INTEGRATED ANNUAL REPORT 2024

Disclaimer

This Integrated Annual Report 2024 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 compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

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GUIDE TO THE **DOCUMENT**

Since 2020 Leonardo (hereinafter also referred to as the Group, the Enterprise or the Company) has adopted an integrated approach to reporting financial performance and environmental, social and governance (ESG) information, with the aim of offering in a single document a complete, measurable and transparent view of the value generated by the company. The Integrated Annual Report describes in fact the development strategies of Leonardo, driven by the vision for the next years expressed in the Industrial Plan, and the performance achieved, the way in which the company creates innovative solutions with its supply chain partners and the scientific research ecosystem, operating responsibly in the countries where it is present, and enhancing the value of all its capital, people and expertise, technology and intellectual property, financial resources, industrial assets, relations and partnerships, energy and natural resources.

The Integrated Annual Report is composed of:

- the Report on Operations, which includes the Consolidated Sustainability Statement (CSS) pursuant to Legislative Decree 125/2024, which transposes in Italy the European Directive CSRD (Corporate Sustainability Reporting Directive);
- the Consolidated Financial Statements;
- the Separate Financial Statements of Leonardo SpA.

Leonardo's decision to adopt an integrated approach to its Report, has anticipated what is envisaged by the Corporate Sustainability Reporting Directive, which requires companies to publish sustainability disclosures in the Report on Operations starting from Reports issued in 2025.

In preparing the Integrated Annual Report, the following have been taken into account: the priorities reported by ESMA (European Securities and Markets Authority) for financial statements prepared according to the International Financial Reporting Standards (IFRS) and for non-financial disclosures, the Integrated Reporting Framework, the standards of the Sustainability Accounting Standards Board (SASB) for the Aerospace & Defence sector, the Sustainable Development Goals (SDGs) and the Ten Principles of the UN Global Compact.

The ESRS and SASB content indices in the section of the Annex attached to the "Report on Operations – Notes to the CSS" allow you to identify content requested by the respective standards and recommendations.

Furthermore, in 2024, a selection of indicators (ref. Annex attached to the Report on Operations – Notes to the NFS) was subjected to full examination (reasonable assurance) for the fourth year running, as required by the International Standard on "Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised").

Content of the Integrated Annual Report 2024

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LETTER TO STAKEHOLDERS

Dear Stakeholders,

We are very pleased to present the Group's 2024 Integrated Report, providing you with an update on the significant progress made by Leonardo over the last year.

2024 was an important and active year that confirmed the growth path of the Company. We initiated a significant reorganization of the company, focusing on the core businesses and rationalising our product portfolio, focused on those that offer the greatest growth prospects and invested in the future of the Company. The current scenario, characterized by multiple conflicts around the world, presents us with a geopolitical and industrial paradigm shift: from the traditional concept of Defense we are moving towards an approach oriented towards Global Security. A commitment that must be undertaken at a European level, with community-wide investments that make it possible to overcome the fragmentation of the system through collaborations and joint ventures.

In parallel, we have also worked to improve our customer proximity in the international network.

In March 2024 we presented the Industrial Plan for the years 2024-2028. The pillars of the plan are: Consolidate the core businesses, in particular Aircraft, Helicopters and Electronics; Prepare for the future by strengthening the activities of the Cyber Division; and Creating the new Space Division.

The company's growth is now based on three directions: organic growth, which means rationalizing the portfolio, investing in technologies and promoting massive digitalisation with the introduction of Digital Twins for all platforms, predictive maintenance, use of Artificial Intelligence to add functionality to our products and digitalisation of operations, including across in administrative functions: the launch of the high-performance High Performance Cloud Computing Center and the new Leonardo Lab for Artificial Intelligence represent the enablers of this transformation; increase in efficiency, focusing the company on an unprecedented savings plan that involves the entire company with a target of approximately 1.8 billion euros in 5 years; and inorganic growth based on the creation of JVs with primary international partners and opportunities for mergers and acquisitions.

A fundamental action for the implementation of the plan is a rigorous capital allocation: we managed to double dividends for shareholders, reduce debt substantially and allocate resources to the growth of the group. Furthermore, the divestment of non-core businesses such as Industria Italiana Autobus and the solar-powered drone company SkyDweller, together with the sale of some businesses such as the underwater UAS activities, demonstrate management's commitment to a disciplined allocation strategy and careful management of company resources.

It is in this context that Leonardo has maintained a solid growth path, with particularly important results both from a commercial and economic-financial point of view and with a particularly positive trend in terms of cash generation.

2024 saw an increase in order volumes (+12% vs 2023), confirming the validity of the Group's commercial offering thanks to the diversification and quality of integrated products and solutions and the widespread geographical distribution of the commercial organisation. The Order Backlog exceeded the €44 billion threshold, with a book-to-bill of 1.2x, strengthening growth forecasts for the coming years and offering long-term visibility.

This growth was accompanied by the increase in Revenues (+11% vs 2023) and EBITA (+13% vs 2023), driven mainly by the Defense and Security segment, in particular Electronics, and by the acceleration of the saving plan, which more than compensated for the effect of some negative external factors on both the performance of the Aerostructures and the Space manufacturing segment.

These results were supported by solid cash generation, with a marked improvement in FOCF (+27% vs 2023), thanks to the effect of initiatives to strengthen operational performance, a careful investment policy in a period of business growth with stringent priorities, and an efficient financial strategy.

The performance was also positive in terms of reduction in net debt, down 23% compared to 2023, thanks to the strengthening of the Group's cash generation.

These results allowed us to maintain the Investment Grade status by the three main rating agencies (S&P, Moody's and Fitch), with a further improvement on the outlook by two of these agencies (S&P and Fitch). A result that we are committed to maintaining for the future.

In fact, during 2024, the decarbonisation process continued with the reduction of Scope 1 and 2 (market-based) CO2 emissions in line with the commitment to the Science-Based Targets Initiative. The further reduction of 4.4% was achieved, despite the increase in business volumes, mainly thanks to the progressive replacement of SF6 gas with a gas with a lower environmental impact, energy efficiency initiatives and the increase in the share of energy from renewable sources purchased by the network.

We have continued to work to promote a work environment that values gender diversity, a commitment demonstrated by the increase in both female managers and the hiring of women with STEM degrees compared to 2023.

Looking at innovation as the cornerstone of our strategy, we have invested in internal developments and external collaborations, including with customers, increasing R&D expenses by approximately 13% compared to 2023, with the aim of fueling the product portfolio and improving competitiveness.

As evidence of how the digitalisation process is increasingly integrated into business and daily activities, we have strengthened our digital infrastructure, thus generating an increase in computing power and storage capacity per capita +12% and +49% respectively.

Our actions with respect to environmental, social and good governance issues have been recognized by the assessments expressed by the ESG rating agencies which confirmed our role as a leader in sustainability in the sector also for 2024. Among the main recognitions obtained, the inclusion for the fifteenth consecutive year in the Dow Jones Sustainability Index, maintaining the highest score in the Aerospace and Defense sector for the sixth consecutive year.

The implementation of the Plan relating to inorganic growth with the creation of JVs with primary international partners in the future European Defense context is also fundamental. It is essential for our future to think and act on an international scale by creating strong industrial alliances on new cutting-edge programs and platforms.

Among the main collaborations: the JV Leonardo Rheinmetall Military Vehicles (LRMV), which opens new opportunities in the global land defense market with new generation infantry vehicles and tank systems and the GCAP JV for the 6th generation fighter established together with BAE Systems in the United Kingdom and Mitsubishi HI in Japan.

In this context we also mention the ongoing work with the Space Alliance between Leonardo and Thales to update the vision and programs in light of the new perspectives of the Space Market as well as the continuous efforts to upgrade the Eurofighter carried out by our Aircraft Division within the international Eurofighter consortium and the international collaborations of the Helicopters Division in Europe (NMH90).

But we are also paving the way for an integrated vision of Leonardo as a Hi-Tech company in which we will bring together our capabilities in cybersecurity data processing with the hardware capacity to create all platforms with a view to multi-domain interoperability, the main challenge of all defense companies in the world. The goal is to transform a company that works across domains into one that works in a multi-domain, within a digital continuum. In fact, Leonardo covers the entire value chain in terms of multi-domain platforms, enabling technologies and system and integration capabilities, with the resulting possibility of synergistically exploiting its technological solutions in all operational domains.

The driving force behind this technological capacity is digitalisation, which allows interoperability between operations in the various domains. Big data analysis, high performance computing, cloud, artificial intelligence, digital twin, ultra-broadband connections are the strategic enablers that allow the company to better manage the new global security scenarios. Added to this are specific skills in cybersecurity, which are fundamental for protecting information, systems and platforms according to a secure-by-design approach, whereby any product or process must "be born secure", that is, have intrinsic cyber security characteristics right from the design phase, to build a safe and resilient cyberspace.

The combination of the digital continuum along the entire value chain, with an advanced network of space infrastructures and within a robust cyber security shield, are therefore the enablers to decline the concept of multi-domain in the industrial sector, with solutions that "orchestrate" and "make interact" the activities of all the technologies used in the different fields (land, air, maritime, space and cyber), making the latter fully interconnected. Some of these solutions are already operational, others in the pipeline, some being studied by designers and technicians.

All this makes Leonardo stronger and more competitive and this new approach has also been appreciated by the financial market and recognized in the Company's stock market capitalisation.

The results achieved and those we aim to pursue cannot ignore the constant commitment of the management and all the people at Leonardo, to whom our thanks go.

For the Board of Directors

The President | The CEO and General Manager

REPORT ON OPERATIONS AT 31 DECEMBER 2024

PART 1 – GROUP PROFILE, STRATEGY AND RESULTS

GROUP PROFILE

- ✓ PROFILE
- ✓ BUSINESS MODEL

Profile

Leonardo is a global industrial group that builds technological capabilities in Aerospace, Defence & Security. The company plays a prominent role in major international strategic programmes and is a trusted technological partner of governments, defence agencies, institutions and enterprises.

Revenues	New orders	EBITA	Backlog	R&D	Employees
€ 17.8 bil.	€ 20.9 bil.	€ 1.5 bil.	€ 44.2 bil.	€2.5 bil.	60,468

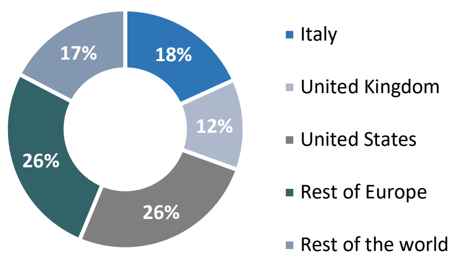
Leonardo operates in **150 countries** in the world offering **customised solutions** and innovative, value-added **after-sales support services** in order to be a trusted partner for its customers. It competes in the most important international markets by leveraging technology and product leadership in its business areas (Helicopters, Aircraft, Aerostructures, Electronics, Cyber Security and Space).

Sustainability Leadership

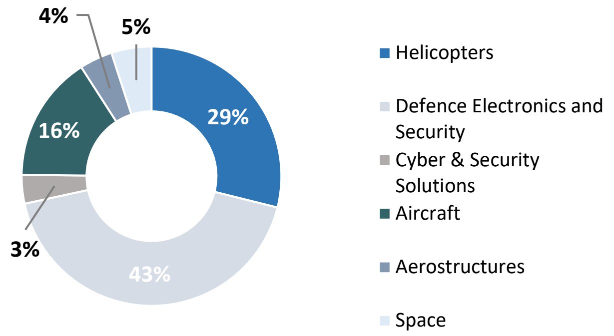
Sustainability Leader in the Dow Jones Sustainability Indices for 15 years, with the highest score in the Aerospace and Defence sector for the sixth year running[1]**.**	Among the companies included in the **MIB ESG INDEX** of the Italian Stock Exchange (Euronext), the first Italian blue-chip index dedicated to the 40 companies with the best ESG performance[2].	Confirmed **"Platinum medal"** award from EcoVadis, among the top 1% of all companies rated worldwide.
Ranked in **A band** in the Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI) of **Transparency International**.	Upgraded to **Prime Status** by ISS ESG, with the **highest score** in the Aerospace and Defence sector.	Commitment confirmed in the fight against climate change by **CDP** (no profit international organisation), among **the best Aerospace & Defence companies.**

[1] Evaluation based on the data of S&P Global's Corporate Sustainability Assessment (CSA), as of 16 December 2024.
[2] Review dated December 2024.

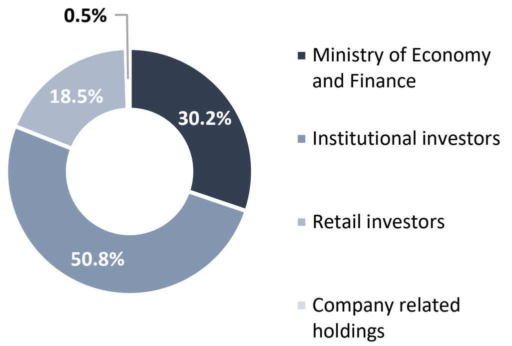
Revenues by geographic area



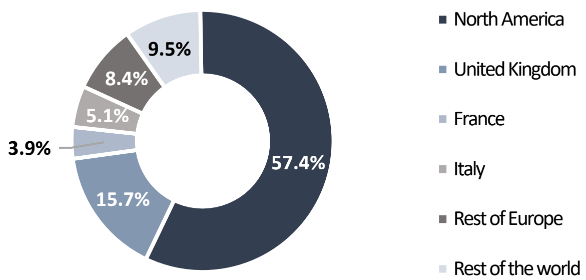
Revenues by sector



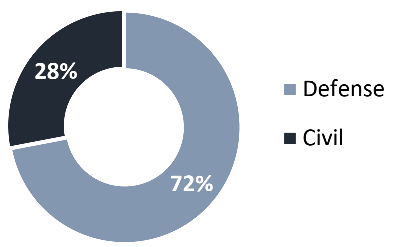
Shareholders



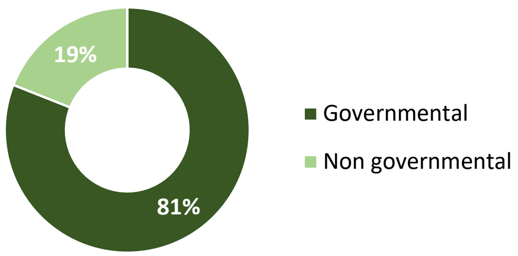
Institutional shareholders by geographical area



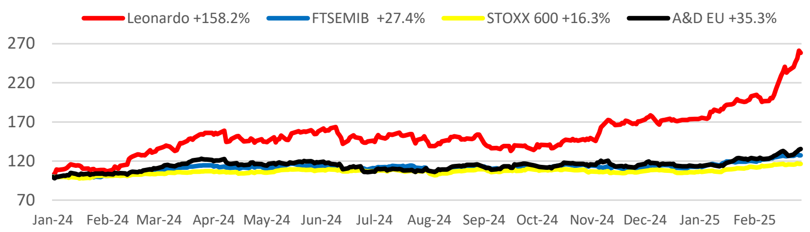
Defense / Civil turnover



Governmental / Non governmental turnover



Leonardo share price[3]



[3] Performance of the Leonardo stock from January 2024 to 28 February 2025 compared to the European sector index Bloomberg EMEA Aerospace & Defense (BEUAERO, A&D EU) and to the main Italian and European stock market indices: the index of the 40 main securities of the Milan Stock Exchange (FTSE -MIB) and the index representative of the 600 largest stocks in Europe (STOXX Europe 600).

Business sectors

Leonardo is organised into six business Sectors. It also operates through subsidiaries, such as Leonardo DRS (Defence Electronics), joint ventures and investees.

SECTORS	RESULTS 2024 ORDERS	BACKLOG	REVENUES	EBITA	DIVISIONS *MAIN LEGAL ENTITY*	MAIN COUNTRIES
Helicopters	**5,867**	**15,146**	**5,249**	**465**	Helicopters Division > *Leonardo SpA* > *Leonardo UK Ltd* > *PZL-Swidnik SA* > *AgustaWestland Philadelphia* > *Kopter Group AG*	Italy United Kingdom Poland United States Switzerland
Electronics	**10,329**	**18,275**	**7,758**	**1,014**	Electronics Division > *Leonardo SpA* > *Leonardo UK Ltd* Leonardo DRS MBDA (25%*) Hensoldt AG (22.8%*)	Italy United Kingdom United States Germany Israel Canada France
Cyber & Security solutions	**833**	**1,091**	**648**	**49**	Cyber & Security solutions Division > *Leonardo SpA* > *Leonardo UK Ltd*	Italy United Kingdom
Aircraft	**2,892**	**8,019**	**2,861**	**417**	Aircraft Division > *Leonardo SpA*	Italy
Aerostructures	**692**	**1,050**	**746**	**(151)**	Aerostructures Division > *Leonardo SpA* > *GIE ATR (50%*)*	Italy France
Space	**957**	**1,722**	**906**	**31**	Telespazio (67%) Thales Alenia Space (33%*)	Italy France

(*) Investees with strategic and financial importance.

Business Model

MAIN TRENDS | Geopolitical tensions | Innovation and sustainability | Reduction in strategic dependence | Integrated sustainability and sustainable finance | New skills and inclusion

CAPITALS

PEOPLE AND SKILLS
- **60,468** employees
- **17,000** people in R&D and engineering

FINANCIAL RESOURCES
- **€11.6 billion in purchase of goods and services**
- **€5.1 billion personnel cost**
- **€11.9 billion of net invested capital**

TECHNOLOGIES AND INTELLECTUAL PROPERTY
- **8.2** petaflop of computing power
- **52.3** petabyte of storage capacity

INDUSTRIAL ASSETS
- **129** sites and main plants
- **€561** million investments in tangible assets

RELATIONS AND COLLABORATIONS
- **More than 90** Universities and research centres
- **More than 11,000** suppliers

ENERGY AND NATURAL RESOURCES
- **86%** of electricity from renewable sources
- **57%** of waste recovered

BUSINESS MODEL

R&D

€2.5 billion in R&D

Operations

Investments on people and competencies
Energy and industrial efficiency
Sustainable supply chain

Solutions and customer support

26% of revenues from Customer Support, Service and Training

Business sector

	RoS	Backlog
	8.9%	34%
	13.1%	40%
	7.6%	2%
	14.6%	18%
	(20.2%)	2%
	3.4%	4%

Strategic vision: Leonardo's Industrial Plan 25-29

IMPACTS

People
- **7,434** new hires, **42.5%** hold a STEM degree, 50.5**%** under 30 and **24%** women
- **1.4 million** hours of training delivered to employees
- **1,281** training opportunities including internship, apprenticeship, traineeship and school-to-work alternation programmes
- **16.5%** reduction in the injury rate compared to 2023

Planet
- **18.3%** intensity of scope 1 and 2 CO_{2e} emissions reduction (LB) (*)
- **17.7%** intensity of scope 1 and 2 CO_{2e} emissions reduction (MB) (*)
- **4.4%** scope 1 and 2 CO_{2e} emissions reduction (MB)
- **9.1%** intensity of electricity withdrawn from the grid reduction (*)
- **5.7%** of water withdrawals reduction
- **1.5%** of waste produced reduction

(*) Calculated on revenues and vs 2023

Prosperity
- **64%** of sources of financing linked to ESG parameters
- **83%** of purchases related to domestic markets
- **33%** of investors are signatories to PRI(**)
- Solutions for security and progress in **150 countries**

(**) It is linked to share capital owned by Leonardo's institutional investors only

2024 figures

STRATEGY AND OUTLOOK

- ✓ TREND AND VISION
- ✓ RISK FACTORS
- ✓ INDUSTRIAL PLAN
- ✓ SUSTAINABILITY PLAN AND TARGETS
- ✓ GLOBAL SECURITY
- ✓ 2025 GUIDANCE

Trend and vision

The Aerospace, Defence and Security industry operates in a global scenario characterised by an increase in the number of crises and conflicts, in which what previously seemed impossible is now possible, representing a momentous change in terms of technological disruption. In particular, at present even small armed groups can challenge the superpowers through cheaply available civilian technologies that can compete with sophisticated and expensive weapon systems. Commercial drones or even smartphones are capable of inflicting considerable damage on defence systems such as tanks or ships. In this context, even new players coming from countries that either do not traditionally have an AD&S industry or for which the export of defence systems is gaining more importance as a tool of geopolitical and industrial strategy, can easily enter the market, thus significantly increasing competition in the industry and focusing on domestic business, ensuring domestic demand is met in-house.

It is therefore crucial for an AD&S player operating globally to be able to offer digitised solutions, based on the Digital Continuum, which enable convergence to a multi-domain, interoperable and interconnected environment. Digital technologies, in fact, are and will increasingly be a fundamental requirement for the future development of nations, businesses and political systems, and their protection and resilience are a primary necessity not only to protect territories but also energy, food, healthcare, transport, infrastructure, data, communications, to educate and inform the public, etc. It is no longer just about protecting IT networks and systems, but about integrating security and resilience as a key component of national and European defence strategies. Another key global risk factor facing society in the short and medium term is the impact of climate crisis while risks associated with environmental degradation, from resource depletion to biodiversity loss, are becoming increasingly relevant[4]. In this context, too, technologies and solutions developed by the Group can represent essential tools to safeguard citizens, businesses, institutions, territories and strategic infrastructures, which are increasingly exposed to the fragility of systems, and to facilitate adaptation to a rapidly changing environmental scenario. However, the same solutions take on additional significance in the context of the mentioned crises, since they contribute significantly to the security and sustainability of the citizens and institutions of the States to which they are provided.

In this scenario, Leonardo pursues its objectives concerning the improvement in the competitive positioning on domestic and international markets, and the creation of long-term value, including by integrating sustainability into business across the entire value chain. A responsible business conduct, the ongoing monitoring and an effective management of risks and opportunities, the protection of business continuity, a growing integration of sustainability into its business and listening to and collaborating with stakeholders are in fact increasingly integrated elements in all processes and relationships of Leonardo[5]. The following are the main market and technology trends and the related position of Leonardo, which is explored in depth in the paragraphs given for reference.

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[4] Source: Global Risk Report 2025, World Economic Forum.

[5] For more details, please see the paragraphs "Segment results and outlook" and "Consolidated Sustainability Statement".

Main trends

Leonardo's position

Geopolitical tensions – The continuation of ongoing conflicts in Ukraine and the Middle East, and potential hotbeds in Africa and the Indo-Pacific region are destabilising global geopolitical balances, thus leading to increased focus on security and defence issues in the political debate and the stated willingness to further increase the defence budgets of major countries (primarily NATO/European countries).

- In 2023 the world military spending reached USDbil. 2,443, up by 6.8% compared to 2022. For the first time since 2009, military spending increased on all five continents[6].
- At the end of 2024, there were 56 active armed conflicts in the world, the highest number since World War II; in addition, there were 63 multilateral peace operations in the same year, a third of which were coordinated by the United Nations[7].
- In 2024, the areas of friction in the immediate vicinity of Europe – in addition to the Russian-Ukrainian conflict - were mainly related to regional crises in the Enlarged Mediterranean area, primarily in the Middle East area (Israel, Syria, Iran and Yemen), in addition to lingering tensions in North Africa.
- Finally, the Indo-Pacific region is a crucial strategic area in the global geopolitical scenario, and the growing attention of the United States towards this region highlights the importance of the dynamics at play.

- Segment results and outlook
- Governance
- Consumers and end-users

Innovation and Sustainability – The global scenario sees a transition from an exclusively Defence need to a broader concept of Global Security where digital technologies will be increasingly decisive for the management of complex scenarios, strategic and sensitive information, the management of climate and environmental emergencies, and the optimisation of available resources. The main innovative technologies in this context are related to: Artificial Intelligence - to support increased autonomy and the generation of predictive, descriptive and prescriptive models; Digital Twin - for the realisation of digital twins, with reduced environmental impact, to support rapid prototyping, design, testing, certification, production and maintenance; Cloud & HPC - for the delivery of strategic and tactical services and applications, and for the development and management of production processes and for training and interoperability of heterogeneous systems in multi-domain operations; Quantum Technologies - as an element of long-term innovation with applications, e.g. in cryptography and quantum sensing; Optronics & Lasers - for the innovation of the latest generation of sensors, realising new applications and increasingly high-performance functionalities; Innovative Materials - with reduced environmental impact, for enabling products in future scenarios such as low observability, shape memory, thermal dissipation; system autonomy and interoperability - for the reduction of workload, increasing mission effectiveness, efficiency and safety; Advanced Energy - for the electrification of systems and platforms, even with a view to sustainability; satellite sensing technologies for earth observation, technologies for climate change adaptation as emergency response to extreme phenomena.

- Innovation
- Climate change and decarbonisation

Reducing strategic dependencies – Reducing strategic dependencies is a crucial issue in ensuring a country's economic and technological security. In an increasingly interconnected global environment, many nations depend on third-party supplies for energy, critical raw materials, technological components and essential goods. This dependence exposes countries to geopolitical, economic and environmental risks, making it crucial to adopt strategies to mitigate these vulnerabilities. As demonstrated by the Russian-Ukrainian war, the sanctions imposed on Russia have caused a shock to the supply not only of energy resources, but also of several raw materials for the precision engineering and electronics industries.

- Critical raw materials, such as lithium, aluminium, titanium or semiconductors and rare earths, are indeed essential for technological and industrial development, and recovering these resources through recycling not only

- Industrial plan
- Sustainability Goals and Plan
- Global security
- Climate change and decarbonisation
- Resource use and circular economy
- Innovation

[6] Source: Jane's Defence Budgets worldwide.

[7] Source: Sipri, Yearbook 2023.

Main trends

Leonardo's position

reduces dependence on third-party suppliers, but also contributes to environmental sustainability by reducing the ecological impact of mining.

- Another important aspect in reducing strategic dependencies is technological innovation. Investing in research and development to find alternatives to critical raw materials or to improve the efficiency of production processes can reduce the need for imports.
- In addition, diversification of supply sources is a key strategy. In this context, nuclear energy can represent a significant opportunity to reduce energy dependencies while reducing the need to import fossil fuels. This would reduce greenhouse gas emissions.
- The same issues have also highlighted the need for increased autonomous production capacities in the defence sector. Thus, the importance of the concept of strategic independence, which had already emerged during the pandemic crisis with the disruption of global supply chains, has become even more prominent.

Integrated sustainability and sustainable finance - Sustainability is increasingly being used as a reference framework to assess how a company creates and sustains long-term value, managing the risks and opportunities in an ever-changing environment. These changes can affect natural, social and economic aspects, altering the system in which a company operates. The growing integration of sustainability into business strategies and processes also involves the AD&S sector, which must be recognised as a key sector for sustainable development both from an environmental and social perspective. Indeed, work continues on the process of gaining awareness of and commitment to sustainability issues, with respect to which companies in the sector and financial institutions are being called upon to direct their strategies. The integration of the ESG criteria into the investment decisions is a fundamental step to create a strategy and to pursue the sustainable success of a company.

- Following the 2024 European elections, the European Commission, as also expressed in the Competitiveness Compass based on the findings of the "Draghi report"[8], will be focused on the issue of competitiveness and, in this context, on optimising the regulatory framework on sustainability issues (introduced with the Green Deal in 2019 with the aim of integrating sustainability and finance, including with a view to greater transparency). Hence Commission President Ursula von der Leyen's call for work on an "Omnibus Regulation" - to harmonise Taxonomy, CS3D and CSRD - and a "Clean Industrial Deal", which, while continuing to pursue ambitious sustainability and sustainable finance goals, safeguards and focuses on the competitiveness of European industry.
- The "Draghi Report" in reiterating the need to strengthen the European Union's industrial capacity in the Defense and Space sectors, urges increasing the aggregation of demand among Member States and the share of joint defence procurement, fostering access to capital markets while clarifying ESG frameworks in the financing of defence products and changing the European Investment Bank's (EIB) defence and security investment selection policies[9].
- In the U.S., several Executive Orders were issued in early 2025, including: the withdrawal of the U.S. from the Paris Climate Accords and the "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," which expressly prohibits companies with government contracts from adopting policies that promote a workforce balance based on personal characteristics, such as, for

- *Sustainability Goals and Plan*
- *Financial planning and investment management*
- *Profile*
- *Disclosure pursuant to Art. 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*

[8] For details, please see: "A Competitiveness Compass for EU", published in January 2025 and "The future of European competitiveness", published in September 2024.

[9] In this regard, it should be noted that the EIB had already partially revised its financing policy, according to which a military investment is "eligible" if it can be demonstrated that the product can also be used for civil purposes (in the past, it was required that at least 50% of the resulting revenue be achieved in the civil sphere).

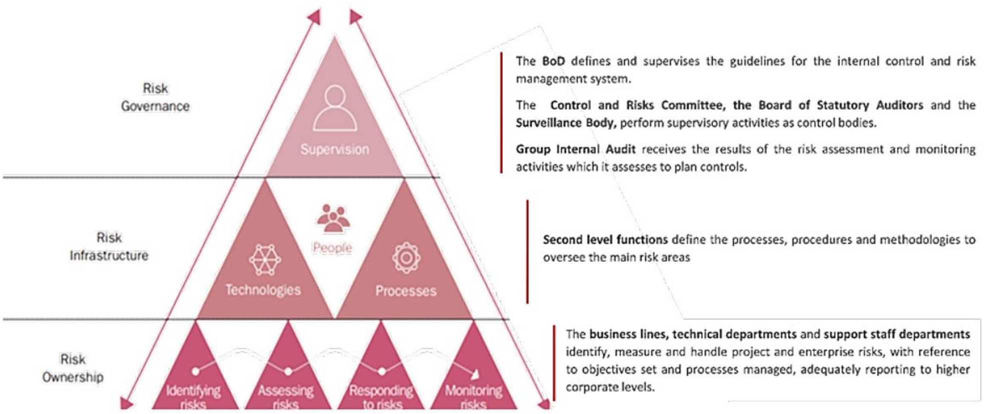
Main trends	Leonardo's position
example, ethnicity, skin colour, gender, sexual preference, religion or national origin. > As of 2024, the investors that are signatories of the Principles of Responsible Investment supported by the United Nations were about 5,300 and managed assets under management for about USDbil. 1,281,000 according to the ESG criteria[10]. > In Italy and in Europe subsidized financing instruments increased for projects dedicated to climate and circular economy, for example to reduce industry carbon footprint, linked to the European Emission Trading Scheme, or financing for climate change adaptation in developing countries in a context of global cooperation.	
New skills and inclusion – The implementation and management of ecological and digital transition requires widespread development of new skills, scientific and digital above all, on which the competitiveness of businesses depends. A McKinsey research on the health and trajectory of the AD&S[11] labour market faces new challenges, including increasing competition for talent and a gradual transition from a "gray" to a "green" workforce. More flexible working conditions and the promotion of an inclusive workplace are among the main levers on which to act in the AD&S sector in order to attract young talent who have a greater propensity for change. > McKinsey predicts that demand for physical and manual skills in repeatable tasks, such as those on assembly lines, will decline by nearly 30%, demand for basic math skills will decline by nearly 20% while demand for technological skills, such as code development, will increase by more than 50%. > Goldman Sachs[12] predicts that 300 million jobs will be lost or varied due to the adoption of artificial intelligence techniques within business processes. > 4 million jobs related to cybersecurity remain unfilled globally[13]. In addition, more than 30% of business leaders surveyed in a World Economic Forum study either do not have or are not confident that they have the necessary skills to achieve cybersecurity goals within their organisation[14].	> *Sustainability Goals and Plan* > *Own workforce* > *Innovation* > *Value for communities and social impact*

[10] Source: PRI website.
[11] Source: Europe's grey-to-green workforce transition in aerospace and defense.
[12] Source: The Potentially Large Effects of Artificial Intelligence on Economic Growth, Briggs/Kodnani \| Goldman Sachs, March 23, 2023.
[13] Source: study from the International Information System Security Certification Consortium (ISC2).
[14] Source: Global Cybersecurity Outlook 2024.

Risk factors

The risk governance model is in line with national and international standards and best practices[15] and is compliant with the Corporate Governance Code for Listed Companies, the Organisational, Management and Control Model and the Group's Anti-Corruption Code. It has three levels, provides for clear-cut roles and responsibilities for the various departments and ensures a suitable exchange of information flows, to guarantee effectiveness.

Risk governance model



The operating risk management, which involves the entire organisation, is based on the identification, assessment and monitoring of the enterprise and project risks and the related mitigation plans. It is supported by specific methodologies, instruments and metrics for the related analysis and management. The processes underlying Project Risk Management and Enterprise Risk Management (ERM), which are in turn integrated into the company business and support processes, are regularly improved, with the aim of innovating and spreading an effective risk-based organisational culture. Risk management processes support, in fact, the risk owners, along the entire corporate value chain, in identifying and managing risks and opportunities, including those linked to ESG factors. In particular, the ERM methodology fosters the identification and management of the cause-effect link between ESG factors and the potential impact on the Company (strategic, operational, financial, compliance and reputational) and supports the preparation of the Industrial Plan, which also includes the strategic vision and sustainability initiatives.

Risks for the Group

The Group is subject to a number of risks that may affect its objectives and results. Therefore, risk analysis and management processes are implemented systematically, including any related treatment action, with specific methodologies and practices that consider the probability of occurrence and related impacts in accordance with international regulations and standards. The examination of risks and consequent actions reported below is supplemented by the more detailed information provided in Note 37 of the Consolidated Financial Statements for the component of merely financial risks, and by the information provided in the specific section of the Consolidated Sustainability Statement for sustainability risks and opportunities linked to financial materiality.

[15] Main references: ISO 31000:2018 - Risk Management - Principles and guidelines; PMI - Practice Standard for Project Risk Management; Enterprise Risk Management Integrated Framework - CoSO ERM; ISO 37001:2016 - Anti-bribery management system; ISO/IEC 27005:2018 Information Security Risk Management.

	Main risks	Actions
Conflicts and geopolitical tensions increase the complexity and instability of the global scenario	The evolution of the high tensions related to the conflicts between Israel and the Palestinians, and between Russia and Ukraine, could lead to scenario instability and new geopolitical complexities, even in a post-conflict perspective, with possible repercussions, in the medium and long term, on Leonardo's eligible markets. At the same time, the situation in the Middle East area could have further reverberations on the safety of people and assets and business continuity, particularly in Israel, as well as on the timing and cost of commercial sea traffic. Increased defence spending remains key to the international balances relative to NATO and Europe, leading even the major economies and the EU itself to have to look for financial cover within the folds of high public debts and military spending commitments already made, including for technological innovation. In the meanwhile, the geo-economy imposes, particularly on the Old Continent, decisive challenges on tariffs, critical raw materials, semiconductors, electronic components, artificial intelligence and related regulation, as well as conflict and reconstruction negotiations. In addition, new protectionist thrusts are impacting markets, increasing uncertainties for global companies and SMEs.	The Group has an integrated strategic planning process, aimed at supporting the achievement of a sustainable competitive advantage, based on an in-depth knowledge of the markets and the reference scenario, regularly fed by specific external analysis activities on the context and its evolutionary dynamics, including in relation to geopolitical issues.
The level of expenditure of national governments and public institutions may affect business performance	The major customers of the Group are governments or public institutions. Moreover, the Group takes part in numerous national and international programmes funded by the European Union, governments or through multinational collaborations. Therefore, it is influenced by economic and geopolitical factors at global and regional level, the rating or risk profile of countries, the expense policies of the public institutions, also for research and development programmes funding, in addition to the medium/long-term plans of the Governments. Increases in defence spending, identified by several countries as necessary given the geopolitical tensions, may lead to peaks in demand in the short/medium term and make international competition even tighter, benefiting companies with more immediately available production capacity. In addition, big-tech and emerging-tech companies, from overseas and beyond, scale barriers to entry in domestic AD&S and may come to create competitive pressures on a European defence industry that is still fragmented on technologies and funds. Such companies, with considerable financial capabilities and operational flexibility, could better meet the growing expectations of defence customers, including in terms of performance and cost efficiency of artificial intelligence applications.	The Group pursues an international diversification strategy, placing it in its main markets, as well as in emerging markets marked by significant growth rates, in the aerospace, defence and security sectors. Development and production plans are updated according to the demand evolution, the order trend and the moves of competitors.
The Group operates in civil sectors that	In the civil sectors, customers' spending remodulation not only gives rise to delays in obtaining new orders or	In addition to balancing its customer portfolio suitably between government and non-

	Main risks	Actions
are highly exposed to growing levels of competition	falls in the numbers of orders themselves, but also affect their economic and financial conditions. These sectors are also characterised by the entry and success of competitors even from other fields of activity, mostly with the help of anti-cyclical M&A transactions carried out by international investment funds. The market positioning of these players could have an impact on the Group's volumes, results and debt. The time-to-market of products and their development and upgrade is a critical success factor for market positioning, given the strong competitive drive and speed of innovation.	government entities, the Group systematically pursues its objectives in order to increase industrial efficiency, diversify its customer base and improve its ability to perform contracts, while reducing overhead costs with a view to enhance its competitive capacity. The Group ensures highly qualitative and innovative product standards, and an integrated value proposition aimed at maintaining its technological edge, including thanks to interaction with innovative startups and SMEs.
The capacity for innovation and growth depends on the strategic planning and management of skills	Incessant technological innovation and the growing complexity of the Group's businesses require constant alignment of skills, in order to provide high added-value products and services. Especially in a market environment characterised by sharp demand for innovation skills, any shortage of special expertise could have impacts on the full achievement of short- and medium/long-term business objectives, including possible repercussions in terms of time-to-market of new products and services, as well as of access to emerging business segments. Companies compete for skills and talent by leveraging, among other things, the distinctiveness of the brand, the ESG (Environmental, Social, Governance) profile, the welfare offer and the work-life balance, which are positively valued by the new generations entering the labour market.	The Group monitors and manages competencies and professional skills by means of plans of action directed at attracting, retaining and motivating its human resources, managing talents, providing ongoing specialist training and reskilling/upskilling, insourcing core competencies and defining succession plans, with the gradual adoption of state-of-the-art tools of People Analytics and new Lifelong Learning development and training platforms for all personnel, particularly in the STEM (Science, Technology, Engineering & Mathematics) area.
The Group operates in some business segments through partnerships or joint ventures	The corporate strategies contemplate the possibility of gaining business opportunities partly through joint ventures or commercial alliances in order to integrate its technology portfolio or strengthen its presence in the market. The operation of partnerships and joint ventures is subject to both strategic positioning and management risks and uncertainties. Divergences can arise between partners about the identification and achievement of operational and strategic objectives, as well as core business operations.	The Group systematically carries out due diligence activities before and after the completion of partnerships and joint ventures. At this purpose, the active involvement of its top management in any related operation is aimed, among other things, at directing its strategies and identifying and managing any critical issue in a timely fashion.
The Group is exposed to the risk of fraud or illegal activities on the part of employees and third parties	The Group adopts and updates its organisational, control, procedural and training system to ensure fraud risk monitoring and compliance with any and all anti-corruption laws applicable in the domestic and foreign markets in which it operates. However, the possibility of employees or third parties behaving in an ethically incorrect or not fully compliant manner cannot be ruled out, nor can be ruled out the possibility of judicial authorities initiating proceedings aimed at establishing any possible liability attributable to the Group, the results and timing of which are difficult to determine and which might entail temporary suspensions from the market concerned.	The Group has set out a model of responsible business conduct aimed at preventing, identifying and responding to the risk of corruption. Thanks to its model, Leonardo SpA has reached the highest level of Transparency International's Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI), in addition to having its ISO 37001 certification, the first international standard on anti-corruption management system, confirmed. Leonardo was the first company in the world's top ten in Aerospace, Defence and Security to obtain this certification. The model also provides for the

	Main risks	Actions
		responsible management of the supply chain, through the qualification, selection and management of suppliers, as well as the adoption of a risk analysis tool within the scope of due diligence audits within the process of engagement assignation to sales promoters, and other third parties.
The settlement of legal disputes can be extremely complex and might require a considerable period of time	The Group is party to judicial, civil and administrative proceedings; for some of these, the Group has established specific provisions for risks and charges in the consolidated financial statements to cover any potential liabilities that could derive. Some of these proceedings in which the Group is involved – for which a negative outcome is unlikely or that cannot be quantified – are not covered by the provisions referred to above. Further developments of judicial proceedings, presently unforeseeable and indefinable, together with the possible consequential impact on Leonardo's reputation, could also have a significant impact on its relationships with customers.	The Group regularly monitors potential and existing disputes, taking the necessary corrective actions and adjusting its provisions for risks on a quarterly basis.
The Group operates in particularly complex and regulated markets, which require compliance with specific regulations (e.g. export control)	Defence solutions are of particular importance in terms of compliance with regulatory obligations and, therefore, their export is strictly regulated and is subject to prior authorization, based on specific national and foreign regulations (such as, for example, Italian Law 185/1990 and the U.S. ITAR and EAR), as well as to customs formalities. The prohibition on, limitation or any possible revocation (for example in the case of embargoes, geopolitical tensions or the occurrence of wars) of export authorisations for defence or dual-use products, as well as failure to comply with any applicable customs regime, may have substantial adverse effects on the Group's business, financial position, results of operations and cash flows. Moreover, failure to comply with these regulations could also make it impossible for the Group to operate in specific regulated areas.	The Group ensures, through specific functions, a timely implementation and management of the formalities required by the relevant regulations, monitoring their updating on an ongoing basis in order to allow the day-to-day performance of commercial and operational activities, in compliance with the provisions of law and with any possible authorisation and/or limitation and of its Policy of respect for human rights. The Group has promptly made arrangements to carry out the changes necessary as a result of Britain's exit from the European Union and is continuing to follow developments in customs regulations in order to carry out the necessary modifications immediately.
Pandemics can lead to systemic crises and have time-varying effects	A pandemic can undermine people's health to the point of jeopardising the resilience of the health and socio-economic systems of the countries involved, leading to systemic or large-scale crises, with major impacts on people, businesses, customers, suppliers, and institutions, which may take a long time to normalise. The duration and magnitude of a pandemic depend, among other things, on the timeliness and effectiveness of health actions taken at global level, the possible mutations of the virus, and the coverage and decay of immunisation.	The Leonardo Group guarantees every possible effort to preserve the safety and health of its people wherever they are located, in full compliance with the relevant regulations. The Group maintains in place specific action plans to contain possible impacts of new pandemics. These plans concern, among other things: proactive management of relations with customers, both institutional and non-institutional, thanks to a widespread geographic presence, balanced with the application of tools to virtualise promotion and marketing action; reorganisation of production lines, the

	Main risks	Actions
	A single epidemic event not properly addressed at regional or local level can quickly turn into a pandemic.	remotisation of certain technical functions, constant monitoring of the company's supply chain and the procurement strategy.
The Group operates through a number of industrial plants and processes that may expose it to risks to the health and safety of workers and to environmental risks	The Group's activities are subject to compliance with laws, rules and regulations governing the protection of workers' health and safety. Specifically, Legislative Decree 81/2008 provides for a preventive and permanent health and safety management system at work, through the identification of risk factors and sources, the elimination or reduction of risk, the ongoing monitoring of preventive measures implemented, the development of a corporate strategy to be implemented through the participation of all stakeholders in the working communities. The Group's activities are also subject to compliance with laws, rules and regulations governing the protection of environment and energy management, which imply specific environmental permits aimed at ensuring the compliance with restrictions and conditions on emissions into the atmosphere, water discharges, storage and use of chemical or hazardous substances (e.g. REACH Regulation and RoHS Directive) and waste management and disposal.	Risks to the workers' health and safety are based on the principle of zero tolerance, in strict compliance with the relevant regulations, and are managed through targeted risk analyses, which take account of injury frequency and severity rates and related improvement objectives, specific action and training plans, within the framework of a precise system of proxies and powers for each relevant matter, aimed at ensuring that the action taken complies with the Group's guidelines. The Group also confirms its commitment to extend the coverage in terms of Health and Safety System, for example through the ISO 45001 certification. The Group is also committed to protecting the safety of its people working on company sites and in direct relations with customers around the world from external threats. The Group complies with the ever-increasing limits and restrictions imposed by the environmental protection regulations as regards sites and production processes. The Group also confirms its commitment to extend coverage in terms of Environmental Management System, for example through the ISO 14001 certification. The Group regularly performs environmental assessments of sites and monitoring, and it also takes out specific insurance policies in order to mitigate the consequences of unexpected events.
Climate change, the protection of the environment and consequent new developments in the scenario concerned may require action to be taken on certain types of processes and products.	The transition to a low-carbon and lower enviornmental impact economy may entail risks for the company, induced by greater severity of environmental and climate policies, disharmony in the regulations of different countries with related competitive asymmetries between companies, the progress of the relevant technology or the changing confidence of investors and lenders in the relevant business. In parallel, the importance of the ESG requirements of the suppliers grows in customer tenders, while the consumption of energy and water resources becomes central along the entire value chain of the company. Company processes, particularly production processes, as well as products and services offered to the market may be affected. The impact of climate changes exposes the Company to an increased frequency of acute weather events, such as floods, storms and wind, as well as droughts and fires, which can endanger industrial sites and making it	The Group pursues an industrial strategy aimed at the environment protection and improving the efficiency of its production systems and processes on an ongoing basis. By participating as a partner of excellence in major European research and innovation programmes, it develops technological solutions with a lower environmental impact and functional to climate change adaptation. On the other hand, sustainable product development can increase the resilience of products in the operating environment. The Group puts measures in place against any possible acute or chronic physical risks and has specific insurance cover against the possible consequences of disastrous climatic or natural events.

