 2020	10,696	10,760	64	0.6%
	Revenue	644	611	(33)	(5.1%)
	EBITA	(17)	(13)	4	23.5%
	ROS	(2.6%)	(2.1%)		0.5 p.p.
4. Space	EBITA	(2)	3	5	250.0%

1. Helicopters

The performance in the first quarter of 2021 showed an increase in Revenues and an improvement in profitability compared to the first quarter of 2020, despite a scenario that was still characterised by the pandemic. The volume of orders was lower than in the comparative period as a result of the acquisition of the IMOS (Integrated Merlin Operational Support) contract for the UK Ministry of Defence in 2020.

New orders. They showed a decrease due to the acquisition of the abovementioned IMOS contract during the first quarter of 2020. Among the new orders gained in the first 3 months of 2021 note the second contract for the supply of 36 TH-73A (AW119) helicopters for the US Navy.

Revenues. They were on the rise following the ramp-up of operations on the military and governmental programmes such as NH90 for Qatar and TH-73A per for the US Navy.

EBITA. It showed an increase as a result of higher revenues and an improved manufacturing efficiency, which had been adversely affected by the outbreak of the COVID-19 pandemic during the first quarter of 2020.

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2. Defense Electronics & Security

The first quarter of 2021 was characterised by an excellent business performance, with revenues and profits on the rise in all the areas of operation in Europe and at Leonardo DRS, thus confirming a growth trend despite the unfavourable effect of the USD/Euro Exchange rate.

Below is a breakdown of the Key Performance Indicators of the sector:

31 March 2020	New orders	Revenue	EBITA	ROS
DES Europe	862	846	46	5.4%
Leonardo DRS	615	523	34	6.4%
Eliminations	(4)	(11)	-	n.a.
Total	1,473	1,358	80	5.9%
31 March 2021	New orders	Revenue	EBITA	ROS
DES Europe	1,544	931	79	8.5%
Leonardo DRS	593	565	48	8.5%
Eliminations	(4)	(2)	-	n.a.
Total	2,133	1,494	127	8.5%
Change %	New orders	Revenue	EBITA	ROS
DES Europe	79.1%	10.0%	71.7%	3.1 p.p.
Leonardo DRS	(3.6%)	8.0%	41.2%	2.1 p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.
Total	44.8%	10.0%	58.8%	2.6 p.p.

Average €/USD exchange rate: 1.2056 (first three months of 2021) and 1.023 (first three months of 2020)

New Orders. They showed a significant increase compared to the first quarter of 2020. Among the major orders that characterised the excellent business performance of Electronics in Europe note the contract for the supply of equipment for two U212 Near Future Submarines (NFS), which will join the Italian Navy's fleet as from 2027 and, within the broadest programme Quadriga, the contract for the supply of radars of air protection systems that will equip 38 Typhoon aircraft intended to replace those of the Tranche 1, which are currently used by the German Ministry of Defence. Furthermore, note, in the area of Cyber security, the contract for the Phase 4 of the SICOTE (*Sistema di Controllo del Territorio*, Territory Control System) programme focused on innovative solutions designed to support the institutional operations of the Carabinieri Corps Command and of the Defence General Staff.

As regards DRS note the additional orders for the production of new generation computing systems named Mounted Family of Computer Systems (MFoCS) for mission commands for the US Army and the IM-SHORAD (Initial-Maneuver-Short Range Air Defense) contract for the initial supply of a Mission Equipment Package, which is to be integrated into heavy striker-type vehicles and will enable the neutralization of low-altitude aerial threats, including remotely piloted vehicles (drones).

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Revenues. These showed a considerable increase compared to the first quarter of 2020, both in the European component of the business and at Leonardo DRS, despite a negative impact of the USD/Euro exchange rate.

EBITA. It showed an increase as a result of higher volumes and an improved profitability compared to the value posted in the first quarter of 2020, which had been adversely affected by the first effects of the measures put in place to contain the COVID-19 infection, with particular regard to the European component. The results recorded by DRS were in line with the forecasts concerning an improvement in profitability expected during the year.

