

PRESS RELEASE

## **LEONARDO'S SHAREHOLDERS' MEETING APPROVES 2022 FINANCIAL STATEMENTS AND THE REMUNERATION REPORT. APPOINTED THE NEW BOARD OF DIRECTORS AND STEFANO PONTECORVO CHAIRMAN.**

**COMPANY FINANCIAL STATEMENTS FOR 2022 APPROVED  
APPOINTED THE NEW BOARD OF DIRECTORS  
PROPOSAL TO DISTRIBUTE 2022 DIVIDEND APPROVED  
REMUNERATION REPORT APPROVED  
RELEVANT ATTENDANCE BY INSTITUTIONAL SHAREHOLDERS, MOSTLY INTERNATIONAL,  
REPRESENTING APPROX 52.193% OF THE SHARE CAPITAL REPRESENTED AT THE  
SHAREHOLDERS' MEETING**

**Roma, 9/05/2023** – The Ordinary Shareholders' Meeting of Leonardo S.p.a. met today in Rome. It should be noted that, in compliance with Art. 106 of Law Decree No. 18 of 17 March 2020, as converted, with amendments, into Law No. 27 of 24 April 2020 (as most recently extended by Law No. 14 of 24 February 2023), the attendance at the Shareholders' Meeting by the entitled parties took place exclusively through the Shareholders' Representative designated by the Company pursuant to art. 135-undecies of the Consolidated Law on Finance.

### **Financial Statements at 31 December 2022**

The Shareholders' Meeting approved the Company's Financial Statements for financial year 2022 and examined the Consolidated Financial Statements.

### **Key economic and financial data at 31 December 2022**

The performance and financial results for 2022 confirm the path to growth and increase in the profitability and cash flows that the Group has been embarked on since 2018.

New Orders showed sharp growth, coming to over €bil. 17, up by more than 20% compared to 2021 and consolidating the backlog at over €bil. 37. This positive performance was recorded in all business areas to a various extent, confirming the Group's commercial strength and the effectiveness of its diversified and multi-domain offering of products, systems and solutions that meet the complex operational requirements needed by its Customers.

Revenues show an increase of more than 4%, which has now been consolidated over the years, in particular as a result of the ongoing positive performance of Helicopters and of Defense Electronics & Security, which offset the decline recorded in Aeronautics in 2022, as well as of the lower contribution deriving from the sale of subsidiary Global Enterprise Solutions.

EBITA showed a significant double-digit increase, which was driven by Defense Electronics & Security, with the European component giving a large contribution, thus bringing ROS to exceed the 8% threshold. The positive performance of EBITA compared with the previous year is even more pronounced, equal to about 14%, if we consider that, unlike 2021, EBITA for the year includes the charges related to the COVID emergency as costs that are now recurring in nature, as clearly shown by the related restated figure for 2021 in the summary table of the Group's KPIs.

The 2022 net result also benefitted from the capital gain realised with regard to the sales of the businesses of Leonardo DRS (Global Enterprise Solutions and Advanced Acoustic Concepts) described in the section on "Industrial transactions".

The financial performance was particularly substantial and significant with cash flow (FOCF) showing an increase of 158%, demonstrating the Group's ability to put its efficiency plan on a robust footing, thus boosting cash generation in terms of structure.

The Group Net Debt showed a reduction of 3.4% compared to 2021, coming to €bil. 3; the significant cash generation and the proceeds from the sale of Global Enterprise Solutions and of the Advanced Acoustic Concepts Joint Venture allowed the Group to continue on the path to reduce its debt while strengthening the core business through the acquisition of 25.1% in the German company Hensoldt, the pro-quota profit of which is recognised under consolidated EBITA for 2022, and through consolidating the Israeli company RADA into the subsidiary Leonardo DRS' financial statements.

The results that have been achieved are even more important in consideration of the lower contribution deriving from the sale of the Global Enterprise Solutions business of subsidiary Leonardo DRS during the year; they demonstrate above all the soundness of the Group's industrial structure, despite a general and national economic framework characterised by inflationary pressures on prices of energy and raw materials, as well as Leonardo's ability to respond to challenges which it already demonstrated during the period of pandemic.

- **New Orders**, amounted to **EUR 17,266 million** showing significant growth of 20.7% (21% on a like-for-like perimeter) compared to 2021, even thanks to the contract signed with the Polish Ministry of Defence for the AW149 helicopters worth €bil. 1.4 and to the contribution given by Defense Electronics & Security in its U.S. component. More generally, the trend in new orders in the five-year period from 2018 to 2022 clearly highlights the effectiveness of the Leonardo Group's commercial offer thanks to the widespread geographic distribution of its sales organisation and the competitiveness of a diversified offering of products and multi-domain solutions in the market of Aerospace and Defense, both military and commercial, which, even in the absence of large one-shot orders, allows the growth in portfolio of future activities.