	Main risks	Actions
	necessary to extend the ranges of product operating requirements.	
Breaches of information security obligations can cause damage to the Group, its customers and suppliers and pose a threat to the security of citizens and critical infrastructures	Companies are required to face the risks associated with cyber resilience of their products and services and their digital infrastructure, taking into account the continuous evolution of cyber threats in their numerous forms (from advanced persistent threat to the phishing campaign), the sophistication of attack strategies and the increase in the exposed surface area resulting from, among other things, the increasing digitisation, including through AI applications, involving processes, products and services for customers, as well as the increased use of smart working. The critical geopolitical context, the deterioration of relations between states or the occurrence of war conflicts may increase the scope and number of cyber attacks, aimed at institutions and companies. Computer incidents and attacks, including any in the supply chain, stoppages, leaks of personal data and the loss of information that may also be of strategic importance may endanger business and even the Group's image, above all in the event of the theft of third-party data kept in the Group's archives.	The Group manages cyber security through dedicated controls and training for the entire corporate population, as well as processes, procedures and specific technologies for the prediction, prevention, detection and management of potential threats and for responding to them. Leonardo is ISO 27001 certified and is constantly engaged in management and improvement activities aimed at maintaining the certification itself. Leonardo also benefits from substantial experience in the field of cyber security, gained on the market through the competent business division. In addition to a continuous improvement in the methods of managing permissions of access to information, Leonardo continues to take any action to extend data and information protection and processing methods and processes to its own suppliers.
The Group could encounter difficulties in protecting its Intellectual Property	Leonardo's success and results also depend on the Company's ability to protect the innovations resulting from its R&D activities through Intellectual Property. In this respect, the Group mainly uses industrial secrets, patents, copyrights. Nevertheless, the possibility cannot be ruled out that the activity of a "disloyal" employee, an improper action of a supplier or a legal but aggressive act of a third party may lead to repercussions on the company's Intellectual Property. Furthermore, there is a greater risk of counterfeiting in highly technological environments such as that in which Leonardo operates, given the high number of patents held by third parties.	The Group is committed to the continuous improvement of its Intellectual Property protection processes, from the approval of research and development investments, through the definition and implementation of measures to protect technical information and proprietary know-how. Appropriate monitoring and surveillance actions are taken to detect any infringements by suppliers, partners or competitors. Of particular importance is the creation, the expansion and the penetration of the internal networks of IP contact persons in the business divisions.
The Group provides highly complex products, systems and services, including under long-term fixed-price contracts	The Group supplies products, systems and services that are particularly complex due to their advanced technological content, including under long-term contracts at a fixed all-inclusive price. Terms and conditions of contracts generally include challenging requirements and rigorous completion times, the failure to honour which may entail the payment of penalties, in addition to warranty liability and claims for damage that are not covered in full by insurance policies. With respect to these responsibilities, AI applications are gaining increasing relevance in perspective. Furthermore, an unforeseen rise in the costs incurred in the performance of a contract, which may also be the result of the occurrence of chance events, could lead to a lower profit. In this regard, attention must also be paid	From the commercial offer phase and at regular intervals during the performance of the contract, Leonardo considers the projects' main performance and financial parameters in order to assess its performance and manage risks throughout the entire life cycle through the detection, assessment, mitigation and monitoring of risks with the definition and management of appropriate contingencies, in order to protect the financial margins of the projects themselves. Risk management is supported by dedicated Risk Managers in project teams. The Group is committed to the continuous improvement of its industrial efficiency and its ability to meet customer specifications. With reference to energy

	Main risks	Actions
	to the effects of market phases characterised by inflation, over-demand, lack or discontinuity of supply of services and goods (including energy commodities) necessary for production and delivery to the customer, inflation phenomena, with consequent greater execution times and costs for the company. These dynamics, which may also be determined, accelerated or exacerbated by the deterioration of institutional and commercial relations between sovereign states or by the onset of war conflict, can also affect the competitiveness of the company's offer for the acquisition of additional long-term contracts as well as of new customers.	commodities, the Group pursues, on an ongoing basis, a strategy aimed at optimising purchases and uses of resources.
The risks of performance of contracts, associated with the liability to customers or third parties, also depend on the supply and sub-supply chain	The Group purchases, in very substantial proportions with respect to its sales, industrial products and services, materials and components, equipment and subsystems; it may therefore incur liability to its customers for operational, legal or financial risks attributable to third parties, who operate as suppliers or sub-suppliers. The Group's dependence on suppliers for certain business activities might give rise to difficulties in maintaining quality standards and meeting delivery times. The risk profile of suppliers, mainly small and medium enterprises, can deteriorate, also suddenly, during downturns in economy, in the presence of geopolitical tensions and conflicts and during periods of convulsive recovery, also due to subsequent offer shortages and discontinuity, bottlenecks and inflationary effects into the real economy, mainly on raw materials and energy commodities. In addition, third-party acquisitions of suppliers relevant to the Group could change the terms and conditions of contract renewals, with costs or timing being less convenient for the Company.	Leonardo has been pursuing its policy of strengthening and improving the supply chain for some years, leveraging a transparent and sustainable partnership relationship with the excellences in its Supply Chain, to give rise to a more innovative, integrated and resilient industrial eco-system. In addition to the programmes already in place or completed (LEAP, ELITE Leonardo Lounge), the Company has defined a set of principles and rules for the assessment of key suppliers, specifically oriented towards the development and growth of the Supply Chain with a view to long-term sustainability (Leonardo Assessment and Development for Sustainability).
The Group is required to fulfil direct or indirect offset obligations in certain countries	In the Aerospace and Defence sector, some international institutional customers require the application of some types of industrial offset related to the award of contracts, sometimes with rigorous requirements, linked to the development policy of each country. Therefore, the Group may undertake offset obligations that require procurement or manufacturing support at local level, technology transfer and investments in industrial projects in the customer's country. Failure to meet offset obligations may result in the application of penalties and, in certain cases, might prevent the Group from participating in contract award procedures in the countries concerned.	The Group manages offset risks by means of appropriate analyses carried out from the offering phase within the project teams, which also appoint an offset manager for the division concerned. A due diligence is performed before dealing with a third party under an offset agreement, which is conducted according to the relevant international best practices. Leonardo has also set up a dedicated central organisational unit to guide and supervise offset activities.
Chips, electronic components and critical raw	The production of chips and electronic components – of great importance for industrial applications, especially for high-tech applications - is still polarised on a few countries, mostly outside the European Union. These	Leonardo, in addition to monitoring the prospective requirements of its supplies, takes part in international working groups, such as those at European, IAEG, EDA and NATO level,

	Main risks	Actions
materials available on the market	goods continue to be characterised by long delivery times as a consequence, first, of the peaks in demand generated by the Covid-19 lockdowns and, then, of the convulsive and at times discontinuous post-pandemic recovery, then impacted by the outbreak of the Russian-Ukrainian conflict and the consequent contrasts between countries. Critical raw and strategic materials, including rare earths, are a decisive enabler for both the technologies of certain production sectors and for the development of artificial intelligence, in addition to the initiatives behind the European Green Deal. Most of the critical raw materials relevant to the Aerospace and Defence sector are not directly available in Europe, but rather in other mainly non-NATO/EU countries. Availability and production of materials are sometimes concentrated in a single country, which may therefore be in a position to sway the balance between global supply and demand, with impacts on market prices and/or availability of goods, in particular in scenarios marked by critical geopolitical issues, the deterioration of institutional and commercial relations between sovereign states or the occurrence of war conflicts. Finally, for many of these materials, end-of-life product recovery and recycling are not yet developed in the industry as resilience factors.	which reconcile the interests of both States (supporting the definition of recommendations for member States) and the companies and supply chains involved, in order to encourage the identification of common strategies for mitigating risks. Leonardo is also engaged in activities having the purpose of enhancing the efficiency of the use of resources (for example fostering circularity mechanisms) as soon as the product technological research and sustainable design phases start. Leonardo promotes circular supply chains for strategic materials, which through recycling for internal or external use of secondary raw materials reduce material costs and improve production resilience
A substantial amount of consolidated assets is attributable to intangible assets, goodwill in particular	The recoverability of amounts recognised in intangible assets (including goodwill and development costs) is linked to the implementation of future plans and the business plans for the relevant products that, especially in case of long-term developments, may see the needs of customers and the competitive environment change, given the speed of technological innovation.	The Group implements a policy of monitoring and limiting amounts capitalised under intangible assets, with specific regard to development costs, and carries out ongoing monitoring of performance under scheduled plans, taking any necessary corrective action in the event of unfavourable trends. These updates are reflected in impairment tests.
The Group's debt could have an impact on its strategies	The debt level, beside impacting the profitability as an effect of the related borrowing costs, could affect the Group's strategy, limiting its operational flexibility. Monetary tightening by central banks could make new financing and current floating-rate debt more expensive. Future liquidity crises (if any) could also restrict the Group's ability to repay its debts.	In assuring a solid and balanced structure between sources of funds and investments, Leonardo continues to pursue the reduction of its debt by paying steady attention to cash generation, which is used, based on the Group's orderly financial strategy, to partially reduce the existing exposures.
The Group's credit rating is also linked to the opinions of the credit rating agencies	All Leonardo bond issues are given a medium-term financial credit rating by the international agencies. A possible downgrade in the Group's credit rating, also as a consequence of the changed country of origin rating, could severely limit its access to funding sources, as well as increase its borrowing costs for loans, which would have a negative impact on the business prospects, performance and financial results. In addition, Leonardo's financial credibility is linked to the	The Group continues to be engaged in reducing its debt. The Group's financial policies and selection of investments and contracts involve being constantly alert to maintaining a balanced financial structure.

	Main risks	Actions
	sustainability performance achieved against targets set by ESG-linked funding sources.	
The Group realises part of its revenues in currencies other than those in which costs are incurred, exposing it to the risk of exchange-rate fluctuations. A part of consolidated assets is denominated in US dollars and pound sterling	The Group reports a significant portion of revenues and costs in currencies other than euro (mainly in dollars and pounds). Accordingly, any negative changes in the reference exchange rate might have negative effects (transaction risk). Moreover, the Group has made significant investments, in particular in the United Kingdom, in Poland and in the United States of America: this might have a negative impact on the Group's results of operations, financial position and cash flows due to the translation of the financial statements of foreign investees (translation risk).	The Group continuously applies an organised systematic hedge policy to combat transaction risk for all contracts in its portfolio by using the financial instruments available on the market. Moreover, in intercompany financing activities denominated in currencies other than the euro individual positions are hedged at the central level.
The Group is a sponsor of defined-benefit pension plans in the UK and the US and of other minor plans in Europe	Under the pension schemes reserved for employees who mainly operate in the United Kingdom and in the United States of America, the Group is required to ensure a specific future retirement benefit level for employees participating in the plan. In said countries the pension funds in which the Group participates invest resources in the plan assets (stocks, bonds, etc.) that might not be sufficient to cover the agreed-upon benefits, mainly with strong market fluctuations. If the value of plan assets is less than the agreed-upon benefit level, the Group duly recognises the amount of the deficit among liabilities, with consequent adverse effects on its financial position, results of operations and cash flows.	The Group monitors pension funds' investment plans and strategies on an ongoing basis and takes immediate deficit corrective action when necessary.

Industrial Plan

As already described in the "Trend and vision" paragraph, the AD&S sector is undergoing a deep transformation with increasingly challenging competitive scenario in terms of industrial structures and available technological capabilities. Notably, in a context that continues to experience epochal changes, with a significant increase in conflicts and global crises, the Defence sector is undergoing profound changes, starting with three particularly significant challenges:

1. **More and more bullets and an avalanche of bytes** - The battlefield has changed, moving more and more towards a combination of traditional and new systems, digital technologies, satellite applications, and drones;

2. **From conventional Defence to the broader concept of "global security"** - Regional wars bring massive repercussions on global security (with impacts on energy, food, social, cyber, and infrastructure security), making monitoring of the situation increasingly necessary on an ongoing basis;

3. **Security as a continental problem rather than national** - No European Country can have sufficient autonomy of its own and the present fragmented expenditure on Defence makes Europe weaker and weaker. The acceleration of technological progress and the rapid succession of unprecedented events in the global geopolitical balance require not only increased investment, but first and foremost greater synergy, including through standardisation and interoperability of platforms.

Based on these key concepts that form the guidelines of the Industrial Plan presented in March 2024, Leonardo is constantly strengthening its positioning through a process of product portfolio evolution, continuous technological innovation, and business sustainability, operating as a catalyst towards a new European defence. To achieve this goal, the company is working on a two-fold strategic posture:

- Strengthening the core business through increasing focus in order to ensure the effectiveness and efficiency of our product portfolio, both through the development of new digitised products, ready for future challenges, and through increasing the competitiveness of the existing portfolio, ensuring its interoperability, resilience and security;
- Paving the way to the future by investing in new technologies and emerging markets, including through the creation of major industrial alliances, with a view to contributing more and more to European sovereignty while expanding our geographic footprint.

This new posture will drive Leonardo in its transformation, with the aim of being:

- **Helicopters** - Global civil leader and military key player, upgrading the portfolio, products, adopting new technologies, and exploring strategic partnerships;
- **Electronics** - Global player with European leadership and catalyst for European Cooperation, leveraging GCAP spillovers, alliances/JV in the various domains, and an optimised product portfolio, with a distinctive US presence;
- **Aircraft -** Leading Player in cooperative programs (next generation combat aircraft and UAV), with cutting-edge proprietary products and boosted training services;
- **Aerostructures** - Supplier of reference thanks to operational excellence and market recovery, further scaling up via diversification and strategic partnerships;
- **Cyber & Security** - European key player in cyber security, Secure Digital Platforms and Mission Critical Communications, with a technology-based value proposition, focused on Defence, Space and National Strategic Organizations;

- **Space** - European leader on high-value segments, leveraging Group-wide and space alliance capabilities, in order to offer end-to-end, digitally advanced solutions that provide increasing benefits to the end customer.

To deliver on this vision, Leonardo has then set its path on three horizons, mapping an arsenal of initiatives to achieve the full potential in all its business:

- guaranteeing an **organic revenue growth** and innovation potential with focused R&D and technological efforts, a massive digitization of solutions and operations, and a stronger emphasis on client-centricity and service excellence;
- **boosting a company-wide efficiency** through product and business rationalization/focalization, while optimizing engineering and manufacturing and ensuring greater efficiency throughout the Group, reducing group-wide procurement and Corporate costs;
- complementing growth with **inorganic initiatives**, mainly through M&A transactions and international alliances to ensure technological relevance of European defence and security.

Sustainability Goals and Plan

PILLAR	KPI	Baseline		2024	Target		SDG/MATERIAL TOPICS
		Year	Value	result	Year	Value	
Governance	Annual renewal/mainteance of the ISO 37001:2016 "Anti-Bribery Management System" certification	*na*	*na*	Renewed	2024	renewal	*Business integrity, compliance and anti-corruption* *Protection of human rights*
					2025	maintenance	
					2026	maintenance	
People	% of women on total new hires	*na*	*na*	24.1%	2025	32%	*Diversity, equity and inclusion* *Skill development, talent attraction and employee well-being*
	% of women on total new hires in STEM areas	*na*	*na*	23.2%	2025	30%	
	% of women at managerial levels	*na*	*na*	17.7%	2025	20%	
	% of women on total employees	*na*	*na*	20.3%	2025	20%	
	% of women in succession plans	*na*	*na*	30%	2025	27%	
Planet	% reduction in consumption of electricity withdrawn from external grid [I]	2019	0.050 kWh/€	0.038 (-23%)	2025	-10%	*Climate change* *Natural resources and biodiversity management* *Environmental impact of the use of materials and circularity*
	% reduction in Scope 1 + Scope 2 CO_{2e} emissions (Market-Based) [II]	2020	423 kton CO_{2e}	240 kton CO_{2e} (-43%)	2030	-53%	
	% reduction in water withdrawals [II]	2019	5,653 ML	4,492 ML (-21%)	2030	-25%	
	% reduction in the amount of waste produced [III]	2019	38,499 tons	32,555 tons (-15%)	2030	-15%	
	% reduction in Scope 3 CO_{2e} emissions downstream per equivalent flight hour	2020	1.94 tCO_{2e}/Fh_e	1.25 tCO_{2e}/Fh_e (-36%)	2030	-52%	
Prosperity	% of suppliers per emission con "science-based" objectives	*na*	*na*	12%	2028	58%	*Sustainable supply chain* *Value creation for the society* *R&D, innovation and advanced technology*
	Number of key suppliers to whom to deliver training on sustainability issues	*na*	*na*	198	2027	≥ 500	
	% (in value) of major new tenders awarded, which include ESG criteria/requirements [IV]	*na*	*na*	20%	2028	>70%	
	% increase in computing power per capita [V]	2020	198 Gflops/ Dip. ITA	222 Gflops/ Dip. ITA +12%	2025	+40%	
	% increase in storage capacity per capita [V]	2020	874 Gbyte/ Dip. ITA	1,425 Gbyte/ Dip. ITA+63%	2025	+40%	

[I] *Reduction calculated as a ratio to revenues.*
[II] *Reduction in absolute value in water withdrawals from acqueducts and wells.*
[III] *Reduction in absolute value.*
[IV] *Calculated on tenders valued >1M€ managed through LDO portal. It does not include DRS, the Electronics Division of LDO UK and local purchases on the part of foreign subsidiaries.*
[V] *Calculated as the number of flops and bytes in relation to employees in Italy.*

Sustainability goals have been set by Leonardo based on current assessments at the time they were set, taking into account political situations in various geographical areas, geopolitical trends, the supply chain, and global economy, subject to any additional significant events not foreseeable at the time the goals were set.

Guided by the ever-deepening integration of sustainability into the business and the priorities identified through materiality analysis, the sustainability goals set by Leonardo cover several areas, from governance to climate and environmental engagement, from social impact to digitalisation, with specific targets and related monitoring KPIs for each area.

In 2024, the Group strengthened its commitment on climate, including supply chain sustainability, with new decarbonisation targets - validated by SBTi in March - and on management process certification on anti-corruption. With regard to the latter area, Leonardo achieved the target set for 2024 by obtaining the renewal of ISO 37001:2016 certification in July.

Sustainability plan

The first Sustainability Plan was defined in 2021, with the aim of translating the Group's sustainability vision and objectives into projects and initiatives that can be measured in the short, medium and long-term, using a data-driven approach to measure performance through specific ESG KPIs monitored also to achieve Sustainability Goals. The robustness, consistency and amount of ESG data are ensured by a fully digitised, bottom-up collection and verification process. The Plan is subject to an annual review and update process to better target the strategy and a management control process, based on digital platforms, which provides a structured overview of performance. This control process enables informed decision-making and a specific targeting of investments throughout the value chain.

The year 2024 unveiled the new Sustainability Plan 2024-2028, approved by the top management in March and integrated into the Industrial Plan. In alignment with the Group's vision and strategic positioning, the Sustainability Plan increasingly aims to enhance and develop products and solutions that contribute to global security through the protection of communities, institutions, infrastructure and the planet. Based on a shared framework, the Plan brings together the Group's 100 highest impact projects spread across eight clusters throughout the value chain, with focus on specific priorities such as eco-design for new product development, decarbonisation, environmental protection, circularity and Life-cycle assessment (LCA), sustainable supply chain, sustainable products and solutions, and social impact. In accordance with the company's DNA, digitisation takes a key role in the Sustainability Plan, both through projects that enable the transition - such as the upgrading of the Davinci-1 supercomputer, the infrastructure behind many of the solutions offered by Leonardo with positive impacts on sustainability - and through projects to virtualise and streamline business processes, which yield benefits in terms of resource consumption, decarbonisation, and the effectiveness of key activities such as training, design, and maintenance of the Group's solutions.

Progress of the Plan by cluster	
Governance	**Business integrity and human rights** – The cluster aims to ensure responsible business conduct through strengthening prevention, control and remediation mechanisms on key issues such as corruption and human rights. Among the key initiatives in 2024, Leonardo obtained the renewal of the certification of its anti-corruption management systems according to ISO 37001:2016 and continued its efforts to train and raise awareness of trade compliance risks among its employees, involving more than 9,000 employees in more than 15,000 training hours.
People	**Social impact** – It collects projects aimed at creating value for the Group's people, society and the territories in which Leonardo operates, including the Strategic Plan for gender equality. In 2024, numerous initiatives were developed to spread the culture of sustainability, promote STEM disciplines, and foster diversity, equity and inclusion (DE&I). In July, UNI/PdR 125:2022 Certification was achieved for Leonardo S.p.A.. Training and engagement activities were strengthened on sustainability and DE&I issues - such as the survey answered by over 14,000 people -, parenting initiatives and related to welfare and wellbeing, as well as were activities aimed at promoting STEM subjects in support of the educational system and the local area. These include the Leonardo Constellation project, carried out in collaboration with Il Cielo Itinerante and 10 other associations that work on social change by sharing Leonardo knowledge and hosting children at the Italian sites. The creation of shared value for the communities in the vicinity of production sites has also been strengthened thanks to the activities organised with Plastic Free and the collaboration with the Banco Alimentare ETS Foundation, for the collection of surplus food from canteens.
Planet	**Environmental protection** – It encompasses all projects aimed at efficiency in operations' resource consumption, improvement of industrial performance, and decarbonisation of production activities, in line with SBTi targets. In 2024, work continued to improve efficiency in electricity consumption, including the installation of LED lighting, and to reduce water consumption through circularity and optimisation and revamping of supply networks, also achieving a reduction in liquid waste, which resulted in savings of 24 GWh of electricity withdrawals from the grid and more than 130 Megaliters of water withdrawals per year, respectively. Preparatory activities were started for the phase-out of hexavalent chromium from 84 production lines in line with the requirements of the European REACH regulation. **Circular economy and digital factory** – It groups together initiatives aimed at and encouraging the transition to a circular economic model, focusing on the transformation of the production system toward the "factory of the future," between digitisation and automation. An example of the transformation of production systems is NEMESI, with the first smart factory applied to an entire production line completed in 2024 at the Aerostructures division plant in Pomigliano. With research and development projects that place us as the first in italy, work continued on the implementation of the circular carbon fiber supply chain for aerostructures application. The first LCA project of a helicopter has been launched to define an effective methodology to map and monitor environmental impacts along the value chain, allowing the optimisation of its life cycle in the future.
Prosperity	**Research & innovation and sustainable products by design** – This cluster, which is an integral part of the Group's technology and innovation DNA, brings together research and development projects on sustainable processes and solutions, from reducing the environmental impacts of operations to studying new products and solutions with lower carbon footprints. These include European research projects such as the Next Generation Civil TiltRotor, which made its first ground run in 2024, and the development of technologies including innovative simulation systems for aircraft design, training and maintenance, some of which are already being used to strengthen the educational offering of the International Flight Training School, in which Leonardo is a partner. **Sustainable supply chain** – The cluster aims to engage suppliers to expand Leonardo's commitment to sustainability throughout the value chain. It encapsulates the collaboration, development and training initiatives of suppliers - mostly SMEs - on digital transformation, cyber security, and social and environmental responsibility. In 2024, internal training activities were started to engage suppliers in defining their science-based decarbonisation goals, which is among Leonardo's SBTi-validated objectives. **Sustainable, cyber security and digital solutions** – It promotes the Group's solutions that contribute to sustainable development through technologies with lower environmental impact, cyber protection of people and critical infrastructure, and promotion of digital transition as an enabler of sustainability. These include the gradual virtualisation of customer services that Leonardo has carried out in the aircraft field, through remote collaboration and online training that have reduced time and environmental impacts and increased the effectiveness and timeliness of customer support. The davinci-1 supercomputer upgrade aims to increase computational and storage capacity while mitigating the associated increase in energy consumption, which is essential for an ever-expanding offering of sustainability solutions. **Space, climate and emergency management solutions** – It promotes solutions that protect people and the planet through monitoring and analysis of climate and natural resources, infrastructure protection, and emergency management solutions. There is also Space Situational Awareness for the study of space security and sustainability, climate change monitoring programs, and the development of digital platforms for the coordination of emergency and disaster response, to which Leonardo also contributes at the European level in leadership roles, as in the case of the Copernicus Emergency Management Service. Major national and international projects were added in 2024, such as IRIDE, an "end-to-end" system consisting of a constellation of LEO satellites, operational ground infrastructure and geospatial services that will make a key contribution to global monitoring for PAs and individuals.

Global security

Security has once again become a key issue on the agendas of many countries, and related investments increased, with the primary goal of protecting the building blocks of our society: people, institutions, natural resources, climate, territories, and infrastructure. As already described in the paragraph on the Industrial Plan, the evolution of the concept of defence itself toward a need for global security, encompassing multiple domains and different spheres, such as energy, food or cyber, also pushes AD&S companies to design and offer increasingly integrated, multi-domain and digital solutions, which have positive impacts in terms of environmental and social sustainability.

Leonardo has identified the issue as a priority both for the business and in terms of the materiality of its impacts, risks, and opportunities[16]. The benefit of the solutions offered by the Group in the area of protecting territories, infrastructure and citizens, as well as in the area of emergency management, is recognised, even by stakeholders, as the most relevant impact generated by Leonardo on society, consistent with purposes and strategy. At the same time, the technological disruption that is sweeping the AD&S sector poses a strong issue of increasing competition, even outside traditional domains and players. This is an element on which Leonardo is preparing to take full advantage of the opportunities.

The solutions offered and developed by Leonardo include the most innovative global monitoring solutions, which, by integrating real-time data and information from multiple sources and multiple domains, and analysing it with AI algorithms, strengthen the ability to prevent, respond to, and manage any possible crises in increasingly complex scenarios. Such abundance of data and the presence in the portfolio of technologies in every domain also make Leonardo solutions critical for vertical applications that generate positive impacts on the sustainable development of the society[17].

In addition, the solutions the Group offers in the areas of analysis, monitoring, and management of natural resources, biodiversity, and meteorological and climatological phenomena, as well as Leonardo's commitment to reducing the environmental impact of the aviation industry through the development and adoption of increasingly efficient and sustainable technologies, play a key role in preserving the Planet and its ecosystems[18]. In the development of these solutions, innovation and digitisation are key elements: increased computing capacity coupled with increasing security of information systems enable enhanced data collection, processing, and analysis to virtualise and simulate entire lifecycle phases of products and services, and to increase the ability to understand the context in which we operate and to predict future scenarios, which are key elements in fostering the sustainable growth of society.

[16] For more details on the outcome of the double materiality analysis, please see "Managing impacts, risks and opportunities – double materiality".

[17] Among these, primary importance is attached to the management and prevention of natural and man-made emergencies through satellite instruments, ground-based sensors, aircraft in firefighting configuration (such as the C-27J Fire Fighting) or helicopters for Search and Rescue operations; the safe management of air or urban mobility through traffic optimisation systems, with benefits also in terms of carbon emissions; and the protection of strategic assets, from maritime and land infrastructure monitored through satellite applications to the protection of space assets through Space Situational Awareness technologies.

[18] For more details on the solutions offered, please see paragraph "Segment results and outlook" and chapter "Environmental information".

Guidance 2025

In line with challenges Leonardo Group faces, 2025 expectations confirm the sustainable growth path initiated in the 2024-2028 Industrial Plan, with the gradual strengthening of its competitive positioning in both domestic and international markets supported by increased profitability and cash generation.

Based on the current assessments of the impacts of the geopolitical situation also on supply chain, inflationary levels and the global economy, subject to any further significant effects, Leonardo expects for 2025:

- **Level of new orders at around € 21 billion,** in line with the good performance recorded in 2024. For 2025, further strengthening of the "core business" is expected, driven by the growth of orders in Defence and Security Electronics and Helicopters and on proprietary Aircraft platforms, confirming the commercial successes and good positioning of the Group's products, technologies and solutions and the ability to effectively cover key markets;
- **Revenues of approximately € 18.6 billion,** up compared to 2024 thanks to the contribution of activities already in the order backlog, which in 2024 reached a record value of approximately € 44 billion, also thanks to the gradual overcoming of the difficulties encountered in the supply chain as well as new orders;
- **Increasing profitability, with EBITA of approximately € 1,660 million,** supported by volume growth and the confirmation of strong levels of industrial profitability in the main business areas. The forecast also reflects the impact and progressive recovery of the Aerostructures business following the increase in deliveries requested by Boeing;
- **FOCF of approximately € 870 million,** with the defense and government business providing solid cash generation and more than offsetting the gradually improving cash absorption in Aerostructures;
- **Group net debt of approximately € 1.6 billion,** decreasing thanks to the increase in cash generation, proceeds from the sale of the Underwater Armaments & Systems business, and after the payment of dividends of €0.52 per share, M&A transaction of approximately € 500 million, DRS shareholders remuneration, new leasing contracts and other minor movements.

Below is the summary table:

	FY 2024	2025 Guidance(*)
New Orders (€mld.)	20.9	ca. 21
Revenues (€mld.)	17.8	ca. 18.6
EBITA (€mil.)	1,525	ca. 1,660
FOCF (€mil.)	826	ca. 870
Group Net Debt (€mld.)	1.8	ca. 1.6

Exchange rate assumptions: €/USD= 1.08 and €/GBP= 0.86
2025 Guidance does not include the contribution of Underwater Armaments & Systems (UAS) business, deconsolidated starting from 2025

GROUP RESULTS AND FINANCIAL POSITION

- ✓ 2024 PERFORMANCE AND FINANCIAL RESULTS
- ✓ PERFORMANCE AND SUSTAINABILITY INDICATORS

2024 Performance and financial results

The results of operations and financial position for the year confirmed the solid performance of the Group, with a significant growth in volumes, good profitability and a positive trend in terms of cash generation. In order to make the Group's operational performance more comparable, the indicators for the comparative period are also provided in this Report on a Pro-forma basis, including the contribution given by the Telespazio Group, which was consolidated on a line-by-line basis as from 1 January 2024.

New orders reached €bil. 20.9, albeit a lack of large orders, confirming the Group's well-established industrial footprint in the businesses in which it operates and the good business environment, with structural growth in all sectors, which was also supported by increasing demand for defense and security. The performance of Defence Electronics & Security was particularly good.

Revenues increased significantly as well, amounting to €bil. 17.8 (+11.1% compared to the Pro-forma figure for the comparative period), as a result of the workability of the order backlog and the gradual overcoming of difficulties encountered in the supply chain. The sustainability of growth, which can be observed in almost all sectors, is driven by the excellent commercial performance and investments made by the Group.

The operating result (EBITA), equal to €mil. 1,525 (+12.9% compared to the Pro-forma figure for the comparative period) was in line with expectations and the programme envisaged in the industrial plan of Leonardo, confirming the effectiveness of the actions it has taken. As from the current year, Leonardo has revised the composition of EBITA with regard to the results of operations of those investees that are regarded as being strategic, which now no longer includes any effects arising from volatility originated by non-recurring, extraordinary or non-routine items in the income statement, in line with the approach already applied to companies consolidated on a line-by-line basis.

Accordingly, the data for the comparative period are presented in restated form.

Net of this revision, the operating result for the year confirmed the 2024 Guidance released in March 2024 and showed a significant improvement compared to the previous year (€mil. 1,452 compared to €mil. 1,326 of the Pro-forma figure in 2023). Specifically, the solid performance in the Defence & Security business segment, particularly Electronics, and the acceleration of the savings plan, more than offset the effect of some negative external factors on both the Aerostructures performance and the Space manufacturing segment.

Free Operating Cash Flow for the year showed a sharp improvement as well (+26.7% compared to the Pro-forma figure in the comparative period), in line with expectations, which resulted in a consequent positive impact on the Group's Net Debt, down by 22.7% compared to the comparative period, despite the payment of a doubled dividend.

Key Performance Indicators (KPI)

The KPIs for the period and the main changes in the Group's performance are shown below (for the definition of ratios, reference should be made to the paragraph on "Non-GAAP Alternative Performance Indicators"). Insights into the Business sectors performance are dealt with in the specific section dedicated to the trend in each of them.

In order to provide an integrated view of Leonardo's operational performance in the sectors in which it operates, the Group has revised, as from the current year, the composition of EBITA in order to bring the treatment of the results of operations of strategic investees into line with that applicable to subsidiaries. Specifically, the share of net result of strategic investees, which is already recognised within the Group's EBITA as part of their valuation at equity, now no longer includes any non-recurring, extraordinary or non-routine items in the income statement; in line with Leonardo's policies and the approach already applied to companies consolidated on a line-by-line basis, these items are deducted from EBITA in order to show profit margins that are not affected by volatility elements. This change, as part of a strategy that is increasingly oriented toward the centrality of international alliances, which represent for Leonardo an integral part in the conduct of its core business, is aimed at reflecting in the Group's key earnings indicators a contribution from strategic investees that is representative of their operational performance and Leonardo's profit margins that best reflect its international positioning in the sectors in which it operates.

As a result of the revision described above impacting also EBITDA and the performance indicators ROS and ROI, the figures for the comparative period are provided in restated form. The reclassification has no effects on other indicators.

In addition, the indicators for the comparative period have also been shown as Pro-forma figures in these financial statements, including the contribution given by the Telespazio Group, which was consolidated on a line-by-line basis as from 1 January 2024, in order to make the Group's operational performance more comparable.

	2023	2024	Change	2023 Pro-forma	Pro-forma change %
New orders	17,926	20,945	16.8%	18,668	12.2%
Order backlog	39,529	44,178	11.8%	40,903	8.0%
Revenues	15,291	17,763	16.2%	15,982	11.1%
EBITDA (*)	1,911	2,219	16.1%	1,970	12.6%
EBITA (*)	1,317	1,525	15.8%	1,351	12.9%
ROS (*)	*8.6%*	*8.6%*	*0.0 p.p.*	*8.5%*	*0.1 p.p.*
EBIT	1,085	1,271	17.1%	1,117	13.8%
EBIT Margin	*7.1%*	*7.2%*	*0.1 p.p.*	*7.0%*	*0.2 p.p.*
Net result before extraordinary transactions	742	786	5.9%	758	3.7%
Net result	695	1,159	66.8%	711	63.0%
Group Net Debt	2,323	1,795	(22.7%)	2,322	(22.7%)
FOCF	635	826	30.1%	652	26.7%
ROI (*)	*12.2%*	*13.4%*	*1.2 p.p.*	*12.4%*	*1.0 p.p.*

(*) 2023 Restated figure as a result of the revision of KPIs.

The Group's business conducted through JVs and associates with strategic and financial importance (including GIE-ATR, MBDA, Hensoldt and Thales Alenia Space) is only reflected at the level of profitability ratios (EBITDA, EBITA, EBIT and Net Result) as a result of the valuation at equity and, from a financial point of view, limited to the dividends collected. In 2024 the Group strategic JVs and associates recorded total revenues of €bil. 3.0 (€bil. 2.8, of the Pro-forma figure in 2023), as concerns Leonardo's share: as a result, the Group's aggregate revenues would come to about €bil. 20.8 (€bil. 18.8 of the Pro-forma figure in 2023).

Below is a reconciliation of EBITA to the previous definition in order to allow for a comparison in continuity with previous years:

(€mil.)	2023	2023 Pro-forma	2024
EBITA (as previously defined)	**1,289**	**1,326**	**1,452**
Strategic investees amortisation of intangible assets acquired as part of business combinations	16	16	17
Strategic investees restructuring costs	4	1	10
Strategic investees non-recurring (income)/expenses	8	8	46
EBITA	**1,317**	**1,351**	**1,525**

For the definition of indices, reference should be made to the paragraph on "NON-GAAP Alternative Performance Indicators".

Commercial and business performance

New orders reached €bil. 20.9, showing a considerable growth compared to 2023 (+16.8%, +12.2% compared to the Pro-forma figure), albeit a lack of large orders, thanks to the major contribution given by Defence Electronics & Security, in all the main business areas of the European DES component and in that of the subsidiary Leonardo DRS, as well as of Helicopters, in the government and commercial fields. We also note an increase in the contribution given by Cyber & Security Solutions, and, in general, by all the business sectors in which the Group operates. The trend in New orders highlights the effectiveness of the Leonardo Group's commercial offer and the strengthening of its international footprint on an ongoing basis, in a context characterised by growing demand for defence and security products and solutions. The level of New orders corresponds to a book-to-bill (ratio of New orders to Revenues for the period) equal to about 1.2. The **Order Backlog** ensures a coverage in terms of equivalent production equal to 2.5 years, and exceeded the threshold of €bil. 44 in 2024, thanks to the success of the commercial campaigns carried out in the last years.

Revenues (€bil. 17.8, €bil. 16.0 in the Pro-forma figure of the comparative period) showed a significant increase compared to 2023 (+16.2%, +11.1% against the Pro-forma figure) in almost all business areas, particularly as a result of the workability of the order backlog and the gradual overcoming of difficulties encountered in the supply chain. Particularly significant is the contribution given by the Defence Electronics & Security in its European component, but particularly in the U.S., and by Helicopters.

EBITA (€mil. 1,525, €mil. 1,351 in the Pro-forma figure of the comparative period) reflected the sound performance of the Group's businesses, showing a sharp rise compared to 2023 (+15.8%, +12.9% against the Pro-forma figure), mainly as a result of an increase in business volumes. The solid performance in the Defence & Security business segment, particularly Electronics, and the acceleration of the savings plan, more than offset the effect of some negative external factors on both the Aerostructures performance and the Space manufacturing segment. The indicator, as defined above, equal to €mil. 1,452 (€mil. 1,326 in the Pro-forma figure of 2023), was in line with the set targets and was up from the previous year, thus confirming the positive impact of the actions envisaged in the business plan and despite the aforementioned difficulties.

Likewise, **EBIT,** equal to €mil. 1,271, recorded an increase (+17.1%, +13.8% against the Pro-forma figure of the comparative period) despite being affected by higher non-recurring one-off charges, mainly due to the effects deriving from the successful termination and settlement of contracts and projects related to previous years, and by higher amortisation of the Purchase Price Allocation mainly due to the first-time consolidation of the Telespazio Group partially offset by lower restructuring costs compared to the comparative period.

The **Net Result before extraordinary transactions,** amounting to €mil. 786 (€mil. 758 in the Pro-forma figure of the comparative period), benefitted from the improvement of EBIT and from lower net finance costs, partially offset by the higher taxation for the period.

The **Net Result** of €mil. 1,159 (€mil. 711 in the Pro-forma figure of the comparative period) mainly included, in addition to the Net Result before extraordinary transactions, the capital gain – equal to €mil. 366 – recognised after the fair value measurement of the Telespazio Group, carried out for the purposes of its consolidation on a line-by-line basis.

Reclassified income statement

(€ millions)	Note	2023	*2023 Proforma*	2024	*Change*	*% Change*
Revenues		15,291	*15,982*	17,763	2,472	16.2%
Purchase and personnel expenses	*1*	(13,532)		(15,767)		
Other net operating income/(expenses)	*2*	(30)		59		
Equity-accounted strategic investments (*)	*3*	182		164		
Amortisation, depreciation and write-offs	*4*	(594)		(694)		
EBITA (*)		**1,317**	***1,351***	**1,525**	**208**	**15.8%**
ROS (*)		*8.6%*	*8.5%*	*8.6%*	*0.0 p.p.*	
Non-recurring income/(expenses) (*)		(118)		(147)		
Restructuring costs (*)		(63)		(35)		
Amortisation of intangible assets acquired as part of business combinations (*)		(51)		(72)		
EBIT		**1,085**	***1,117***	**1,271**	**186**	**17.1%**
EBIT Margin		*7.1%*	*7.0%*	*7.2%*	*0.1 p.p.*	
Net financial income/(expenses)	*5*	(214)		(196)		
Income taxes		(129)		(289)		
Net result before extraordinary transactions		**742**	***758***	**786**	**44**	**5.9%**
Net result related to discontinued operations and extraordinary transactions	*6*	(47)		373		
Net result		**695**	***711***	**1,159**	**464**	**66.8%**

(*) 2023 Restated figure

Notes to the reconciliation between the reclassified income statement and the statutory income statement (for more details, reference should be made to the Note on "Non-GAAP alternative performance indicators"):

1 *Includes "Purchases and Personnel expense" (excluding restructuring costs and non-recurring costs) and "Accruals (reversals) for onerous contracts (final losses on orders)";*

2 *Includes the net amount of "Other operating income" and "Other operating expenses" (excluding restructuring costs, non-recurring income/(expense) and accruals (reversals) for onerous contracts (final losses on orders);*

3 *Includes the effects of the valuation, classified under the "Share of profits (losses) of equity-accounted investees", of strategic investments only. The valuation of strategic investments is determined by their net result attributable to the Group, excluding "Non-recurring income/(expenses)", "Restructuring costs," and "Amortisation of intangible assets acquired as part of business combinations," net of related tax effects;*

4 *Includes "Amortisation, depreciation and impairment losses and value adjustments to financial assets", excluding the amortisation charge referable to intangible assets acquired as part of business combinations, goodwill impairment and write-downs regarded as "Non-recurring costs";*

5. *Includes "Financial income", "Financial expenses" (net of the gains and losses relating to extraordinary transactions) and "Share of profits (losses) of equity-accounted investees" (net of the valuation of strategic investments);*

6. *Includes "Profit (loss) from discontinued operations" and gains and losses relating to extraordinary transactions (key acquisitions and disposals).*

Financial performance

The FOCF, amounting to €mil. 826, up by 30.1% compared to the 2023 figure of €mil. 635 (€mil. 652 in the Pro-forma figure) and in line with expectations, confirmed the positive trend that had already been highlighted in previous years. The results achieved benefitted from the actions aimed at strengthening the business performance, and the good cash-ins process, a tighter control on investments while supporting business growth, with ruthless prioritization and an effective financial strategy.