Below are Leonardo DRS Key Performance Indicators in USD:

	New orders	Revenue	EBITA	ROS
DRS (\$mil.) March 2020	678	576	37	6.4%
DRS (\$mil.) March 2021	715	681	58	8.5%

3. Aeronautics

An improvement in profitability was reported in the first quarter of 2021, despite a performance in the civil aviation sector that was still heavily impacted by the effects of the pandemic, with expected production volumes showing a significant decline in Aerostructures and further slowdowns in the resumption of deliveries on the part of the GIE-ATR consortium.

From a production point of view:

- For military programmes of the Aircraft Division there was the delivery of 12 wings to Lockheed Martin for the F-35 programme (9 wings delivered in March 2020);
- For the Aerostructures Division 10 deliveries were made for fuselage sections and 6 stabilisers for the B787 programme (36 fuselages and 23 stabilisers delivered in 2020), and 3 fuselages for the ATR programme (9 in the first quarter of the last year).

Below is the breakdown of Key Performance Indicators for the sector:

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31 March 2020	New orders	Revenue	EBITA	ROS
Aircrafts	515	431	26	6.0%
Aerostructures	144	228	(26)	(11.4%)
GIE ATR	-	-	(17)	n.a.
Eliminations	(15)	(15)	-	n.a.
Total	644	644	(17)	(2.6%)

31 March 2021	New orders	Revenue	EBITA	ROS
Aircrafts	595	510	47	9.2%
Aerostructures	36	111	(46)	(41.4%)
GIE ATR	-	-	(14)	n.a.
Eliminations	(10)	(10)	-	n.a.
Total	621	611	(13)	(2.1%)

Change %	New orders	Revenue	EBITA	ROS
Aircrafts	15.5%	18.3%	80.8%	3.2 p.p.
Aerostructures	(75.0%)	(51.3%)	(76.9%)	(30.0) p.p.
GIE ATR	n.a.	n.a.	17.6%	n.a.
Eliminations	n.a.	n.a.	n.a.	n.a.
Total	(3.6%)	(5.1%)	23.5%	0.5 p.p.

New Orders. They showed an overall slight decline compared to the first quarter of 2020 as a result of a reduction in orders recorded in the Aerostructures Division and in particular:

- the Aircraft Division recorded orders that were higher than in the same period of 2020 thanks to the finalisation of a major contract for the export of M-346 aircraft;
- the Aerostructures Division was affected by lower requests on the part of the GIE consortium for the ATR programme (no orders were gained in the period against 14 orders in the first quarter of 2020) and on the part of the customer Airbus (A220 and A321).

Revenues. These showed a slight decline compared to the same period of 2020; in particular, note:

- higher production volumes achieved in the Aircraft Division, in particular on the line of M-346 trainers;
- a decline in the Aerostructures Division, which was affected by a reduction in the production rates of the B787 and ATR programmes.

EBITA. It showed an improvement compared to the first quarter of 2020. Specifically:

- The effect of higher volumes and an improved manufacturing efficiency compared to the first quarter of 2020 led to a considerable increase in profitability in the Aircraft Division;
- the expected reduction in business volumes and the consequent failure to run production sites at their full capacity led to a sharp decline in results compared to the first quarter of 2020 in the Aerostructures Division;

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- the GIE-ATR consortium recorded results higher than those reported in the first quarter of 2020, due to the actions taken to reduce costs in consideration of the continuation of the crisis in the sector (no delivery was made as in the first quarter of 2020).

4. Space

The first quarter of 2021 showed an increase in the result compared to the same period of the previous year as a result of higher production volumes and improved profitability in the manufacturing segment, the performance of which in the first quarter of 2020 had been also affected by the first effects of the COVID-19 emergency; the segment of satellite services confirmed a good performance as in the previous year and recorded results that were substantially in line with the first quarter of 2020.

OUTLOOK

In view of the results achieved in the first quarter of 2021 and the expectations for the coming periods, we confirm the guidance for the entire year as drawn up when preparing the annual financial statements as at 31 December 2020.