Diversification of supply, geographic distribution, quality of products and integrated solutions that meet the complex operational requirements imposed by the customers, and innovation are the Group's sound distinguishing features that have enabled it to strengthen and expand the Group's market share during the aforesaid five-year period marked by global shocks of great importance and impact such as the pandemic, the changed international geopolitical environment, and the inflationary repercussions on prices of energy and raw materials

- **Backlog**, amounted to **EUR 37,506 million** ensures a coverage in terms of equivalent production equal to about 2.5 years. The book-to-bill ratio (the ratio of New Orders for the period to Revenues) was equal to about 1.2
- **Revenues**, amounted to **EUR 14,713 million**, showed a positive trend with an increase of 4.1% (4.7% on a like-for-like perimeter) compared to 2021 (€bil. 14.1), mainly due to the performance of Helicopters and Defense Electronics, in both the European and U.S. components. The civil component of Aerostructures also showed signs of recovery. As a result of the growth of the Order Backlog mentioned above, the Leonardo Group has been able to raise its level of operation, year-on-year and on an ongoing basis while boosting Revenues by almost €bil. 2.5 (+20%) over the five-year period mentioned above. Despite the inevitable downturns in the period of pandemic as a result of the restrictions imposed by government authorities and the decline in production volumes in the civil aviation sector, the Leonardo Group has been able to put in place any necessary action while showing capacity to respond and adapt to the complex events that have occurred. This made it possible to limit the impacts during the period, on the one hand, and on the other, to enable a rapid recovery in business volumes as confirmed by the 2022 results
- **EBITA**, amounted to **EUR 1,218 million**, recorded an increase of 13.9% compared with the Restated figure for 2021 (€mil. 1,069) (+14.9% on a like-for-like perimeter, with ROS coming to 8.3%, showing an improvement of 0.7 p.p. vis-à-vis the comparative Restated figure. As stated above, the

comparative values have been restated to make them more comparable with the trend in the current period, which also includes the charges related to the COVID-19 emergency (classified as non-recurring costs in 2021, equal to €mil. 54). As regards this indicator too, the trend in the five-year period from 2018 to 2022 shows continuous growth, with the exception of the period of pandemic and excluding the effects reflected in the civil aviation business. The gradual recovery of profitability as a result of the efficiency improvement actions with specific regard to the Aerostructures production organization and the gradual recovery in the civil aviation market allow today to achieve Group results in line with the pre-pandemic periods, which are well above these levels if the Aerostructures business is excluded

- **EBIT**, amounted to **EUR 961 million**, benefitted from an improved EBITA compared to 2021 (€mil. 911). Restructuring costs, which were higher than in 2021, included the estimated charges in connection with the execution of the agreement for the early retirement of personnel serving in the Corporate and Staff functions on a national basis. The 2021 figure, on the other hand, mainly incorporated the effect of the agreement governing, with a more limited scope of application, the early retirement of the Aerostructures division's workforce on a voluntary basis.

Non-recurring costs for the period were significantly affected by the write-down of the exposure to the countries involved in the conflict existing between Russia and Ukraine - for an amount of €mil. 36 - and by transaction costs that were related to the completion of the acquisition of the Israeli company RADA and the subsequent listing of Leonardo DRS for €mil. 31. On the contrary, the 2021 figure included charges associated with the settlement of the Indian case, in addition to the aforesaid charges related to the COVID-19 emergency

- **Net Result before extraordinary transactions**, amounted to **EUR 697 million**, (€mil. 587 in the comparative period), benefitted from the EBIT performance, as well as from a lower impact of tax charges while reflecting the adverse effect due to charges related to the repurchase of USD-denominated bonds, which was carried out by Leonardo US Holding LLC and is described in greater detail in "Financial transactions."
- **Net Result**, amounted to **EUR 932 million** (€mil. 587 in 2021), reflects the capital gain obtained from the sales of Leonardo DRS Global Enterprise Solutions and Advanced Acoustic Concepts businesses set out in the section of "Industrial Transactions"

It should be noted that the comparison with 2021 is affected by the lower contribution from the sales of Global Enterprise Solutions and AAC, which only contributed to the 2022 figures until July, with the former being instead consolidated on a line-by-line basis for the entire 2021 financial year and the latter according to the equity method.

- **Free Operating Cash Flow (FOCF)**, positive for **EUR 539 million**, showed an increase of 157.9% compared to 2021 (€mil. 209) (+186.7% on a like-for-like perimeter), confirming the positive trend that had already been reported during the first nine months of the year. As already noted for economic indicators, the trend over the 5 years, reported in the graph below, shows a significant improvement in performance that far exceeds the pre-pandemic results, including for this financial indicator. The results that have been achieved are due to the actions aimed at strengthening the performance of operations, streamlining and making working capital more efficient, a careful investment policy in a period of business growth and an efficient financial strategy.