Reclassified cash flow statement

(€ millions)	*Note*	*2023*	*2023 Proforma*	*2024*	*Change*	*% Change*
Cash flows generated from operating activities	*1*	**1,206**		**1,562**	**356**	**29.5%**
Dividends received		186		148		
Cash flows from ordinary investing activities	*2*	(757)		(884)		
Free Operating Cash Flow (FOCF)		**635**	***652***	**826**	**191**	**30.1%**
Strategic transactions	*3*	352		(18)		
Change in other investing activities	*4*	(63)		(20)		
Net change in borrowings		71		(501)		
Dividends paid		(83)		(177)		
Net increase (decrease) in cash and cash equivalents		**912**		**110**		
Cash and cash equivalents at 1 January		1,511		2,407		
Exchange rate differences and other changes		(16)		39		
Cash and cash equivalents at 31 December		**2,407**		**2,556**		

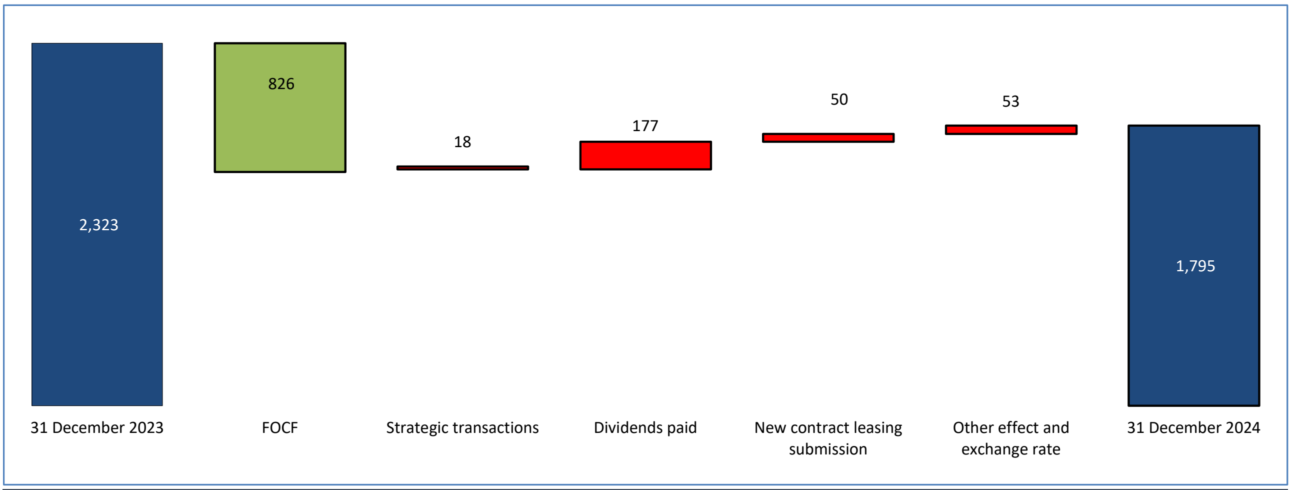
Notes on the reconciliation between the reclassified cash flow and the statutory cash flow:

1. *Includes "Cash flows generated from (used in) operating activities", excluding debt payments pursuant to Law 808/1985;*
2. *Includes "Cash flow generated from (used in) investing activities", including payments and receipts related to Law 808/1985, net of dividends collected;*
3. *Includes "Other investing or divesting activities" classified as "Strategic transactions";*
4. *Includes "Other investing or divesting activities", excluding dividends collected, the effect of transactions classified as "Strategic transactions" and receipts from Law 808/1985.*

The Group Net Debt, equal to €mil. 1,795, showed an improvement (22.7%) compared to 31 December 2023 (€mil. 2,323, €mil. 2,322 in the Pro-forma figure); the figure benefitted from strengthening the cash generation of the Group and from postponements in the "bolt-on" acquisition plan. The figure also includes the financial effects of the transactions that are described below:

- the dividend payment for €mil. 177 (of which €mil. 161 relating to Leonardo S.p.a.). It should be noted that the dividend paid in July 2024 by Leonardo S.p.a. doubled from the 2023 value, (€0.28 per share compared to €0.14 per share in 2023), in line with what was announced in the 2024-2028 Business Industrial Plan;
- the execution of new lease agreements for €mil. 50;
- the acquisition, which was completed in September 2024, concerning an additional 35% of GEM Elettronica S.r.l., for a consideration equal to about €mil. 16;
- the translation of foreign currency positions and other items.

Changes in Group Net Debt



Reclassified statement of financial position

(€ millions)	*Note*	*31 December 2023*	*2023 Proforma*	*31 December 2024*
Non-current assets		14,295		15,469
Non-current liabilities		(2,248)		(2,296)
Capital assets	*1*	**12,047**		**13,173**
Inventories	*2*	596		900
Trade receivables		3,685		3,838
Trade payables		(3,268)		(3,763)
Working capital		**1,013**		**975**
Provisions for short-term risks and charges		(1,087)		(1,018)
Other net current assets (liabilities)	*3*	(1,049)		(1,287)
Net working capital		**(1,123)**		**(1,330)**
Net invested capital		**10,924**		**11,843**
Equity attributable to the Owners of the Parent		7,800		8,990
Equity attributable to non-controlling interests		761		1,210
Equity		**8,561**		**10,200**
Group Net Debt		**2,323**	***2,322***	**1,795**
Net (assets)/liabilities held for sale	*4*	**40**		**(152)**

Notes to the reconciliation between the reclassified and the statutory statements of financial position (for more details, reference should be made to the Note on "Non-GAAP alternative performance indicators"):

1. *Includes all non-current assets and all non-current liabilities, excluding "Non-current loans and borrowings";*
2. *Includes "Inventories", "Contract Assets" and "Contract Liabilities";*
3. *Includes "Income tax receivables" and "Other current assets" (excluding "Hedging derivatives in respect of debt items"), net of "Income tax payables" and "Other current liabilities" (excluding "Hedging derivatives in respect of debt items");*
4. *Includes the net amount of "Non-current assets held for sale" and "Liabilities associated with assets held for sale".*

Group Net Debt

(€ millions)	31 December 2023	of which current	31 December 2024	of which current
Bonds	1,631	*635*	1,029	*530*
Bank debt	1,312	*87*	1,248	*67*
Cash and cash equivalents	(2,407)	*(2,407)*	(2,556)	*(2,556)*
Net bank debt and bonds	**536**		**(279)**	
Current loans and receivables from related parties	(183)	*(183)*	(330)	*(330)*
Other current loans and receivables	(22)	*(22)*	(22)	*(22)*
Current loans and receivables and securities	**(205)**		**(352)**	
Hedging derivatives in respect of debt items	6	*6*	3	*3*
Other related party borrowings	1,292	*1,192*	1,724	*1,624*
Lease liabilities	610	*79*	641	*85*
Other borrowings	84	*51*	58	*21*
Group Net Debt	**2,323**		**1,795**	

As at 31 December 2024, Leonardo S.p.A. had sources of liquidity available for a total of about €mil. 3,620 to meet the financing needs of the Group's recurring operations, broken down as follows:

- an ESG-linked Revolving Credit Facility for an amount of €mil. 1,800, expiring on 7 October 2026, initially equal to €mil. 2,400 and divided into two tranches, the first of which, equal to €mil. 600, expired on 7 October 2024;
- additional unconfirmed short-term lines of credit of about €mil. 820;
- a framework programme for the issue of commercial papers on the European market (Multi-Currency Commercial Paper Programme) for a maximum amount of €bil. 1 expiring on 2 August 2025.

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

Furthermore, Leonardo has unconfirmed lines of credit for a total of €mil. 11,419, of which €mil. 3,451, still available as at 31 December 2024.

Finally, other Group subsidiaries have the following credit facilities:

- Leonardo DRS has a Revolving Credit Facility for an amount of USDmil. 275 (€mil. 265), entirely unused at 31 December 2024;
- Leonardo US Corporation has short-term revocable credit lines, guaranteed by Leonardo S.p.a., for USDmil. 210 (€mil. 202), which were unused at 31 December 2024;
- Leonardo US Holding has short-term revocable credit lines, guaranteed by Leonardo S.p.a., for USDmil. 5 (€mil. 5), which were unused at 31 December 2024.

Sustainability performance indicators

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

	2023	2024	Change
Social			
Workforce (no.)	53,566	60,468	12.9%
Women on total workforce (%)	19.6	20.3	0.7 p.p.
Employees under 30 on total employees (%)	13.0	15.0	2.0 p.p.
Women in senior managerial positions on total senior managers (%)	15.1	17.7	2.6 p.p.
Hires under 30 on total hires (%)	48.7	50.5	1.8 p.p.
Women hires on total hires (%)	24.5	24.1	(0.4) p.p.
Women hires with STEM degree on total hires with STEM degree (%)	22.4	23.2	0.8 p.p.
Injury rate (injuries per 1,000,000 worked hours)	2.03	1.70	(16.5%)
Innovation			
Total R&D expenses (€ million)	2,201	2,490	13.1%
Computing power per capita (Gigaflops on no. of Italian employees)	199	222	12.0%
Data storage capacity per capita (Gigabyte on no. of Italian employees)	957	1,425	48.9%
Environmental			
Energy consumption (TJ)	5,311	5,377	1,2%
Water withdrawals (megaliters)	4,929	4,647	(5,7%)
Waste produced (tons)	33,065	32,555	(1,5%)
Scope 1 and 2 (market-based) CO2 emissions (ktons)	251	240	(4.4%)
Intensity of consumption of electricity withdrawn from external grid (kWh/€)	0.042	0.038	(9.1%)
Scope 1 and 2 CO2 emissions intensity on revenues (g/€) location based	27.7	22.6	(18.3%)
Scope 1 and 2 CO2 emissions intensity on revenues (g/€) market based	16.4	13.5	(17.7%)

In 2024 the workforce increased by 6,902 employees compared to 2023, including as a result of the consolidation of Telespazio on a line-by-line basis from 1 January 2024 (3,261 employees as at the date of consolidation). Growth is mainly divided between Italy (about +2,000), the United Kingdom (about +700), the United States (about +460) and Poland (about +390), thanks also to the stabilisation of the employment contracts. There were more than 7,000 new hires during the year.

In 2024, employees under 30 years of age accounted for 15.0% of total workforce (+2.0 p.p. compared to 2023), confirming the positive trend of last years (hires under 30 years of age on total hires rose by +1.8 p.p. compared to 2023), testifying to the continuous updating of skills in the Group.

The commitment to creating an environment which enhances gender equality is witnessed by both the increase in the number of female managers who achieved 17.7% of total managers, and the new female hires with STEM degrees, the ratio of which to total hires of workers with STEM degrees showed an increase compared to 2023 (+0.8 p.p.), standing at 23.2%.

The injury rate showed a reduction of 16.5% compared to 2023, confirming the improvements in last years.

Total R&D expenses increased by 13.1% compared to 2023 and accounted for about 14% of revenues. These expenses are allocated to both internal developments and external collaborations, which also involve the customers, with the objective of fuelling the product portfolio and improving competitiveness.

Computing power and data storage capacity per employee showed an increase (+12.0% and +48.9% compared to 2023, respectively), thanks to upgrading investments made in 2024. Moreover, implementation of further, significant upgrading is expected in 2025, in line with the Group's investment plan.

The environmental indicators related to water withdrawals and waste generated showed an improvement (by 5.7% and 1.5%, respectively), thanks to water network efficiency projects and waste reduction management measures, despite the increase in business volumes and the entry of the Telespazio Group into the scope of consolidation. The improvement in the aforesaid indicators confirms the company's commitment to reducing impacts, which is also expressed by the targets set out in the Sustainability Plan.

Energy consumption recorded a slight increase (+1% compared to 2023) linked to the Telespazio Group joining the scope of consolidation. On a like-for-like basis, there would in fact be a 2% reduction achieved thanks to the continuation of energy efficiency programmes that have made it possible to reduce the intensity of electricity drawn from the external grid despite higher production volumes.

Reduction of Scope 1 and 2 GHG emissions, achieved despite growth of business volumes, is mainly related to the continuation of the replacement of SF_6 gas with a gas with minimal environmental impact, used in a specific helicopter production process, the increase of the share of energy from renewable sources purchased from the grid, the substantial reduction of emission factors in some countries where Leonardo operates, and the efficiency of consumption and of some thermal plants. All this entails a substantial reduction in emissions intensity (-18.3% location based and -17.7% market based), also considering the increase in revenues compared to 2023.

In 2024 Leonardo achieved further important milestones on sustainability issues, including obtaining the validation of its decarbonisation targets from the Science-Based Targets initiative[19] and UNI/PdR125:2022 certification for gender equality[20], issued by RINA, confirming the validity of its strategy in favour of promoting an increasingly fair and inclusive working environment that favours equal opportunities. Finally, in 2024 Leonardo was confirmed in the Dow Jones Sustainability Indices (DJSI World and DJSI Europe) for the fifteenth consecutive year, maintaining the highest score in the Aerospace and Defence sector for the sixth consecutive year.

ESG financial planning and investment management

Leonardo's investments have a **direct and indirect impact on various industrial sectors and areas of society**, looking across the board at the needs of customers, citizens and territories and contributing to achieving the Sustainable Development Goals (SDGs).

Financial planning and investment choices are aimed at supporting the Group's Industrial Plan, while taking account of the identified risks and opportunities, the ongoing monitoring of market trends and binding and non-binding regulations, as well as stakeholder expectations. The evaluation and selection of investments takes into account strategic, economic-financial, technical, commercial and sustainability parameters.

Furthermore, within the scope of the participation in the CFO Coalition of the UN Global Compact, Leonardo supports the **Principles on Integrated SDG Investments and Finance** to contribute to creating a sustainable financial model for the prosperity of businesses and communities.

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[19] For more details, please see: Companies taking action - Science Based Targets Initiative.
[20] Relating to Leonardo SpA.

At the end of 2024, **64% of the total sources of financing** available to the Group are **linked to ESG parameters**. This result was achieved thanks to:

- the execution of the first ESG-linked Revolving Credit Facility, currently amounting to €bil. 1.8,
- the first ESG Term Loan, amounting to €mil. 600,
- the first ESG-linked loan granted by the European Investment Bank, amounting to €mil. 260.

All sources described above are linked to specific KPIs, including the reduction in CO_2 emissions through eco-efficiency of industrial processes, the promotion of female employment with STEM[21] background, and the increase in Leonardo's per capita computing power as a key enabler and booster in research, numerical simulation, big data analytics and artificial intelligence.

As regards capital allocation, Leonardo achieved, in the year, the objective of having more than 50% of investments in support of the SDGs out of a total investment value of approximately €mil. 900, including capitalised R&D expenses, capital expenditures (CapEx), Tooling and other investments in intangibles. In particular, the main impacts reported for the investments are linked to SDG 13 "Climate Action", SDG 9 "Industry, Innovation & Infrastructure" and SDG 12 "Responsible Consumption and Production", giving a direct contribution to strengthening innovation processes, developing the supply chain, creating skilled jobs and to continuous research into innovative solutions for the society, the environment and the safety of people, infrastructures, and territories.

[21] For more details, please see Industrial and Financial Transactions paragraph.

SEGMENT RESULTS AND OUTLOOK

- ✓ KEY PERFORMANCE INDICATORS BY SECTOR

1. HELICOPTERS
2. DEFENCE ELECTRONICS & SECURITY
3. CYBER & SECURITY SOLUTIONS
4. AIRCRAFT
5. AEROSTRUCTURES
6. SPACE

Key Performance Indicators by segment

As previously described, as from the date of this Integrated Annual Report, the composition of EBITA was revised in order to make the indicator more representative of the operational performance of the Group, which also operates in some sectors through investees that are regarded as being strategic. Following the new definition, impacting also EBITDA and the performance indicators ROS and ROI, the figures for the comparative period are provided in restated form in this section. The reclassification has no effects on other indicators.

The Key Performance Indicators of the business Sectors are reported below while pointing out that – starting from 1 January 2024 - the contribution from the line-by-line basis consolidation of the Telespazio Group is included in the Space sector. Furthermore, with the purpose of providing a representation of the Group performance increasingly in line with the corporate strategies and the underlying business trends, the Defence Electronics & Security and Cyber & Security Solutions sectors, which were aggregated in the 2023 Financial Statements within the Defence Electronics & Security only, are now recognised separately in this Integrated Annual Report. The Sectors' performance will be therefore represented and commented on with reference to the following operating sectors: Helicopters, Defence Electronics & Security, Cyber & Security Solutions, Aircraft, Aerostructures and Space (Helicopters, Defence Electronics & Security, Aircraft, Aerostructures and Space in the 2023 financial statements).

In order to make operating performance comparable, the indicators for the comparative period have been restated in this section for ease of comparison. With reference to the Space sector, the comparative period is presented on a Pro-forma basis, including the contribution given by the Telespazio Group.

	December 2023									
	New orders	*New orders Pro-forma*	Order backlog	*Order backlog Pro-forma*	Revenues	*Revenues Pro-forma*	EBITA (*)	*EBITA (*) Proforma*	ROS% (*)	*ROS % (*) Proforma*
Helicopters	5,513	5,513	14,426	14,426	4,725	4,725	422	422	8.9%	8.9%
Defence Electronics & Security	9,081	9,081	15,890	15,890	6,955	6,955	840	840	12.1%	12.1%
Cyber & Security Solutions	692	692	993	993	594	594	36	36	6.1%	6.1%
Aircraft	2,395	2,395	7,972	7,972	2,938	2,938	419	419	14.3%	14.3%
Aerostructures	644	644	1,095	1,095	636	636	(151)	(151)	(23.7%)	(23.7%)
- of which GIE ATR	*-*	*-*	-	-	-	*-*	*12*	*12*		
Space	-	763	-	1,393	-	701	20	54	n.a.	7.7%
Other activities	534	534	375	375	760	760	(269)	(269)	(35.4%)	(35.4%)
Eliminations	*(933)*	*(954)*	*(1,222)*	(1,241)	*(1,317)*	*(1,327)*	-	-	*n.a.*	*n.a.*
Total	**17,926**	**18,668**	**39,529**	**40,903**	**15,291**	**15,982**	**1,317**	**1,351**	**8.6%**	**8.5%**

	December 2024				
	New orders	Order backlog	Revenues	EBITA	ROS%
Helicopters	5,867	15,146	5,249	465	8.9%
Defence Electronics & Security	10,329	18,275	7,758	1,014	13.1%
Cyber & Security Solutions	833	1,091	648	49	7.6%
Aircraft	2,892	8,019	2,861	417	14.6%
Aerostructures	692	1,050	746	(151)	(20.2%)
- of which GIE ATR				*17*	
Space	957	1,722	906	31	3.4%
Other activities	704	314	1,007	(300)	(29.8%)
Eliminations	*(1,329)*	*(1,439)*	*(1,412)*	-	*n.a.*
Total	**20,945**	**44,178**	**17,763**	**1,525**	**8.6%**

	Change %									
	New orders	*New orders Pro-forma*	Order backlog	*Order backlog Pro-forma*	Revenues	*Revenues Pro-forma*	EBITA	*EBITA (*) Proforma*	ROS%	*ROS % (*) Proforma*
Helicopters	6.4%	6.4%	5.0%	5.0%	11.1%	11.1%	10.2%	10.2%	0.0 p.p.	0.0 p.p.
Defence Electronics & Security	13.7%	13.7%	15.0%	15.0%	11.5%	11.5%	20.7%	20.7%	1.0 p.p.	1.0 p.p.
Cyber & Security Solutions	20.4%	20.4%	9.9%	9.9%	9.1%	9.1%	36.1%	36.1%	1.5 p.p.	1.5 p.p.
Aircraft	20.8%	20.8%	0.6%	0.6%	(2.6%)	(2.6%)	(0.5%)	(0.5%)	0.3 p.p.	0.3 p.p.
Aerostructures	7.5%	7.5%	(4.1%)	(4.1%)	17.3%	17.3%	0.0%	0.0%	3.5 p.p.	3.5 p.p.
- of which GIE ATR							*41.7%*	*41.7%*		
Space	n.a.	25.4%	n.a.	23.6%	n.a.	29.2%	55.0%	(42.6%)	n.a.	(4.3) p.p.
Other activities	31.8%	31.8%	(16.3%)	(16.3%)	32.5%	32.5%	(11.5%)	(11.5%)	5.6 p.p.	5.6 p.p.
Eliminations	*(42.4%)*	*(39.3%)*	*(17.8%)*	*(16.0%)*	*(7.2%)*	*(6.4%)*	n.a.	n.a.	*n.a.*	*n.a.*
Total	**16.8%**	**12.2%**	**11.8%**	**8.0%**	**16.2%**	**11.1%**	**15.8%**	**12.9%**	**0.0 p.p.**	**0.1 p.p.**

(*) Restated figure

Leonardo confirms its growth path in all core areas of its business.

1. Helicopters

Leonardo is a leading group in some rotary-wing sectors at global level, delivering excellent products worldwide. In the defence sector, Leonardo has recognised expertise in multi-role (thanks to the development of dual-use platforms, as well as specialised ones), naval and combat applications, while its own leadership remains on a sound footing in various applications such as Emergency Medical Service (EMS) missions, Law Enforcement, offshore (Oil & Gas and Offshore Wind Farm) and passenger transport in the civil market. On this last front Leonardo relies on its well-established expertise gained over the years, in particular thanks to the AW109 models in the past and, more recently, the AW139, AW189 and AW169 models.

The 2024 performance confirms the positive trend in the Sector with New orders, Revenues and EBITA increasing compared to the previous year. 191 new helicopters were delivered during the period (185 in 2023).

New orders. New orders, amounting to €bil. 5.9, showed a 6.4% growth compared to 2023, due to major acquisitions in the commercial sphere, accompanied by significant contracts entered into with governments, thus confirming the success of the products in the portfolio. Major acquisitions in the period included:

- the order for additional 20 AW139 helicopters to be used in healthcare and search and rescue missions from the operator The Helicopter Company in Saudi Arabia;
- the contract signed with Galaxy Aerospace for 4 AW189 helicopters for the Malaysian Maritime Enforcement Agency (MMEA) for search and rescue missions;
- the contract aimed at the purchase of 4 AW149 helicopters and 4 AW169 helicopters by the Ministry of Defence of North Macedonia;
- orders for 20 AW189 helicopters for offshore transport from various customers in various geographical areas;
- purchase order in relation to the contract signed between NHIndustries and NAHEMA regarding the development and qualification of the Software Release 3 (SWR3) for the NH90 helicopter;
- the contract, signed under the Government-to-Government (G2G) agreement between Italy and Slovenia, for the supply of 6 AW139M multi-role helicopters to the Slovenian Defence Ministry;
- the contract with Boeing for the supply of additional 7 helicopters related to the MH-139 programme for the US Air Force;
- the contract with the Ministry of Climate Crisis and Civil Protection of Greece for the supply of 3 AW139 helicopters to be used in medical assistance missions, emergency rescue and transport of emergency response teams;
- the contract, acquired through NHIndustries, for Logistics Support (NOS) of the NH90 helicopter fleets of France and Germany.

Revenues. Revenues exceeded the amount of €bil. 5 for the first time, with significant growth over the previous year (+11.1%), mainly supported by increased activities on the dual use helicopter lines and on Customer Support, Services & Training (CSS&T).

EBITA. It showed an increase of about 10.2%, due to higher revenues, with profitability in line with the previous year.

Total market of the sector and 2025 Outlook

Market (*) 2024-2033	CAGR 2024-2033	Impact on the businesses in which Leonardo operates
		Civil sector:
€bil. 52	+3.1%	The civil/para-public market has fully recovered from the post-Covid downturn and has grown in recent years. This growth is expected to continue for several more years due to increased demand for Emergency Medical Services (EMS)), Law Enforcement, and Energy helicopters. The classes that will benefit most from this growth will mainly be Light Intermediate to Medium (those in the Leonardo AW Family). The market growth rate could potentially be affected by the persistence of some uncertainty factors, mainly related to supply chain issues.
		Defence sector:
€bil. 132	+2.9%	Military helicopter market forecasts show significant growth, driven by the need for advanced, multi-mission aircraft. This growth is driven by the need to modernise the fleet of helicopters, equipping them with advanced avionics, improved performance, and enhanced survivability, which are key to maintaining defence advantages at the strategic and tactical levels.

(*) deliveries of new helicopters only

Expectations for 2025 continue to show a positive trend of the Sector, with a stable high volume of new orders and continuous growth in revenues. Profitability is also confirmed at good levels thanks to actions aimed at containing costs and optimizing industrial processes.

Research, development and product engineering

Research into the field of helicopters as well is increasingly oriented towards sustainability, in line with the European Green Deal plan, which sets out a roadmap for environmental objectives for 2050. In taking part in European programs and through company investments, Leonardo is developing technologies and solutions to reduce emissions, and increase automation and electrification of aircraft; together with pervasive digitisation, this will have favourable impacts in terms of security, growth and profitability.

The main objective of the research is to study and develop technologies related to autonomy, reducing the workload of crew members and enabling more complex missions for rotary-wing platforms while improving the safety of operations. Leonardo intends to increase the capabilities of on-board autonomous functions applicable in various domains and platforms and in degraded environments, also making use of a Flight lab under development. Leonardo's strategic vision includes the development of an integrated simulation environment, with the goal of covering the growing need for an increasingly connected operational domain populated by various autonomous and connected platforms. Multi-domain interoperability is a primary requirement of future Vertical Take-Off and Landings (VTOL) systems capable of operating in connected and cyber-secure scenarios, collaborating with other assets (CUC-T Crewed-Uncrewed Teaming) with the goal of enhanced mission effectiveness, survivability, and advanced human-machine interface.

In addition, digitisation, including through the use of Digital Twin, enables the optimisation of the entire product's life cycle: from design, with the introduction of certification criteria supported by digital simulation (Certification-by-Simulation), to enhanced manufacturing systems (Digital Factory), and customer support, with the application of advanced algorithms for diagnostics and predictive logistics, and Training to improve and customise pilot training.

In the field of electrification, Leonardo aims to develop hybrid and Full-Electric propulsion solutions, through medium/long-term large-scale projects, eFUELS and H2 architecture. The authorisation to operate its fleet by using Sustainable Aviation Fuels (SAFs) is a further programme Leonardo is pursuing to reduce the environmental impact of its products: all models of Leonardo helicopters are currently compatible to fly with a SAF blend of up to 50%. Further developments in this area have led to the successful flight of an AW139 by using 100% SAFs, without any performance degradation compared to conventional fuel. These initiatives are also key to Leonardo's decarbonisation strategy with specific regard to reducing Scope 3 emissions[22].

Leonardo continued its work, co-leading with Airbus, the long-term "EU Next Generation Rotorcraft Technologies Project (ENGRT)" project, which aims to lay the foundation for the development of the next generation of European military rotary-wing aircraft, as part of the collaborative framework with key European industrial players funded by the European Defence Fund (EDF). Leonardo also focuses on the Tiltrotor architecture, since it is the only European player that has developed capabilities in this segment with the AW609. In 2024, Leonardo and Bell Textron signed a Memorandum of Understanding (MoU) to explore opportunities for collaboration in the field of Tiltrotor technologies, with a first concrete engagement in the NATO Next Generation Rotorcraft Capability (NGRC) study.

2. Defence Electronics & Security

As already described, starting from 2024 the Cyber & Security Solutions business was hived off from the Defence Electronics & Security (DES) sector, which included it until the 2023 Financial Statements, and now recognised separately.

Leonardo develops, manufactures and supports advanced solutions enabling the effectiveness of armed forces response in future multi-domain operational scenarios while being able to take on a different role depending on contexts and contracts, both as main contractor and integrator of complete systems, and as provider of sensors and apparatuses. In this sector, Leonardo participates in the main national strategic programmes, in major international collaborative programmes, and is a technology partner of Governments, armed forces and other companies in the sector, acting as a key player, with the ambition to become a European leader in providing capacity for multi-domain operations.

In the land domain, Leonardo is an integrator of complex systems, including systems and solutions for air defence and border surveillance, protection and counter-drone systems (C-UAS - Counter Unmanned Aircraft System), integrated suites for soldier and armoured vehicles, Active Electronically Scanned Array (AESA) radars, command and control systems for tactical and strategic applications, communication systems, optronic sensors, artillery systems and turrets for armoured vehicles and ammunition. In the field of Electronic Warfare (EW) systems for land applications, Leonardo's offering includes Cyber Electro Magnetic Activities/ Electronic CounterMeasure (CEMA/ECM) solutions and Modular Integrated Protection System (MIPS) solutions for vehicles. In addition, Leonardo is the national industry of reference on major land programs, including the Italian Army's recent modernisation programs (Armored Infantry Combat System - AICS and Main Battle Tank - MBT, through the new company with Rheinmetall), and Joint Operations Center, which supports the JOC-COVI Joint Operations Headquarters.

In the naval domain, Leonardo provides integrated systems for maritime combat and surveillance (including integration of counter-drone and unmanned systems), naval artillery and ammunition, AESA Radar systems, fire-control systems, communication systems, optronic sensors, including simulation and training solutions. In addition, Leonardo provides combat and communication systems for submarines, as well as naval sensors. On weapon systems, Leonardo provides small-, medium-, and large-calibre naval guns and guided ammunition solutions. Finally, Leonardo supports the development and demonstration of new Laser Directed-Energy Weapon (LDEW) systems for Italian and UK national customers, in cooperation with MBDA.

In the air domain, Leonardo creates high-performance integrated solutions for surveillance and combat, for the latest generation of manned and unmanned aircraft, proposing itself in the value chain both as an

[22] For more details, please see "Climate change and decarbonisation".

equipment supplier and as an integrator of "tier 1" manned and unmanned solutions. In the field of air defence systems, Leonardo supplies the Radar and launcher for the SAMPT-NG system and is also developing the Radar for "Space Situational Awareness" for the national customer.

In the field of Multi-Domain/Multi-platform/Multi-mission systems, in which electronics can weigh up to 50% of the value of the whole system, Leonardo makes next-generation radar and electro-optical sensor suites for surveillance and fire-control applications, integrated and interoperable communication-navigation-identification systems, integrated electronic warfare, avionics systems, scalable and modular next-generation cockpit&computing, and Training & Simulation systems, including in a multi-domain perspective.

The results for the period included New orders sharply increasing compared to the previous year, with a book to bill equal to 1.3. Revenues and EBITA, too, showed a considerable increase in all the main business areas, both of the European Electronics component and of the subsidiary Leonardo DRS. A positive contribution was given by strategic investees, with specific regard to MBDA.

Key Performance Indicators for the sector

December 2023	New orders	Revenues	EBITA (*)	ROS% (*)
Electronics Europe	5,886	4,379	588	13.4%
Leonardo DRS	3,251	2,613	252	9.7%
Eliminations	*(56)*	*(37)*	-	*n.a.*
Total	**9,081**	**6,955**	**840**	**12.1%**

December 2024	New orders	Revenues	EBITA	ROS%
Electronics Europe	6,582	4,791	714	14.9%
Leonardo DRS	3,766	2,988	300	10.0%
Eliminations	*(19)*	*(21)*	-	*n.a.*
Total	**10,329**	**7,758**	**1,014**	**13.1%**

Change %	New orders	Revenues	EBITA	ROS%
Electronics Europe	11.8%	9.4%	21.4%	1.5 p.p.
Leonardo DRS	15.8%	14.4%	19.0%	0.3 p.p.
Eliminations	*66.1%*	*43.2%*	*n.a.*	*n.a.*
Total	**13.7%**	**11.5%**	**20.7%**	**1.0 p.p.**

Average exchange rate €/USD: 1.0824 for 2024 and 1.0813 for 2023

(*) Restated figure

Leonardo DRS data in USD

	New orders	Revenues	EBITA	ROS%
DRS ($mil.) December 2023	3,516	2,826	273	9.7%
DRS ($mil.) December 2024	4,077	3,234	325	10.0%

New orders. These showed a sharp increase compared to the previous year (+13.7%). Major acquisitions in the period included:

For the European component:

- in the naval domain, the order for the supply and setup of combat systems falling within the broader programme to renew the surface patrol units of the Italian Navy;
- as for the Light Multirole Tactical Vehicle (LMTV) programme, the supply of new-generation Software Defined Radio (SDR) communication systems and the supply of satellite communication equipment, which will provide Satcom-On-The-Move (SOTM) capabilities;

- as part of the broader Blindo Centauro 2 programme, which aims to meet the needs of the Italian Army's line cavalry regiment, the order for the equipment of the last tranche of 28 units that will be equipped with, among other things, the HITFACT tower and Command and Control Communication systems;
- the order for the supply of Combat Systems that will equip the new-generation Minehunters Naval Units, highly innovative and able to perform a wide spectrum of missions. Among these, the securing of waterways and the control and protection of critical underwater infrastructures (i.e. oil&gas pipelines and maritime data networks) and the protection of cultural heritage and the marine environment;
- as part of the broader Safe Soldier ("Soldato Sicuro" or SIC) programme, the additional order for the renewal of the individual equipment of the land component of the Armed Forces;
- as part of the Eurofighter program, the contract for the HALCON 2 program, signed in December 2024, for the supply of 25 Eurofighter TYPHOON aircraft to the Spanish Air Force, intended to replace the EF-18M HORNETs currently in service at the Torrejòn and Zaragoza bases. The Electronics Division of Leonardo will be responsible for the supply of avionic equipment used in Flight Control, Navigation Control, Communication systems, as well as elements of the Avionic Cockpit and Attack/Navigation Computer, including the Crash Survival Memory Unit and the Identification Friend of Foe system. The supply also includes elements of the new antenna of the ECRS Mk1 radar, such as Chassis and Motherboard and related processors. Finally, Leonardo will supply the Defensive Aids Sub-System (DASS), which protects the Typhoon aircraft from infrared and radar-guided threats by providing the pilot with a complete tactical picture and equipping the aircraft with digital stealth capability achieved through advanced electronic deception techniques.

<u>The subsidiary Leonardo DRS recorded an excellent sales performance in both the U.S. and export markets:</u>

- the additional order, as part of the broader Ohio-submarine class Replacement Programme (ORP), to supply integrated electric propulsion components for the next-generation Columbia-class submarine for the US Navy;
- the order for the production of the Family of Weapon Sights – Individual (FWS-I), that are sights with wireless connectivity with vision systems mounted on helmets, including the enhanced night vision goggle-binocular (ENVG-B) and the new generation integrated vision system (IVAS);
- the order AROS 2.0 (Aerial Refueling Operator Station) for the production of systems that will be installed by the customer on new US Air Force KC-46 Pegasus tanker aircraft. AROS was designed for the aircraft to seat two operators at the front of the tanker using displays for each operator compared to legacy tankers that use a single boom operated seated or prone in the tail looking out a window;
- in the naval domain, the order for Naval Sea Systems Command (NAVSEA), responsible for research and development of naval equipment and vessels in the U.S. NAVY, for the production of AN/SPQ-9B radars for air and surface target detection.

<u>Revenues</u>. Volumes showed a significant increase compared to 2023, both in the European Electronics component, equal to 9.4%, and for the subsidiary Leonardo DRS, equal to 14.4%, as a result of the gradual and continuous increase in the order backlog.

<u>EBITA</u>. Profitability sharply increased in all the main business areas, mainly due to higher volumes from both the European Electronics component, despite greater pass-through activities, and from subsidiary Leonardo

DRS. A positive contribution was given by strategic investees to profitability in the perimeter, with specific regard to MBDA.

Total market of the sector and 2025 Outlook

Market 2024-2033	CAGR 2024-2033	Impact on the businesses in which Leonardo operates
€bil. 2,057	+3.2%	Defence sector: The Air domain is seeing the growth of electronic warfare systems, AESA radars, and multi-purpose/multi-mission Distributed EO/IR systems, which increasingly require secure, integrated and "broadband" communications. Live, Virtual and Constructive (LVC) training continues to be the main growth engine for the military simulation and training systems market. In the Land domain, we must note the growth in C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance), communication, radar and electronic warfare systems in the face of increasing geopolitical tensions and threats to security; there was also a growing demand for systems to counter threats from unmanned aircraft (Counter Unmanned Aerial Systems). The return to traditional scenarios has driven demand for Main Battle Tank (MBT), Infantry Fighting Vehicles (IFV)/Armoured Personnel Carrier (APC), artillery systems and ammunition, both in terms of modernisation and new purchases. In the Naval domain, fleet modernisation programs will drive demand for command and control systems for surface ships and submarines, and integrated solutions for radar, optronic and electronic warfare systems, including solution against new threats (e.g., counter-drone technology); furthermore, new programmes will drive demand for naval artillery, Close-in Weapon Systems (mainly in counter-drone function) and related ammunition. The general trend toward multi-domain operations also opens up new developments in the areas of sensor and system integration, data fusion, and data analysis and presentation, including through AI techniques.

For 2025 volume and profit margins are expected to growth in all the main business area in the European component, despite the different perimeter linked to the divestment of the Under Water business at the end of 2024, and a solid contribution from the interests in Joint Ventures. Regarding Leonardo DRS, business volumes are also expected to increase as a result of the level of acquisitions recorded in 2024 and a growing profitability supported by the transition into production of some programs and the expected improvement in profitability on Columbia class submarine program.

Research, development and product engineering

A fundamentally important challenge for the Defence Electronics & Security sector is to gain the utmost benefit from research and the latest technological innovations, many of which have come into being in commercial and civil contexts, with an increasing focus on the sovereignty of technologies, materials and security of the entire supply chain. To this effect, it is now paramount to implement artificial intelligence, big data analytics, quantum sensing and security, as well as to support innovation in the field of sensors, optronics, communications and technology processes.

In research, artificial intelligence is finding application in situational awareness and decision making, big data in predictive maintenance while quantum technologies are revolutionising navigation and secure communications. Digitisation with digital twin models is spreading into system design, advanced simulations and manufacturing processes. HPC and the cloud are key technology enablers for data processing and exchange in multi-domain products and services. Research is also active in the field of sensors and optronics, offering improved solutions for surveillance and target recognition, to which must be added the use of non-kinetic effectors for defence systems.

As for development, great importance is attached to national and international defence programmes, including: the sixth-generation GCAP fighter aircraft, the Eurofighter Typhoon for the Mid Life Update phase, the Armored Infantry Combat System (AICS), the Horizon-class naval units for the Mid-life Upgrade phase, the European FREMM multi-purpose frigates in Evolution version and PPX multipurpose Patrol vessels. It should also be noted that Leonardo participates in the European military research and development programmes, such as the European Defence Fund (EDF) programmes, with the aim to increase the competitiveness, efficiency and innovation of European Defence at both technological and industrial level and thus make it autonomous with respect to countries that are outside the European Union. To these must be added the European programs in the civil sector: for example, SESAR (Single European Sky ATM Research) is bringing benefits for the environment, flight capacity, cost efficiency, and safety with effects on the evolution of LeadInSky air traffic control centers of Leonardo.

Investments are aimed at a broad range of products and services: avionic, ground and naval radar systems, mission planning and command and control systems in the domains of air, land and sea, guided ammunition, development of ground and naval weapon and defence systems, integrated mission systems (including counter-drone technology), electronic warfare systems, laser and electro-optical systems, and integrated communication systems.

3. Cyber & Security Solutions

In the current environment, new digital technologies are key to global security, playing a fundamental role in protecting against growing threats, which are less traditional and more hybrid, and the progressive hyper-connection of systems.

The product-based approach and experience gained in Trusted Cybersecurity allow Leonardo to build proprietary solutions anchored in transformative technologies (such as AI, Cyber domain, Data Platform), with a focus on the strategic sectors of Defence, Space and Strategic Organisations, and structured into: Cyber & Resilience, proposing a new approach to protection and resilience enabled by the pervasive use of AI in military domains (including GCAP) and civilian, critical and interconnected contexts, as well as in converged IT/OT/IoT environments; Secure Digital Platforms, through data intelligence and monitoring solutions enabled by the use of trustworthy AI to extract maximum value from data, identify trends, prevent risks, support decision-making, and address emergencies, and a comprehensive offering for Cloud adoption and to manage, orchestrate, protect, and govern hybrid Cloud, multi-Cloud, and edge computing environments; Mission & Business Critical Communications, with a suite of products that leverages a broad spectrum of enabling technologies to support the evolution to next-generation broadband and operations. Furthermore, Leonardo, through its Global Cybersec Center, provides AI-driven services and cyber security expertise to monitor customers' IT ecosystems on an ongoing basis, to support them in preventing cyber-critical events, to detect and manage any possible vulnerabilities, and to propose fast and efficient recovery & remediation procedures.

The Cyber Security & Solutions business segment, recognised from 2024 separately from Defence Electronics & Security, showed sharply increased volumes and profitability compared to the previous year.

New orders. New orders, equal to €mil. 833, showed significant growth compared to 2023 (+20.4%), with a book to bill of 1.3. Major acquisitions in the period included:

- as part of the activities related to the Defence & Government Business, the order for the formation of the Joint Operations Center (JOC) of the Joint Operations Headquarters (COVI) of the Italian Defence, through the setting up of Operations Rooms and Data Centres and the development of functionalities such as Joint Common Operational Picture (JCOP), Political Military Economic Social Information Infrastructure (PMESII) and Information Knowledge Management (IKM);

- the order aimed at developing new and innovative solutions for the National Agricultural Information System (NAIS), implementing rules envisaged by the EU's Common Agricultural Policy in in terms of recognition towards the demand of Italian farmers, also introducing principles of safety and Cloud orientation;
- Various orders as part of the broader Polo Strategico Nazionale (PSN) project aimed at supporting Public Administration companies in their digital transformation by adopting a Cloud model, rationalising Data Centres and adapting connectivity by increasing the level of security of managed data;
- the order related to Phase V of the System of Support for Investigations and Territorial Control (SICOTE) Program, which will contribute to enhancing the operational capabilities of the Carabinieri Corps in its institutional tasks of controlling the territory and combating crime. The adoption of these new systems, also supported by tools based on Artificial Intelligence, will ensure full technical-operational integration with the technologies already implemented, constituting an additional and valuable tool to support investigations and prevention.

Revenues. Business volumes showed a considerable increase compared to the same period of 2023 (+9.1%), also as a result of higher orders of the period.

EBITA. This was up mainly due to higher volumes and increased operating profitability.