**MAIN TRANSACTIONS OF THE FIRST 3 MONTHS OF 2021 AND
SIGNIFICANT EVENTS OCCURRED AFTER THE PERIOD-END**

Industrial transactions:

- **Acquisition of GEM Elettronica.** On 27 January Leonardo signed a contract with GEM Investment S.r.l. and two minority quotaholders in order to acquire 30% of GEM Elettronica S.r.l. ("GEM"). The company operates in the field of short- and medium-range sensors, navigation radar and coastal surveillance, which are a business that is highly complementary to the Group's products. Under a call / put option scheme, Leonardo will also be entitled to become the majority shareholder (from 65% to 100%) within 3 to 6 years. The closing of the transaction took place on 14 April 2021;
- **Acquisition of DPI S.r.l.** In February, Leonardo acquired a quota of 63% in DPI, a company specialising in the design, production and sale of personal and environmental protective equipment, through its subsidiary Larimart. As a result of this transaction, Leonardo's operations have been strengthened in the sector of technologies for personal protection and key infrastructure, thus reinforcing its footprint in the development of products and solutions for the security, emergency and Defence markets;
- **Cooperation agreement with CAE.** On 29 March 2021 Leonardo and CAE established a company named "Leonardo CAE Advanced Jet Training", in order to provide support services to the operations of the International Flight Training School (IFTS), ranging from technical and logistics support to M-346 aircraft and Ground-Based Training Systems to the operation of IFTS infrastructures.

On 24 March 2021 Leonardo US Holding, Inc. postponed the initial public offering ("IPO") of shares of DRS, since, notwithstanding investor interest within the price range during the course of the roadshow, adverse market conditions did not allow an adequate valuation of DRS. DRS remains a core part of Leonardo's business portfolio and the IPO will potentially be revisited when market conditions are more favourable and a successful IPO at an appropriate valuation for this strategic business can be achieved.

Financial transactions. No new transaction was carried out on the financial markets during the first quarter of 2021. However, in January 2021 Leonardo proceeded with:

- The use of an amount of € mil. 200 of the loan taken out with con the European Investment Bank (EIBI) in December 2020, aimed at supporting certain investment projects envisaged in the Group's Industrial Plan;
- The early cancellation, requested at the end of December 2020, concerning the remaining amount of about €mil. 250 of the Term Loan taken out with a pool of International banks due to the COVID-19 emergency in May 2020;
- The repayment of the remaining amount (€mil. 739) of the bond issue launched for an initial amount of €mil. 950 in January 2015, which had reached its natural expiry.

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On the reporting date, 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	October 2018	Ba1	positive	Ba1	stable
Standard&Poor's	April 2020	BB+	positive	BB+	stable
Fitch	May 2020	BBB-	stable	BBB-	negative

After the end of the period, on 24 April Leonardo entered into an agreement with Square Lux Holding II S.à r.l. for the acquisition of a 25.1% stake in HENSOLDT AG ("HENSOLDT") at a price of approximately €mil. 606 (€ 23 per share). HENSOLDT is the leading German company in the field of sensor solutions for defence and security applications, with a continuously expanding portfolio in cyber security, data management and robotics. Following the completion of the transaction, Leonardo will become the largest shareholder of HENSOLDT alongside Kreditanstalt für Wiederaufbau (KfW), which is 80% owned by the Federal Republic of Germany. KfW agreed to acquire a 25.1% stake in HENSOLDT in March 2021.

The completion of the transaction, which is expected in the second half of 2021, is subject to customary conditions, including regulatory clearances applicable in Germany and in a select number of countries.

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.leonardocompany.com, in the section Investors/Results and Reports), as well as on the website of the authorised storage mechanism NIS-Storage (www.emarketstorage.com).

The accounting policies, measurement criteria and consolidation methods used for this interim reporting at 31 March 2021, which should be read in conjunction with the Consolidated Financial Statements at 31 December 2020, are unchanged from those of the Consolidated Financial Statements at 31 December 2020 (except for those specifically applicable to interim financial reports) and the interim reporting at 31 March 2020.

This interim reporting, approved by the Board of Directors on 6 May 2021, was not subject to any statutory review.

FINANCIAL INCOME AND EXPENSES

	For the three months ended 31 March	
	2020	2021
Interest	(38)	(34)
Commissions	(3)	(4)
Fair value gains (losses) through profit or loss	(11)	-
Premiums (paid) received on forwards	(16)	(1)
Exchange rate differences	(4)	1
Other financial income and expenses	(7)	(11)
Share of profits/(losses) of equity-accounted investees	(2)	3
	(81)	(46)

The performance of net financial expenses in the first quarter of 2021 was not impacted by the fair value component and premiums paid on forwards, which had instead adversely affected the comparative period in a significant manner. Specifically, the decrease in premiums paid was linked to the significant squeezing of the differential between rate curves (Euro vs. USD) which are the basis for the value of forward premiums.