Below is the trend of the Free Operating Cash Flow over the five-year period:

- **Group Net Debt, of EUR 3,016 million**, showed an improvement compared to 31 December 2021 (€mil. 3,122); the figure benefitted from the aforesaid trend in the FOCF while also including the financial effects of the transactions that are described below:
  - the acquisition of the investment in Hensoldt AG for €mil. 616, including any related transaction costs, which was completed in January 2022;
  - the disposals, finalised in July, by the US subsidiary Leonardo DRS involving the Global Enterprise Solutions (GES) business to SES and of the investment in the Advanced Acoustic Concepts Joint venture (AAC) to TDSI, a subsidiary of the French company Thales, for a total amount of USDmil. 468, before tax and after transaction costs;
  - the dividend that was paid in July for €mil. 80;
  - the execution of new lease agreements for €mil. 80;
  - the payment of charges related to the make-whole repurchase of the U.S. bonds illustrated in the section of "financial transactions", the translation of foreign currency positions and other minor effects for a total amount of €mil. 101

## 2022 Dividend

The Shareholders' Meeting approved the proposal to distribute a dividend of 0,14 euro per share from the profit of the year 2022, before tax, if any, with reference to each share of common stock that will be outstanding on the ex-dividend date, excluding the own shares held on that date, without prejudice to the regime of those that will be effectively assigned, pursuant to the current incentive plans, during the current year.

This dividend will be paid as of May 24, 2023, with record date (i.e. the date of entitlement to the dividend payment) on May 23, 2023 and after detachment of coupon no. 13 on ex-dividend date 22 May 2023.

## Board of Directors' appointment

The Shareholders' Meeting, having determined the number of its members in 12 and fixing the duration of the relevant mandate in three years, appointed the new Board of Directors of the Company for the three-year period 2023-2025 and, therefore, until the Shareholders' Meeting called to approve the financial statements as at 31 December 2025.

The new Board of Directors is composed as follows:

- Stefano Pontecorvo (1) (\*)
- Roberto Cingolani (1)
- Trifone Altieri (1) (\*)
- Giancarlo Ghislanzoni (2) (\*)
- Enrica Giorgetti (1) (\*)
- Dominique Levy (2) (\*)
- Francesco Macrì (1) (\*)
- Cristina Manara (1) (\*)
- Marcello Sala (1)
- Silvia Stefini (2) (\*)
- Elena Vasco (1) (\*)
- Steven Wood (2) (\*)

(1) Taken from the list submitted by the shareholder Ministry of Economy and Finance, holding around 30.204% of Leonardo's share capital, which, at the vote, has obtained the voting majority (about 48.096% of the share capital represented at the Shareholders' Meeting).

(2) Taken from the list submitted by a group of shareholders<sup>(°)</sup>, together holding around 1.552% of Leonardo's share capital, which, at the vote, has obtained the voting minority (about 42.043% of the share capital represented at the Shareholders' Meeting).

(\*) Has declared that the requirements of independence, laid down by law and by the Corporate Governance Code, have been met.

(°) Slate submitted by GreenWood Investors LLC on behalf of the shareholders GreenWood Builders Fund II, LP, Sachem Head LP, Sachem Head Master LP e Banor Sicav - Mistral Long Short Equity.

The slates from which the new Directors have been drawn and their curricula are available on the Company's website ([www.leonardo.com](http://www.leonardo.com)).

The Shareholders' Meeting also appointed Stefano Pontecorvo Chairman of the Company's Board of Directors, also determining the remuneration of the Board of Directors (euro 90,000.00 per year gross for the Chairman of the Board of Directors, Euro 80,000.00 per year gross for each of the other Directors, as well as the reimbursement to Directors of any expenses incurred in the performance of their duties).

## **Remuneration Report**

With reference to the Report on remuneration policy and fees paid, in compliance with the reference legislation, the Shareholders' Meeting approved with binding resolution the first section of the Report (with 98.194% of the share capital represented at the Meeting) and voted in favor of the second section of the Report (with 98.853% of the share capital represented at the Meeting).

## **Attendance at the Shareholders' Meeting**

The Meeting recorded a considerable attendance by institutional shareholders – mostly foreign – who were present with the 52.193% of the share capital represented at the Meeting .

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A summary report of the voting will be made available on the Company's Website ([www.leonardo.com](http://www.leonardo.com)), in compliance with and within the terms referred to in art. 125-quater of the Consolidated Law on Finance.

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The officer in charge of the company's financial reporting, Alessandra Genco, hereby declares, in accordance with the provisions of art. 154-bis, par. 2, of the Consolidated Law on Finance, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.

**Leonardo**, a global high-technology company, is among the top world players in Aerospace, Defense and Security and Italy's main industrial company. Organized into five business divisions, Leonardo has a significant industrial presence in Italy, the United Kingdom, Poland, the USA and Israel where it also operates through subsidiaries that include Leonardo DRS (defense electronics), and joint ventures and partnerships: ATR, MBDA, Telespazio, Thales Alenia Space and Avio. Leonardo competes in the most important international markets by leveraging its areas of technological and product leadership (Helicopters, Aircraft, Aerostructures, Electronics, Cyber & Security Solutions and Space). Listed on the Milan Stock Exchange (LDO), in 2022 Leonardo recorded consolidated revenues of €14.7 billion and invested €2 billion in Research and Development. The company has been part of the Dow Jones Sustainability Indices (DJSI) since 2010 and has been confirmed among the global sustainability leaders in 2022. Leonardo is also included in the MIB ESG index.

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