Total market of the sector and 2025 Outlook

Market (*) 2024-2033	CAGR 2024-2033	Impact on the businesses in which Leonardo operates
€bil. 1,920	+11.7%	Civil & Defence sectors: Demand was steadily growing, particularly in the cyber security and cloud solutions segments, driven by increasing needs in terms of physical and digital protection, critical infrastructure and institutions. Drivers for business development include the heavy use of Artificial Intelligence (AI) and the increasing interconnection between cyber and space domains.

Business volumes are expected to grow in 2025, partly as a result of the good level of acquisitions in the year just ended, as is expected of operating profitability.

Research, development and product engineering

In the field of cyber security and resilience, Leonardo continues to invest in expanding its portfolio of cyber threat protection products and services that include: cyber threat detection and response (Cyber Situational Awareness and End Point Protection); intelligence products and services (cyber threat intelligence); managed services for passive and active defence (Global Cybersec Center); and products and services for simulation (Digital Twin) and training (Cyber Range). Data collection, management and exploitation are key to the offerings in the area of secure digital platforms ranging from global monitoring of critical infrastructure to secure cloud. In the field of "mission-critical" communications, the transition from narrowband to broadband networks is underway, maintaining their interoperability. In this area, developments are directed towards the adoption of the new secure cloud infrastructures.

In the field of artificial intelligence, Leonardo is setting the AI technology development process based on four distinctive factors:

- STABLE-AI: (Secure, Transparent, Accountable, Balanced, Lawful, Ethical): a proprietary approach applied to models and datasets to create technologies that integrate security by design, robustness, accountability, and compliance with applicable standards and regulations;
- INDUSTRIALIZED-AI: end-to-end process, supported by advanced tools and specialist expertise, aimed at industrialising technologies, ensuring scalability and reliability of solutions;
- SPECIALIZED-AI: vertical application of AI algorithms in our core application domains - Data Intelligence, Computer Vision and Cyber - in order to implement and contextualise the technology, ensuring its efficiency and effectiveness;
- INNOVATIVE-AI: ongoing technological research aimed at the development and implementation of new models and architectures based on cutting-edge approaches, through collaboration with research institutions and laboratories.

Digital and quantum technologies complement technological development and contribute to the study of paradigms essential for the development of new secure distributed platforms.

4. Aircraft

In the defence segment, there is an increase in demand, particularly for training and combat aircraft, driven by growing international tensions and the technological evolution of platforms with increasing operational capabilities in hostile environments, levels of interoperability and security against cyber attacks, as well as collaboration with drones at different levels of complexity for use in multi-domain operations.

Leonardo confirms itself as a leading player in the field of defence aircraft and international collaboration programmes, contributing, at various levels, to all generations of air platforms: from the Eurofighter Typhoon fighter, which remains, with more than 600 aircraft produced and over 700 aircraft on order, one of the most highly regarded IV+ generation multi-role fighters, to the production with final assembly and logistic support of the F-35 generation V multi-role fighter, and the GCAP, which will constitute a "system of systems", developed in collaboration with the United Kingdom and Japan, scheduled to enter service from 2035.

Leonardo also provides integrated training solutions for fighter pilots with cutting-edge proprietary products such as the M-346 aircraft and the International Flight Training School (IFTS), born from the collaboration with the Italian Air Force. Leonardo also produces platforms such as multi-mission aircraft through the ATR Special Version family, the C-27J tactical aircraft, which is also equipped with fire-fighting capabilities, and unmanned persistent surveillance platforms, as well as advanced logistics services.

The Aircraft sector showed a significant increase in New orders and further improvement in business profitability, which had recorded high levels as early as in previous years. From a production point of view:

- for the military programmes of the Aircraft division 51 wings were delivered to Lockheed Martin for the F-35 programme (against 43 delivered in 2023) and 13 fuselages to the Eurofighter consortium and 13 wings for the Typhoon programme (against 9 fuselages and 11 wings delivered in 2023);
- with regard to the Kuwait EFA aircraft, 2 aircraft were delivered, compared to 9 in the previous year, in line with arrangements with the Customer. However, the Division completed the plan for the preparation of the machines planned for the year.

New orders. New orders, equal to €bil. 2.9, showed significant growth of 20.8% compared to 2023. Major acquisitions in the period included:

- the contract for the supply of 25 Typhoon aircraft for the Spanish government in relation to the Halcón II programme,

- the contract for the supply of 16 EFA aircraft (first tranche) and 2 ASTORE systems for the Italian Air Force,
- the first tranche of the M-346 order in PAN (*Pattuglia Acrobatica Nazionale*, National Aerobatic Team) configuration.

The high contribution of customer support activities for the Proprietary Platforms and International Collaboration programmes was also confirmed.

Revenues. They remained substantially in line with 2023 (-2.6%), excluding the reduction in pass-through activities due to the natural evolution of mass production - EFA Kuwait in particular - and despite the postponement of some orders to the subsequent year in relation to export campaigns of the Proprietary Platforms.

EBITA. It was substantially in line with the previous year, with a further improvement in profitability that largely offset the effects of the slight decline in revenues.

Total market of the sector and 2025 outlook

Market (*) 2024-2033	CAGR 2024-2033	Impact on the businesses in which Leonardo operates
Defence €bil. 945	+9.0%	Defence sector: More than half of the world's demand for military aircraft will be next-generation combat aircraft such as the F-35, GCAP and Future Combat Air System (FCAS/SCAF), mainly concentrated in the US, Indo-Pacific region and Europe. Ther was growing demand for unmanned platforms, especially in the high-end segments. At the same time, demand for special version aircraft will also grow, driven by the need for ISR aircraft to support surveillance operations and secure airspace.

(*) The "Defence" market includes manned and unmanned aircraft, net of logistic support services.

2025 confirms the high profitability seen in recent years supported by the solid performance of international collaboration programs and predicts growth from a commercial perspective in the proprietary platform business.

Research, development and product engineering

In the aeronautics sector, products increasingly evolve towards complex systems that integrate high-tech components and systems and enable their functionality, even within highly integrated and cyber resilient multi-domain environments. The next generation of aeronautical products/systems will need to be able to meet even more stringent requirements in terms of product quality, cost competitiveness and sustainability across the lifecycle. It is in this context that the technology upgrade and development initiatives affecting some of Leonardo's key sectors such as trainers (M345 and M346), fighter aircraft (EFA and F-35), and the tactical (C-27J) family of transport aircraft are included.

In fact, R&D activities have also been extended to the implementation of methodologies and the development of technologies that foster a reduction in environmental impact and the application of circular economy logics; this approach has also been implemented at the production sites[23].

Research in aeronautics related to AI covers both the mission phases in which the aircraft becomes a crucial element of a system of systems to assist the pilot in data management, and operations related to logistics,

[23] For more details, please see "Environmental information".

predictive maintenance and fleet management. The use of AI is also envisaged in training with features adaptive to the pilot's own readiness.

The development and deployment of a digital twin optimises, through continuous simulations, all phases of the product life cycle, starting from the design and production phase with related manufacturing processes through to the service phase, for which the Digital Twin makes it possible to monitor the health of on-board equipment, and thus to organise maintenance work. In addition, mechanisms for mission planning and decision-making aid in cooperative missions are being studied in the field of autonomy, including through the implementation of a Digital Assistant to the pilot.

Leonardo is committed to actively supporting technological transformation and growth with research investments financed in the civil sector at national (Aerospace City - Turin) and European (Clean Aviation) level, aimed at producing technologies capable of enabling the development of solutions with reduced environmental impact in line with the principles of the Green Deal, and at developing innovative solutions in the Defence sector by enhancing the opportunities of the European Defence Fund.

5. Aerostructures

Following a gradual recovery, the civil aviation sector has returned to pre-Covid traffic levels after a crisis that affected the wide-body aircraft segment more than others. The sector’s recovery is also driving the search for increasingly eco-sustainable solutions from a Green Deal perspective.

In the segment of aerostructures, Leonardo plays a key role in the supply of large structural components both in traditional materials (aluminium alloys) and in advanced materials (composites and hybrids), for the commercial aviation programmes of the main world manufacturers Boeing and Airbus, for 787, 767, A321 and A220 aircraft, respectively, as well as for the production of ATR aircraft.

Despite difficulties outside to the division, which continue to impact the growth of the B787 program, 2024 saw a higher OEMs’ demand, which led to a gradual increase in production and deliveries, partly due to the gradual overcoming of difficulties experienced at all levels of the supply chain. From an industrial point of view, 49 fuselage sections and 28 stabilisers were delivered under the B787 programme (39 fuselages and 32 stabilisers were delivered in 2023) and 34 fuselages were delivered under the ATR programme (31 in 2023).

For the GIE ATR consortium 35 aircraft were delivered compared to 36 recorded in the previous year.

Key Performance Indicators for the sector

December 2023	New orders	Revenues	EBITA (*)	ROS% (*)
Aerostructures	644	636	(163)	(25.6%)
GIE ATR	-	-	12	n.a.
Total	**644**	**636**	**(151)**	**(23.7%)**
December 2024	**New orders**	**Revenues**	**EBITA**	**ROS%**
Aerostructures	692	746	(168)	(22.5%)
GIE ATR	-	-	17	n.a.
Total	**692**	**746**	**(151)**	**(20.2%)**
Change %	**New orders**	**Revenues**	**EBITA**	**ROS%**
Aerostructures	7.5%	17.3%	(3.1%)	3.1 p.p.
GIE ATR	n.a.	n.a.	41.7%	n.a.
Total	**7.5%**	**17.3%**	**0.0%**	**3.5 p.p.**

(*) Restated figure

New orders. There was a commercial performance above 2023 for the B787 series in connection with the expected upturn in demand from Boeing. A slight increase was also recorded for programmes with the GIE ATR consortium and with Airbus.

Revenues. Revenues showed growth compared to 2023 (+17.3%) as a result of increased activities on B787 and A321 programmes.

EBITA. The Aerostructures Division reported EBITA that was slightly lower than the result in 2023, since the greater absorption for the increase in production hours partially offset the increase in production costs due to inflationary phenomena. With regard to the GIE ATR Consortium, the performance remained in line with the previous year as a result of increased customer support activities.

Total market of the sector and 2025 outlook

Market (*) 2024-2033	CAGR 2024-2033	Impact on the businesses in which Leonardo operates
Civil sector €bil. 2,675	+7.0%	Civil sector: In line with the recovery of global traffic, which returned to pre-COVID levels in 2024, the projections for the period under consideration indicate a steady growth in the civil aviation market evidenced by higher values, both in absolute terms and growth rate, compared to the estimates of previous years. The expected increase in deliveries of civil aircraft as a result of increased demand for air transport will have a direct impact on the demand for aerostructures.

(*) The Aerostructures sector market coincides with the civil aviation market, thus including commercial aircraft, with their respective aerostructures and components, net of MRO services.

An improvement in the performance of the Aerostructures Division is expected in 2025, linked to higher forecasted Boeing (i.e. B787) and Airbus (A220 particularly) deliveries. An increase in GIE ATR consortium deliveries is expected compared to previous years, which have been affected by the issues caused by the supply chain.

Research, development and product engineering

The Aerostructures sector paid great attention to the research and innovation work envisaged under the Sustainability Plan in the aeronautical sector, with particular focus on both the improvement of the current manufacturing and assembly processes, and the study and development of new processes, such as recycling for epoxy matrix composites reinforced with carbon fiber, and Out-of-Autoclave (OoA) manufacturing operations characterised by a high production rate, high automation, low cost and reduced energy consumption[24].

In the field of recycling projects, pyro-gasification processes are being studied in order to recover fibres from waste or end-of-life thermosetting composite materials, and analyses are underway which are aimed at the potential reuse of these fibres within Leonardo products, ensuring advanced performance, and compatibility with safety and sustainability requirements.

At the same time, activities are in progress to develop innovative tools for laminating composite materials, including by using additive processes. The goal is to create low-cost and recyclable assembly platforms and equipment, aiming in particular at reducing times and non-recurring costs in the start-up phases of new programmes and prototyping activities, as well as reducing environmental impact. Furthermore, the gradual

[24] For more details, please see "Environmental information".

replacement of harmful chemicals used in aviation with REACH-compliant alternatives is underway, thus ensuring greater sustainability and a lower environmental footprint.

With regard to the use of AI, studies are underway on acoustic analysis for applications in the field of production prediction, as well as ultrasonic acoustic analysis in the field of non-destructive testing (NDT) and cutting and drilling tool wear. Artificial Intelligence systems are also being studied and evaluated on images for defect detection.

Leonardo's additional actions relate to major projects to transform production sites into smart factories, such as the NEMESI project, which digitises and automates the manufacturing processes of ATR aircraft, and the LAMPO project, which aims to automate the assembly and advanced repair of composites.

Leonardo actively participates in major EU programmes, such as Clean Aviation, which aim to reduce emissions and improve the energy efficiency of commercial aircraft, thus strengthening its commitment to decarbonisation in the aviation sector and a sustainable future.

6. Space

The sector is of supreme importance, both in the civil and in the defence segment. With regard to the civil aviation segment, space technology enables the ongoing monitoring of the planet's resources, both natural and artificial, in addition to offering connectivity and localisation solutions in remote areas, thus ensuring access to basic services for communities and connecting activities and citizens. In the military aviation segment, the space domain is assuming an increasingly important role in ensuring the protection of national interests and security. The space market is divided between upstream (manufacturing of space and ground-based systems), midstream (manufacturing of launch systems and services, satellite operations services) and downstream (end-user services, including communication, geoinformation, navigation and related infrastructure) activities.

Leonardo develops and manufactures essential components of space systems, such as electro-optical payloads for Earth observation and planetary exploration (e.g. COSMO SkyMed, PRISMA, Aeolus, FLEX, ExoMars, Euclid, Juice, VIGIL IRIDE), as well as altitude sensors and atomic clocks, which are required for satellite navigation systems (e.g. Galileo), robotic systems (e.g. driller and robotic arms), in addition to various equipment used in the most important missions of the world's leading space agencies. Furthermore, Leonardo also operates in the sector through the Space Alliance with Thales, with its subsidiary Telespazio and the Thales Alenia Space JV, as well as with its investment in Avio. Specifically, Telespazio offers a wide range of services and solutions in the main operational domains of the space market – from the design and development of ground systems to the operation of satellite launch and in-orbit control services, from communications to navigation, from Earth observation to space exploration. These services support the company in several activities: from secure communications to emergency management, and logistics, from monitoring fleets to monitoring critical infrastructure and hazardous sites, from precision agriculture to civil protection, from the prevention of hydrogeological instability and support in caring for architectural sites to monitoring natural resources and pollution. Thales Alenia Space is a leading European player in the field of space systems manufacturing and integration, offering design and integration of telecommunication, earth observation and navigation satellites, as well as solutions recognised as European and international excellence in the field of exploration. Finally, Avio is active in the launch systems sector, offering both complete solutions for access to space in low orbit and propulsion systems for major European launch systems, as well as solutions and components for satellite propulsion.

The performance in 2024 showed a robust level of New orders, in the face of the good performance recorded in 2023 thanks to the positive effects of the National Recovery and Resilience Plan (NRRP). Profitability showed a decline as a result of the difficulties in the commercial telecommunication segment of the investee Thales Alenia Space.

New orders. Major acquisitions included:

- for the service segment of the subsidiary Telespazio:
    - the order for the preliminary activities under the LCNS (Lunar Communication and Navigation System, better known as MoonLight) programme with the European Space Agency;
    - the order for the two-year provision of engineering services for the European Space Agency (ESTEC Directorate in the Netherlands);
    - the orders for the supply of goods and services for satellite communications, with the European Defence Agency (EDA);
    - the order for the supply of an infrastructure for Deep Space Antenna missions, with the Italian Space Agency;
    - the ESA NRRP IRIDE Services Phase 2 order for the development of services within the IRIDE programme, with the European Space Agency;
    - the order for the provision of engineering services to the EU Agency for the Space Programme (EUSPA);
- for the manufacturing segment of the Space business line of Leonardo S.p.a.:
    - the order for the phase 2 of the Rubidium POP EQM project aimed at developing a new atomic clock with ESA;
    - the order from Airbus related to the creation of on-board power control and distribution unit (MPCV PCDU ESM 4-9) of the European Service Module, i.e. the Orion spacecraft service module;
    - the VIGIL order aimed at creating an instrument for monitoring solar storms, whose customer is Airbus;
    - the Comet Interceptor order for the construction of the camera and instruments to take measurements of the comet;
    - the order for the realisation of the micro-propulsion system for the Laser Interferometer Space Antenna (LISA) mission.

Revenues. We must note, for the subsidiary Telespazio, higher volumes thanks to the contribution given by all the Lines of Business, the Satellite Systems and Operations, SatCom and Geo Information Lobs, particularly on institutional programmes.

EBITA. In the service segment, the subsidiary Telespazio recorded an increasing operating result compared to that of last year and ROS of 10%, thanks to the boost of higher production volumes and in the presence of sustained profit margins in line with historical performance, despite competitive market pressures. The Space business unit of Leonardo S.p.a. recorded a positive performance supported by increasing volumes of revenues.

We must also note that the performance of Thales Alenia Space was still affected by significant increases in development costs related to the commercial telecommunication business.

In order to highlight the contribution to the Space Sector from Leonardo's consolidated companies, below is reported the performance of the Space business of Leonardo SpA and of the Telespazio group at 31 December 2024:

December 2023	New orders	Revenues	EBITA (*)	ROS% (*)
Space	763	701	54	7.7%
- of which Leonardo's Business Space and Telespazio Group	*763*	*701*	*66*	*9.4%*
December 2024	**New orders**	**Revenues**	**EBITA**	**ROS%**
Space	957	906	31	3.4%
- of which Leonardo's Business Space and Telespazio Group	*957*	*906*	*80*	*8.8%*

(*) Restated figure

Total market of the sector and 2025 Outlook

Market 2024-2033	CAGR 2024-2033	Impact on the businesses in which Leonardo operates
€bil. 1,697	+5.4%	Manufacturing: the market is growing slightly, driven by demand for increasingly small, efficient and high-performance satellite constellations of lower complexity while there is a reduction in demand for large satellites, mainly in the Satcom domain. Demand is also emerging for solutions related to interplanetary exploration (e.g. satellites, cargo and human transport facilities). Services: Due to the ever-increasing need for global security, space services are still growing. In particular, there is an increase in demand related to mobile and broadband connectivity solutions, a boost related to the increasing demand for predictive analysis linked to the monitoring of the planet and critical infrastructures, and a new focus on the protection of space assets, to guarantee and protect national and supranational investments. Further benefits are expected in the latter part of the period from the opening up of the market for solutions and services for Moon exploration missions.

2025 confirms the growth trend in the commercial business and consequently in volumes, with particular reference to the satellite communications segment. In the manufacturing business, Thales Alenia Space's performance is expected to recover from the critical issues experienced in 2024 due to the increased cost of developing of the commercial telecommunications business.

Research, development and product engineering

Space infrastructure and technology are an enabling factor, through new services and applications, for the attainment of each of the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda. The various geo-information applications and services that Leonardo is able to provide, in fact, have a strong environmental and social impact. The fact that there is such a variety of possible applications shows that Space is, and will continue to be, an area of steadily increasing development with a continuous increase in players and services, with civil and military applications, borne witness to by the rapidly growing numbers of private firms operating in all segments of space and which also develop launching or transport technologies that were the prerogative of governments for years; these newcomers are now starting to show that they have greater and greater business potential for communication and surveillance of critical asset on the ground, both in military and civil sectors, while governments and space agencies increasingly focus their attention on space exploration and the possible exploitation of extraplanetary resources, taking into high consideration the protection of space assets that will contribute thereto. For this purpose, Leonardo has started various studies and research in the most significant technological fields. In fact, AI is being used for on-board processing of satellites, for instance, for the analysis of hyperspectral data and to achieve greater situational awareness. On the service side, too, AI is being used as a data processing aid for weather prediction and infrastructure monitoring.

Digital Twin technologies form the basis of the geospatial modelling required for Digital Twin Earth, the main purpose of which is the monitoring and construction of simulation scenarios relating to different subject areas. The Davinci 1 HPC is already being used to provide geospatial services with critical data latency, and cloud and HPC technologies are also being investigated on board a constellation of cyber-secure satellites orbiting the Earth.

In the area of satellite communications, the Group has initiated research studies for the creation of the infrastructure for quantum key exchange in Europe. However, quantum technologies are also the basis for studies and research into highly accurate sensors and time measurement.

In the area of space robotics and autonomy, Leonardo is engaged in the definition of a broad portfolio of In Orbit Services (IOS), which includes operations such as space debris removal, raising the operational altitude of active platforms, changing the orbit of satellites, maintaining in visibility from Earth for Geosatellites, in-orbit refuelling, spare parts transportation with installation and removal of obsolete or damaged equipment, and in-orbit inspection or assembly. The IOS service portfolio also includes the development of the platform for management from Earth. Finally, the definition of OTT (Over The Top) services dedicated to future space exploration activities proves to be of considerable importance.

"NON-GAAP" ALTERNATIVE PERFORMANCE INDICATORS

Leonardo's 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 impacts of the volatility associated with non-recurring, extraordinary items or items unrelated to ordinary operations. As noted above, as from the date of this Integrated Annual Report, these components are deducted, net of the tax effect, from the Leonardo Group's share of the net result of strategic investees, classified within EBITA, consistently with the treatment applied to fully consolidated companies.

As required by CONSOB Communication no. 0092543 of 3 December 2015 in adopting the ESMA 2015/1415 guidelines on alternative performance indicators, below is a description of the components of each of these indicators.

- **New orders*:*** this includes contracts entered into with customers during the period that have commercial substance and represent an obligation for both parties to fulfil the contract.
- **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 (excluding amortisation of intangible assets from business combinations), depreciation 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, including the Group's share, net of tax, of the strategic investees;
  - 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, including the Group's share, net of tax, of the strategic investees;
  - 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.), including the Group's share, net of tax, of the strategic investees;
  - other non-recurring or unusual costs or income, i.e., connected to particularly significant or exceptional events that are not related to the ordinary performance of the business. The item includes charges incurred during M&A transactions, charges linked to disposed businesses and/or products and systems, and the recognition of losses on contracts that have become onerous as a result of non-operating events, including the Group's share, net of tax, of the strategic investees.

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 (the reconciliation by segment is reported in Note 8 of the consolidated financial statements):

(€ millions)	2023	2023 Pro-forma	2024
Income before tax and financial expenses	931	992	1,180
Effect on extraordinary transactions	-	-	-
Equity-accounted strategic investments	154	125	91
EBIT	**1,085**	**1,117**	**1,271**
Amortisation of intangible assets acquired as part of business combinations	51	51	72
Restructuring costs	63	65	35
Non-recurring income	118	118	147
EBITA	**1,317**	**1,351**	**1,525**

Non-recurring costs for the period included the effect of the final settlement of disputes and positive termination of contracts, entered into in previous years, and concerning the construction of the Al Bayt stadium in DOHA with GSIC and PSC and to the supply of an air traffic radar control system with the customer Nav Canada, respectively. Specifically, with reference to the DOHA order, after the double transaction occurred at the end of June 2024, which was related to the arbitration proceedings against the general contractor GSIC and the dispute brought before the Court of Rome against PSC, Leonardo obtained a considerable part of the sum recognised in the arbitration award and recorded charges in respect of the remainder and of legal and accessory expenses, equal to a net amount of about €mil. 32. With reference to Nav Canada, on 2 August 2024 the parties reached a settlement agreement based on which Leonardo accounted for non-recurring charges for €mil. 35 in respect of the remaining values in the net working capital. The item also includes non-recurring expenses incurred by strategic investees, for the share attributable to Leonardo and net of the tax effect, amounting to about €mil. 46.

In 2023, non-recurring expenses included some preliminary valuation estimates related to ongoing pre-litigation with the Norwegian customer - in the amount of €mil. 44, against the residual amounts recognised in net working capital - and related to the DOHA contract - in the amount of €mil. 47, including the estimate of related legal fees, in addition to non-recurring charges equal to about €mil. 8 incurred by the strategic investees, in relation to Leonardo's share and after taxes.

The amortisation of the Purchase Price Allocation included the component connected with the first-time consolidation of the Telespazio Group starting from 1 January 2024, equal to about €mil. 20.

The restructuring costs for the previous year are made up of €mil. 20, relating to the additions to the early retirement of the Corporate and Staff functions' workforce and €mil. 18 of the Aerostructure division's workforce.

- **Return on Sales (ROS):** this is calculated as the ratio of EBITA to revenue**.**
- **EBIT**: this is obtained by adding to Income before tax and financial expenses (defined as earnings before "financial income and expense", "share of profits (losses) of equity-accounted investees", "income taxes" and "Profit (loss) from discontinued operations") the Group's share of profit in the results of its strategic investees (MBDA, GIE ATR, Thales and Hensoldt), reported in the "share of profits (losses) of equity-accounted investees".
- **Net result before extraordinary transactions**: this is the Net Result before the result from discontinued operations and the effects of the extraordinary transactions (key acquisitions and disposals). Below is the reconciliation:

(€ millions)	2023	2024
Net result	695	1,159
Net result of Discontinued Operations	-	(2)
Effect on extraordinary transactions	47	(371)
Net result before extraordinary transactions	**742**	**786**

- **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 foreign exchange derivatives covering financial debt items.
- **Free Operating Cash-Flow (FOCF)**: this is the sum of the cash flows generated by (used in) operating activities (excluding the changes in the Group Net Debt), the cash flows generated by (used in) ordinary investing activities (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”), dividends received and collections received pursuant to Law 808/1985. 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.
- **Funds From Operations (FFO)**: this is cash flow generated by (used in) operating activities net of changes in working capital and the repayment of debts under Law 808/1985, included within “Cash flow from ordinary investing activities” in the reclassified statement of cash flows. The FFO also includes dividends received.
- **Net interest*:*** this is calculated as the sum of the items “Interest”, “Premiums (paid) received on IRSs” and “Commissions on borrowings” (see the Note on “Financial income and expense” of the consolidated financial statements).

Below are also provided the reconciliation statements between the items in the reclassified tables reported in the Report on Operations and the accounting statements shown in the notes to consolidated financial statements:

	Scheme	PPA amortis.	Restruct. and non recurring costs	Strategic Investees	Onereous contracts (losses at completion)	Extraord. transactions.	Reclassified scheme
Revenues	17,763						17,763
Purchase and personnel expenses	(15,747)		39		(59)		(15,767)
Other net operating income/(expenses)	(59)		59		59		59
Equity-accounted strategic investments				164			164
Amortisation, depreciation and write-offs	(777)	55	28				(694)
EBITA							**1,525**
Non-recurring income/(expenses)			(101)	(46)			(147)
Restructuring costs			(25)	(10)			(35)
Amortisation of intangible assets acquired as part of business combinations		(55)		(17)			(72)
EBIT							**1,271**
Net financial income/(expenses)	266			(91)		(371)	(196)
Income taxes	(289)						(289)
Net result before extraordinary transactions							**786**
Net result related to discontinued operations and extraordinary transactions	2					371	373
Net result	**1,159**						**1,159**

	Scheme	Financial receivables and cash	Financial payables	Hedging derivatives on debt items	Reclassified scheme
Non-current assets	15,469				15,469
Non-current liabilities	(4,669)		2,373		(2,296)
Capital assets					**13,173**
Current assets	17,914	(2,908)		(1)	15,005
Current liabilities	(18,666)		2,327	4	(16,335)
Net working capital					**(1,330)**
Total equity	10,200				**10,200**
Group Net Debt		(2,908)	4,700	3	**1,795**
Net (assets)/liabilities held for sale	(152)				**(152)**

	Scheme	Dividends received	Royalties / Law no. 808 payables and receipts	Strategic investments	Reclassified scheme
Cash flows generated (used) from operating activities	1,541		21		1,562
Dividends received		148			148
Investments in property, plant and equipment and intangible assets	(895)				
Sales of property, plant and equipment and intangible assets	16				
Cash flows from ordinary investing activities	(879)		(5)		(884)
Free Operating Cash Flow (FOCF)					**826**
Strategic transactions				(18)	(18)
Other investing activities	126	(148)	(16)	18	(20)
Cash flows generated (used) from investing activities	**(753)**				
Bond redemption	(600)				
BEI Loan	(38)				
Net change in other borrowings	137				
Net change in borrowings	(501)				(501)
Dividends paid	(177)				(177)
Cash flows generated (used) from financing activities	**(678)**				
Net increase (decrease) in cash and cash equivalents	110				110
Exchange rate differences and other changes	39				39
Cash and cash equivalents at 1 January	2,407				2,407
Cash and cash equivalents at 31 December	**2,556**				**2,556**

INDUSTRIAL AND FINANCIAL TRANSACTIONS

Industrial transactions. Below are the main industrial transactions occurred during 2024:

- ***Consolidation of the Telespazio Group.*** Following the amendments to the arrangements originally provided for in the "Space Alliance" with Thales signed at the start of 2024, the Telespazio Group was consolidated on a line-by-line basis by Leonardo starting from 1 January 2024. The transaction brought a capital gain for the Leonardo Group equal to about €mil. 366, recognised following the fair value measurement of the investment previously held in the Telespazio Group, in addition to goodwill recognised for about €mil. 502.
- ***Acquisition of Alea.*** In April 2024, Leonardo finalised the acquisition of the remaining 30% of the quota capital of Alea S.r.l., with a total disbursement of about €mil. 1.5. Leonardo entered the quota capital of Alea in 2021, signing an agreement to acquire 70% of the quota capital with an option for a subsequent future acquisition of the remaining portion.
- ***Disposal of the Underwater Armaments & Systems (UAS) business.*** In May 2024, Leonardo signed a binding agreement to sell the Underwater Armaments & Systems (UAS) line of business to Fincantieri for an amount based on an Enterprise Value comprising a fixed component of €mil. 300, subject to usual price adjustment mechanisms, plus a variable component of up to €mil. 115, subject to the achievement of certain 2024 performance targets. The closing of the transaction took place on 14 January 2025, with the payment of the first tranche of the acquisition price, equal to €mil. 287.
- ***Sale of Industria Italiana Autobus.*** In June 2024, Leonardo signed an agreement to definitively sell its stake in Industria Italiana Autobus to Seri Industrial S.p.A.. The transaction was concluded on 11 July 2024.
- ***Acquisition of GEM Elettronica*****.** In September 2024, Leonardo acquired an additional 35% of GEM Elettronica S.r.l. ("GEM"), for a consideration of about €mil. 16. Following the closing, Leonardo S.p.a. now holds 65% of the quota capital and acquired control over the company, which was consequently consolidated on a line-by-line basis starting from the acquisition date. Leonardo will be also entitled to acquire an additional 35% within three years through a call/put mechanism.
- ***Partnership with Rheinmetall.*** On 15 October 2024, Leonardo and Rheinmetall signed an agreement with the aim of forming a new European nucleus for the development and production of military combat vehicles in Europe which followed a corresponding Memorandum of Understanding (MoU) signed on 3 July 2024. As part of this agreement, on 24 February 2025 the parties established Leonardo Rheinmetall Military Vehicles S.r.l., equally held by the two partners, the primary objective being the industrial development and subsequent commercialization of the new Main Battle Tank (MBT) and the new Lynx Platform for the Armoured Infantry Combat System (AICS), within the Italian Army's ground systems programs.
- ***Agreement on the creation of the joint venture for the Global Combat Air Programme (GCAP).*** In December 2024, Leonardo, BAE Systems and Japan Aircraft Industrial Enhancement Co Ltd (JAIEC) reached an agreement to establish a joint venture for the development of the Global Combat Air Programme (GCAP). The joint venture, headquartered in the United Kingdom, will be equally owned by the three partners (33.3% each), and will be responsible for the design, development and operation of the sixth-generation combat aircraft, with the aim of putting the aircraft into service by 2035. In addition, the first CEO of the joint venture will be appointed by the Italian partner.
- ***Partnership with Baykar.*** On 6 March 2025, Leonardo and Baykar Technologies signed a Memorandum of Understanding for the development of unmanned technologies, the main aim of

which will be the design, development, manufacturing and maintenance of unmanned air systems. The arrangement is based on industrial synergies and complementarity between the two companies in the technology sector.

Financial transactions. No new transaction was carried out on the capital markets during 2024. However, in June 2024 Leonardo S.p.a. repaid €mil. 600 of the bond issued in June 2017, which had reached its natural expiry.

Furthermore, in May the EMTN (Euro Medium Term Note) programme was renewed for further 12 months, which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4. At the date of this report, the Programme could be still used for €mil. 3,000.

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

Financial covenants are also included both in the ESG-linked Revolving Credit Facility and in the Term Loan ESG-linked signed in 2021, which provide for compliance by Leonardo with two financial ratios (Group Net Debt, excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities/EBITDA, including amortisation of the rights of use) of not more than 3.75 and an EBITDA (including amortisation of the rights of use)/Net interest ratio of not less than 3.25), which are tested on an annual basis on consolidated data. In relation to this Integrated Annual Report financial covenants have been complied with in full: the two indicators amount to -0.1 and 36.6, respectively.

These covenants, which are always tested on an annual basis, are also included in the loan agreement with CDP for €mil. 100, as well as in any and all EIB loans in place (the latter had been used for a total amount of €mil. 444 as at 31 December 2024).

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

- Reduction in CO2 emissions of the Group; such KPI is included in the RCF and in the Term Loan signed in 2021 as well as in the Sustainability-Linked Loan granted by the European Investment Bank in 2022;
- Promotion of female employment with STEM degrees; such KPI is included in the RCF and in the Term Loan signed in 2021;
- Increase in per capita computing power of the Group; such KPI is included in the Sustainability-Linked Loan granted by the European Investment Bank in 2022.

Financial covenants, in line with U.S. standard practices, are also provided for in bank loans granted in favour of Leonardo DRS, following its listing on the market. Such financial ratios (Net debt / adj. EBITA no higher than 3.75 and adj. EBITA /Net interest no lower than 3.0, to be determined based on the data obtainable from the US GAAP financial statements of the Leonardo DRS Group) were also met at 31 December 2024.

Outstanding bond issues (equal to a nominal amount of €mil. 1,000) are given a medium/long-term financial credit rating by the international rating agencies: Moody's, Standard & Poor's and Fitch. In this regard, it should be noted that:

- in August 2024, mainly bearing in mind the solid results achieved by Leonardo in the first six months of 2024 and of the prospective resilient performance in 2025 based on the deleveraging target, on the growth of the defense industry and, accordingly, on the expected improvement of the credit metrics, Standard&Poor's confirmed the "BBB-" rating and upgraded the outlook on Leonardo, which passed from "stable" to "positive";
- in November 2024, following the strengthening of the Group's main financial KPIs and prospects for further improvements, the resilience of the business in a complex economic and geopolitical environment, and a regulated financial policy focused on deleveraging, Fitch confirmed its "BBB-" rating and revised the outlook on Leonardo from "stable" to "positive".

At the date of presentation of this report, Leonardo's credit ratings, compared to those preceding the last change, were then as follows:

Agency	Last update	Previous		Updated	
		Credit Rating	*Outlook*	*Credit Rating*	*Outlook*
Moody's	May 2023	Ba1	positive	Baa3	stable
Standard&Poor's	August 2024	BBB-	stable	BBB-	positive
Fitch	November 2024	BBB-	stable	BBB-	positive

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

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

OTHER INFORMATION

- OTHER PERFORMANCE INDICATORS
- RELATED PARTY TRANSACTIONS
- CONSOB – MARKET REGULATION NO. 20249/2017, ART. 15
- INFORMATION PURSUANT TO ARTICLES 70 AND 71 OF ISSUERS' REGULATIONS

OTHER PERFORMANCE INDICATORS

	2023	2024	Change
FFO	1,441	1,985	37.8%
Net Interest	(95)	(58)	38.9%

For the definition of indices, reference should be made to the paragraph on "NON-GAAP Alternative Performance Indicators".

RELATED-PARTY TRANSACTIONS

In 2010 Leonardo adopted a specific "Procedure for Related Parties Transactions" (hereinafter referred to as the "Procedure"), which was mostly recently updated in July 2024 pursuant to CONSOB Regulation no. 17221 of 12 March 2010, as amended and supplemented, containing provisions on "related party transactions" (hereinafter referred to as the "Regulation"), as well as in implementation of Article 2391-*bis* of the Italian Civil Code. The abovementioned Procedure is available on the Company's website (www.leonardo.com, under Corporate Governance section, "Related Parties" area").

Pursuant to Article 5.8 of the Regulation, it should be noted that no transaction of greater importance (as defined by Article 4.1.a of the Regulation) and identified by the abovementioned Procedure pursuant to Annex 3 attached to the Regulation was carried out during 2024, nor were carried out other related-party transactions which considerably impacted on the consolidated financial position or on the results of the Leonardo Group in the reporting period.

No changes or developments occurred with respect to the related-party transactions described in the 2023 Report on operations.

CONSOB – MARKET REGULATION NO. 20249/2017, ARTICLE 15

In accordance with CONSOB provisions contained in the Market Regulation adopted by CONSOB Resolution no. 20249 of 28 December 2017 and subsequently updated by the latest amendments made by Resolution no. 21624 of 10 December 2020, Leonardo S.p.a. performed the verifications on the Group subsidiaries that were incorporated and are governed under the laws of non-EU Member States and that, as a result, were deemed “material” based on the requirements under Article 151 of the Issuers’ Regulations adopted with CONSOB Resolution no. 11971 of 14 May 1999, as amended by CONSOB Resolution no. 2214421639 of 22 December 2021. As regards the non-EU foreign subsidiaries (Leonardo DRS Inc., Leonardo US Holding LLC., AgustaWestland Philadelphia Co., Leonardo UK Ltd) identified based on the above regulations and in compliance with the provisions of local laws, these verifications revealed that the administrative and accounting system, which oversees the preparation of Financial Reports, falls within the scope of a control environment that is effectively operating and substantially suitable to the requirements envisaged in said Article 15. Therefore, it is not necessary to prepare an adaptation plan pursuant to the abovementioned article.

INFORMATION PURSUANT TO ARTICLES 70 AND 71 OF ISSUERS’ REGULATIONS

By resolution of the Board of Directors on 23 January 2013, the Company adopted the simplification regime under Articles 70/8 and 71/1-*bis* of the Issuers’ Regulations, adopted with CONSOB Resolution no. 11971/1999, as subsequently amended and supplemented. By this resolution, the Company chose the option to make exceptions to the obligation to issue the documents required by the law when transactions of greater importance (such as mergers, spin-offs, capital increases by means of the contribution of assets in kind, acquisitions or disposals) occur.

PART 2 – Consolidated Sustainability Statement (CSS) pursuant to Italian Legislative Decree 125/2024

GENERAL INFORMATION

- ✓ GENERAL REPORTING CRITERIA
- ✓ GOVERNANCE
- ✓ STRATEGY AND STAKEHOLDER ENGAGEMENT
- ✓ MANAGING IMPACTS, RISKS AND OPPORTUNITIES – DOUBLE MATERIALITY
- ✓ SUSTAINABILITY MANAGEMENT POLICY

General reporting criteria

Preparation of the CSS

The Consolidated Sustainability Statement (CSS) is prepared in accordance with Legislative Decree 125/2024 and forms an integral part of the Report on Operations included in the 2024 Integrated Annual Report. The CSS is prepared annually in accordance with the European Sustainability Reporting Standards (ESRS). In particular, the double materiality analysis, whose process and related results are set out in the following section, takes into consideration the ESRS datapoints, which include, where appropriate, considerations on the value chain, as well as on the company's direct operations.

CSS structure

The CSS is structured into the 4 sections “General Information”, “Environmental Information”, “Social Information” and “Governance Information”, in accordance with *Appendix D: Structure of the ESRS sustainability statement* of ESRS 1 “General requirements”. In addition, certain information required by ESRS 2 “General disclosures” referring to the strategy and business model has been reported in “PART 1 - GROUP PROFILE, STRATEGY AND RESULTS” of the Report on Operations in order to facilitate the connection with financial reporting. Finally, it should be noted that within the “Social Information” section, disclosures are made concerning the impacts, risks and opportunities related to the issues of “Innovation” and “Supply chain development”, which are essential issues of Leonardo's commitment to contribute to the global security of citizens and communities in general, that have emerged as relevant from the double materiality analysis[25].

Features of disclosures

The information provided in the CSS and in the related “Annex to the Report on Operations - Note of the CSS”, which is an integral part of the Report on Operations, meets the qualitative requirements set forth in Appendix B of ESRS 1, i.e.: relevance, faithful representation, comparability, verifiability, understandability. The time intervals for the short, medium and long term used are those provided in ESRS 1 “General requirements” (1 year, up to 5 years, and over 5 years respectively) unless otherwise stated in the document. Unless otherwise stated, the information reported is compared at least with the previous reporting period. Any estimates or assumptions, corrections of errors or restatements of metrics or targets are disclosed in the document[26]. All forward-looking disclosures are the result of reasonable assumptions made by Leonardo's management but, due to their nature, are inherently characterised by elements of uncertainty.

The datapoints referring to the expected financial effects are partially not covered in this CSS in order to allow Leonardo to carry out a more complete analysis and evaluation of them, in accordance with Appendix C: List of phased-in Disclosure Requirements of ESRS 1.

Some data/information provided in previous editions of the Integrated Annual Report on sustainability performance, linked to the aspects that emerged as relevant from the double materiality analysis, is available in the “Annex to the Report on Operations – Note of CSS”.

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[25] Please see “Managing impacts, risks and opportunities – double materiality”.

[26] In particular, the environmental performance referred to the last months of the year was, in some cases, subject to estimation. The estimate adopted varies depending on the circumstances and the type of KPI, and may be linear or based on specific evaluations related to the business and the expected operating performance. Any estimates and calculation methods referring to the value chain are indicated in detail in the document.

Scope of consolidation and approval

The CSS refers to the fiscal year 2024 (1 January 2024 - 31 December 2024) and is submitted for approval by Leonardo's Board of Directors' meeting held on 11 March 2025. The Sustainability and Innovation Committee and the Control and Risks Committee reviewed the general layout of the Consolidated Sustainability Report, as well as the completeness and transparency of disclosures, and issued a prior opinion for approval by the Board of Directors.

The scope of consolidation includes companies consolidated line-by-line in the financial statements (for a complete list of the companies included in the scope of the consolidated financial statements, please refer to the paragraph "Annex: Consolidation Area")[27].

As from the 2025 financial year, some of the Group's subsidiaries will fall within the scope of application of Legislative Decree 125/2024 and may take advantage of the exemption clause set forth in Article 7 of the same Decree. These companies are listed starting from 2025 in this Integrated Annual Report as required by ESRS 2 BP-1 dp 5 b ii.

Starting from 1 January 2024 the Telespazio Group joined the consolidation perimeter of Leonardo, therefore part of the changes compared to the previous year can be attributed to this circumstance, as precisely reported in the document, as applicable.

Other reporting frameworks and standards

For the sake of completeness of sustainability reporting and continuity of disclosure with respect to previous years, the Integrated Annual Report is also drawn up by taking into consideration the Integrated Reporting Framework, the standards of the Sustainability Accounting Standards Board (SASB) for the Aerospace & Defence sector, as published by the International Sustainability Standards Board (ISSB) in December 2023[28], the Sustainable Development Goals (SDGs), and the Ten Principles of the United Nations Global Compact. The statement of reconciliation against SASB standards is published in the "Content index" section of the "Annex to the Report on Operations – Note of CSS".