LOANS AND BORROWINGS

The Group Net Debt breaks down as follows:

(€ millions)	31 March 2020	of which current	31 December 2020	of which current	31 March 2021	of which current
Bonds	2,680	24	3,220	835	2,418	575
Bank debt	1,259	353	896	48	1,205	167
Cash and cash equivalents	(714)	(714)	(2,213)	(2,213)	(408)	(408)
Net bank debt and bonds	3,225		1,903		3,215	
Current loans and receivables from related parties	(145)	(145)	(149)	(149)	(94)	(94)
Other current loans and receivables	(41)	(41)	(18)	(18)	(21)	(21)
Current loans and receivables and securities	(186)		(167)		(115)	
Hedging derivatives in respect of debt items	19	19	(6)	(6)	(12)	(12)
Related party lease liabilities	35	3	30	3	32	4
Other related party loans and borrowings	804	704	881	781	854	754
Lease liabilities	399	59	525	72	529	61
Other loans and borrowings	100	77	152	85	137	68
Group Net Debt	4,396		3,318		4,640	

The reconciliation with the net financial position required by Consob Communication no. DEM/6064293 of 28 July 2006 is provided in Annex 2.

The decrease in bonds compared to 31 December 2020 was attributable to the repayment of the issue of a remaining nominal amount of €mil. 739 (against an initial nominal amount of €mil. 950), which had reached its natural expiry in January 2021.

On the contrary, the increase in the bank debt was essentially attributable to the use of credit facilities subject to revocation for an amount equal to €mil. 117 and to the use of the loan of €mil. 200, which had been taken out with the European Investment Bank in December 2020, in support of investments in R&D and innovation.

For an analysis on the clauses related to the existing bonds (financial covenant, negative pledge and cross default) reference is made to what reported in the Consolidated Financial Statements as at 31 December 2020.

CONTINGENT LIABILITIES

No updates are reported with reference to pending disputes for civil litigation compared to the situation at 31 December 2020 as described in the Consolidated Financial Statements at 31 December 2020, to which reference should be made.

With reference to criminal proceedings pending against some Group companies or Leonardo and some former directors, as well as executives for acts committed in the performance of their duties at Group companies or at Leonardo, it should be reported that the proceedings pending before the Court of Naples were concluded on 23 March 2021. The proceedings concerned the contracts awarded to the then Eltag Datamat (now Selex ES SpA) and to another company for the development, respectively, of an integrated traffic monitoring system of the city of Naples and video-surveillance systems for a number of municipalities in the provincial district of Naples. The Company was acquitted because the act was not regarded by the law as a crime. Under these proceedings, among others, an employee of the then-Eltag Datamat was charged with crimes under Articles 353 and 326 of the Italian Criminal Code, and the former Chief Executive Officer and an employee of the then-Eltag Datamat were charged with crimes under Articles 326, 353 and 416 of the Italian Criminal Code, towards whom an acquittal judgment was handed down.

For the Board of Directors

The Chairman

Luciano Carta

ANNEXES

ANNEX 1: SCOPE OF CONSOLIDATION

Below are the changes in the scope of consolidation at 31 March 2021 in comparison with 31 March 2020:

COMPANY	EVENT	MONTH
<u>Companies which entered the scope of consolidation:</u>		
Kopter Group AG	newly acquired	April 2020
Kopter Design AG	newly acquired	April 2020
Kopter Germany GmbH	newly acquired	April 2020
Kopter North America LLC	newly acquired	April 2020
Leonardo Advanced Jet training S.r.l.	newly established	April 2020
Precision Aviation Services PTY Ltd	newly acquired	April 2020
Precision Aviation Trading Academy PTY Ltd	newly acquired	April 2020
Precision Aviation Property PTY Ltd	newly acquired	April 2020
Leonardo Helicopters USA Inc.	newly established	November 2020
Leonardo For Aviation Services (SPC)	newly established	January 2021
Dispositivi Protezione Individuale D.P.I. S.r.l.	newly acquired	February 2021
<u>Companies which left the scope of consolidation:</u>		
Westland Support Services Ltd	deconsolidated	October 2020
Eurofighter Aircraft Management GmbH (in liquidation)	deconsolidated	October 2020
Selex Es India Private Limited (in liquidation)	deconsolidated	November 2020
Win Bluewater Services Private Ltd (in liquidation)	deconsolidated	February 2021
Leonardo International Ltd	deconsolidated	March 2021
Selex Es Ltd	deconsolidated	March 2021
Vega Consulting Services Ltd	deconsolidated	March 2021
<u>Companies involved in merger transactions:</u>		
Merged company	Merging company	Month
Bredamenarinibus S.p.A.	SO.GE.PA. S.p.A.	August 2020
SELEX Service Management S.p.A. (in liquidation)	SELEX ES S.p.A. (in liq.)	August 2020
Kopter Design AG	Kopter Group AG	January 2021