Independent audit

In compliance with Legislative Decree 125/2024, the CSS was subject to limited review, except for the information on the indicators provided in section "SASB Content Index", in accordance with the provisions of the Standard on Sustainability Assurance Engagement – SSAE (Italy).

In addition, with reference to FY2024 and for the fourth consecutive year, a selection of indicators (shown below) has been subjected to comprehensive examination (reasonable assurance) in accordance with the provisions of the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB). The indicators subjected to full examination are listed below.

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[27] The document also includes information related to the value chain where available and consistent with the findings of the dual materiality analysis. For further details, please refer to the dedicated chapters.

[28] The Integrated Reporting Framework and the standards issued by the Sustainability Accounting Standards Board (SASB) were merged within the IFRS Foundation with the work completed, in August 2022, on the consolidation of the Value Reporting Foundation (VRF), which, in turn, had been created in June 2021 through the merger of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB). The International Sustainability Standards Board (ISSB), created within the IFRS Foundation to develop sustainability-related disclosure standards, promotes the use of both of them. In December 2023, ISSB published an updated version of the SASB standards in order to improve their applicability at an international level, regardless of the reference jurisdiction while at the same time not altering their structure or purpose.

- **E1-5 Energy consumption and mix** - as required by DPs 37 (a, b and c), 39, 40 and 41
- **E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions** - as required by DPs 48 (a) and 49 (a and b)
- **CO2 emission intensity Scopes I and II on revenues (grams/euros) - location-based** (KPI Entity specific) - with regard to DR E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, DPs 53 and 54
- **Water withdrawals** (KPI Entity specific) - with regard to DR E3-4 Water consumption, DP 28 (a)
- **E5-5 Resource outflows** - as required by DP 37 (a)
- **S1-6 Characteristics of the undertaking's employees** - as required by DP 50 (c) with the addition of total new hires by gender and age group (KPI Entity specific) and STEM women out of total new hires in the STEM area (KPI Entity specific)
- **S1-14 Health and safety metrics** - as required by DP 88 (c)
- **S1-13 Training and skills development metrics** - as required by DP 83 (b)
- **S1-9 Diversity metrics** - as required by DP 66 (a and b) with the addition of the breakdown by job category and gender (KPI Entity specific).

For additional information about the scope of the audit work and the procedures performed by the independent auditors, reference should be made to the “Independent Auditors’ Report on the CSS as of 31 December 2024” included in the document. The information summarised in the ESRS Content Index is included in the scope of the limited assurance engagement. The document is published on the Company’s website at www.leonardo.com.

Reporting scope

The 2024 environmental reporting scope[29] covered 129 sites around the world. The scope has been based on the materiality of the environmental impact from operating sites, the number of employees of Leonardo SpA’s and its subsidiaries consolidated on a line-by-line basis. In order to ensure consistency with the consolidation criteria of the Consolidated Financial Statements, the Group’s environmental data do not include those of the joint ventures, over which Leonardo does not exercise operational control. The personnel and other social and governance information reporting scope corresponds to 100% of companies consolidated on a line-by-line basis in the 2024 Consolidated Financial Statements. Any possible limitations are set out from time to time in this document.

Sites covered by the environmental reporting scope

	2023	2024
Italy	55	60
United Kingdom	7	8
United States	30	27
Poland	1	1
Rest of the World	18	33
Total sites	**111**	**129**

[29] Environmental data, as reported through the Group's web-based system (and in particular those relating to energy consumption), were obtained through: direct measurements (e.g., meters and consumption measurement systems); calculations (e.g., bills; purchase orders/invoices); estimates based on the number of employees and/or activities carried out. In particular, with regard to emissions into the atmosphere, where sites have monitoring systems (e.g., industrial sites), these are calculated from laboratory analyses carried out during the year. If these analyses are not carried out (e.g., at office sites and/or in cases where the production processes conducted are not characterised by emissions into the atmosphere), the Group's reporting system automatically calculates the NO_X and SO_2 emissions produced, based on the annual consumption of methane and diesel fuel for the production of energy/heat and emission coefficients available in literature.

Governance

The role of the administrative, management and supervisory bodies with regards to sustainability topics

Pursuant to the Corporate Governance Code and its company Rules, the Board of Directors examines and approves the strategic and industrial plans of the Company and the Group, including based on the analysis of material topics, periodically monitors the implementation of the industrial plan and defines the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations any and all elements that may be relevant to the generation of long-term value[30].

Specifically, the Board of Directors, assisted by the Board Committees, promotes the integration of sustainability into the Group's strategies and business, and carries out the analysis of material topics relevant to Leonardo. In particular, the Board of Directors, assisted by the Sustainability and Innovation Committee and the Control and Risks Committee, sets out the key guidelines on sustainability and monitors the pursuit of sustainability objectives.

The role of Board committees

The **Sustainability and Innovation Committee**, which is composed of five non-executive directors, mostly independent, establishes whether the Sustainability Plan objectives have been pursued, and examines the general approach of the CSS, in collaboration with the Control and Risks Committee. It also monitors interactions with ESG stakeholders and Leonardo's positioning in ESG ratings and Sustainability indices.

The **Control and Risks Committee**, composed of five non-executive directors, mostly independent, provides opinions to the Board of Directors on, among other things, the assessment of: (i) the management of risks, including medium- and long-term risks, so that the main risks[31] are properly identified, as well as adequately measured, managed and monitored; (ii) the determination of the degree of compatibility of these risks with a management that is consistent with the set strategic objectives.

The Control and Risks Committee also examines, in agreement with the Sustainability and Innovation Committee, the content of periodic non-financial reporting insofar as relevant to the internal control and risk management system.

The Board of Statutory Auditors, as part of the performance of the broader functions it has been vested with under the legal system, oversees compliance with law, including the statutory requirements prescribed on CSS, including the reporting standards, monitoring of the CSS and related attestation of compliance.

On an annual basis, the Board of Directors and the Board of Statutory Auditors carry out - each on its own behalf and autonomously - a self-assessment process on their functioning, as well as on their composition, also taking into account the specific skills and experience represented within the two bodies, including those relevant to sustainability. The Directors and Statutory Auditors participate in induction sessions, including on the basis of the results of these self-assessments[32], which are aimed at deepening, sometimes with the

[30] For more information on the composition of the governing and control bodies and their competences, please refer to the chapter "Governance information".
[31] Including, in coordination with the Sustainability and Innovation Committee, any risks that are relevant from a sustainability perspective.
[32] For more details, please see the chapter "Governance information".

support of experts, their knowledge of the Group's activities and businesses, as well as of any material topics with a view to creating long-term value.

In order to strengthen the sustainability governance system, in addition to emphasising sustainability in the remuneration policy as set out below, Leonardo has adopted a Sustainability Operational Model (i.e. a Group Directive), which sets out actions, roles and responsibilities to ensure the integration of sustainability into its business[33]. In this regard, the organisational structure of the Chief Sustainability Officer, reporting directly to the CEO and General Manager, is responsible for integrating sustainability throughout the business value chain. Specifically, on the basis of the impacts, risks and opportunities identified through the double materiality analysis[34], it designs the strategy, which includes environmental, social and governance topics, and related objectives, drafts the Sustainability Plan[35], in line with the Group's Industrial Plan, and sets out and monitors the relevant KPIs for sustainability performance planning. Within the framework of the Model, the Sustainability Managers, appointed in the Group's Divisions, Corporate functions and investee companies, are the point of reference for the management of sustainability work within their related organisations: they are involved in the process of defining, implementing and monitoring the Sustainability Plan and targets, give actual implementation to sustainability-related objectives, in line with the Group's strategy. The preparation of the Consolidated Sustainability Report, an integral part of the Integrated Annual Report, is managed under the responsibility of the Chief Financial Officer (CFO), who acts as the Officer in charge of financial reporting pursuant to Legislative Decree 125/2024.

In 2024, during the meetings of the Sustainability and Innovation Committee, there was the analysis of issues related to sustainability strategy and the Sustainability Plan 2024-2028, the progress of sustainability projects and goals, and the Group's decarbonisation strategy. The Committee also reviewed the overall approach, completeness and transparency of the CSS[36], as well as monitored the double materiality process, receiving detailed information and disclosures on outcomes and impacts, risks and opportunities relevant to Leonardo.

Integration of sustainability-related performance in incentive schemes

The objective of the remuneration and incentive policy in 2024 was to attract and motivate people with the professional skills to carry out assignments and fulfil responsibilities assigned to them, in line with the management's interests and with the priority objective of creating value. To do this, the policy has been designed in order to ensure a balance between the variable component of remuneration and the fixed one, while also establishing a balance between short- and long-term incentives, and an alignment of the remuneration and incentive system with the pursuit of long-term interests (in terms of both economic-financial performance and ESG), ensuring that the variable component is connected with the results achieved and paying great attention to the objectivity of metrics used to measure performance. Specifically, long-term remuneration of the CEO and General Manager and of the Top Management, approved by the Board of Directors, is 10% linked to the achievement of Scope 1 and 2 market-based CO_2 emission reduction targets, calculated as intensity on revenues, and to the increased hiring of women with STEM degrees with two payout ranges (50% minimum target, 100% full target). In parallel, short-term remuneration is, on the whole,

[33] For more details, please also see the Remuneration Report 2024: Remuneration | Leonardo.

[34] For more details on the double materiality analysis and its findings, please see the paragraph "Managing impacts, risks and opportunities – double materiality".

[35] And coordinates the related initiatives, including those related to the development of the supply chain.

[36] For more details on the activities carried out during the year on the part of the Sustainability and Innovation Committee, and the issues it has dealt with, please see the Corporate Governance Report 2025: Corporate Governance Report | Leonardo.

10% dependent on Leonardo's inclusion in the Dow Jones Sustainability Indices and the accident frequency Index (with on/off payout)[37].

In addition to the Chief Executive Officer, population involved in the Short-Term Incentive Plan (MBO) is equal to about 1,070 Group executives, including Managers with Strategic Responsibilities and Top Managers of Leonardo. Population involved in the Long-Term Incentive Plan is equal to about 250 Group executives, including Managers with Strategic Responsibilities and Top Managers of Leonardo. Starting from 2021, middle managers in Italy have been assigned a bonus target[38].

10% of long-term variable remuneration and **10%** of short-term variable remuneration linked to sustainability objectives	**97.4%** favourable votes cast by the 2024Shareholders' Meeting on Remuneration Policy	**37x** ratio of total CEO remuneration to employees' median remuneration

Due diligence

Leonardo's sustainability due diligence process is rooted in the Group's double materiality analysis; for any updates, reference should be made to the relevant section. Requirements for sustainability due diligence and risk management are also integrated into business processes through company policies, directives and procedures. [39]

Specific due diligence processes are carried out on promoters and consultants, associations, in collaboration agreements, on suppliers, including with regard to the issue of conflict minerals and on potential customers and end users. In addition, in view of the future implementation of the Corporate Sustainability Due Diligence Directive (CSDD), a process is underway to strengthen corporate procedures and processes related to due diligence activities in both environmental and human rights. A mapping table between the elements of the duty of care and the disclosures provided in the CSS regarding Leonardo's due diligence process can be found in the "Annex to the Report on operations – Note of the CSS".

Respect for human rights

Leonardo has defined specific principles and rules of conduct aimed at spreading a culture of respect for human rights universally recognised in line with the United Nations' Universal Declaration of Human Rights, the International Labor Organisation (ILO) Conventions, the Organisation for Economic Co-operation and Development (OECD) guidelines and the Charter of Fundamental Rights of the European Union. Leonardo's commitment to respect for human rights is expressed within its Code of Ethics, which extends to direct and indirect employees, suppliers, customers and anyone who has any kind of relationship with the company. Moreover, this vision is referred to and reinforced in the Charter of Values, the Group Policy on Human Rights, which is accessible to all stakeholders, the Supplier Code of Conduct, and the recent adoption of the Diversity, Equity and Inclusion Policy.

The management of people, supplier relations and the sale and distribution of products are the areas of the Group that, through a specific analysis conducted on the basis of the ISO 26000 guidelines, have been identified as most exposed to the risk of violations of human rights. For each of these areas, the Group has

[37] For more details, please see the Remuneration Report 2024: Remuneration | Leonardo.

[38] As agreed in the Company Supplementary Agreement on 21 May 2021. Under the same agreement, a portion of the remuneration of all other employees was linked to a variable component (performance bonus) linked to the Group's results of operations and, depending on the levels, to individual performance.

[39] For instance, for the environmental part, the main reference documents are the Supplier Code of Conduct, the Group HSE Policy and the Biodiversity Policy.

put in place various measures[40] to monitor the protection of human rights in order to prevent any related risks. All three areas share the mechanism for handling reports, and any alleged human rights violations (either signed or anonymous) through a dedicated communication channel[41].

Risk management and internal controls over sustainability reporting

Leonardo identifies and updates the risks referred to the process of preparing the CSS, measuring them in terms of impact and probability, on a periodical basis. As early as in recent years, the company has begun to set up an internal control model, taking as a reference what is already in place for financial data, whose reporting process is generally more mature than that of sustainability data. Specifically, documents have been developed for the Group's main divisions/legal entities, which describe the operational methods of data collection and formalise the inherent checks necessary to ensure the robustness of the process. The Internal Audit function – on request of the Officer in charge of financial reporting - subjects these checks to annual testing activities, the outcomes of which - along with the related action plan to close any gaps - are shared with the Board Control and Risks Committee. This model of internal control over sustainability data is among the key elements that have enabled Leonardo, among the very first companies in Italy, to achieve reasonable assurance on its sustainability KPIs since the 2021 Financial Statements.

Strategy and stakeholder engagement

Strategy, business model and value chain

For a description of the Group's business model, value chain, industry sectors, markets, results of operations and financial performance highlights, please refer to the Group Profile[42]. Leonardo's revenues are generated within the “Manufacturing - Aerospace, defence and services” business segment[43].

Interests and views of stakeholders

Continuous engagement with internal and external, domestic and international, stakeholders is a core element of Leonardo’s strategy to create shared value. The Company nurtures stable, long-lasting relationships based on integrity and transparency, by dialoguing with and involving its stakeholders, through organisational units established to understand their interests and expectations. Stakeholder relations moments[44] are opportunities to strengthening its bond with the industrial, economic and social context while helping the company to improving its business management practices and increasing its knowledge level, in line with the new national, European and international regulatory framework. In particular, stakeholder opinions that emerged during the process of defining material topics are brought to the attention of the

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[40] For more details, please refer to the specific sections in the chapter “Social information”.
[41] The Whistleblowing Guidelines are available on the website. The dedicated channel is humanrights@leonardo.com.
[42] For more details on products and services see the specific sections in the chapter “Value Chain”.
For more details on stakeholder relations see the table below.
For more details on the supply chain, consumers and end users see the sections “Supply Chain Development” and “Consumers and End Users” in the chapter “Value Chain”.
[43] According to the classification reported in: “European Sustainability Reporting Standards – SEC 1 Sector classification - Exposure draft” of 4 June 2024.
[44] Including: employee engagement, materiality analysis, events dedicated to the financial community, participation in industry associations, collaborations within research and technology development programs, support of local projects and digital events.

Sustainability and Innovation Committee during the annual sharing of the outcomes of the double materiality analysis and the process it implements.

Key Stakeholder	Ways of engagement	Purposes	Example of results from engagement
Employees	Welfare and Wellbeing programs, including SmartWorking Employee listening channels Annual performance appraisal system Training activities for skills acquisition/enhancement Initiatives aimed at promoting internal mobility	Work-life balance Employee wellbeing Professional development	Reduced resignation Increased attraction Employer branding Talent retention
Trade Unions	Ongoing dialogue with workers' organisations through establishing specific observatories and committees under the Company Supplementary Agreement (i.e., equal opportunities)	Involving trade unions on diversity, equity and inclusion issues	Sharing of DE&I policies
Suppliers	Supplier Awards Training on sustainability issues ESG performance appraisal Organisation of Supplier Conferences and workshops on sustainability issues with suppliers and/or AD&S Associations Promotion of supply chain sustainability	Improving supply chain performance and sustainability Supporting the implementation of best practices Promoting responsible sourcing, including of minerals and metals Protecting human and labour rights of workers Decarbonisation of the supply chain	Improved supplier relationship Support projects activated Streamlined supplier expectations. Supplier improvement plans Informed supplier selection Trial testing and first purchase agreements of low-carbon solutions
Business partners	Participation in European research programs Implementation of energy efficiency projects Participations in national and international research projects, working groups and multisectoral consultations Strategic collaboration with the Air Force	Development, integration and validation of innovative structural and systems technologies Developing new high-efficiency and low-carbon sustainable civil aviation technologies and construction of PV plants Reducing the carbon footprint of plants Strengthening a centre of excellence for advanced military pilot training	Progress in the degree of maturity in enabling technologies for various applications and advanced systems architecture Optimised management resulting in energy efficiency of production plants Construction of self-generating power plants
Industrial associations	Participation in local and trade associations of the Confindustria system Participation in the top management bodies of Confindustria Nazionale and Federmeccanica Technical thematic groups at national and local levels Events, workshops and publications	Dialogue and discussion among companies on issues of common interest and their promotion with local, national and EU institutions Sharing and developing best practices and environmental solutions for the AD&S sector, as well as in training Developing case studies and macro-economic surveys	Increased understanding and dissemination of new trends in human capital management among businesses Training system (University/Technical High Schools) strengthened to support youth employment Supply chain projects developed, which are aimed at taking actions of common interest and supporting the adoption of best practices by SMEs, including from a sustainability perspective (CSR/ESG)
Customers	Market surveys, customer interactions at trade shows and events, sponsorships Customer satisfaction surveys Collaborations to create new solutions and services	Understanding of customer needs and priorities, including in the area of new sustainable products	Strong and lasting relationships established with customers Implementation of solutions appreciated by the market
Financial stakeholders	Events and conference calls to present annual and interim results Regular communication with financial analysts, institutional investors and more generally financial stakeholders on strategic, financial and ESG issues, including through events and roadshows Participation in conferences	Proactive and transparent communication with all financial stakeholders, with a view to increasing understanding of each other's views as well as value creation in the medium to long term	Group's performance appreciated by the financial community, as well as transparency and proactivity in financial communication (e.g., analyst comments after results)
International organisations, NGOs, networks and think tanks	Participation in conferences and workshops, implementation of studies and research aimed at strengthening dialogue and talks with other industrial entities, representatives of Institutions, and cultural and technical associations, including through the sharing of best practices and case studies	Enhancing Leonardo's positioning Disseminating the culture of corporate social responsibility, at the economic, social and environmental levels Enhancing associates' skills in various areas, including sustainability	Conferences and papers on European Defence Cycle of conferences on topics of strategic interest Acquisition of new expertise in various areas of interest (e.g. DE&I)
Traditional and Digital Media	Production of multimedia content, side by side with multi-channels, to achieve a communication offer adapted to the specific needs of each stakeholder	Strengthening qualified notoriety and positioning as a leading player in the new European defence industry system	Increased in news reports dedicated to Leonardo and interviews with Top Management Increased number of followers on social media and visits to company web pages
Central and local institutions	Organisation of working groups with government, institutional and industry representatives Participation in public-private working groups to develop projects, plans and policies Support provided to initiatives to strengthen security and foster green and digital transition	Promoting Leonardo's guidelines and reputation by conveying Group requests and interests to external stakeholders Dialoguing with institutions to understand their needs with respect to Leonardo's business	Talks developed to promote and protect Leonardo's requests (e.g., NEMESI, Defence Programs, institutional visits)
Universities, schools, and research institutes	Funding of PhD scholarships Research projects and collaborations Initiatives to support schools and academia Provision of free educational resources	Developing innovative and sustainable solutions Supporting national research within the framework of the NRRP Promoting career paths and growth in STEM skills Orienting students in choosing STEM education/university programmes	Collaborations with universities and research centres in Italy and around the world Provision of funded or co-funded PhD scholarships Projects with schools and high schools (e.g. STEM Lab and PCTO*) *courses for soft skills and orientation*

Description of the process to identify and assess material impacts, risks and opportunities

The methodology required by ESRS incorporates the concept of double materiality, which combines the view of impact materiality and financial materiality. Impact materiality involves identifying, assessing and prioritising the main impacts generated by the Group (inside-out perspective), along the entire value chain, on the environment, society and governance issues, taking into account the perspective of both external stakeholders relevant to the Group and internal stakeholders. Likewise, financial materiality identifies, assesses and prioritises ESG risks and opportunities with an impact on the Group's objectives (outside-in perspective). In line with this principle, Leonardo has carried out impact materiality in continuity with the methodology developed in 2023 while for financial materiality a process leveraging the company's Enterprise Risk Management (ERM) has been adopted. The two processes have been carried out following three steps - identification, assessment and prioritisation of impacts (Impact materiality) and risks and opportunities (Financial materiality).

Double materiality process

Identification of impacts, risks and opportunities

Impact materiality - Based on European and international regulatory and policy requirements, Leonardo's impacts from the previous year, peer benchmark analyses, Leonardo's Business Plan, artificial AI-based data analysis, and bearing in mind the requirements of the ESG Ratings, 29 impacts[45] were identified and defined, which the company has/could have on the economy, society and the environment.

Financial materiality - The phase of identifying risks and opportunities through the company's ERM, on the other hand, was preceded by preparatory work to update the potential risk and opportunity topics for Leonardo with regard to the ESG risk/opportunity drivers, taking into account the external and internal reference context, the Group's impacts and dependencies and the sustainability objectives, including the Science Based Targets (SBT), to which the Group is committed. There are 35 ESG risk/opportunity drivers identified, 8 of which are new compared to 2023.

Assessment of impacts, risks and opportunities

Impact materiality - In continuity with 2023, the assessment of sustainability impacts contributing to impact materiality took place through a stakeholder engagement process, which involved, through an online questionnaire and, for the Group's Sustainability Managers, a dedicated workshop, 516 people[46].

Financial materiality - In the context of the company's Enterprise Risk Management process, the Process Owners and Risk Owners of the divisions and head office functions, with the support of the Risk Managers and Sustainability Managers, were called upon to identify and assess business risks and opportunities starting from the 35 ESG risk/opportunity drivers previously defined, identifying treatment actions in line with the reference risk appetite.

[45] Of which: 15 positive and actual; 9 negative and potential; 5 negative and actual.
[46] Of which: 69 key internal stakeholders (C-level; Board of Directors; Sustainability Managers) and 447 key external stakeholders identified by the Sustainability Managers for each area of competence in Italy, the United Kingdom and the United States.

Prioritisation of impacts, risks and opportunities

Impact materiality - Data collected from stakeholder impact assessments and through a data analytics system were prioritised by using significance and likelihood criteria. Subsequently, a statistical materiality threshold was applied to the impacts. Finally, impact materiality resulted in the aggregation of impacts into 14 material topics.

Financial materiality - From the consolidation of the evidence of appropriately prioritised ESG-related risks and opportunities, the results of Financial materiality were determined, which can be summarised into 12 material topics.

The combination of the material topics emerging from impact materiality and those resulting from financial materiality determined the final list of 15 material topics of Leonardo as a result of the double materiality analysis[47]. The results of the double materiality process, which is part of the limited assurance assignment carried out by the audit firm with regard to the compliance of the Consolidated Sustainability Statement with current regulations, were shared with the Sustainability and Innovation Committee and approved by the CEO.

Disclosure Requirements in ESRS covered in the Consolidated Sustainability Statement

A reconciliation table between the information provided in the Consolidated Sustainability Reporting and the disclosure requirements of the ESRS reported on by Leonardo (including the individual data points provided for by other European regulations and set forth in Appendix B of ESRS 2 is provided in the "Annex to the Operations Report – Note of the CSS - Index of ESRS contents".

Managing impacts, risks and opportunities – Double materiality

Material impacts, risks and opportunities and their interaction with strategy and business model

Leonardo has identified impacts, risks and opportunities through the double materiality analysis, whose process is illustrated below. The table below shows the impacts, risks and opportunities for each material topic. Skills development, global security and climate change emerge as the most relevant issues for Leonardo. The environmental impact of use of materials and circularity, cybersecurity, resilience and data protection are also priorities.

[47] For more details on the findings, please see "Strategy and stakeholder engagement".

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/ THREAT	ACT/POT	PILLAR	ESRS standard
Business integrity, compliance and anticorruption	IMPACT	Possible wrongdoing or unethical behavior of Leonardo, its employees, third parties or suppliers along the value chain.	Whole VC	Short/Medium/Long	Negative impact	POTENTIAL	Governance	G1
	FINANCIAL	Reputational risk associated with potential violations related to anti-corruption, unfair business practices, breaches of international standards as well as ethical violations related to AI technologies.	Whole VC	Short/Medium	Threat	POTENTIAL		G1- S3
	FINANCIAL	The complexity and diversification of ESG regulations expose Leonardo and its representatives to compliance risks resulting in possible penalties and/or civil or criminal liabilities and reputational damage.	Operations	Short/Medium	Threat	POTENTIAL		G1
Climate change	IMPACT	Contribution to climate change mitigation thanks to the development of Leonardo's sustainable aviation products and services.	Downstream	Medium/Long	Positive impact	ACTUAL	Planet	E1
	IMPACT	Contribution to climate change mitigation and adaptation thanks to Leonardo's technologies and solutions, the analysis of climate change phenomena and the adoption of mitigation actions.	Downstream	Medium/Long	Positive impact	ACTUAL		E1
	IMPACT	Contribution to climate change due to greenhouse gas emissions of Leonardo's operations, supply chain, products and investments.	Whole VC	Medium/Long	Negative impact	ACTUAL		E1
	FINANCIAL	Leonardo's flagship technologies, such as product virtualization and innovative materials, and the development of low-GHG emissions aircrafts (SAF) can open new market opportunities and respond to clients' growing requests for decarbonized products.	Whole VC	Short/Medium/Long	Opportunity	POTENTIAL	Prosperity Planet	E1
	FINANCIAL	GHG emissions created by Leonardo's processes can expose the company to regulatory risks related to the evolution of regulations and policies, to reputational risks deriving from missing emission reduction public targets, and financial risks related to access to credit tied to processes' decarbonization performances.	Operations	Short/Medium	Threat	POTENTIAL	Planet	E1
	FINANCIAL	There is a regulatory and reputational risk stemming from ESG rating requirements and customers demanding decarbonized products. In addition, there is a reputational risk linked to the achievement of Scope III disclosed targets. Finally, there are financial risks related to access to credit linked to products' decarbonization performances.	Whole VC	Short/Medium/Long	Threat	POTENTIAL		E1

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/ THREAT	ACT/POT	PILLAR	ESRS standard
Cyber security & resilience and data protection	IMPACT	Leonardo's contribution-thanks to its solutions such as secure cloud and cyber security services-to cyber resilience, protection of strategic information and continuity of essential services.	Downstream	Short/Medium/Long	Positive impact	ACTUAL	Prosperity	S3
	FINANCIAL	Operational, regulatory and reputational risks related to cyberattacks on Leonardo products and services for public or private clients.	Whole VC	Short/Medium/Long	Positive impact	POTENTIAL	Governance	S3- S4
Diversity, equity	IMPACT	Contribution of Leonardo to equal opportunities of professional development without discrimination, thanks to the promotion of a fair and inclusive culture in the workplace, dedicated policies and governance as well as the mentorship and training programmes.	Whole VC	Medium/Long	Positive impact	ACTUAL	People	S1- S2
	IMPACT	Possible discrimination or harassment cases against Leonardo's employees and external workers.	Upstream and Operations	Short	Negative impact	POTENTIAL		S1- S2
Environmental impact of material use and circularity	IMPACT	Reduction of Leonardo's environmental impacts associated to industrial production thanks to development of circular manufacturing and design processes.	Whole VC	Medium/Long	Positive impact	ACTUAL	Planet	E5
	IMPACT	Contribution of Leonardo to environmental pollution and progressive depletion of natural resources due to raw materials and fossil fuels consumption, and waste production and disposal.	Whole VC	Short/Medium/Long	Negative impact	ACTUAL		E5
	FINANCIAL	Operational, regulatory and reputational risks related to the objectives either required by the national and international regulation or set by the Company in terms of waste and hazardous substances.	Upstream and Operations	Short/Medium/Long	Threat	POTENTIAL		E2- E5
	FINANCIAL	Critical raw materials that are key for Leonardo's products, yet subject to scarsity or geopolitical rivarly, could expose the company and its supply chain to risks related to business continuity, costs fluctuation and regulatory risks.	Upstream and Operations	Short/Medium	Threat	POTENTIAL		E5
	FINANCIAL	Product design and / or process reengineering based on circularity and the creation of circular value chains mitigate the risks of critical raw materials dependency, leading to competitive advantage coming from a greater business resilience.	Operations and Downstream	Short/Medium/Long	Opportunity	POTENTIAL		E5
Global security	IMPACT	Contribution of Leonardo to emergency management thanks to its solutions and systems.	Downstream	Short/Medium/Long	Positive impact	ACTUAL	Prosperity	S3
	IMPACT	Contribution of Leonardo to global security, protection of people, infrastructure and territories.	Downstream	Short/Medium/Long	Positive impact	ACTUAL		S3
	FINANCIAL	Geopolitical instability and hybrid threats are driving toward Global Security, with emerging technologies and digitalized platforms increasingly become crucial for the protection of citizens and critical infrastructure; this new paradigm could create new business opportunities for Leonardo, also from a sustainability perspective.	Whole VC	Medium/Long	Opportunity	POTENTIAL		S3
	FINANCIAL	In the context of Global Security, failure to secure partnerships, inorganic growth, and internationalization could undermine competitiveness.	Operations and Downstream	Medium/Long	Threat	POTENTIAL		S3

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/THREAT	ACT/POT	PILLAR	ESRS standard
Health and safety	IMPACT	Serious injuries or occupational diseases of Leonardo's employees' or its external workers.	Operations	Short/Medium	Negative impact	POTENTIAL	People	S1
	FINANCIAL	Employees may be exposed to safety risks, particularly those working in production sites, testing products or handling toxic materials and substances during manufacturing. Employees may be exposed to safety risks, particularly those working in production sites, testing products or handling toxic materials and substances during manufacturing.	Upstream and Operations	Short/Medium	Threat	POTENTIAL		S1
Natural resource management and biodiversity	IMPACT	Contribution to protection and conservation of ecosystems, natural resources and people thanks to Leonardo's technologies and solutions.	Downstream	Medium/Long	Positive impact	ACTUAL	Planet	E4
	IMPACT	Contribution to air pollution due to the pollutants' emissions of Leonardo's operations, its supply chain, products and investments.	Whole VC	Short/Medium/Long	Negative impact	ACTUAL		E2
	IMPACT	Decrease of water quality and availability due to Leonardo's activities along the value chain.	Whole VC	Short/Medium/Long	Negative impact	ACTUAL		E3
	IMPACT	Biodiversity loss and harm to ecosystems associated to Leonardo's value chain activities.	Whole VC	Medium/Long	Negative impact	ACTUAL		E4
	FINANCIAL	Water scarcity scenarios could expose the company to risks of reduced or disrupted water supply, impacting business continuity. In addition, water availability is tied to reputational risks related to regulatory compliance and Leonardo's water withdrawal reduction targets.	Whole VC	Short/Medium	Threat	POTENTIAL		E3
Protection of human rights	IMPACT	Possible human rights violations of individuals and communities caused by Leonardo's solutions.	Downstream	Short/Medium	Negative impact	POTENTIAL	Governance	S3
	IMPACT	Possible human rights violations in Leonardo's operations and along its supply chain (e.g. workers' rights violations including those related to freedom of association and expression, safe and healthy working environment, discrimination, living wage/fair pay as well as violations associated to extraction and trade of materials used, modern slavery, child labour, forced labour, etc.)	Upstream and Operations	Short/Medium/Long	Negative impact	POTENTIAL		S1- S2
Research and development, innovation and advanced technologies	IMPACT	Contribution of Leonardo to enhance research, development and innovation thanks to its capabilities, investments and collaborations with universities, research centers, start-ups and other entities.	Whole VC	Medium/Long	Positive impact	ACTUAL	Prosperity	entity specific
	IMPACT	Leonardo's contribution to technological progress through development of advanced and digital technologies.	Whole VC	Short/Medium/Long	Positive impact	ACTUAL		entity specific
	FINANCIAL	Failure to address diversity, equity and inclusion aspects in products' design and development could pose reputational risks with reference to responsible use of technologies, facing controversial situations concerning ethical aspects.	Downstream	Medium/Long	Threat	POTENTIAL	People	S4

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/THREAT	ACT/POT	PILLAR	ESRS standard
Skills development, talent attraction and employee wellbeing	IMPACT	Improved quality of life for Leonardo's employees through targeted work-life balance and corporate welfare initiatives.	Operations	Short/Medium	Positive impact	ACTUAL	People	S1
	IMPACT	Strengthening the professional development and skills of Leonardo's employees.	Operations	Short/Medium	Positive impact	ACTUAL		S1
	IMPACT	Leonardo's contribution to developing scientific and technological skills both within and outside the Group, with a special focus on youth and women education.	Operations and Downstream	Medium/Long	Positive impact	ACTUAL		S1- S3
	FINANCIAL	Risk of high competition in attracting STEM talents in the AD&S sector, along with high turnover and structural shortage of skilled resources.	Operations	Short/Medium/Long	Threat	POTENTIAL		S1
	FINANCIAL	Risk that the ecological and digital transition could not be fully managed due to the shortage of specialized technical skills.	Operations	Short/Medium/Long	Threat	POTENTIAL		S1
Solutions' quality, safety and performance	IMPACT	Negative effect on users and customers due to possible non-adequate performances or malfunctioning of Leonardo's products.	Downstream	Short/Medium/Long	Negative impact	POTENTIAL	Prosperity	S4
	FINANCIAL	Products' quality and safety are a key competitiveness factors for the AD&S sector; even minor issues or faults could pose significant reputational and safety risks.	Whole VC	Short/Medium	Threat	POTENTIAL		S1- S4
Sustainable supply chain	IMPACT	Contribution of Leonardo to the growth, development and sustainable transition of its supply chain also thanks to dedicated programs.	Upstream	Short/Medium	Positive impact	ACTUAL	Prosperity	n/a
	FINANCIAL	There are risks for Leonardo associated to the decarbonization of its supply chain: potential failure to meet SBTi targets and possible financial impacts if suppliers struggle to access capital due to increasing ESG requirements.	Upstream	Short/Medium	Threat	POTENTIAL	Planet	E1
Value creation for the society	IMPACT	Leonardo's positive impacts on the welfare of local communities and production countries.	Whole VC	Short/Medium/Long	Positive impact	ACTUAL	Prosperity	S3
ESG-related competitiveness and market risks	FINANCIAL	Different national priorities with respect to ESG aspects could create competitive asymmetries potentially impacting market share and profitability.	Whole VC	Short/Medium	Threat	POTENTIAL	Prosperity	G1
	FINANCIAL	Reputational risk due to the possible increase of institutional clients from "controversial" countries in Leonardo's portfolio, potentially affecting lenders' and investors' on ESG evaluations.	Operations	Short/Medium	Threat	POTENTIAL		G1

Sustainability management Policy

Topic	Policy
Pollution, Water resources and consumption, Biodiversity and ecosystems, Resource use of and circular economy Own workforce	**HSE Policy -** Leonardo has adopted an integrated Health, Safety and Environment (HSE) Policy[48] to promote and manage the health and safety of its workers and environmental protection in an integrated manner, according to principles of prevention, protection and continuous improvement, and is committed to ensuring sustainable development and the effective reduction of energy consumption and environmental impacts of production processes. This policy, approved by the CEO, also aims to establish appropriate measures so that the Group's supply chain (including suppliers, contractors and service providers) operates in line with the health, safety and environmental standards adopted. As reported in the HSE Policy itself, Leonardo aims to: engage workers, suppliers and customers in ongoing compliance with health, safety and environment principles, objectives and criteria in order to improve standards; ensure communication and information for stakeholders and training and education of workers to ensure skills transfer and proper functioning of processes; and collaborate with external stakeholders (e.g., universities, research centres, business partners, institutions, networks), including through partnerships, initiatives and projects aimed at promoting HSE issues. *Climate change and decarbonisation* – The HSE Policy provides for Leonardo's explicit climate change commitments related to: > reduction of energy consumption, definition and pursuit of objectives for continuous improvement of environmental performance; > reduction of environmental impacts and corporate and process strategic choices oriented towards minimising and controlling climate-changing gas emissions, as well as promoting from the design phase of products and services, approaches oriented towards eco-design and the assessment of their life cycle. *Pollution, Water resources and consumption, Biodiversity and ecosystems, Resource use and circular economy* - Leonardo is committed to guiding corporate, process and innovation strategic choices with a view to both the careful management and sustainable use of natural raw materials, water resources and energy sources and the protection of the soil, subsoil and biodiversity of ecosystems. In particular, the Group promotes a policy of reducing impacts through the efficiency of production processes, the implementation of waste reduction plans and circular economy programs, including the creation of circular supply chains as possible mitigation actions for the risk related to environmental pollution, and the recovery of water resources, as well as a reduced use of hazardous substances and preparations. Leonardo is committed to reducing in absolute value its water withdrawals and improving water efficiency, with particular attention to those made in water-stressed areas and ensuring adequate treatment of water at discharge, operating in compliance with applicable laws and stakeholder expectations. The Group pursues investments in industrial water circularity and the search for redundant sources (rainwater) as possible actions to mitigate risks related to the scarcity of water resources. Leonardo's commitment to implementing the ISO 14001-certified HSE Management System at all Group sites ensures both compliance with the limits and restrictions imposed by environmental regulations and monitoring of the process of reducing impacts.

[48] Available at link.

Pollution, Use of energy resources	**Energy Policy -** Leonardo has an energy policy that aims to structurally reduce the Group's energy impact. To this purpose, Leonardo implements a centralised energy governance model, spreading a culture of action based on the sustainability of business initiatives and the containment of energy requirements. Consistently with the HSE Policy, the Group is committed to implementing actions to guarantee: compliance with laws and regulations; the development of a standardised analysis and management model that guarantees the Group's rational use of energy; the achievement of targets to reduce consumption and associated emissions; the centralised management of initiatives through a specific investment programme; performance monitoring; training and awareness-raising for personnel to develop an energy-aware culture as a personal asset.
Pollution, Water resources and consumption, Biodiversity and ecosystems, Resource use and circular economy Workers in the value chain Supply chain development	**Supplier Code of Conduct –** In 2024 Leonardo published the Supplier Code of Conduct[49], based on the International Forum on Business Ethical Conduct (IFBEC). The Code, approved by the CEO, defines the rules of conduct and fundamental principles that Leonardo expects of its suppliers for responsible and sustainable business management. Leonardo requires suppliers to establish a management system for the integration of environmental considerations into the design of their products or services. In addition, Leonardo expects suppliers to meet all regulatory requirements for environmental compliance and to commit to protecting the environment and biodiversity, understood as primary assets, by actively adopting and pursuing a strategy of environmental sustainability and decarbonisation. Leonardo requires suppliers to minimise waste and prevent pollution, by shipping products in appropriate outer packaging and promoting reusable/recycled packaging materials, including reducing the use of disposable plastic.
Pollution	**REACH Directive and Policy** – In 2024 the Company confirmed the existing REACH Directives and Policies, with the aim of reducing the use of hazardous substances in its processes and products.
Biodiversity and ecosystems	**Biodiversity Policy** – In June 2024 Leonardo published a Group Biodiversity Policy approved by the CEO. In this policy, Leonardo promotes the growth of its business by aiming to reverse the trend with respect to the use of natural resources throughout the value chain, also involving external stakeholders. The Group is therefore committed to the reduction and mitigation of impacts on nature and the environment, the protection and regeneration of ecosystems and biodiversity starting from protected areas and/or high-biodiversity areas (KBAs) with critical habitats for flora and fauna species near its production sites, and to also reducing the impacts of deforestation on site by promoting habitat protection and regeneration and reforestation projects. Specifically, Leonardo is committed to: > encouraging the use of renewable energy sources and reduce climate-altering emissions to mitigate climate change[50], reduce pollution and preserve the habitats of flora and fauna in the areas surrounding production sites and in the context of product testing and training activities (airports); > promoting the sustainable and traceable use of natural raw materials and water resources; > reducing the use of hazardous substances used in industrial processes;

[49] Available at link.

[50] The list of biodiversity impacts is defined by IPBES - Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, and included in the recommendations of the Taskforce on Nature-related Financial Disclosures: a) land-use change, freshwater, sea; b) exploitation of material resources; c) climate change; d) pollution; e) invasive species.

	> leveraging technological innovation to also assess and mitigate impacts on biodiversity.
Resource use and circular economy	The Group has also adopted a policy for the management of materials procured in conflict areas [51], in which it pays particular attention to due diligence on incoming materials concerning respect for human rights, in particular through the Human Rights Impact Assessment tool related to conflict minerals.
Own workforce	**Policy on Human Rights –** For more information, please see the paragraphs: “Governance” of the chapter “General information”, “Workers in the value chain”, “Value for communities and social impact” and “Consumers and end users” of the chapter “Social information”. **Diversity, Equity and Inclusion Policy -** This policy lays down the rules the Group has adopted in relation to respecting diversity, promoting a collaborative and inclusive working environment, and preventing any type of discrimination.
Workers in the value chain Supply chain development	**Leonardo Supplier Register Management** procedure, which includes pre-qualification, qualification processes and blacklists.
	Procurement of goods, and provision of general, technical and manufacturing services Directive, which defines that Leonardo’s procurement process should be based on the principles of: > free competition, equal treatment and non-discrimination; > timeliness, fairness and transparency; > overall competitiveness of the supplier, taking into account performance (quality and timing), cost-effectiveness (costs), industrial capacity (volumes and skills), sustainability (ESG); > maximisation of value.
	Key Suppliers Assessment Management Procedure - **LEADS**, which defines the Assessment process of Leonardo's Key Suppliers, selected within dedicated projects with a view to continuous improvement and sustainable development of the Supply Chain. The process aims to better understand the performance and potential of its key suppliers, with specific regard to sustainability and development issues and risks, by monitoring 3 axes: 1) performance, in terms of quality, punctuality and costs, 2) capabilities, in terms of managerial, technical, and operational issues, and asset availability and innovation capacity, 3) sustainability, as maturity and performance with respect to ESG issues and compliance and risk management practices.
R&D, innovation and advanced technology	In 2024, there was the reconfirmation of the pre-existing Directives and Policies related to Cyber Resilience in the product life cycle and the updating of the procedure for collaborative research projects, for the identification of initiatives and management of public funding, and the definition of the new operating instructions for participation in the NATO Industrial Advisory Group (NIAG) and Science and Technology Organisation (STO) studies. In the second half of the year, work commenced on the updating of the procedures for Intellectual Property Management and the analysis of those relating to Open Innovation, which regulate Relations with Universities and Research Centres and Collaboration with Innovative Start-Ups. The objective of this work is to foster the growth and sustainable management of IPRs (Intellectual Property Rights) portfolios, the competitive positioning of the Group, the protection in the dissemination of technical and scientific information, and the support for the protection and industrial exploitation of the results achieved in R&D projects by the Engineering and Innovation areas of the Divisions and by the Leonardo Innovation Labs.

[51] With specific regard to gold, tantalum, tungsten, tin and cobalt. For more details, please see the Policy on Conflict Minerals.

	Moreover, also as a result of a corporate reorganisation, a phase of updating the procedures relating to Technological and Product Innovation Planning and Strategic Planning has been initiated, with a view to ensuring full synergy between technological projects and the business strategy, in line with the guidelines set out in the industrial plan.
Business conduct	The principles and values that guide Leonardo's actions and inspire its corporate governance are: the Charter of Values, the Code of Ethics, the Anti-Corruption Code, and the Organisational, Management and Control Models adopted pursuant to Legislative Decree 231/2001 by Leonardo S.p.a. and its Italian Subsidiaries, and the Compliance Programs adopted by foreign subsidiaries in accordance with local regulations. **Business compliance** – In 2024, the company rules on Business Compliance[52] were updated, which, in addition to incorporating the organisational changes that have taken place, confirmed the training obligation (with successful passing of the learning test) for commercial intermediaries as a requirement for eligibility for appointment, providing in addition the Legal Representative's obligation to extend the course content to all those involved, as well as the strengthening of certain control safeguards[53]. **Trade compliance** - Leonardo has set out an internal compliance program (ICP) - Trade Compliance Program - in order to ensure full compliance with applicable laws and the provisions issued by the competent authorities on the matter. The Trade Compliance Program allows for the prompt identification and implementation of compliance with any applicable Italian, EU and international regulations regarding the export and import of defence, dual-use or commercial goods and/or services subject to regulatory requirements, as well as obligations related to embargoes, sanctions or other trade restrictions, including political commitments made under the Common Foreign and Security Policy (CFSP) framework, and international regulations and conventions signed by Italy and the European Union[54]. Furthermore, the Trade Compliance Program also provides for due diligence audits on potential customers and end-users, including in relation to lists of sanctioned people and organisations. Advanced monitoring concerns transactions that directly or indirectly involve Sensitive Countries and also includes specific checks on respect for human rights. In this regard, a tool called Human Rights Impact Assessment (HRIA) has been introduced with the aim of setting out the main risk factors with reference to the issue of human rights[55]. **Lobbying activities** – Direct and indirect advocacy activities are carried out by Leonardo in accordance with the principles of transparency, and Leonardo's Code of Ethics, as well as in compliance with current regulations and the principles and standards of conduct set forth in Leonardo's Code of Ethics, Anti-Corruption Code and other company rules. They are carried out, moreover, with the support of a solid governance model based on well-defined responsibilities at all levels and specific processes and procedures. In particular, lobbying activities and the related risk of undue influence are managed through the rules laid down in the Group Directive referred to in the paragraph above on Business Compliance. The ethical/reputational analyses conducted on the basis of the aforementioned Directive are also aimed at the prevention of risks related to the crime of undue influence provided for by Italian legislation and the regulations of the countries in which Leonardo operates.

[52] Specifically, the Group Directive on Sales Promotion/Commercial Advisory, Lobbying and Distribution/Reselling.
[53] Specifically, an additional assessment step has been introduced for fees to promoters above a certain threshold (Fee Policy Waiver Committee).
[54] Leonardo operates in strict compliance with all international treaties and conventions signed and ratified by the Italian Government, which include – but are not limited – to: "The Biological and Chemical Weapons Convention", "The Anti-Personnel Landmines Convention", "1980 Convention on Certain Conventional Weapons (Protocol III and IV)", "The Convention on Cluster Munitions", the "Treaty on the Non-Proliferation of Nuclear Weapons" (NPT) and the "Nuclear Suppliers Group (NSG)".
[55] For more details, please refer to the paragraph "Consumers and end-users".

ENVIRONMENTAL INFORMATION

- ✓ CLIMATE CHANGE AND DECARBONISATION
- ✓ POLLUTION
- ✓ WATER AND WATER CONSUMPTION
- ✓ BIODIVERSITY AND ECOSYSTEMS
- ✓ RESOURCE USE AND CIRCULAR ECONOMY
- ✓ DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

Climate change and decarbonisation

Materiality and Leonardo approach

The year 2024 was the hottest year on record globally, with global average temperatures exceeding pre-industrial levels by 1.5°C[56]. The effects of the climate crisis have an impact on all sectors, including AD&S. Companies in the sector are on the one hand committed to reducing greenhouse gas (GHG) emissions and on the other hand identifying and developing global security solutions to mitigate climate change risks. Against this backdrop, the AeroSpace and Defence Industries Association of Europe (ASD) has outlined the following strategic priorities for decarbonising the sector, including:

- reducing GHG emissions from operations (Scope 1 and 2), in line with the 1.5°C target under the Paris Agreement;
- collaborating with the supply chain to minimise Scope 3 emissions;
- harnessing technology and innovation to decarbonise platforms and products.

The AD&S sector is also promoting the development of various technologies in order to be able to contribute to climate change adaptation and mitigation. In line with major industry peers, Leonardo is committed to strengthening its leadership in security and technology that can promote sustainability and climate action. The latter aims to avoid the most impactful effects of climate change and be a lever to increase the competitiveness of Leonardo's sustainable business proposition. Over the past four years, the Group has, in fact, reduced its direct and indirect (Scope 1 and 2 market-based) emissions by 43% compared to the baseline of 2020. At the same time, it is playing an active role in supporting suppliers' decarbonisation roadmap on the one hand and developing products with reduced impact on climate and ecosystems on the other, with the aim of reducing Scope 3 emissions. In line with this strategy, Leonardo is committed to achieving ambitious decarbonisation targets validated by the Science-Based Target initiative (SBTi) [57] in 2024.

Climate change mitigation

Leonardo is aware that the activities of its production sites and its entire value chain are in close connection with surrounding ecosystems and communities. Responsible use of natural resources, monitoring and management of waste produced, containment of emissions and energy consumption, as well as protection of biodiversity are among drivers of Leonardo's sustainable business strategy aimed at mitigating risks and seizing opportunities in the short, medium and long term by leveraging the efficiency of its processes, products and services, digitalisation and new technologies. A key element of this strategy is combating climate change, which engages Leonardo in rethinking its production processes with the aim of promoting the transition to a low-carbon economy, mitigating the effects of climate change-related risks and seizing the opportunities of its solutions by employing them as drivers of climate action. The pursuit of the commitment and the validation of decarbonisation targets by SBTi strengthens the efforts Leonardo is promoting to reduce its direct and indirect emissions[58].

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[56] Source: https://climate.copernicus.eu/year-2024-set-end-warmest-record.
[57] For more details: https://sciencebasedtargets.org/companies-taking-action.
[58] For more information, please see "Metrics and targets".

Climate change adaptation

Leonardo is aware of the urgent need to develop and adopt solutions to adapt to the effects of climate change, which is already underway and will drive global warming in the coming years, with increasingly frequent and catastrophic extreme events. In this context, Earth observation and monitoring products and solutions are needed to monitor climate trends and deal with extreme events and emergency situations. Adaptation to climate change requires actions, skills, and technologies that the Group can help provide thanks to its technological assets and an integrated, multi-domain approach. Specifically, Leonardo provides several global monitoring solutions and products for "Search & Rescue" missions and capable of operating in the most extreme conditions.

Transition plan and climate change strategy

In line with the new Industrial Plan, Leonardo's climate change strategy, which is part of the Sustainability Plan, is approved by the Board of Directors and leverages digitalisation, consumption efficiency and technological advances, and data management as the main catalysts for reducing the Group's GHG emissions while promoting the development of innovative and sustainable products and services. Leonardo's near-term goal of reducing GHG Scope 1 and 2 emissions has been classified by SBTi as in line with keeping global warming within the 1.5°C threshold[59] and is being pursued through financial planning and investment decisions that take into account environmental parameters[60]. The share of these investments referring to the Full Potential LED Lighting Program, installation of electric charging stations and to digital energy monitoring falls under the scope of the economic activities covered by the Taxonomy Regulation and are therefore reported in the percentages of eligibility/ alignment of the Capex and Opex KPIs[61]. Leonardo is not excluded from the EU Paris-Aligned Benchmarks[62].

Integration of sustainability-related performance in incentive schemes

As already described in the chapter on "General Information - Governance", 5% of the long-term variable remuneration of the CEO and General Manager, Co-General Manager and Group executives and managers with strategic responsibilities is linked to the reduction of CO_2 emission intensity (calculated as the ratio of Scope 1 and Scope 2 market-based emissions to revenues[63]).

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[59] For more information, please see "Metrics and Targets".

[60] For more information on the decarbonisation targets set by Leonardo, as well as the levers and the actions to be taken to achieve them, please see the following paragraphs.

[61] These initiatives are traced, respectively, in the following economic activities under the Taxonomy Regulation with respect to Objective 1 Climate Change Mitigation: 7.3 Installation, maintenance and repair of energy efficiency equipment; 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings); and 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.

[62] Specifically, Leonardo is not engaged in the production or development of controversial weapons or in activities that would lead to automatic exclusion under applicable regulatory criteria. Leonardo actively adheres to ESG principles and aligns its activities with the goals of the Paris Agreement.

[63] The numerator of this intensity is one of the 3 decarbonisation KPIs set by Leonardo and validated by SBTi. For more details, please see the following paragraph "Metrics and targets".

Managing impacts, risks and opportunities

Process to identify climate-related risks and opportunities

Leonardo pays attention to the impact of both its activities on the environment and climate change on its business, taking a systematic approach to identifying and assessing its risks and opportunities.

Physical risks

Leonardo assesses physical risks through scenario analysis, using two climate pathways (SSP-RCP):

- RCP 8.5 ("Business-as-usual"): temperature increase of between 3.3°C and 4.5°C.
- RCP 2.6 (accelerated transition): limited increase of between 1.5°C and 2.0°C.

The analysis was conducted in 2024 through a preliminary screening of the entire operational network, identifying 61 priority sites, in which 84% of the Group's total employees work – for more in-depth assessments. The criteria used include the strategic relevance of the site in the value chain and exposure to climate hazards, assessed with a metric that weights the present and expected future impact of 8 reference climate hazards[64], for which, based on preliminary results, Leonardo has identified the relevant risk profile[65]. With regard to the most critical situations, two specific analyses have been started:

- drought risk analysis for the identification of sites with higher water vulnerability and the definition of priority mitigation measures;
- climate risk assessment on some industrial sites, through technical surveys and detailed analysis, with the aim of discovering vulnerabilities and identifying planning and mitigation actions for any possible extreme weather events. These activities have enabled prioritisation of actions, aligning physical risk management with sustainability and business continuity objectives.

Transition risks

The four categories of risks and opportunities[66] identified by the ESRS to find the implications of the transition to a low-carbon economy have been evaluated, mostly qualitatively[67], against three scenarios:

- the IEA NZE (Net Zero Emissions) 2050 scenario, which is the most ambitious decarbonisation scenario;
- the IEA APS (Announced Pledges Scenario), which considers full implementation of all climate commitments announced by governments, but without additional measures, resulting in an intermediate trajectory between NZE and STEPS;

[64] The 8 climate hazards are: fire, flood, extreme wind, heat, drought, intense precipitation, hail, and cold.

[65] Specifically: intense precipitation, cold, and hail have high current relevance but their impact is expected to be stable in the future, indeed decreasing for cold; heat and drought, on the other hand, are the climate emergencies of the future, and especially drought has the potential to cause disruption of production activities at sites with water-dependent industrial processes; flood and extreme wind are the most relevant acute hazards and their impact is highly concentrated on coastal sites in the former case, and on U.S. sites in the latter.

[66] Policy & Legal, Technology, Market and Reputation.

[67] Specifically, the following have been considered: the probability category - distinction between already defined factors (e.g., Carbon Price), endogenous factors (e.g., achievement of SBTi targets) and exogenous factors (e.g. adoption of ESG criteria in public procurement); scope of application: analysis of risk exposure for each business division, considering GHG emissions, weight on turnover and sensitivity of ESG stakeholders; temporal proximity - assessment of the time horizon of manifestation of risks, distinguishing between immediate and future shocks; intensity of impact - estimation of direct financial impacts (reduced revenues, increased costs) and indirect impacts (reputational risks).

> the IEA STEPS scenario (Stated Policies Scenario), which is a more conservative assumption of mere implementation of existing policies, and therefore does not guarantee achievement of climate ambitions.

TRANSITION RISKS		DESCRIPTION
Policy and Legal	Carbon Pricing mechanisms	The estimated impact of direct costs (ETS I, ETS II, and CBAM) and, to a greater extent, indirect impacts related to Scope 1, 2, and 3 emissions varies depending on the scenario and strategy adopted by Leonardo. The delta between NZE and STEPS is higher in the absence of a net zero strategy while it gradually decreases in an accelerated transition scenario.
	Reporting obligations	Leonardo has mitigated the risk with dedicated ESG compliance teams. However, regulatory tightening could create critical issues for the supply chain composed mainly of SMEs.
Technology	Replacement of existing products with lower-emission alternatives	The Aerospace, Defense and Security sector is exposed to potential technological disruption, on which Leonardo maintains an ongoing commitment to research and development, also leveraging "green" funding. The pressure could intensify in an NZE scenario.
	Risk of unsuccessful investment in new technologies	Leonardo's R&D activities may carry the risk of unsuccessful investments, mitigated by diversification from a broad portfolio of innovative projects.
Market	Changing consumer and/or customer preferences	The integration of ESG criteria into public and private procurement could affect Leonardo's market share if the company does not maintain competitive alignment in ESG practices with respect to competitors. The emphasis on ESG criteria would be accentuated in an NZE scenario.
	Increased cost of raw materials	In the STEPS scenario, the absence of adequate environmental policies could lead to unsustainable resource exploitation, causing price increases or shortages of essential inputs for production processes in the medium to long term. In the APS scenario, the implementation of climate commitments announced by governments could lead to an accelerated evolution of demand for low-emission technologies, generating pressures on prices and availability of strategic inputs for production processes in the medium term. In the NZE scenario, policies to transition to a low-emission economy could cause price increases or shortages of essential inputs for production processes in the short to medium term.
Reputation	Increased scrutiny and risk of negative feedback from stakeholders	Failure to achieve SBTi goals could damage Leonardo's reputation with key stakeholders (customers, suppliers, investors, and employees), limiting its ability to attract financial and human capital, with such risks accentuated in an NZE scenario.

The scenario analyses described above inform the process of identifying impacts, risks and opportunities as part of the climate change double materiality analysis reported in the paragraph "Managing impacts, risks and opportunities – double materiality." Mitigation of these risks is an integral part of Leonardo's commitment to align with a global decarbonisation pathway through an SBTi commitment while the assessment of market opportunities already mentioned is reflected in the Group's Industrial Plan[68].

[68] For more details on policies, please refer to the paragraph "Sustainability management policy" section of the "General information" chapter.

Actions and resources in relation to climate change policies

Climate change mitigation

Leonardo addresses climate change with an integrated approach involving all emission categories (Scope 1, 2 and 3). The company is committed to improving energy efficiency in its operations, transforming production processes through solutions with lower environmental impact[69], and accelerating the adoption of energy from renewable sources. At the same time, Leonardo promotes decarbonisation along the supply chain with supplier engagement and support initiatives and develops innovative, more efficient and alternative fuel compatible products and services, such as SAFs.

Main levers for reducing CO_2 emissions in their operations (Scope 1 and 2)

These achievements and the attainment of Leonardo's future goals on Scope 1 and 2[70] stem from an organic decarbonisation strategy based on four key pillars that translate into several concrete initiatives:

- Energy efficiency;
- Efficiency of energy transformation plants and processes;
- Rebalancing the energy mix and use of renewable sources[71];
- Other projects.

Energy efficiency *More efficient use of energy, reducing waste*	**Full Potential Lighting Programme** – Work is continuing on the massive programme to replace lighting systems with LED technology, envisaged in the Sustainability Plan. In the period from 2021 to 2024, investments of about €mil. 29 were completed, which will allow, when fully operational, to save about 27 GWh/year, equal to more than 8,000 tons of CO_{2e} avoided per year, which must be added to the 6,000 tons of CO_{2e} avoided per year thanks to the first installations completed in the period from 2014 to 2020. The Programme, on which Leonardo has decided to give maximum acceleration and which will see the completion of the installations in 2025, envisages an overall investment of about €mil. 31 (of which more than €mil. 5 in 2024) and an estimated reduction ofy about 31GWh/year, equivalent to about 10,000 tons of CO_{2e} avoided per year. The Programme will also make it possible to improve working environments, with regard to all impacted areas: industrial, offices, and outdoor areas[72].
Energy transformation plant and process efficiency *Optimisation of infrastructure / technology / processes*	**Thermal Energy Consumption Efficiency** - Construction site works continue on the new thermal plant at the Vergiate factory, which will replace the current steam generators with more energy-efficient machines. The new system, which will be in operation by 2026, will be able to reduce gas consumption by about 900,000 m^3 per year, equal to about 1,800 tons of CO_{2e} avoided, through an investment of more than €mil. 6, of which €mil. 3.4 in 2024. During 2024, work commenced on the efficiency analysis of additional thermal power plants installed at the main Leonardo sites. As from 2025, these assessments will be further explored with a detailed design on 2 pilot sites of the Aerostructures Division (Nola and Pomigliano) in order to then proceed with the subsequent implementation phases.

[69] No nature-based solutions are used at present.
[70] For more information on the target, please refer to the Metrics and Targets section.
[71] In general, Leonardo is continuing its decarbonisation journey with a structured plan that involves the identification, assessment and implementation of all the levers to be put in place. As such, the work of identifying decarbonisation activities is continuous and evolving over time in order to ensure the achievement of the challenging targets that have been set.
[72] Furthermore, it should be noted that Leonardo has obtained the ISO 50001 energy certification for six production sites.

Energy mix rebalancing *Gradual electrification and replacement with lower GWP sources, thus reducing dependence on fossil fuels.* *Integration of certified electricity from sustainable sources and biofuels with the goal of lowering operation-related emissions.*	**Energy Self-Production Programme** - Following the formalisation of an additional batch of contracts in 2024, for a total installable capacity of about 43 MWp, there are 19 agreements in place for the construction of plants. The Nola photovoltaic plant, with an installed capacity of 7.8 MWp (approx. 20% of the total) was completed in 2024, with a self-consumption from solar energy of about 2,500 MWh in 2024; the addendum for a further plant expansion, for an additional 2 MWp of capacity, is in the process of being formalised. Other plants are at different stages of implementation: one site awaiting activation, 7 sites with operations started at construction sites, and 10 sites with design and permitting activities in progress. Furthermore, additional solutions are being analysed with the aim of maximising electricity production from on-site plants, reducing dependence on fossil fuels, and diversifying risks associated with volatile energy markets. It is estimated that the self-consumed PV energy relating to the plants already contracted will reach a value of more than 55GWh/year, when fully operational, equivalent to about 17,500 tons of CO_{2e} per year avoided. The outcome of the authorisation procedures, which are currently in progress, will confirm these values and the timing of construction of the plants, with the aim of giving maximum acceleration to the project. The systems hosted at Leonardo's plants will be owned by a third-party partner who will make available a portion of the energy produced available to the sites, thus helping to reduce the withdrawal of electricity from the external grid and associated costs.
	Renewable Electricity – Leonardo continues its program on global adoption of electricity from renewable sources. In 2024, with an investment of more than € 1.6 million, 86% of the electricity purchased by the group is covered by Guarantees of Origin certifying that it indirectly comes from renewable sources, up from 2023 (+1 p.p.). In this way, Leonardo is actively contributing to supporting the energy transition, including at the country level, powering operations with certified renewable electricity, demonstrating a concrete commitment to a sustainable, low-carbon future.
Other projects *Integration of certified electricity from sustainable sources and biofuels with the goal of lowering operation-related emissions.*	**SAFs for Internal Testing and Acceptance Flights -** Leonardo confirms its commitment to reducing emissions from its flying products by ensuring that it can operate with fuel blends containing up to 50% SAF (Sustainable Aviation Fuels). For this purpose, the company is considering partnerships with several SAF manufacturers to increase their use during in-house pre-delivery flight activities, such as aircraft testing and acceptance, thus contributing to the reduction of anthropogenic CO_{2e} emissions related to its flight operations. The company is also engaged in research programs on an ongoing basis, which involve the percentage increase of SAF in fossil-based fuel blends, providing for an investment of about €1.5 million, of which about €th. 200 were spent in 2024, and the remaining amount is planned for the plan period from 2025 to 2028.
	Electric and hybrid cars – Leonardo's corporate fleet (long-term rental) in Italy consists of 74% hybrid/electric drive vehicles (+31 p.p. compared to 2022), with the goal of achieving 80% by 2025. With regard to carpool, the current share of green vehicles is 55%. This includes the Green Vehicles project, which reached an outlay of more than €mil. 1, in 2024, with savings of more than 600 tCO_{2e}, and provides for the plan period from 2025 to 2028 an additional investment of more than €mil. 1.5 for an expected reduction of more than 400 tCO_{2e}.
	Virtualisation - Leonardo has developed advanced simulation systems for pilot and operator training. Systems such as the Virtual and Extended Reality Simulator (VxR) for helicopters or the Modular Interactive Trainer for Helicopter Operation (MITHOS) not only improve the effectiveness of training but also reduce the emissions from the actual flight hours required for training.

Main levers to reduce CO2 emissions along the supply chain (Scope 3)

Over the past two years, Leonardo conducted a careful examination of its Scope 3 emissions in order to identify, in line with SBTi-approved decarbonisation targets, the areas of greatest commitment toward which to promote its decarbonisation actions, including: the supply chain, products and services, and other Scope 3 emissions reduction initiatives (employee mobility, waste and logistics).

Reduction in emissions in the supply chain

Leonardo leads the way in reducing emissions along its supply chain, promoting a programme of supplier engagement geared toward creating a community that is aware of and committed to achieving increasingly ambitious sustainability goals. In order to also achieve the SBTi-validated goal of engaging suppliers to support them in setting science-based decarbonisation targets, the Group has taken actions dedicated to training, awareness and support for sustainability reporting planning, bringing the supplier decarbonisation path into line with SBTi standards. Leonardo intends to further strengthen its commitment through the development of specific skills in suppliers by implementing targeted training programs, workshops, and advice, involving experts and industry leaders to promote sustainable solutions.

Collaboration with sector peers

In 2023 Leonardo, as a member of IAEG[73], promoted the voluntary adoption by major market players of a shared standard for measuring the ESG performance of suppliers in the AD&S sector, with the goal of increasing the sustainability of the operations of the aerospace industry and related supply chain. For this purpose, IAEG has selected the EcoVadis platform, a world leader in sustainability assessments.

This project in the sector, active in 2024 as well, enables Original Equipment Manufacturers (OEMs) to assess strengths and improvements at the industry level and put in place collaborations to accelerate the expected improvements in the industry. At the same time, such an approach allows suppliers to conduct a single assessment, to be shared with all international customers, thus avoiding the need to undergo multiple specific assessments, ensuring a significant increase in the effectiveness and efficiency of the process. Furthermore, suppliers have the opportunity to access the EcoVadis platform on favourable terms and take advantage of the resources it contains to support the improvement of their ESG performance.

12 major AD&S groups have already joined the initiative and have begun to build a pool of more than 5,000 companies operating in the sector, including more than 750 suppliers of Leonardo[74], which have been assessed by EcoVadis and which have made their scorecards available for the sector initiative.

[73] IAEG, International Aerospace Environmental Group, is a non-profit organisation comprising 54 leading Aerospace, Defence and Security companies that together account for over 70% of the industry at a global level.

[74] Relating to legal entities or large groups, to which more than 1,100 individual suppliers in Leonardo's register correspond. For more details, please see the paragraph "Supply chain development".

Reduction in emissions through the development of products and services

In line with the SBTi-validated[75] target, Leonardo is active in reducing Scope 3 emissions related to the use of its sold products and services by promoting innovative solutions, such as the use of alternative materials and state-of-the-art fossil fuel substitutes, which enable the customer to reduce emissions generated in the phase of use.

Virtualisation *Virtualisation has over the years seen growth both in training of pilots and aircraft maintenance work of related personnel.*	**Pilot training** – Through the implementation of simulators, Leonardo enables virtual pilot training, thus significantly reducing the need for flights on real platforms, with consequent reduction in the use of fuels and production of climate-altering emissions[76]. Training systems through virtual training (Embedded Training Systems) allow online training with real and/or virtual actors in a tactical scenario shared between aircraft, ground simulators and monitoring and control stations, with real-time data exchange through data links (aircraft-to-ground) and communication networks (ground-to-ground). The production of simulators is one of the activities under the European Taxonomy regulation, with regard to the climate change mitigation objective[77]. For this activity, verification of compliance with the significant contribution criteria is still in progress.
Reducing emissions during aircraft operation *Using sustainable fuel, reducing aircraft weight and developing hybrid-electric propulsion systems.*	**Use of Sustainable Aviation Fuel (SAF)** - Up to -80% CO_{2e} emissions over the entire life cycle can be achieved through the use of SAF compared to traditional fuel. At present, Leonardo has 12 helicopter models that can operate on fuels with up to 50% of SAF. In the first quarter of 2025 Leonardo will complete verification of the ability for in-service owner aircraft to operate with drop-in fuels with up to 50% of SAF. Leonardo aims to assess the compatibility of current “in-service” aircraft without changes to the aircraft and fuel distribution infrastructure. In this regard, Leonardo will commence work on some experimental activities, in cooperation with the Air Force's Experimental Flight Department (RSV) in order to issue clearance to conduct demonstration flights of a SAF-fuelled M346 aircraft. These flights are preparatory to the SAF evaluation for the PAN (National Aerobatic Team) configuration, also involving the partners and suppliers of the affected facilities, to verify the possibility of conducting the first test flights during 2025. The SAF-PAN project is structured into two phases, which will lead from an initial clearance for demonstration flights with 50% SAF blend to the challenging final goal of providing a clearance for 100% SAF blend. Leonardo is also active in various national and international councils to monitor and analyse technological advances towards the definition of both 100% SAF drop-in fuels for in-service aircraft and newly formulated 100% SAF fuels for future aircraft. **Electric or Hybrid Platforms** – The activities relating to the study of cutting-edge technologies and impacts from hybrid/electric propulsion systems are in progress with Leonardo Innovation Labs, including through the national H2Craft research initiative, under the NRRP, with the Polytechnic University of Turin and cutting-edge entities such as PowerCell and PunchDumarey. In the European civil sector, Leonardo is involved in the Clean Aviation programme with participation in 9 research projects, 2 of which are company-led (HERA, HERFUSE), aimed at identifying regional aircraft configuration, innovative system architectures and frontier technologies enabling a significant reduction of environmental impact through hybrid-electric propulsion. The projects are in collaboration with a major European ecosystem involving, among others, Airbus, Safran and GE-Avio Aero.

[75] For more information on the target, please refer to the section on Metrics and Targets.
[76] CO_{2e} emissions produced with one hour of simulator are about 1/10th of those of one hour of real flight.
[77] Activity 3.6 Manufacturing of “Manufacture of other low carbon technologies”. For more details, please see Disclosure pursuant Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)”.

Other projects to reduce Scope 3 emissions

Sustainable mobility of employees and shipping  *Commitment to reduce employee emissions in home-work commutes and shipping*	**Sustainable employee mobility** – Some home-work commute Plans have been prepared for 39 company sites in Italy, 9 of which on a voluntary basis, which provide for the implementation of several projects aimed at encouraging more sustainable home-to-work mobility. In 2024, Leonardo incurred expenses of about €mil. 3.2 to support employees in making sustainable mobility choices, including: the continuation of smart working, the adoption of an app to encourage carpooling, through a cashback system, between colleagues and cycling, walking and company shuttles, maintaining the shuttle service at numerous company sites, installing covered parking spaces for bicycles, providing grants for the purchase of public transport season tickets, and agreements to encourage the use of bicycles and trains. In 2024, the adoption of the app and the implementation of carpooling saved about 500 tCO_{2e}. **Logistics –** Implementation of the Transportation Control Tower to make the Group's shipping management more efficient while reducing emissions under Scope 3, through consolidation of shipping and reduction of dedicated transport and, where possible, with a shift to more sustainable modes of transport (e.g., maritime transport). A reduction of 5% in CO_2 emissions was achieved in 2024, which is expected to remain stable in 2025[78].

Climate change adaptation

Various Leonardo products and services contribute to climate adaptation of customers and end users, in different areas: from satellite observation of the Earth to responding to emergencies created by extreme weather events.

	**Crewed and uncrewed helicopters and aircraft** - Leonardo has a Medium-Altitude Long-Endurance class product portfolio, based on the aircraft of the "Falco family" and a technology evolution roadmap for use in environmental surveillance and monitoring missions, emergency management and border control in a connected environment and highly integrated with other infrastructures.
	Search and Rescue (SAR) and Emergency Medical Services (EMS) - Leonardo also develops multi-mission configurations of aircraft for search and rescue and emergency medical missions, and designed for excellent performance under the most demanding operating conditions in natural disasters, fires, pollution control and humanitarian relief (AW family, ATR and C-27J Special Version and C-27J Firefighting).
	**Global monitoring** – Timely and quality data analysis is essential for decision-making in a variety of areas. The real-time integration and processing, including thanks to Artificial Intelligence, concerning large amounts of data coming from various sources (including satellites, drones, etc.) is at the heart of global monitoring. Such satellite geo-information services are useful for monitoring emergencies such as floods, fires, earthquakes, and tornadoes, providing tools and solutions aimed at facilitating climate change adaptation.

As early as 2024, Leonardo conducted several activities, including a study in collaboration with LGS and Univiersità Vanvitelli, which enabled the identification and implementation of a number of climate change mitigation and adaptation measures, some of which have already been described in this chapter. Moreover, at the end of 2024, it started a specific climate scenario analysis activity as described in the section "Process for identifying climate risks and opportunities".

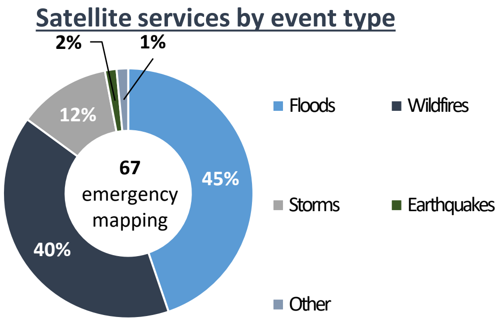
[78] Baseline 2019.

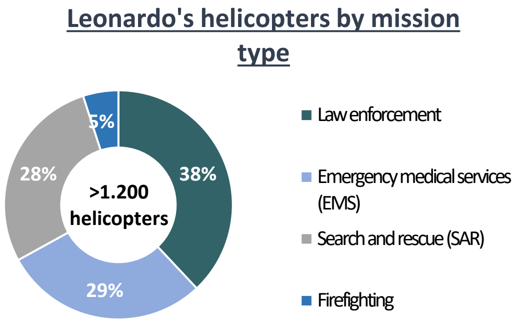
Focus: Leonardo's solutions for planet monitoring

Copernicus - Leonardo, through its subsidiary e-GEOS, provides information in support of the Copernicus Emergency Rapid Mapping Service, which provides standardised mapping products to support emergency management that enable verification of the pre-event situation, to identify the most affected locations, and to assess the intensity and severity of damage. e-GEOS, as part of the Copernicus programme, also leads the European Ground Motion Service (EGMS), which provides European coverage maps of ground movements with millimetre accuracy, using InSAR (Interferometric Synthetic Aperture Radar) measurements derived from Sentinel-1 data[79].

Cooperation between the Italian and Vietnamese Ministries of the Environment - In 2024, as part of a cooperation project to support the climate change adaptation strategy in the most vulnerable areas of South-East Asia[80], Leonardo, through its subsidiary e-GEOS, has made available to the Italian MASE and Vietnam Ministries its expertise in processing and exploiting analyses based on radar, optical and other sensor data, interferometry, hydraulic models, artificial intelligence and response to emergencies and climate change by being awarded the development of an Operations Center (Geo Information Centre, GIC).

X-2030 – Finally, among the products with an impact in terms of climate change adaptation is the X-2030 platform, which is a "system of systems", a command and control, communication, cyber and intelligence solution for monitoring the territory, through collecting and correlating information from available sensors and databases, used, for example, for monitoring environmental and anthropic events, preventing risks (including those caused by climate change) and environmental crimes, monitoring archaeological sites, and for city management and urban security purposes.





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[79] The technology is also applied to monitor the structural integrity of dams, bridges, railways, and buildings, by also using higher spatial resolution data, in particular from the COSMO-SkyMed/COSMO-SkyMed Second Generation constellation for assessing the likelihood of hazards such as landslides or subsidence induced or exacerbated by climate change.

[80] The cooperation project on "Set up and implementation of a Geo-Information System for Climate Change Vulnerability, Risk Assessment and Environment monitoring for Viet Nam based on remote sensing Technology" was started by the Italian Ministry of Environment and Energy Security (MASE) in cooperation with the Ministry of Natural Resources and Environment of Vietnam.

Focus: Leonardo's advocacy activities and collaborations on environment and climate

Leonardo is committed to playing a constructive role in the global effort to combat climate change and during 2024 it participated in numerous initiatives and working groups focused on climate and, more generally, environmental issues, with the aim of identifying best practices and contributing to the public debate. Before joining a working group, association or any other organisation, Leonardo carries out an assessment to verify, among other things, the adherence and alignment of these activities with the strategic objectives of Leonardo, including sustainability goals and commitments on environmental issues, including those on decarbonisation validated by SBTi and considered to be in line with the Paris Agreements. Key initiatives include:

International Aerospace and Environment Group (IAEG) - Leonardo is a member and is part of the Board of Directors of the IAEG, an organisation including the industry's leading companies committed to advancing innovative environmental solutions and standards for aerospace. In 2024, Leonardo discussed environmental sustainability issues, including the development of alternative technologies and the reporting and management of GHG emissions.

Climate and Defence (C&D) Task Force – At the European level, Leonardo is a founding member of the Climate and Defence (C&D) Task Force of the AeroSpace and Defence Industries Association of Europe (ASD) and its subgroups on Ecodesign and Sustainable Supply Chain.

European Round Table (ERT) - Leonardo participates in the Energy Transition and Climate Change group of the European Round Table (ERT), and is part of the Confindustria Environment Technical Group in Italy.

United Nations Climate Change Conference (COP 29) - Further confirming its commitment to a decarbonisation roadmap in line with the Paris Agreement, Leonardo took part in COP29[81] during which it had the opportunity to showcase the substantial contribution that the advanced technology solutions in its portfolio can make to the decarbonisation of cities and territories in terms of climate change adaptation and mitigation. The event was an opportunity to bring together representatives from industry, and from public and financial institutions[82].

Metrics and targets

Targets related to climate change

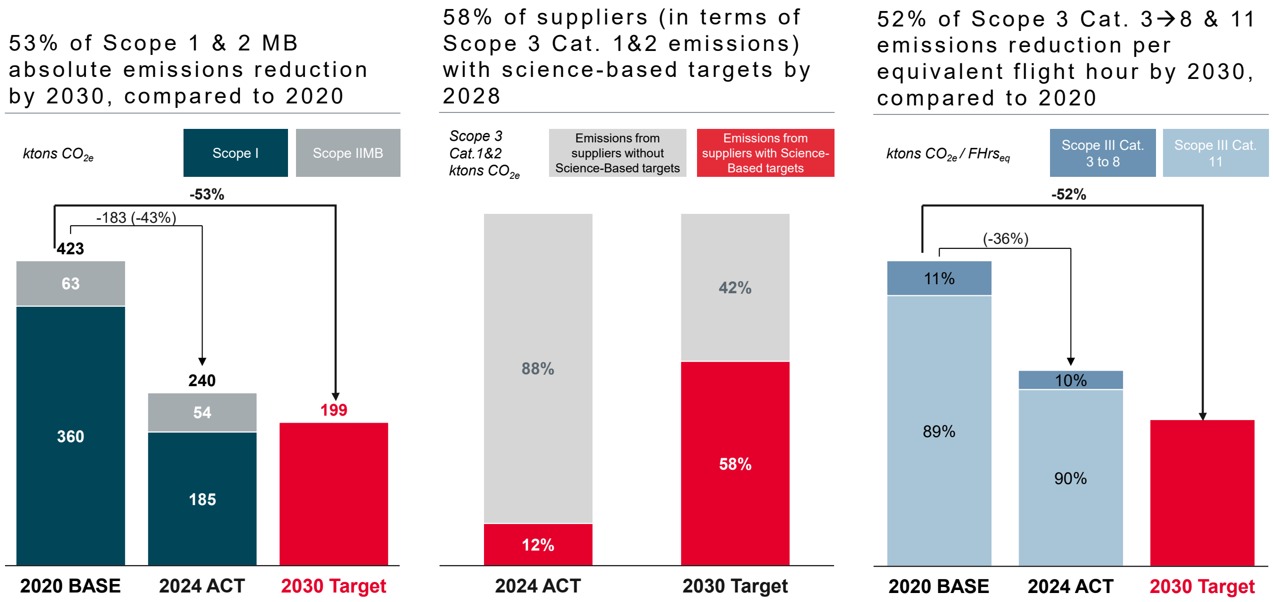
As part of its climate strategy, Leonardo has defined three short-term emission reduction targets, which were validated by the Science-Based Targets Initiative (SBTi) in 2024. These targets, aligned with international frameworks for the containment of global warming, reflect the company's concrete commitment to a transition towards more sustainable operating and production models.

Targets	*Description*
53% reduction in direct and indirect (**Scope 1 and 2 market-based**) emissions from business operations and energy consumption **by 2030**, **compared to 2020**	*This target refers to 100% of Scope 1 and 2 emissions and focuses on the implementation of actions and initiatives to improve the efficiency of business operations, and reduce energy consumption and their impact in terms of direct and indirect emissions[83]. The 2024 figure of -43% confirms the trend of the Group's roadmap.*
Involving 58% of suppliers (in terms of Scope 3 Cat. 1&2 emissions), **which must develop and set science-based decarbonisation targets by 2028**	*Cat. 1&2 emissions account for 54% of total Leonardo's Scope 3 emissions in 2024. This target promotes supply chain decarbonisation through the creation of a community*

[81] Held in Baku, Azerbaijan.
[82] Thanks to the participation of: Ministry of Environment and Energy Security, EU Special Envoy for Climate and Environment Anthony Agotha and representatives of financial institutions such as Cassa Depositi e Prestiti.
[83] For more details on the actions defined by Leonardo, please see "Climate change mitigation – Main levers for reducing CO2 emissions in their operations (Scope 1 e 2)".

	involving over 500 suppliers[84]. The figure reached by 2024 represents an advance of about 21% over the target.
52% reduction in Scope 3 Cat. 3 to 8 and Cat. 11 emissions in terms of CO_{2e} **per flight equivalent hour by 2030, compared to 2020**	*This target focuses mainly on the use of products sold (Cat. 11), which constitutes more than 40% of the Group's total carbon footprint, in addition to considering other residual Scope 3 emission categories. Leonardo plans to achieve the Cat. 11 target through: the development and market introduction of low-impact products, such as the AW09 helicopter, and the virtualisation of the offering, particularly with state-of-the-art simulators[85]. The progress on the target to 2024 is approximately -36%.*

The latter two targets have been defined to cover at least 67% of the total Scope 3 emissions of Leonardo. This approach ensures that the company's efforts are consistent with international frameworks and aimed at reducing the main sources of indirect emissions along the entire value chain[86].



In addition to the SBTi decarbonisation roadmap, Leonardo UK is committed to achieving Net Zero by 2050 across the entire value chain, including through the achievement of intermediate targets as reported in the Leonardo UK Carbon Reduction Plan. Scope 1 and 2 emissions have decreased by 68% since 2018, with the purchase of renewable energy as the main reduction factor.

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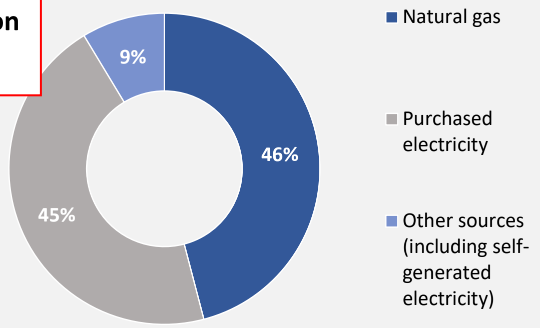
84 In this community, the company will share specific awareness-raising and training programmes on sustainability reporting, supporting suppliers in adopting SBTi targets and fostering a collaborative transition to low-carbon practices.
85 Furthermore, Leonardo has defined decarbonisation pathways for other indirect emissions, such as those generated by business travel and employee commuting. For more details, please see the previous paragraphs.
86 Please see the document SBTi CORPORATE NEAR-TERM CRITERIA.

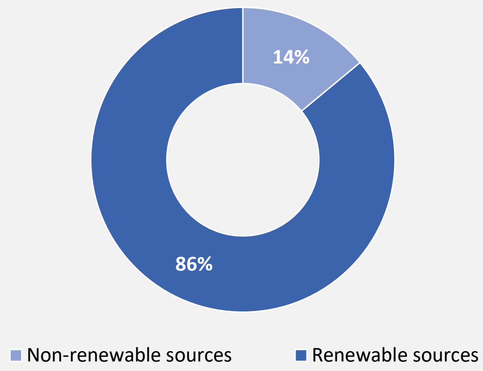
Energy consumption and mix

Energy consumption 5,377 TJ

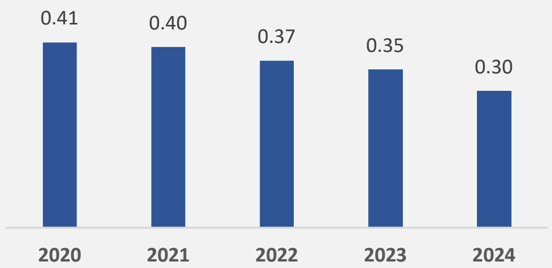
Energy consumption by source



Electricity consumption by source



Consumption and energy intensity (MJ/€)



Intensity of energy consumption on revenues: 0.30 (-13% compared to 2023). The denominator of this KPI is equal to the revenues reported in the Leonardo Group's consolidated financial statements[87].

Energy consumption: 5,377 TJ (+1.2% compared to 2023), of which 39% from renewable sources, including:

- Consumption of electricity acquired: 2,443 TJ, equal to 679 GWh (+6% compared to 2023), of which 86% from renewable sources;
- Natural gas consumption: 2,469 TJ, equal to 68.6 million m3 (+1% vs 2023), mainly used for heating;
- Other sources (of which self-prduced electricity): 465 TJ, -17% vs 2023.