RESULTS AT 31 MARCH 2021

Companies which changed their name:

Old name	New name	Month
Telespazio Vega Deutschland GmbH	Telespazio Germany GmbH	January 2021
Telespazio Vega UK Ltd	Telespazio UK Ltd	January 2021
Telespazio Vega UK SL	Telespazio UK SL	January 2021
Precision Aviation Services PTY Ltd	Leonardo South Africa (PTY) Ltd	February 2021
Selex Es Saudi Arabia Ltd	Leonardo Saudi Ltd	February 2021
Leonardo MW Ltd	Leonardo UK Ltd	March 2021
Cardprize Two Ltd	Leonardo MW Ltd	March 2021

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 marginality by eliminating the impact of the volatility associated with non-recurring items or items unrelated to ordinary operations.

As required by CESR/05-178b Recommendation, below is a description of the components of each of these indicators:

- **New orders:** this includes sales contracts signed with customers in the period, 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.

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:

RESULTS AT 31 MARCH 2021

<i>(€ millions)</i>	For the three months ended 31 March	
	2020	2021
Income before tax and financial expenses	42	74
Equity-accounted strategic JVs	(12)	1
EBIT	30	75
Amortisation of intangible assets acquired as part of business combinations	7	5
Restructuring costs	4	4
Non-recurring (income) expense	-	11
EBITA	41	95

Non-recurring charges for the period relate to costs incurred to comply with the Government's instructions in the matter of COVID-19 in order to provide support to the Governmental authorities in managing the emergency.

- **Return on Sales (ROS):** this is calculated as the ratio of EBITA to revenue.
- **EBIT:** this is obtained by adding to EBIT (defined as earnings before "financial income and expense", "share of profits (losses) of equity-accounted investees", "income taxes" and "result from discontinued operations") the Group's share of profit in the results of its strategic Joint Ventures (ATR, MBDA, Thales Alenia Space and Telespazio), 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 the Consob communication no. DEM/6064293 of 28 July 2006 is reported below:

	31 December 2020	31 March 2021
Net financial debt com. CONSOB no. DEM/6064293	3,324	4,652
Hedging derivatives in respect of debt items	(6)	(12)
Group net debt (KPI)	3,318	4,640

Below is the financial information required under Consob communication DEM/6064293 of 28 July 2006:

RESULTS AT 31 MARCH 2021

	31 December 2020	<i>of which with related parties</i>	31 March 2021	<i>of which with related parties</i>
Liquidity	(2,213)		(408)	
Current loans and receivables	(167)	<i>(149)</i>	(115)	<i>(94)</i>
Current bank loans and borrowings	48		167	
Current portion of non-current loans and borrowings	835		575	
Other current loans and borrowings	941	<i>784</i>	887	<i>758</i>
Current financial debt	1,824		1,629	
Net current financial debt (funds)	(556)		1,106	
Non-current bank loans and borrowings	848		1,038	
Bonds issued	2,385		1,843	
Other non-current loans and borrowings	647	<i>127</i>	665	<i>128</i>
Non-current financial debt	3,880		3,546	
Net financial debt	3,324		4,652	

- **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 (investment and divestment of intangible assets, property, plant and equipment, 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”) and dividends. The calculation of FOCF is presented in the reclassified statement of cash flows 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 two comparative periods.
- **Workforce:** the number of employees recorded in the register on the last day of the period.

**DECLARATION 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 and subsequent amendments and integrations, the undersigned Alessandra Genco, the Officer in charge of Financial Reporting of Leonardo Società per azioni certifies that this interim reporting at 31 March 2021 corresponds to the related accounting records, books and supporting documentation.

Rome, 6 May 2021

Officer in charge of Financial
Reporting

(Alessandra Genco)