E1 - Climate Change			
Energy consumption and mix	**Unit**	**2023**	**2024**
Fuel consumption from coal and coal products	*MWh*	n.a.	0
Fuel consumption from crude oil and petroleum products	*MWh*	102,753.00	69,557.00
Fuel consumption from natural gas	*MWh*	675,988	685,665
Fuel consumption from other fossil sources	*MWh*	739.00	1,022.00
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	*MWh*	149,395	141,371
Total fossil energy consumption	*MWh*	**928,875**	**897,615**
Share of fossil sources in total energy consumption	*%*	**63.0**	**60.1**
Total consumption from nuclear sources	*MWh*	**n.a.**	**5,028**
Share of consumption from nuclear sources in total energy consumption	*%*	**n.a.**	**0.3**
Fuel consumption for renewable sources	*MWh*	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	*MWh*	546,276	588,301
The consumption of self-generated non-fuel renewable energy	*MWh*	130	2,726
Total renewable energy consumption	*MWh*	**546,406**	**591,027**
Share of renewable sources in total energy consumption	*%*	**37.0**	**39.6**
Total energy consumption	*MWh*	**1,475,281**	**1,493,670**
Energy intensity (Energy consumption / net revenue)	*MWh/M€*	**96**	**84**

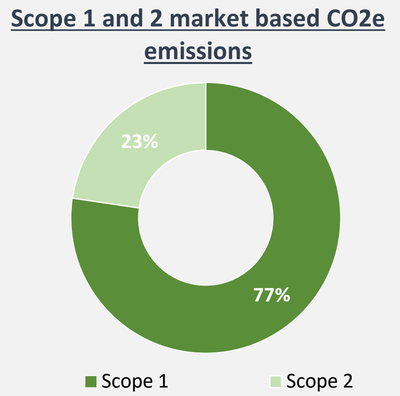
[87] The primary reference Nace code of the Aerospace, Defence and Security sector - C30.3 - falls within the sections referred to as 'High climate impact sectors', meaning 100% of Leonardo's energy consumption and revenues are related to activities of this type.

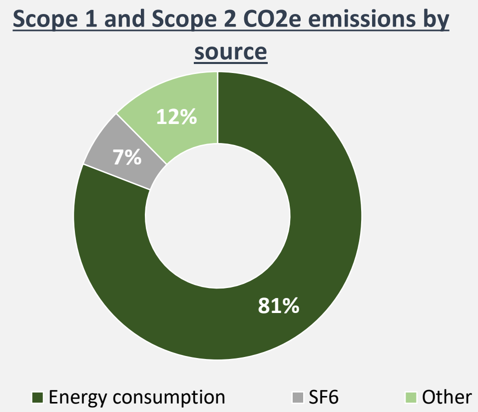
Carbon credits and internal carbon pricing

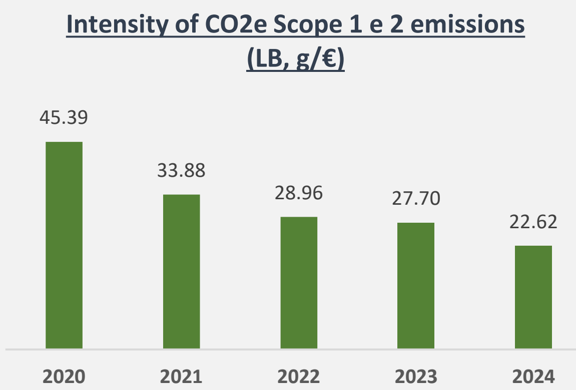
Leonardo has no GHG emission offset or mitigation projects financed with carbon credits. Leonardo makes use of the shadow price scheme, the value of which is determined by reference to that of European Emissions Trading Scheme (ETS) allowances, the EU's regulatory tool for encouraging greenhouse gas reduction by the largest emitting installations through the purchase of CO^2 allowances[88]. Leonardo, which operates 8 Italian sites subject to ETS[89], adopts this carbon price to assess the cost-effectiveness of any investments to be made to reduce emissions from installations subject to the EU ETS and others located in countries where ETS-like regulatory tools may be applied in the future. In addition, new European regulations providing for the application of the ETS scheme to intra-EU flights as well could push customers toward products with lower consumption and emissions. For these reasons, the carbon price is taken into account for business decisions related to the identification of energy efficiency projects, investments underpinning the decarbonisation pathway regarding Scope 1 and Scope 3 upstream emissions (cat. 1 and 2), and the identification of business opportunities by, for example, directing research and development activities.

Scopes 1, 2 and 3 emissions[90]

CO_{2e} emissions Scope 1 + 2 (MB) 239,824 t







Intensity of CO_{2e} emissions Scope 1 and 2 (Location-Based) on revenues: 22.62 (-18% compared to 2023). The denominator of this KPI, as well as that of the other KPIs on the emitting entity published in the financial statements, is equal to the revenues reported in the Leonardo Group's consolidated financial statements.

CO_{2e} Emissions Scope 1 and 2 (Market-Based): 239,824 t (-4% compared to 2023, including:

- Scope 1: 185,446 t of CO_{2e} (-5% compared to 2023), of which 16,096 t connected with the use of gas SF_6 (-23% compared to 2023).
- Scope 2 Market-based: 54,378 t of CO_{2e} (-1 % compared to 2023).

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[88] Carbon price relates to the operations of the entire Group.

[89] Figure at 31 December 2024. They were 12 in 2013.

[90] Scope 1 and 2 GHG emissions are calculated from primary data, such as energy consumption, reported through the Group's web-based system by: direct measurement (e.g., meters and consumption metering systems), calculation (e.g., utility bills; purchase orders/invoices), estimates based on number of employees and/or activities conducted. The emission factors used are reported in the ESRS content index (E1-6).
Furthermore, Leonardo does not exercise any operational control over Joint Ventures and unconsolidated companies, so their emissions are not considered in either Scope 1 or Scope 2 category.

GHG Emissions (E1-6)	Unit	2023	2024
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions	tCO_2	195,682	185,446
% of Scope 1 GHG emissions from regulated ETS	%	52	56
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions	tCO_2	227,905	216,386
Gross market-based Scope 2 GHG emissions	tCO_2	55,088	54,378
Scope 3 GHG emissions			
Cat. 1	tCO_2	2,263,633	2,608,667
Cat. 2	tCO_2	149,149	159,300
Cat. 3	tCO_2	34,594	34,514
Cat. 4	tCO_2	17,027	16,229
Cat. 5	tCO_2	26,371	22,768
Cat. 6	tCO_2	27,200	28,649
Cat. 7	tCO_2	54,713	82,752
Cat. 8	tCO_2	12,170	9,316
Cat. 9	tCO_2	*(2)*	*(2)*
Cat. 10	tCO_2	*(3)*	*(3)*
Cat. 11 (8)	tCO_2	3,215,336	2,205,409
Cat. 12	tCO_2	*(4)*	*(4)*
Cat. 13	tCO_2	*(5)*	*(5)*
Cat. 14	tCO_2	*(6)*	*(6)*
Cat. 15	tCO_2	*(7)*	*(7)*
Gross Scope 3 GHG emissions	tCO_2	**5,800,193**	**5,167,604**
Total GHG emissions (location-based)	tCO_2	**6,223,780**	**5,569,436**
Total GHG emissions (market-based)	tCO_2	**6,050,963**	**5,407,428**

Total GHG emissions (location-based) per net revenue	tCO_2 / M€	**407**	**314**
Total GHG emissions (market-based) per net revenue	tCO_2 / M€	**396**	**304**

(1) Leonardo's business is cyclical so a +/- 15% YoY variability between 2020 and 2030 is forecast on Cat. 1 and 11 emissions. This YoY variability reduces to +/-6% in the 2027-2030 timeframe due to several high-impact programs coming to an end and business stabilizing on lower emissions / higher volumes platforms.
(2) Not Applicable: Leonardo manages and pays the delivery of products and services directly to the customer. Therefore, according to GHG protocol, emissions related to transportation and distribution of sold products are tracked and reported under the upstream transportation and distribution category because Leonardo purchases the service. Thus, downstream transportation and distribution emissions are not applicable.
(3) Negligible - around 0.05% of total Scope 3 emissions.
(4) Negligible - around 0.01% of total Scope 3 emissions.
(5) Leonardo's business is based on selling products, not on leasing them. Therefore, this category is not applicable.
(6) Leonardo does not have any franchises. This category is therefore not applicable to its business activities.
(7) Negligible - around 0.5% of total Scope 3 emissions.
(8) The reduction of Scope III cat.11 emissions does not affect the SBTi target boundary and related KPI.

Pollution

Materiality and Leonardo approach

Leonardo's production processes can generate impacts on the environment due to air pollution - caused by emissions from its own operations, supply chain, products, and investments -, water discharge and the generation of energy and waste (both hazardous and non-hazardous). Leonardo has established special plans shown in the dedicated sections of this chapter “Environmental information” in order to limit such impacts.

Managing impacts, risks and opportunities

Processes to identify pollution-related risks and opportunities

AD&S industry's production processes involve the use of chemicals (including hazardous ones) that can have an adverse impact on ecosystems. At the same time, Leonardo is committed to ensuring full compliance with stringent European and national regulations related to the use of polluting and hazardous chemicals.

Impacts and risks are assessed, monitored and updated, on a periodic basis, through environmental and context analyses, in accordance with the ISO 14001 and ISO 45001 standards, in order to prepare improvement programmes, monitoring plans and through research and development projects, including with the involvement of third-party specialists - and ongoing training activities[91].

79% of employees at sites with **ISO 14001** certified environmental management systems	**1,731 environmental audits** (1,519 in 2023), of which 1,657 conducted inhouse and 79 by third parties	About **277,000 hours of training** in environmental, health and safety (HSE) issues

2024 figures

Actions and resources related to pollution

In accordance with the ISO 14001 certification standards, the Group regularly performs environmental assessments and monitoring the progress of strategic plans to reduce impacts. Furthermore, it takes out specific insurance policies in order to mitigate the consequences of unexpected events.

Soil and air emissions

Leonardo implements various activities to reduce pollutants emitted into the atmosphere through new processes, technologies and more efficient abatement systems. These include eliminating or reducing diffuse and/or fugitive pollution in the atmosphere, and eliminating emission sources. These activities contribute to minimising or completely eliminating relative emissions, including NO_x, SO_2 and VOC emissions. Leonardo’s sites where production processes are carried out, which involve the controlled use of hazardous substances operate in line with specific regulations to manage risks and any potential impact on the environment. The operation of contaminated sites and ongoing remediation procedures in the Group is based on an approach of responsibility and sustainability to implement the best technical and operational solutions.

[91] A description of the process for identifying impacts, risks and opportunities related to pollution prevention and control is given in the chapter “”. For more details on impacts/dependencies of Leonardo sites, including in terms of pollution, please also see the paragraph “Biodiversity and eco-systems”. For more information on policies, please refer to the paragraph “Sustainability management policy” of the chapter “General information”. General information - Managing impacts, risks and opportunities – double materiality

At its various sites in Italy and abroad, Leonardo has implemented processes to improve wastewater quality. Produced domestic and industrial wastewater is sent to purification and treatment processes before discharge. Through these treatments, risks associated with the quality of water leaving production processes are reduced and the impact of water emissions on the terrestrial ecosystem and the waterways involved is also reduced[92].

Reduction of pollutants during the use of products

Reduction of pollutants produced by the operation of aircraft and sensors is pursued by the Group as a competitive advantage over customer and stakeholder expectations. During 2024, the following actions were implemented as part of multi-year projects:

Pollutant emissions - The electrification and hybridisation of aircraft such as in the development of ATR Evo or the developments of the Clean Aviation project, allow a drastic reduction of Volatile Organic Compounds from combustion into the atmosphere during the operational life; in particular through the development of the new generation Tiltrotor civil helicopters, a reduction is achieved in normalised NO_x emission of about 50% versus AW139 and other volatile chemical compounds.

Acoustic noise, and light and electromagnetic disturbance - These are among the main impacts and risks of the Group's business to human health and ecosystems related to the use of aircraft and active electromagnetic sensors during testing activity stage and during the operational life. Reduction of noise, such as from helicopter blades and aircraft turbines, is being pursued through specific development projects, including the Tiltrotor, and new nacelles for aircraft turbines.

Finally, the reduction of typical urban transport noise is also facilitated by projects to optimise the timing of urban electric transport through traffic monitoring and control solutions in the Genova IV assi project.

Hazardous substance management

Leonardo, whose business is at the end of the supply chain, is committed to managing chemicals and mixtures deemed harmful to human health and ecosystems through material procurement and supplier qualification stages. The management of such substances is complex both because of the stringent performance, safety and certification requirements of its products and because some hazardous substances are not universally identified as such in materials entering production processes[93].

Leonardo has identified the hazardous substances used in industrial processes, started a rationalisation of the substances purchased, in compliance with the restrictions and exceptions provided for by the REACH Regulation, and provided for mitigation plans for each division, as well as specific objectives for the reduction, and, where technically possible, the elimination of hazardous substances from products while also taking advantage of eco-design initiatives that make it possible to identify alternatives with lower impact right from the design phase. Substitution projects involve operating expenses that are incurred from essentially in-house sources. In addition, in some cases Leonardo collaborates, when useful, with third-party business partners to identify, develop and test together alternative solutions, including within the framework of national and European research and funding programs, and involves suppliers in the management of hazardous substances and compliance with REACH regulations through contractual clauses and training courses on the subject.

In compliance with the REACH Regulation and the RoHS Directive, Leonardo targets the reduction of the use of hexavalent chromium in processes for hard coatings of parts with high thermomechanical strength and a need for corrosion protection in very challenging environments. The Group has also started an analysis of

[92] For more details, please see the following chapter "Water and water consumption". The operation of contaminated sites and ongoing remediation procedures in the Group, 25 in 2024, is based on an approach of responsibility and sustainability to implement the best technical and operational solutions.
[93] Such as, for example, for Per- and Polyfluoroalkyl Substances (PFAS).

PFAS (Per- and Polyfluoroalkyl Substances) in the supply chain, which are present in paints or insulation and elastic materials for a gradual reduction of their use in its processes and products. During 2024, the “Phase out of CrVI” project planned an investment of €mil. 6.86 for the complete substitution of hexavalent chromium with alternative substances in all of the Group's approximately 80 industrial processes by 2034, and the elimination or replacement of CrIV was achieved for some processes as early as in 2024.

Collaboration with stakeholders on the use of hazardous substances

ASD - Leonardo participates and leads the working group of the European Aerospace and Defence Association (ASD) on REACH and chemical substances, supporting the actions towards the European Commission and Parliament and the dialogue with the European Defence Agency (EDA)[94].

AIAD (Italian Industry Federation for Aerospace, Defence and Security) - Leonardo also chairs AIAD's REACH Working Group to coordinate dialogue with the Italian Ministry of Defence and political counterparts.

MoD UK – Leonardo participates in the UK Ministry of Defence's Sustainable Procurement Working Group to share best practices in managing industry policies, including REACH regulations and GHG protocols.

ADCR - Leonardo participates in the Aerospace and Defence Chromium ReAuthorisation Consortium (ADCR), contributing to specific reports, including a socio-economic analysis in which it involved over 70 key suppliers that could be impacted by the substitution plans, in order to mitigate the risk of discontinuity in the business particularly linked to the substitution of some chromates with alternative solutions.

RINA-Centro Sviluppo Materiali – Within the working group on Critical Raw Materials[95], Leonardo has activated collaboration with RINA-Centro Sviluppo Materiali, one of the research and development partners, concerning alternative coating creation techniques, preferring chemical processes with reduced environmental impact.

Metrics and objectives

Targets related to pollution

Leonardo acts in compliance with the REACH regulations with the objective of reducing the use of hazardous substances from its processes and products by 15% by 2025 and 50% by 2032 compared to 2022, considering the specific features of each business in which it operates[96]. The reduction is calculated based on the indicator “kilograms of SVHC substances purchased (in Annex XIV of the Regulation as at 31 December 2022) per production hours.

Target	Unit	2024	Target	Target year
Use of hazardous substances (compared to 2022)	%	2.78 (-10%)	-15% -50%	2025 2032

Pollution of air, water and soil

Leonardo's European sites report to the European Pollutant Release and Transfer Register (E-PRTR), which is kept by ISPRA (Italian Institute for Environmental Protection and Research) in Italy, any exceedance of the levels of pollutant emissions to air, water, and soil required by Annex II to Regulation (EC) No 166/2006.

[94] Among the projects carried out in this context are the definition of a guideline to simplify the approach for waste management in the sector (Waste Framework Directive; the creation of a Working Group within the Chemical Strategy for Sustainability REACH and Classification, Labelling and Packaging (CLP) to inform the European Union of the needs of the sector in view of the update of the REACH and CLP regulations; participation in the CEFIC (European Chemical Industry Council) round tables to follow initiatives related to product sustainability and safe and sustainable design.

[95] Within the scope of the Incubator Forum on Circular Economy in European Defence (IFCEED) project of the European Defence Agency.

[96] The effectiveness of the objectives is monitored through the indicator mentioned above. For stakeholder involvement, please refer to the double materiality, in the paragraph “Managing impacts, risks and opportunities – Double materiality”:

Likewise, Leonardo monitors that its non-EU sites also comply with the limits set by local regulations, or, if more stringent, the same as those set by Regulation (EC) No 166/2006. As at the reporting date of this report, there are no reported exceedances of emission levels for 2023. Micro-plastics are neither used nor produced.

Substances of concern and substances of very high concern

Leonardo is equipped with specific tools for collecting and reporting information related to substances of very high concern (SVHC) and substances of concern (SoC) to ensure compliance with current regulations. In Leonardo, the use of these tools, combined with the strong working synergy, therefore allow a proactive assessment and management of the impacts on both health and environmental matrices, as well as, through appropriate mitigation plans, a minimisation of risks related to the use of these substances. Likewise, the Group requires its suppliers to comply with current regulations related to the use of these substances, enhancing these best practices towards end customers as well.

SOC and SVHC	Unit	2023	2024
Total SOC	*t*	n.a.	2,541
Total SVHC	*t*	n.a.	70

Financial effects related to pollution

During 2024, the number of environmental violations reported by regulatory bodies is 2 (Frosinone and Southampton), one of which (Frosinone) resulted in monetary penalties of €th. 0.64 imposed in the year. In 2024, the total remediation costs incurred were instead €mil. 12.6.

Water and water consumption

Materiality and Leonardo approach

Droughts and floods pose a serious threat in many countries, with risks spreading from typically more exposed sectors, such as agriculture, to other businesses, including Aerospace and Defence. It is predicted that, by the middle of this century, more than half of the world's population will live in "water-stressed" areas where water supplies are insufficient to meet demand in a sustainable manner[97].

Leonardo's sites are located on different continents, resulting in different operating environments, and some of them are in water-stressed areas. Water is a major component for Leonardo's production processes, including, for example, electroplating plants, painting processes, rain tests on products, and also air conditioning systems for working and production environments (e.g., clean rooms, cooling towers).

In order to direct a proper management strategy, Leonardo conducts a Water Site Risk Analysis, on a periodical basis, to assess the water risk to the business at production sites. The results of the analysis are incorporated into mitigation projects and activities aimed at implementing withdrawal efficiency and reuse (e.g., collection and reuse of rainwater, and recovery and reuse of share of wastewater).

Managing impacts, risks and opportunities

Process for identifying water-related risks and opportunities

The analysis of impacts and risks is periodically updated within the framework of the Environmental Management Systems, monitoring the production growth of each plant/site, which could increase the consumption of water resources, and evaluating the benefits obtained from the implementation of investment projects aimed at reducing the use of water resources, proposing new initiatives each year. Leonardo puts in place projects through the Sustainability Plan, which are aimed at mitigating business continuity risks related to future scenarios of water scarcity, especially for production sites located in high-stress areas[98].

Actions and resources related to water policies

The Group has designed a water management strategy that aims to achieve the Group's water withdrawal reduction target through two pillars:

- making the water networks of its sites more efficient through revamping and measurement tools;
- implementation of water circularity, including through treatment plants allowing the reuse of wastewater, a synergic objective with the reduction of liquid waste.

[97] Source: The Economist.

[98] A description of the process for identifying impacts, risks and opportunities related to water risk prevention and control is provided in the chapter "General information - Managing impacts, risks and opportunities – double materiality".
For more information on policies, please refer to the paragraph "Sustainability management policy" in the chapter "General information".

Water network efficiency *Water efficiency of networks through revamping and water recycling*	**Water Audit Cycle (WAC) and Smart Water –** These two projects initially involved the realisation of desktop studies on the analysis of plant water balances, types of use and treatment systems for primary water, wastewater (domestic, industrial and technological plants) with in-depth on-site investigations at 9 Italian sites and one foreign site. The resulting projects, in the period 2022-2024, grouped under the Smart Water Programme, implemented plant revamping and the strategic installation of approximately 80 new smart meters. These projects allowed for a reduction of about 128 Ml/year in 2024 of water supplied compared to 2019, with economic resources allocated in 2024 of about €th. 578 and € 2 mln envisaged for next years.
Implementation of water circularity *In line with Water Circularity principles*	**Upgrading of existing treatment plants and actions for the recovery and reuse of wastewater and rainwater** - Through specific analyses and in-depth studies, improvement actions have been identified that concern both the upgrading of existing treatment plants and actions for the recovery and reuse of wastewater and rainwater, for non-drinking purposes. These actions, an integral part of Phase 3 of the Smart Water Programme, will be implemented from 2025. Furthermore, several water recovery and reuse projects were implemented and/or started in 2024. Among these: > at the La Spezia site, work was completed on the upgrading of the industrial wastewater treatment plant, which will lead to savings both in terms of reduced water withdrawals and in the reduction of liquid waste produced[99]; > at the Foggia site, planning is underway for the recovery and reuse of rainwater; > at the Caselle site the evapoconcentrator project for galvanic processes has been started. The initiative to improve the efficiency of liquid waste produced by surface chemical treatments consists of installing a vacuum evaporator (evapoconcentrator), which will allow the recycling and extraction of water for industrial reuse from the concentrated liquids for galvanic processes and penetrating liquids, which are currently managed as waste. The aim is to reduce both waste produced and industrial water withdrawals.

Metrics and targets

Targets related to water

With the aim of reducing its impacts on the environment and minimising risks on its production processes, Leonardo has set a target of reducing absolute volumes of water withdrawals - and consequently consumption - by 25% by 2030 compared to baseline 2019. This target, which is thus irrespective of business performance, becomes even more significant in view of the fact that the Group's production volumes are expected to grow further in the coming years. In pursuit of this goal, Leonardo prioritises interventions in water-stressed areas and generally aims to improve the quality of the water it returns to the environment downstream of the production process. The strategy implemented so far has resulted in a 21% reduction in water withdrawals[100] in 2024 compared to 2019.

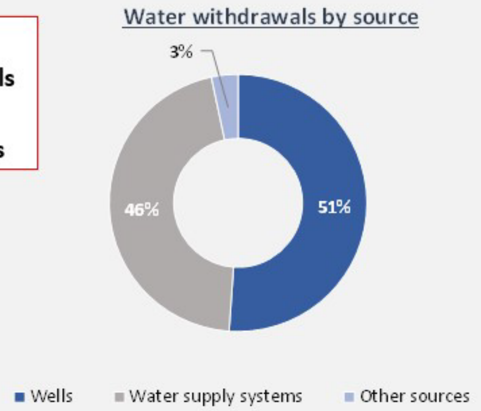
[99] The innovative approach selected is the result of an overall analysis of the conditions and an improvement of the production processes upstream of the plant in order to decrease the input of pollutants already in the wastewater production phase, thus minimising the waste produced and increasing the effectiveness of the intervention.

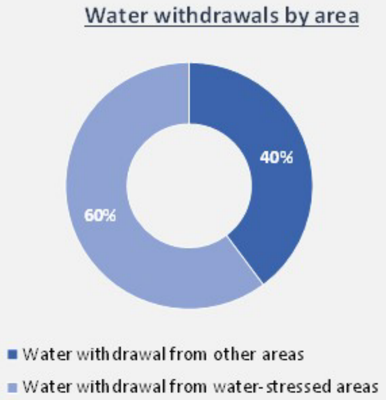
[100] With regard to water withdrawn from traditional sources (wells/aqueducts).

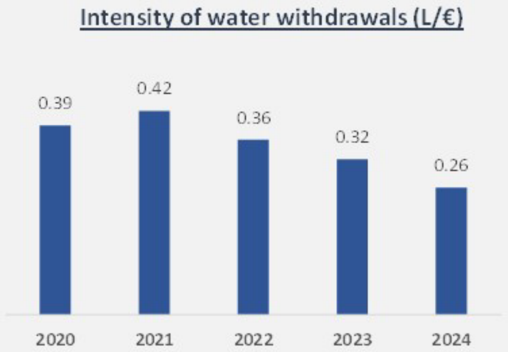
Water consumption

During 2024, Leonardo withdrew 4,646,924 m^3 of water and discharged[101] 2,912,200 m^3, having reported a consumption[102] of 1,734,725 m^3. Of this, 63.5% was realised in water-stressed areas[103]. Water intensity, calculated as the ratio of water consumption to revenue, is 97.66 m^3/€mil..

Water withdrawals 4,647 megalitres







- Intensity of water withdrawals on revenues: 0.26 (-19% compared to 2023).
- Water withdrawals: 4,647 megalitres (-5.7% compared to 2023). The reduction in withdrawals was mainly obtained through a structured programme to monitor water consumption, and investments related to water network efficiency, as well as to projects to recover water;
- Reused and recycled water is equal to 173 megalitres (about 4% of total water withdrawals);
- Withdrawals from water-stressed areas are equal to 2,798 megalitres (-6.6% compared to 2023).

E3 - Water and Marine Resources			
Water consumption	**Unit**	**2023**	**2024**
Total water withdrawals	*m^3*	4,929,455	4,646,925
Total water discharged	*m^3*	2,733,578	2,912,200
Total water consumption	***m^3***	**2,195,877**	**1,734,725**
Total water withdrawals in areas at water risk	*m^3*	2,953,926	2,797,701
Total water discharged in areas at water risk	*m^3*	1,762,283	1,696,495
Total water consumption in areas at water risk	***m^3***	**1,191,643**	**1,101,206**
Total water recycled and reused	***m^3***	**390,291**	**173,241**
Total water stored	***m^3***	**n.a.**	**63,965**

Water intensity (Water consumption/Net Revenues)	***m3/M€***	**144**	**98**

[101] Not considering unused and discharged rainwater and unused MISE water.

[102] Water consumption is the amount of water entering the perimeter of the company (or plant) that is not discharged back into the aquatic environment or to third parties. It is calculated as the difference between water withdrawals and discharges resulting from them. Withdrawals and most discharges (including all those at Group production sites) are derived from manual/automatic readings from meters. A residual part of discharges - mainly related to some office activities - is instead determined by estimation.

[103] The 2023 data have been recalculated through the new calculation methodology for identifying water-stressed areas applied for 2024 (ref. Tool Aqueduct Water Risk Atlas), in accordance with the ESRS.

Biodiversity and ecosystems

Materiality and Leonardo approach

The relationship between industrial activity and the biome (fauna and flora) takes the form of continuous iterations with the environment in which the company operates, resulting in impacts on biodiversity and ecosystems associated with Leonardo's value chain and creating some dependencies on ecosystem services. These interactions can be grouped into 5 clusters: climate change, change in the use of land, water and oceans, use of material resources and their restoration, pollution, introduction/removal of invasive alien species[104]. The Group considers ecosystem conservation to be a resilient element of its business and aims:

- on the one hand, to mitigate impacts and regenerate biodiversity, both locally, in the territories where industrial sites are located, and during the phases of use of its products and services in the global ecosystem;
- on the other hand, to seize any possible business opportunities with regard to the supply of safety-oriented technologies and products, which also find application in monitoring and maintaining the "natural capital"[105].

In order to further deepen the analysis of interactions of its business with ecosystems, Leonardo started an assessment[106] in 2024, which was based on the methodology of the Science-Based Targets Network (SBTN[107]) framework, which involves the performance of 5 successive phases: "Assess", "Interpret&Prioritize", "Measure, Set & Disclose", "Act", and "Track". During 2024, Leonardo started the first stages of this process with a view to continuous deepening and improvement in line with the Group's strategy of decoupling business growth from the use of natural resources.

Biodiversity strategy

Leonardo has designed, in order to ensure the resilience of its business model, a strategy aimed at decoupling business growth from resource consumption and mitigating impacts on environment and biodiversity, which, leveraging its technological capabilities, focuses on:

- monitoring and control of ecosystems both local at the sites where it operates and global;
- promoting circular businesses throughout the value chain;
- reducing the use and recycling of raw materials (including critical materials and water), and replacing them with innovative technological processes.

In identifying targets, metrics, actions and plans to be implemented for biodiversity protection, the Group considers: the "EU Biodiversity Strategy for 2030", the "EU Nature restoration Law", and the "Kunming-Montreal Global Biodiversity" framework. In accordance with the data-driven approach that informs the Group's sustainability strategy, the biodiversity transition plan will be designed on the basis of measurable KPIs and objectives.

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[104] In accordance with the provisions of TNFD (Taskforce on Nature-related Financial Disclosures) recommendations.
[105] Including: satellite sensing solutions, artificial intelligence, and natural emergency response and disaster recovery systems.
[106] The analysis started during 2024 focused on the Group's direct operations, with the aim to gradually extend the scope of the analysis to the upstream and downstream value chain in the coming years. Specifically, the supply chain was only considered in the analysis of biodiversity impacts related to the procurement of technical and natural raw materials.
[107] For more details, please see: Science-Based Targets Network.

Managing impacts, risks and opportunities

Process to identify pollution-related risks and opportunities

As is well known, "business as usual" generates impacts on the natural capital on which business itself depends[108]. In being aware of this, Leonardo deploys actions that in some cases produce a reduction in impacts on biodiversity, such as those for decarbonisation and optimisation of environmental resources[109] while in others they enable biodiversity gains, as in the case of actions for active regeneration of ecosystems. In order to better define Leonardo's impacts and dependencies, and as previously reported, in 2024 Leonardo started a biodiversity assessment, based on its own operations, and applying the LEAP approach[110]. Specifically, the assessment involved the 35 largest production sites that account for 38% of the Group's industrial footprint. In adopting a multidisciplinary approach, Leonardo has:

- identified material impacts and dependencies for manufacturing activities through an on-desk analysis by using the ENCORE tool[111];
- assessed physical and reputational risks based on the geographical area of manufacturing sites by using the WWF Filter software tool[112];
- analysed ecosystems and prioritised sites through the IBAT software[113], based on criteria of materiality of business impacts and sensitivity. The latter in particular measures the vulnerability and reparability of ecosystems for species through the STAR methodology.

From the analysis of the results of the work performed, a list of the sites whose interdependencies are found to be the greatest has been prepared and will be investigated in further steps of analysis[114].

Actions and resources related to biodiversity

Leonardo implements numerous actions[115] to protect biodiversity, referring to the specific features of the geographical area in which the various production sites are located. By way of example, one of the most

[108] Such as the availability of water in local aquifers, soil, air thermoregulation, etc..

[109] Including a reduction in water supply and waste.

[110] LEAP (Locate site specific interactions, Evaluate Impacts and Dependencies, Assess Risks and Plan Actions) is the approach envisaged in the TNFD recommendations and ESRS.

[111] Please see the link: https://encorenature.org/en. Specifically, the main impacts are related to: emission of toxic pollutants to water and soil; disturbance factors such as noise, EM radiations, and light from facilities; abiotic resource extraction related to use in the Critical Raw Materials Group; and use of land. The main dependencies are: resilience of ecosystems to extreme weather events such as storms and floods; water purification, ensuring water quality including in reservoirs used for water withdrawal at sites; solid waste remediation through decomposition and metabolisation; climate regulation and cultural education; and biomimicry-based technology research activities.

[112] Please see the link: https://riskfilter.org/biodiversity/home. Specifically, physical risks include: change in the use of land, related to the size of Leonardo production sites, and pollution. Among the reputational ones: the impact on protected/conserved areas and local communities.

[113] Integrated Biodiversity Assessment Tool (IBAT).

[114] A description of the process of identifying impacts, risks and opportunities related to the protection of biodiversity and ecosystems can be found in the paragraph "Managing impacts, risks and opportunities – double materiality" in the chapter "General information". For more information on policies, please refer to the paragraph "Sustainability Management Policy" in the "General information" chapter.

[115] Leonardo did not use offsets in its action plans.

important actions carried out by the Group is the reforestation of forests with native species[116]. In addition, Leonardo carries out specific development projects to assess and minimise the acoustic, luminous and electromagnetic impacts of products in the electromagnetic sensor domain for the environment and air transport, as well as the dispersion of harmful materials and substances. At the Vergiate airport, for example, Leonardo implements practices to minimise the impact on local flora and fauna by combining them with the safety of helicopter testing operations. Finally, Leonardo involves its employees and suppliers in the United Kingdom in conservation actions to improve ecosystems in areas off its sites[117].

Biodiversity assessment pilot project at the Nerviano site

The Nerviano site, with the highest potential for ecosystem restoration among those analysed, was the subject of a specific assessment project conducted by 3Bee and involving a team of specialists. The aim is to extend this type of assessment and cover other priority sites.

The in-depth on-site assessments carried out by 3Bee are based on satellite data from Copernicus and specific sensors installed on site, which detect the concentration of PM 2.5 and PM 10 particulate matter and the presence of pollinating insects through acoustics. Specific hives of bumblebees have also been installed, which promote the pollination of plant species, in addition to enabling their monitoring.

In this way, a biodiversity KPI was measured, which considers the impact of the change in the use of land[118], as well as hydrogeological risk indices.

Furthermore, Leonardo acts as a provider of services and a supplier of products for biodiversity protection, seizing its business opportunities. Technologies for monitoring and observing the evolution of local and global ecosystems, and protecting natural capital are mainly based on satellite monitoring and artificial intelligence. A lot of technology components manufactured by Leonardo are flexible and multi-objective, enabling applications and services for both security and biodiversity[119]. In addition, hyperspectral radar and EO technologies and instruments have made it possible for the Group to participate in the most important global governmental development programmes on vegetation health assessment and flora damage detection based on the analysis of chlorophyll photosynthesis[120]. Lastly, satellite services for forest and agricultural monitoring and the development of solutions in the field of water and food insecurity are worth mentioning[121].

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[116] Specifically, at the Cameri site as a remedial action at newly-built facilities and at the Foggia site, the latter being one of the most impacted in the analysis conducted with the tools mentioned above.

[117] Specifically, in 2024, more than 50 employees and suppliers participated in the reforestation project consisting of planting 10,000 native shrubs to create hedges at two sites in the United Kingdom, which are crucial because they provide food and habitat for pollinators.

[118] MSA-LU, Medium Species Abundance due to Land Use.

[119] Among them are natural emergency response and disaster recovery systems, including the C-27J Fire Fighter aircraft and IR camera sensors for monitoring warm-blooded animals and mainly mammals for research and wildlife reporting purposes.

[120] Specifically, in the oceanic domain, we highlight the OIC visible hyperspectral instrument for photosynthesis, natural process for CO_2 capture, and pollution detection for the satellite platform NASA's PACE, whereas in the terrestrial domain, we highlight ESA's satellite (FLEX - FLuorescence, EXplorer) to be launched in 2025 equipped with the high-resolution spectrometer Floris to detect fluorescence intensity from 800 km.

[121] Within the framework of the CENTAUR project as part of the Copernicus services.

Collaborations with stakeholders on biodiversity

CSR Europe - Among the various collaboration projects, Leonardo participates in the Biodiversity Alliance, together with leading global industry partners, with the aim of sharing best practices on ecosystem management for Corporations, intercepting the most relevant biodiversity trends and proposing improvements in EU Biodiversity regulation.

NBFC Strategic partner - The Group also has a framework agreement signed with NBFC (National Biodiversity Future Center)[122] to plan biodiversity regeneration actions by also leveraging business opportunities for the Group in the nature tech market.

Somerset Wildlife Trust Consultancy - UK - Partnership to carry out on-site biodiversity audits, and identify opportunities for ecosystem enhancement based on planting, including in line with the metrics established by the Biodiversity Net Gain regulations.

Metrics and targets

Targets and impact metrics related to biodiversity

In considering the relevance of biodiversity-related risks and opportunities identified, Leonardo has not set any further targets beyond those on climate change, water, pollution and waste reported in the dedicated chapters. In particular, the targets set by the Group on the following topics are relevant to ecosystem changes:

- reduction of water withdrawals, especially in areas of water scarcity since they reduce competition between natural habitats and industrial anthropogenic systems on water resources;
- reduction of waste since it reduces potential pollution during treatment and recycling phases[123].

Distance from areas of high biodiversity value	Within a radius of 5 km	Within a radius of 20 km (exlcuding those within a radius of 5 km)
Sites	75	30
Surface of the area (km2)	19	3

The surface of Leonardo sites near or within protected areas and/or areas of high biodiversity value is about 42.5% of the total area[124].

[122] The leading research center in Italy coordinated by the National Research Council of Italy (CNR).

[123] In addition, the Group's targets on pollution, on the reduction of substances hazardous to humans and the environment, and on the proper use of resources reported in the paragraph "Pollution" are relevant for the reduction of impacts on biodiversity.

[124] Protected Areas or KBAs (Key Biodiversity Areas), obtained through the IBAT Software. In addition to this metric, the metrics relating to the reduction of water withdrawals and waste production reported throughout the Group are also relevant for measuring impacts/dependencies related to ecosystem change.

Resource use and circular economy

Materiality and Leonardo approach

The use of materials continues to grow globally by an average of more than 2-3% per year. Extraction and processing of material resources (fossil fuels, ores, non-metallic minerals and biomass) cause more than 55% of GHG emissions. Combined interventions on resource efficiency, energy and climate, would reduce growth in the use of materials by 30% by 2060, thus reducing GHG emissions by more than 80% from current levels[125]. In this, promoting circularity can have a positive impact on society by stimulating innovation and employment: the International Labour Organization has estimated that circular economy can generate between 7 and 8 million new jobs worldwide from 2019 to 2030[126].

The main levers of circularity in AD&S are additive manufacturing, Digital Twin, and advanced recycling processes[127]. Design geared toward circularity of materials and the creation of circular supply chains, decreasing dependence on raw materials, can lead to greater business resilience in the long term, in addition to being a factor in risk mitigation.

Leonardo promotes a transition to a circular economy based on decoupling business growth from resource consumption (including water and technical and natural raw materials). Through the development of circular manufacturing and design processes Leonardo is committed to reducing the impacts associated with its industrial production by focusing on strategic choices that foster value creation processes towards new models of circular economy[128], with the aim of extending the durability of products, providing dematerialised products and as services, reducing their energy requirements during the use phase and facilitating the reuse of materials at the end of their life cycle. For Leonardo, the circular economy approach extends to the entire value chain with practices ranging from the adoption of recycled materials and sustainable raw materials and Eco-design at the design stage to end-of-life management of products (take back) and the circular valorisation of production waste from output materials.

Critical raw materials

Circular business models contribute to the resilience of the Group's business by reducing dependence on the sourcing of technical and natural materials and in particular Critical Raw Materials (CRM) and strategic raw materials defined in the CRM Act. In addition, the adoption of secondary raw materials in the supply chain will, in some cases, lead to a reduction in the cost of procurement.

From analysing the Group's value chain it emerges that the availability and cost of critical raw materials used, among which the most massive are aluminium and titanium, depend on the evolving geopolitical environment; moreover, Strategic Raw Materials such as silicon, germanium, gallium, lithium, and rare earths are irreplaceable for the digital transition in which the Group is engaged.

Leonardo’s circular strategy regarding this type of materials includes: reducing the use of raw materials through the gradual deployment of eco-design, additive manufacturing, and digital twin of products and processes; replacing critical raw materials with alternative materials; and increasing the share of recycled materials at the entry point of production cycles and in waste.

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[125] Source: «Bend the trend» Global Resources Outlook 2024 | UNEP.

[126] Following the three archetypes defined by WEF: use of circular resources, life extension and sharing of resources. Source: WEF: Circular Transformation of Industries: Unlocking Economic Value 2025.

[127] Source: A Circular Economy for Civil Aerospace By James Domone, Philippa Bliss and Matt Copus.

[128] Source: WEF: Circular Transformation of Industries: Unlocking Economic Value 2025.

Managing impacts, risks and opportunities

Process to identify circular economy-related risks and opportunities

A description of the process of identifying impacts, risks and opportunities related to the use of resources and circular economy is given in the chapter "General information - Managing impacts, risks and opportunities - double materiality".

With regard to critical raw materials input for Leonardo production, the geopolitical situation and the inherent socio-environmental footprint for the procurement of some raw materials[129] cause some risks in part related to business continuity, including with regard to the supply chain, leading to an increase in the cost of these materials, especially for energy and digital transition and, in part, of compliance and reputational related to compliance with European regulations and policies[130].

For more details on policies, please refer to the "Policies for managing sustainability issues" section of the "General information" chapter.

Actions and resources related to circular economy

The transition to a circular business model forms an integral part of Leonardo's Sustainability Plan strategy and projects. Specifically, a transformative approach is being pursued across the entire value chain of the products and materials used: reuse, reconditioning, life extension, product as a service are already implemented as best practices while other models such as circular supply chain, extended producer's responsibility, industrial symbiosis are opportunities for the Group's evolving and increasingly circular business. In addition, the waste hierarchy is implemented by favouring in order of priority: waste prevention, preparation for reuse, and recycling.

Aircraft structures capable of maintaining a **service life level in excess of 20 operating years**[131]	**57% of waste generated recovered in 2024**	**Over 75,000 tons of CO_2 avoided** thanks to the use of virtual training systems in 2024	To date, **more than 70%** of Leonardo's aircraft and helicopters are made from **recyclable metal parts**	**Additive manufacturing** for aircraft components[132] saves energy and **reduces waste by up to 60%**

[129] Linked to the use of e.g. "Conflict minerals," cobalt, etc..
[130] Including those on requirement for European strategic independence on certain materials and pressure for use of recycled raw materials.
131 Leonardo study presented to Cotec in November 2018: "The circular economy in the aviation sector, paper for specific use by the Cotec Foundation".
132 Such as M-345 or the Tiltrotor.

Optimising the use and choice of materials *From the very design and through eco-design and additive manufacturing to obtain products that reduce the use of resources throughout the life cycle, in order to also maximise the use of secondary raw materials right from the entry to production processes*	**Life Cycle Assessment (LCA)** – LCA is one of the methods used for optimising resources and the carbon footprint of products and processes and also useful for comparing circular and linear business models. As part of the development of the next-generation civil tiltrotor aircraft (NGCTR), which aims to reduce CO_2 emissions by up to 50% and noise emissions by 30% during take-off and up to 75% in flyover condition compared to the average values of rotary-wing aircraft currently on the market, a "from Cradle to Gate" LCA was conducted to quantify the environmental benefits obtained from the design of additively manufactured transmission components and composite wing structures. The project required resources of €th. 400 for 2024 and plans €2m for the following years. Leonardo will implement a model in line with ISO 14040 and 14044 standards, develop the necessary skills by creating an LCA model specifically for rotary-wing aircraft. This model will clearly define the inputs, outputs, methodological choices, and associated limitations, allowing critical points (hotspots) to be identified throughout the helicopter life cycle and interventions to be designed to improve them. With the support of detailed LCA models, eco-design approaches will gradually be extended to more complex macro-systems of rotary-wing aircraft products.
Dematerialising and virtualising, product as a service *Increasingly using digital platforms for industrial processes and solutions offered to customers through the adoption of digital twins and selling simulated flight hours in lieu of flight hours performed on the helicopter product for training purposes*	**Digital Twin** - The use of the Digital Twin makes it possible to reduce the use of resources in prototyping, testing and training on developed products, and to rethink production cycles. Processing on cloud enables further dematerialisation of infrastructure for running software services. In 2024, research and innovation projects on the Digital Twin of products were further expanded in all business areas. The Group promotes the "Product-as-a-service" model applied to multi-scenario simulators in the Helicopters, Aircraft, and Defense Electronics & Security sectors, to software sold as licenses to use algorithms operating on central infrastructure and shared among multiple customers, and to IT infrastructure such as, for example, the Group's on-premise supercomputers that can be shared among several customers. The Rotorcraft Digital Twin project employs resources of €th 653 for 2024 and €th 250 for the following years. In this context, we must note the **NEMESI** project, which through a process of transformation of production processes of ATR aircraft based on digitalisation, automation of production and application of technologies inspired by the Industry 4.0 model, will allow the Pomigliano d'Arco and Nola sites of Leonardo to be transformed into smart factories. With a budget in 2024 of €7.3M OpEx and €17M CapEx, and a planned further €15.7M for the following years, NEMESI allows a reduction in both materials in the prototyping, through digital twin, of the fuselage, and manufacturing waste, through additive manufacturing and automation of the aluminium riveting operation of aerostructures. The joining of the entire fuselage in the new production line was carried out in 2024.
Extending the useful life of products *Product durability is a hallmark of Leonardo's value proposition, which makes strategic, mission-critical assets in extreme environments with operational lives of tens of years*	**Customer Support & Training** - The Group implements the valorisation of used products through reuse, and predictive maintenance, including through predictive models and AI. Specifically, Leonardo promotes actions to extend the useful life of products through repair, refurbishment and rebuilding activities such as the sale of spare parts; take back and sale of second-hand goods from the Helicopter sector. These activities might be eligible, and in some cases, aligned with the European Taxonomy, for details of which see the dedicated section "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)". **WEEE Circulation and Social Integration with Project at Bollate Penitentiary** - From 2020, Leonardo contributes to an innovative project at Bollate Penitentiary aimed at combining circular economy and positive social impact[133]. The initiative focuses on the recovery and reuse of end-of-life electronic devices. The Group manages with the highest cyber security standards, including that of the US National Security Agency, the secure erasure of data as a

[133] Encouraging the re-employment of inmates, involved in the recovery and remanufacturing of electronic devices.

	stage of its business before the assets are sold to third parties, after which the devices are remanufactured, and then resold[134]. Finally, Leonardo manages the **end-of-life of satellites**, with projects for both satellite life extension and the monitoring and management of space debris in orbit[135].
Promoting recycling and selling by-products *Managing the end of life of products. Through partnerships and industrial symbiosis, Leonardo is proposed as a driver for the creation of circular supply chains involving the supply chain and customers, and also extended to application domains outside AD&S*	The Group pursues the goal of reducing the volume of non-recycled waste, particularly through the recovery of materials in the cycle of its production activities such as manufacturing waste and end-of-life materials and assets. **Carboresin composites recycling supply chain** - Leonardo, in collaboration with its suppliers and technology partners such as Herambiente and Syensqo, brings to industrial scale the circular process for recycling thermoset matrix composites, materials that are complex to recycle but widely used in aeronautics because of their unique mechanical strength and structural specialisation characteristics. These materials will be re-impregnated with thermoplastic polymers or thermosetting resins for the production by injection moulding. A residual percentage will then also be made available to the secondary market for applications in external domains such as automotive (open loop circularity). At full capacity, up to 300-500 tons/year of carbon fiber scrap is expected to be delivered for recycling. The project used economic resources of €th. 310 in 2024 and planned for the following years € 1.8 million. **Waste Prevention Program** – Under the programme, Leonardo has identified improvement actions involving on-site treatment, using evapo-concentration systems, concerning industrial wastewater that is currently managed as liquid waste. The most notable projects are those focused on water circularity that involve the combined treatment and reduction of liquid waste that makes up the largest contribution of waste for disposal and industrial wastewater. **Aluminium scrap as a by-product** – Leonardo has implemented a process of qualifying metal residues, based on the briquetting of aluminium chip, and steel cutting surpluses from machining operations on production sites as by-products. These by-products, thus upgraded, can be reintroduced into the industrial market as purchasable and usable assets by foundries and steel mills in a context of industrial symbiosis. The project will allow from 2025 a reduction of about 44 tons of aluminium waste. **CLOSER** – This is a research project aimed at the creation of a European supply chain capable of taking, requalifying and recirculating waste products from semiconductor foundry with regard to lapping and cutting of GaN, with the aim of recovering critical raw material in compliance with European directives (European Chips Act).

[134] A key part of the project is urban mining, i.e. the recovery of high-quality A++ raw materials through the separation of components from waste electrical and electronic equipment (WEEE).

[135] Space situation awareness project with resources of €th. 100 in 2024 and €th.750 in following years.

Leonardo's collaborations on circularity and eco-design

Stakeholder engagement is one of the pillars of Leonardo's circular economy strategy and the main way in which it is translated into concrete actions and projects.

IAEG – Within IAEG, of which Leonardo is a member and part of the Board of Directors, the company participates in some working groups[136] to ensure alignment with and maintain positioning on relevant strategic trends in the industry on the topic of circular economy.

AIAD (Italian Industry Federation for Aerospace, Defence and Security) – Even as a result of the attention shown by the governmental customer stakeholder in Defence on the issues of circularity and adaptation of assets for climate change mitigation and adaptation, Leonardo has contributed, in coordination with AIAD, to the drafting of the "Guidelines for adaptation of military forces and equipment to climate change".

European Defence Agency (EDF) - The Group also participates in the EDF's "Incubator Forum on Circular Economy in European Defence (IFCEED)" project, with the aim of producing pilot projects on the circular economy of armaments and for strategic autonomy for the military market in collaboration with the military customer itself, contributing to Working Groups dedicated, in particular, to the topics of Ecodesign and Critical Raw Materials.

European Space Agency (ESA) - Leonardo, as a signatory to ESA's "Statement for Sustainable Space", is also involved in Taskforces and Working Groups on Ecodesign and Life Cycle Assessment for the Space industry.

Metrics and targets

Targets related to circular economy

With the aim of reducing its impacts on the environment and minimising risks on its production processes, Leonardo has set an absolute target of reducing the volumes of total waste produced - both hazardous and non-hazardous - by 15% by 2030 compared to 2019. This target, which is thus irrespective of business performance, becomes even more significant in view of the fact that the Group's production volumes are expected to grow further in the coming years. In pursuit of this goal, Leonardo also pays significant attention to eco-design, increasing the rate of circular use of materials, and minimising the consumption of raw materials, in addition to waste management. Many of the products in the AD&S domain are mission critical: therefore, Leonardo, driven by customer needs and the need for safety, pursues product durability as a value proposition of solutions in its design. In addition, the Group, in compliance with the stringent limits of waste regulations, also takes action on preparation for effective treatment of waste and end-of-life materials while also implementing effective waste collection and sorting, purifying waste and compacting it into volume for disposal as by-products, and destroying the data within end-of-life IT equipment to enable its reuse. The strategy implemented so far has made it possible to reduce 15% of waste generated in 2024 compared to 2019.

Resource inflows

Within its manufacturing processes, Leonardo uses raw materials and semi-finished products. In particular, it processes significant quantities of critical raw materials such as aluminium and titanium and high-value circular materials such as carbon fiber composites, down to small quantities of rare earths and conflict minerals for digital transition. Another significant type is materials with a packaging function. In 2024, Leonardo purchased a total of 23,6 ktonnes of materials[137].

[136] Including "WP 14 Circularity" and "WP 12 on Life Cycle Assessment" in which Leonardo is present, in addition to the existing group on the management of hazardous substances, the development of alternative technologies, and on authorisations related to chemicals (REACH - Registration, Evaluation, Authorisation and Restriction of Chemicals).

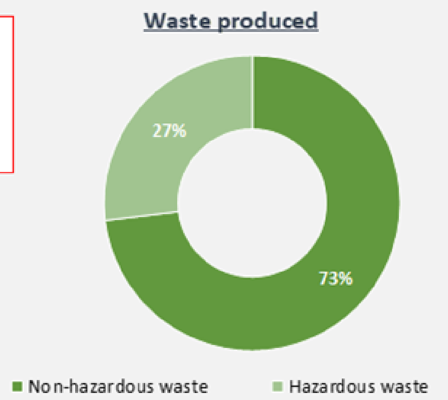
[137] Among them, none related to reused or recycled secondary components.

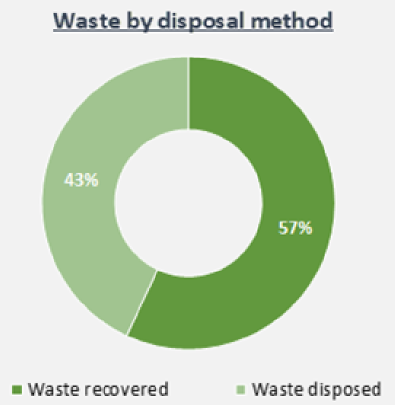
E5 - Resource use and circolar economy			
Resource inflows	**Unit**	**2023**	**2024**
Total weight of products and technical and biological materials	*t*	n.a.	23,590
% of biological materials used (from sustainable supply chain)	*%*	n.a.	0
Total weight of secondary reused or recycled components, secondary intermediary products and secondary materials used (including packaging)	*Kg*	n.a.	628,601
% of secondary reused or recycled components, secondary intermediary products and secondary materials used	*%*	n.a.	0

Resource outflows[138]

The waste produced is largely non-hazardous, falling mainly into the following classes: packages for transporting plastic, wood and paper goods, liquids from industrial processes such as electroplating, or from air conditioning and cooling of process plants, and those from machining scrap. The Group's strategy aims to reduce waste through circular practices and efficiencies in operations by implementing technical and regulatory solutions to valorise production waste and end-of-life products as by-products and encourage their reuse. Furthermore, Leonardo pursues the goal of increasing the share of waste sent for recovery in the Group's total waste through circular supply chains where reuse of end-of-life materials is not possible. In addition to what is required by regulations from managing partners and consortia, Leonardo is requesting evidence of the supply chain up to the "End of Waste" or the production of "secondary raw materials" as part of the WEEE project for waste from Urban mining, which includes the recycling of data center materials, or the reuse of end-of-life consumer electronics, in order to further improve waste traceability.

Waste produced 32,555 t





Intensity of waste produced on revenues: 1.83 (-15% vs 2023).
Waste produced: 32,555 t (-1.5% vs 2023), of which 8,745 t hazardous.
Non-hazardous waste: 73% of total amount.
Recovered and/or recycled waste: 57% of total (of which 12% recycled).
Of the total waste produced:

- 18,535 t were not destined for disposal, of which 3,920 t were recycled; 14,615 t went to other recovery operations.
- 14,020 t were destined for disposal, of which: 92 t to incineration; 1,171 t to landfill; 12,757 t to other disposal operations.

0.0472 tonnes of radioactive waste were collected.

138 With respect to products, please refer to the chapter ‘Industry results and outlook’ and what was reported earlier in this section with reference to aircraft life, the use of recyclable materials and additive manufacturing for aircraft components.

Resource outflows	Unit	2023	2024
Total amount of waste generated	*t*	**33,065**	**32,555**
Total amount diverted from disposal	*t*	**16,342**	**18,535**
of which Hazardous	*t*	2,236	2,687
of which Non-hazardous	*t*	14,106	15,848
of which Reused	*t*	0	0
of which Recycled	*t*	3,664	3,920
of which Other recovery operations	*t*	12,678	14,615
Total amount directed to disposal	*t*	**16,723**	**14,020**
of which Hazardous	*t*	6,201	6,059
of which Non-hazardous	*t*	10,522	7,961
of which Incenerated	*t*	795.0	92
of which Disposed in landfill	*t*	1,276	1,171
of which Other disposal operations	*t*	14,652	12,757

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Leonardo publishes the required information for the year 2024 on the percentages of revenues, CapEx and OpEx related to eligibility/non-eligibility and alignment/non-alignment for all economic activities related to climate change mitigation and adaptation goals and reported in the “Climate Delegated Act”, as well as for those under the “Climate Delegated Act” supplement[139], and for the economic activities related to the remaining four objectives included in the “Environmental Delegated Act”. It should be noted that, in accordance with the requirements of the regulations, as from this Integrated Annual Report, Leonardo provides information on eligibility and alignment on all activities and for all environmental objectives, as opposed to what was published last year where the disclosures covered eligibility and alignment only for the first group of activities while for the last two only disclosures on eligibility were provided. In view of the above, and as already anticipated in the last edition of the Integrated Annual Report, Leonardo’s 2024 performance against the European Taxonomy is scarcely comparable with what was published last year. The guidelines provided in Annex I attached to the “Disclosures Delegated Act” have been considered for the definition of the denominators of revenues, CapEx and OpEx. Any information necessary for the calculation of the KPIs envisaged by the Taxonomy is extracted from the IT accounting systems of Leonardo and of its divisions/legal entities and corresponds, therefore, to the information used for the preparation of the Group's income and cash flow statements. In this way, the due level of granularity of the analyses is ensured, on the one hand, and, on the other hand, the risk of double counting is eliminated, both when the same economic activity contributes to more than one objective and in the case of intercompany revenues. OpEx considered are largely related to expensed R&D activities, according to a principle of materiality and in accordance with regulatory requirements. For an activity to be considered aligned with the Taxonomy, in addition to establishing the significant contribution to the goal, it is necessary to verify that economic activities do not significantly undermine the achievement of the other environmental objectives through the assessment of compliance with “Do Not Significant Harm (DNSH)” criteria. Furthermore, it is needed to ensure compliance with the clause of “minimum safeguards”, as defined in Article 18 of Regulation (EU) 2020/852, in accordance with the OECD Guidelines for multinational enterprises and the United Nations Guiding Principles on Business and Human Rights. Below are details of the analyses carried out by Leonardo with regard to the 3 macro-criteria provided for in Regulation (EU) 2020/852: analysis of the substantial contribution to one or more of the 6 environmental objectives ("significant contribution"), analysis of the "Do Not Significant Harm - DNSH" criteria, and analysis of compliance with social safeguards ("minimum safeguards").

ANALYSIS OF ELIGIBILITY AND “SIGNIFICANT CONTRIBUTION” CRITERIA

The analysis is divided into:

- “Core business” referring to Leonardo's main business activities;
- “Other business-related activities” closely related to the business and referring to initiatives such as repair, refurbishment, and remanufacturing and sales of spare parts.
- “Other ancillary activities” to the production process related to non-primary processes.

“Core” business

As already mentioned, some activities relevant to AD&S were added with the regulatory additions of 2023:

[139] I.e. the “Commission Delegated Regulation amending the Taxonomy Climate Delegated Act”.

Climate change mitigation

- Production of fixed-wing and rotary-wing aircraft related to the Helicopters, Aircraft and Aerostructures sectors, including the production of electronics components for avionics in the Defense Electronics & Security sector (code 3.21 Manufacturing of aircraft).

Transition to a circular economy

- Manufacture of electrical and electronic equipment related to the Defense Electronics & Electronic Security, and Aircraft sectors (code 1.2 Manufacture of electrical and electronic equipment).

Although a significant part of the Aerospace, Defense and Security core business is thus "eligible" for the EU taxonomy, it still remains "unaligned", since the technical screening criteria for the two relevant activities seem to have been designed for commercial goods, without considering the peculiarities of the defence sector.

In addition, the legislation emphasises the relevance of some aircraft for carrying out "disaster risk management" activities with a view to climate change adaptation and recognises the potential need to define specific "Technical Screening Criteria" in the future with respect to their production[140]. The commitment to develop such criteria also appears to be reiterated in the policy statement published by the Platform on Sustainable Finance in January 2025[141]. In agreeing with this need, Leonardo hopes for the prompt inclusion of the production of such aircraft, both fixed-wing and rotary-wing, among the activities that are relevant to the climate change adaptation goal. The remaining AD&S activities - such as those related to the production of ground-based and sea platforms, as well as cyber and space activities - are not included.

"Other" business-related activities

Climate change mitigation

- Manufacture of simulators related to the Helicopters and Aircraft sectors (code 3.6 Manufacture of other low carbon technologies).

Transition to a circular economy

- Repair, refurbishment and remanufacturing related to the Defense Electronics & Security, and Cyber Security & Solutions sectors (code 5.1 Repair, refurbishment and remanufacturing).
- Sales of spares parts within the scope of Customer Support & Training activities of Defence Electronics & Security sector (code 5.2 Sale of spare parts).

With regard to these activities - which is considered in some cases to meet all the criteria for substantial contribution - and two others[142], the European Commission appears to have ruled out, in a recent document published in December[143], the potential eligibility of the Aircraft, Helicopters, and Aerostructures sectors[144],

[140] In the regulations applicable to date (please see COMMISSION DELEGATED REGULATION (EU) 2023/2485), the "Technical Screening Criteria" are available only for the performance of disaster risk management activities in the strict sense (and not also for the production of the aircraft required to carry out these activities).

[141] Platform on Sustainable Finance Draft Report on Activities and Technical Screening Criteria to be Updated or Included in the EU Taxonomy.

[142] Specifically: sales of second-hand goods potentially applicable to the Helicopters sector (code 5.4 Sales of second-hand goods) and "Product-as-a-service", and other circular use- and result-oriented service models potentially applicable to simulators in the Helicopters and Aircraft sectors (code 5.5 Product-as-a-service and other circular use- and result-oriented service models).

[143] DRAFT COMMISSION NOTICE published on 29 November 2024.

[144] Specifically, the European Commission has indicated that for such activities the list of NACE codes provided, which excludes the reference one for aircraft manufacturing (30.3 Manufacture of air and spacecraft and related machinery), should not be considered merely indicative, as is normally the case for other economic activities in the Taxonomy.

limiting the scope of application of taxonomy to services provided in a few specific sectors, and resulting in a much narrower application that could have a negative impact on the achievement of circular economy objectives in Europe. Leonardo therefore believes that it is important to broaden the scope of eligibility to fully include the AD&S sector.

Other ancillary activities

Climate change mitigation[145]

- 4.15. District heating/cooling distribution;
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.1 Construction of new buildings;
- 7.2 Renovation of existing buildings;
- 7.3 Installation, maintenance and repair of energy efficiency equipment;
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings;
- 9.1 Close to market research, development and innovation.

ANALYSIS OF "DNSH" CRITERIA

Leonardo's management has positively assessed compliance with the "Do Not Significant Harm (DNSH)" criteria envisaged for economic activities that contribute substantially to the goals listed above, with the exception of the criterion referring to the control and prevention of pollution, for details of which please refer to the "Appendix to the Report on Operations - Note of the CSS 2024".

Climate change mitigation (codes 5.1, 5.2, 5.5)

This criterion requires that climate-altering emissions associated with any heat/cooling or cogeneration production, including electricity, be less than 270 gCO_{2e}/kWh. It also requires the development of a strategy to measure and reduce emissions along the value chain and for which please refer to the chapter "Climate Change and Decarbonisation".

Climate change adaptation (codes 5.1, 5.2, 5.5, 6.5, 7.1, 7.2, 7.3, 7.4, 7.5)

This criterion requires robust climate risk and vulnerability assessment. Leonardo has conducted specific scenario analyses in order to identify the main physical risks to which production sites, including those relevant for activities of interest for the European Taxonomy, are exposed. For more details on the findings of these analyses (also including transition risk assessments) and related initiatives undertaken, please see the paragraph "Climate change and decarbonisation" in the "Environmental Information" chapter. Furthermore, Leonardo invests in the development of initiatives, products, and services that facilitate climate change adaptation of both its own manufacturing operations and of the society in general.

Sustainable use and protection of water and marine resources (Codes 5.1, 5.2, 5.5, 7.1, 7.2)

79% of employees are at sites with ISO 14001-certified environmental management systems, which also include issues concerning the responsible use of water. It should be noted that specific water flow requirements were reported with regard to the use of water in built or renovated buildings. In addition,

[145] Of these, activities 6.5, 7.3, 7.4, 7.5 all meet the criteria for substantial contribution. Activities 7.1 and 7.2 meet them in some cases. Activities 4.15 and 9.1 do not meet them. Activity 9.1 is also eligible for the climate change adaptation objective.

Leonardo has taken various actions at its manufacturing plants, aimed at reducing water withdrawals and analysing water risk[146].

Transition to a circular economy (Codes 6.5, 7.1, 7.2)
Vehicles within the Leonardo fleet meet the requirements prescribed in terms of reusability/recyclability/ recoverability and for the management of their end of life. It should be noted that criteria related to waste generation were also met in the case of construction/renovation of buildings.

Pollution prevention and control (Codes 5.1, 5.2, 5.5, 6.5, 7.1, 7.2)
Repair, renovation and reconstruction activities, as well as those related to the construction and renovation of Leonardo buildings are expected to be compliant with the regulatory requirements prescribed by regulations relating to the use and presence of chemicals, restriction on the use of chemicals and pollutant emissions. Moreover, the Leonardo's car fleet must meet the requirements prescribed by the Taxonomy on European standards on pollutant emissions, tires and engine noise.

ANALYSIS OF "MINIMUM SAFEGUARDS"

Leonardo has positively assessed compliance with the safeguards prescribed by the Taxonomy with reference to: human rights - including workers' rights among which the gender pay gap -, gender diversity of the Board, corruption, fair competition and taxation.

Human Rights - Leonardo has set out specific principles and rules of conducts aimed at spreading a culture of respect for universally recognised human rights in line with the United Nations' Universal Declaration of Human Rights, the International Labor Organisation (ILO) Conventions, the Organisation for Economic Co-operation and Development (OECD) guidelines, the United Nations Guiding Principles on Business and Human Rights and the Charter of Fundamental Rights of the European Union. As also reported in the disclosure required by the Sustainable Finance Disclosure Regulation, referring to Principal Adverse Impacts (PAIs)[147], in order to strengthen the surveillance system, the Group promotes the protection of human rights along the value chain, supporting its dissemination among its stakeholders, including though the action under the Sustainability Plan and by participating in multilateral initiatives to create synergies between associations, businesses and institutions[148]. Furthermore, Leonardo is committed to the promotion of gender equality in terms of fair remuneration.

Corruption and fair competition - Leonardo acts with integrity and transparency in compliance with regulations and with zero tolerance for any type of corruption to ensure the most proper management of the business and to establish relationships of trust and collaboration with employees, customers, suppliers and all other counterparties, which are asked to accept and apply the principles and values stated in the Charter of Values, the Code of Ethics and other codes of conduct. Leonardo confirms its commitment to respecting and promoting the Ten Principles of the United Nations Global Compact related to human rights, labour, environment and anti-corruption. The model for the responsible conduct of business, inspired by national and international best practices, is based on company codes of conduct and a system of clear rules, periodically updated, which guide compliant and responsible behaviour[149].

Taxation – With the goal of maximum possible reduction of tax risk, Leonardo governs taxation, in all the jurisdictions in which it operates, in accordance with the Tax Strategy, adopting behaviour characterised by the utmost transparency and cooperation with tax authorities. For this purpose, Leonardo S.p.a., on a voluntary basis, joined the Cooperative Compliance scheme in Italy as early as from 2016, providing for the adoption of a system for the detection, measurement, management and control of tax risk in all business processes with an impact on the computation of taxes and tax compliance (Tax Control Framework - TCF), the operation of which is reported, on an annual basis, in a report brought to the attention of the Board of Directors and transmitted to the Tax Authorities[150].

For more details on KPIs, please see the Annex to the Report on Operations – Note of the CSS 2024.

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[146] For more details on water management, please see the paragraph on "Water and water consumption" in the "Environmental information" chapter.
[147] For more details, please see this file.
[148] For more details, please see the paragraph on "Governance" in the "General information" chapter.
[149] For more details, please see the paragraph on "Business conduct" in the chapter on "Information on governance".
[150] For more information, please see "Business conduct" of the "Information on governance" chapter.

SOCIAL INFORMATION

- ✓ OWN WORKFORCE
- ✓ VALUE CHAIN
- ✓ VALUE FOR COMMUNITIES AND SOCIAL IMPACT
- ✓ INNOVATION

Own workforce

Materiality and Leonardo approach

Leonardo employs 60,468 people (including due to the consolidation of the Telespazio Group as from 1 January 2024), 94% of whom are located in Italy, United Kingdom, United States and Poland. This human capital is mainly composed of staff with a STEM qualification, characterised by generational diversity that fosters the exchange of experiences and skills.

Employees in the world

Italy	United Kingdom	United States	Poland	REST OF THE WORLD
36,704	8,957	7,782	3,300	3,725
61%	15%	13%	5%	6%

Leonardo puts people at the centre: no goal could be achieved without a safe and stimulating workplace in which equal opportunity is a pivotal element.

In order to strengthen its role as an accelerator of technological evolution and progress in the countries in which it operates, Leonardo is strongly oriented toward seizing all the opportunities and challenges of innovation; for this purpose, it is constantly working to attract talent and bring the best skills, both technical and managerial, into the company, guaranteeing people continuous professional development, opportunities for internal mobility and international comparison, including through the use of innovative digital processes and tools capable of involving the entire company population.

Leonardo also considers the protection and safety of its male and female workers to be a priority, and to this end implements all appropriate measures preparatory to the elimination and/or mitigation of risks related to the performance of their professional duties and the resulting impacts, including the risk of harassment.

Human capital evolution indicators

+12.9% growth of workforce (+6,902 employees)	Employees under 30 from 13.0% to 15.0% of workforce	Women managers from 15.1% to 17.7% of total managers

2023-2024 variation

Managing impacts, risks and opportunities

Leonardo has over time adopted several policies with the aim of properly managing issues and risks related to its people. For further details, reference is made to section "Sustainability management policy" in chapter "General information".

In relation to the Policy on Human Rights, following an analysis carried out on the basis of ISO 26000 guidelines, people management has been identified as one of the Group's areas of activity potentially exposed to the risk of violations of human rights. Specifically, the Policy provides: for

- Prohibition on all discrimination against gender, race, skin colour, language, religion, political opinions, sexual orientation, nationality, social status or background, trade union membership, age or disability or any other type of discrimination or intolerance towards diversity.
- Prohibition on all forms of exploitation of child, forced or illegal labour.
- Guarantee for political and trade unions' rights.
- Protection of data of natural persons, especially sensitive data, whether they be employees, collaborators, visitors, customers or suppliers.
- Protection of health and safety of male and female workers, in compliance with applicable provisions and the highest standards in terms of safety and hygiene.
- Promotion of health and safety, of workplace conditions and of diversity culture and inclusion, also through working groups formed by company and labour unions representatives.

99% of employees in **OECD** countries

75% of employees **under collective agreements**

22% of employees are members of **trade unions**

The perspective of male and female employees and their representatives regarding the risks and impacts on Leonardo's workforce related to sustainability issues is taken into account in the materiality analysis (see relevant section).

Furthermore, Leonardo every year implement a number of male and female employee listening and engagement initiatives in order to strengthen a sense of belonging, steer change towards a shared direction, and support the broader community through solidarity projects. These initiatives are aimed at the entire company population without any exclusion or discrimination.

Major employee listening and engagement projects in 2024

Diversity, Equity & Inclusion survey (**DE&I) 2024 –** More than 14,200 people in Italy participated in the DE&I 2024 Survey, aimed at exploring the perception and degree of awareness on the pillars of DE&I in the company, with specific insights dedicated to gender equality, visible and invisible disabilities and multigenerationality. The survey also devoted a focus to the issue of workplace harassment, highlighting that people are fully aware (92%) that this expression refers to all behaviours detrimental to a person's dignity and integrity, and more than one in two people acknowledged Leonardo's commitment to combating harassment (53%). Based on the results of the Survey, an improvement plan was initiated, which included, among the actions implemented, the establishment of the first two Employee Resource Groups (ERGs) in Italy dedicated to "Gender Equality" and "Disability."

Company Catering Survey 2024 - The survey involved 40 Leonardo Group locations in Italy. The objective of the Survey was to delve into people's opinions about the company catering service (quality and variety of meals, professionalism of the staff, cleanliness, comfort of the environments and speed of service, as well as questions about food preferences and any special needs), in order to make the offer increasingly responsive to the eating habits of the Leonardo population. Launched at the end of October, the Survey recorded a 54% response rate and enabled targeted improvement actions to be taken at individual sites.

As part of the management of risks and negative impacts on the Group's people, Leonardo has made available the Whistleblowing channel, the use of which is regulated by the document on Whistleblowing Management Guidelines.

Actions related to own workforce

Leonardo, in relation to the identified material impacts, risks and opportunities, has put in place multiple initiatives, reported in the following paragraphs. These initiatives are identified in order to mitigate the effects on its workforce, subject to verification and confirmation through its corporate tools (e.g., whistleblowing, supervisory board).

Moreover, Leonardo conducts its activities with the aim of not causing or contributing to material adverse impacts on its people.

Labor protection and welfare

Leonardo undertakes various initiatives for the labor protection and welfare of all employees that include, for instance, the guarantee for fair and adequate wages (taking account, also through second level bargaining, inflation in the various geographical areas), the monitoring of working hours as per contract and overtime, the involvement of workers' representatives to verify work conditions, the monitoring of any gap between male and female salaries, as well as social protection measures in addition to what is provided for in the national collective labor agreements. In addition, Leonardo applies the provisions of the relevant collective bargaining agreements in case of events related to illness, injury, maternity and retirement, in order to ensure adequate protections for its people.

Since January 2024, the process of gradual and progressive implementation of the measures provided for in the agreement for the renewal of the Company Supplementary Agreement signed on 20 December 2023 began.

Specifically, during 2024, in addition to the adjustments to pay schemes, the additional welfare measures governed by the Company Supplementary Agreement, applicable to all employees, were also implemented for the first time, such as the strengthening of the supplementary healthcare and pension model, the activation of new forms of protection in the event of death or permanent disability, the Leonardo Loyalty Bonus and the birth bonus. Similarly, all Leonardo people were able to benefit from additional forms of flexibility in working hours, designed to support targeted needs such as parenting, frailty, inclusion and gender equality, care needs, and support for victims of gender-based violence.

November 2024 saw the conclusion of the early retirement plan under Article 4 of Law no. 92/2012, which had been launched in 2022 and has seen 105 employees voluntarily join since January 2024.

In 2024, Leonardo resorted to social shock absorbers limited to the Grottaglie production unit. The decline in the site's production volumes, due to a progressive reduction in Customer demand, led the Company to start preliminary talks with the Trade Unions, as a result of which a union agreement was signed to strengthen the site's production diversification process and recourse to the Ordinary Redundancy Fund scheme was initiated.

The year 2024 on the one hand saw the strengthening of economic, physical and psychological wellbeing as pivotal elements of the Welfare&Wellbeing strategy, achieving outstanding results in terms of the adoption of initiatives; on the other hand, it was a year of important development, through the creation of the Professional Family of Welfare Coaches to support Leonardo's people and the expansion of its proposal, with the launch of the new Family Wellbeing pillar, which aims to extend the attention to the work-life balance of male and female employees to the family sphere as well. In fact, two important initiatives have been launched in this area:

- the Leonardo Summer Camp, an innovative weeklong summer camp for the children of Leonardo employees aged between 6 and 17, and attended by more than 500 children;
- the Leonardo Care, a counselling and guidance service designed for employee caregivers, which enables access at subsidised rates to in-home nursing services, companionship services, social-welfare and social-healthcare-workers.

Diversity, equity and inclusion

Leonardo's approach to Diversity, Equity and Inclusion (DE&I) is based on the fundamental principles of respecting Human Rights and promoting equal opportunities and is grounded in the Company's Charter of Values and Code of Ethics. This approach was strengthened in 2023 with the appointment of the position of DE&I Manager and the issuance of the DE&I Policy.

In fact, transforming every difference into an opportunity for growth represents for Leonardo a strategic factor of competitiveness, talent attraction, human capital enhancement and innovation, all key elements to ensure the sustainable growth of the Group and create an increasingly collaborative and inclusive working environment in which each person can feel free and safe to express themselves to realise their full potential.

It is a people-centred cultural model, which is further confirmed by the introduction of targets related to the recruitment of women with STEM qualification[151] in the long-term Remuneration Policy for Top Management.

As evidence of this commitment, in 2024 Leonardo obtained the **Gender Equality Certification** in Italy, which also attests to the implementation of a **Gender Equality Management System (SGPG)** complying with the requirements established by the reference practice UNI/PdR 125:2022, with which it has structured operating methods and processes to make DE&I issues an integral part of the Company's ordinary management. This important achievement was attained by assessing the degree to which diversity and equal opportunity are promoted and protected in different areas: culture and strategy, governance, training and growth opportunities, pay equity, parenting and work-life balance protection, and communication.

The Gender Equality Strategic Plan (GESP) is integrated into Leonardo's Sustainability Plan 2024-2028 and consists of projects that meet the core principles underpinning Leonardo's approach to DE&I: compliance with DE&I laws, rules and regulations; promotion of and respect for multiculturalism; active listening to people's needs; training initiatives and programs dedicated to women's empowerment and the promotion of STEM study paths and careers based on Leonardo role model to support the educational system; promotion of a better work-life balance, including through programmes and tools to enhance parenting and care; strategies for managing the needs of different generations living together in the company; measures to foster the inclusion and development of people with visible and invisible disabilities; training on unconscious bias for the entire company population. The GESP provides for the control over time of the progress and performance of each project that comprises it (milestones, costs, KPIs) through a dedicated digital platform and reporting campaigns. The periodic review makes it possible to monitor the degree of implementation of the projects and to identify specific corrective and improvement actions, as well as useful information for reformulating the Policies and the Strategic Plan itself while taking account of any changes in the business environment that require updates, modifications and/or further training actions.

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[151] For further details see paragraph "Governance" in chapter "General information"

Major DE&I projects

Springboard Programme – This is an international project dedicated to the personal and professional development of women with the aim of strengthening self-awareness, assertive style, positive thinking, goal achievement and satisfaction at work and in personal life. Four international editions were completed in 2024; with the new participants, the Springboard Community now consists of more than 250 women from different nationalities in the Leonardo Group.

LIFEED – Transforming life experiences into key skills for professional growth. Digital programmes aimed at parents with children aged 0-18 and caregivers. The goal is to challenge the stereotype that career and private life are often in conflict, highlighting how skills gained in family settings can foster the development of core competencies in the professional sphere as well. These programmes are structured according to the principle of life-based learning.

Employee Resource Group (ERG) – Groups dedicated to promoting D&I strategy and awareness. In 2024 the first two ERGs were also launched in Italy dedicated on gender equality and disability issues, joining the 7 already active in the United Kingdom. The two groups are composed of about 40 Leonardo people in Italy who translate the Italian DE&I plan into concrete actions, also based on the evidence from the DE&I 2024 Survey, to make Leonardo an increasingly inclusive workplace.

Disability – Leonardo has established several programs dedicated to disability issues, through which, for example, Leonardo UK has been accredited as a Disability Confident Level 2 Employer, in recognition of the company's commitment to bring to the workplace the skills and talents that people with disabilities possess and to enable everyone to succeed.

Employer Branding and talent attraction

In 2024 Leonardo implemented numerous initiatives in support of Employer Branding and Recruiting, with the aim of attracting the best talent to the labour market and sourcing the skills of interest for its various businesses, including by leveraging all growth opportunities and concrete initiatives launched to support wellbeing, flexibility, and work-life balance.

Among the most important initiatives are:

- induction and development programs aimed at the best new graduate or undergraduate talent carried out in collaboration with Universities, focusing both on training courses aimed at induction into the company (HR Graduate Program, Future Loading, Sustainability Excellence Program), and through thesis projects carried out at Leonardo sites (DeepDive), and through the provision of scholarships (Girls@Polimi);
- new partnerships to make the world of high technology increasingly attractive to women, supporting their inclusion in the company, including through the promotion of professional opportunities offered by Leonardo;
- a referral program, which allows employees to refer professionals and receive a bonus if they are hired, in recognition of their contribution to strengthening the company's attraction and recruitment strategy.

“Caring Company 2024” of Lifeed: recognition obtained by Leonardo in Italy for promoting caring leadership that is attentive to work-life balance and the enhancement of people's full potential.	Inclusion in **Fortune Italy and RINA's “Best in DE&I”** rating	**In the Top 5 of Potential Park's Italian ranking** for its attraction and communication strategy towards younger generations	**“Disability Confident level 2 employer”:** recognition obtained by Leonardo UK for attention to employees with disabilities	**Investors in People, Investors in Young People** and **We Invest in WellBeing** at Gold level in the United Kingdom	**Ranked second among companies chosen** by young professionals in STEM fields and fifth for STEM students in **Universum's Most Attractive Employer Italy 2024** ranking. Among the **Most Attractive Companies of 2024 for GenZ on Joinrs** in Italy

Skill management and enhancement

Leonardo's industrial strategy aims to attract and manage the job profiles and skills needed to meet the new challenges posed by the market, including the risk of their obsolescence.

The company's skill management and enhancement schemes support people throughout their career in the company, stimulating lifelong learning and activating upskilling and reskilling processes, also with a sustainable perspective.

The use of innovative technology tools in the various areas of people management and development is a key factor for change and radical improvement in the Group's overall performance. In particular, the most recent initiatives for the development of new skills aim to align the competencies of our human resources with the needs of the future, design training programmes and reduce outsourcing and recourse to the market, leveraging a digital approach that combines data mining, artificial intelligence and Massive Open Online Courses (MOOC) training platforms.

With this in mind, Leonardo has long had a skills mapping and surveying framework in place with the intention of monitoring core competencies for roles operating in the Company, which was profoundly revised in 2024, in particular, through tools such as the Draup talent intelligence platform, thanks to which an analysis of emerging roles and competencies in the Aerospace and Defence sector can be carried out.

At the training level, Leonardo has put in place several activities and projects[152], including programmes for leadership development, coaching and mentoring paths, paths for new skills required by digital transformation. These also comprise the Coursera training platform, the "UP" international advanced management training course, the skillgym digital platform for soft skill development, and the Sustainability Excellence Programme, an important development experience not only for Leonardo's Sustainability professional family, but also for employees who are confronted daily with issues related to the areas of sustainability. The main training and development projects dedicated to specific business areas included: in the Project Management area, the new PM Academy training course (about 300 PMs involved in 2024), aimed at project and program managers from all business sectors, which also makes use of soft skill training scenarios on the SkillGym platform created specifically for Leonardo; in the Procurement & Supply Chain area, as part of the Supplier Engagement Plan, the training course dedicated to different topics related to sustainability, for example, why and how to measure GHG emissions, how to Define a Science-Based Target, what are the levers to decarbonise, and how to engage suppliers on these issues (209 participants in 2024).

In order to maximise the development opportunities of its people, Leonardo is committed to ensuring appropriate career plans, including through the use of tools such as job posting, which has enabled a significant percentage of open positions to be filled internally: Italy 13%, Poland 13%, US 5%, and UK 23%.

61.5% of employees hold a STEM qualification	**42.54% of new hires** hold a STEM qualification	**About 1,4 million hours** of training delivered	**1,281 training courses** activated with educational system[153]

2024 figures

[152] Training paths are also open to part-time and temporary workers

[153] Including stages, apprenticeship programs, traineeships, and school-to-work alternation schemes.

Health and safety

Leonardo considers the protection and safety of its workers as a priority, and therefore implements all appropriate measures preparatory to the elimination and/or mitigation of risks related to the performance of their professional activities and the resulting impacts. Among the tools used to ensure compliance with adequate standards, according to the HSE Management System certified according to the ISO 45001 standard, are health and safety audits, both internal and external, which are mainly aimed at maintaining Management System certifications, as well as at compliance audits, and the definition of continuous improvement plans and objectives for the pursuit of targets.

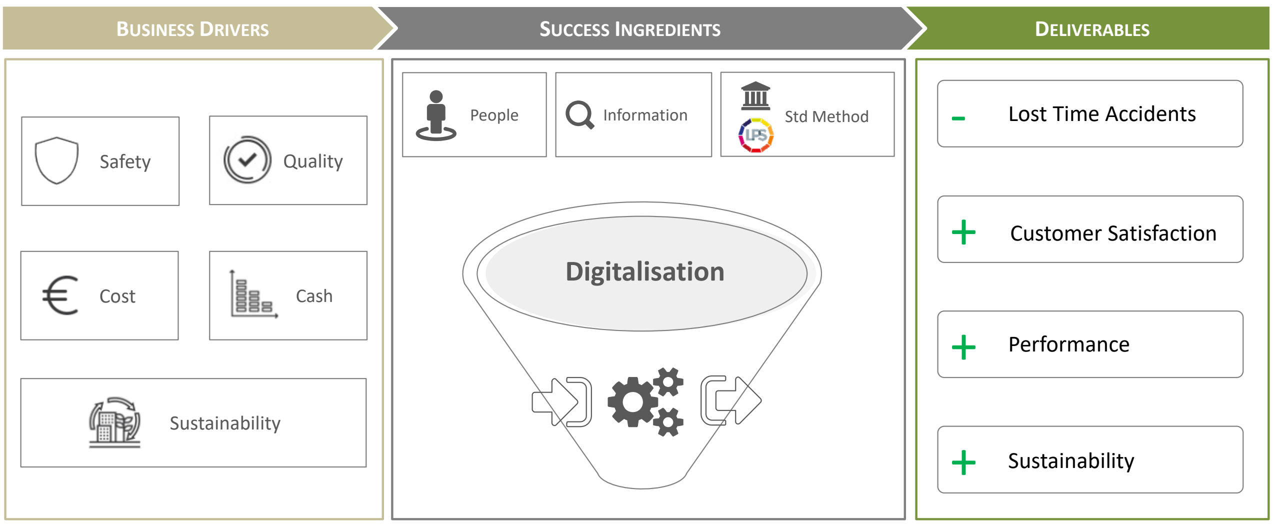
77% of employees work at sites with **ISO 45001** certified Health and Safety Management System	**1.7 injuries per million of hours worked** (-16.5% vs 2023)	**2,016 audits** conducted on health and safety, of which 1,896 internal and 120 external

Leonardo has implemented various projects to ensure both the health and safety of its people, including supplementary healthcare, Workplace Health Promotion initiatives to promote prevention and the adoption of healthy lifestyles (e.g., breast cancer prevention, and early prostate cancer diagnosis campaigns), assistance programs, travel security, safety and health programs to ensure the safety of both its male and female workers abroad and its suppliers through supply chain improvement projects and programs.

Change management models in the business: Leonardo Production System[154]

The Leonardo Production System is the agile production system inspired by the World Class Manufacturing (WCM) method, by which Leonardo pursues the objective of optimising efficiency and productivity through an approach oriented to continuous improvement in the management of processes and programs, which is capable of ensuring more and more quality and safety. In 2024 the programme was further strengthened as the manufacturing management model for the Group. The consistent application of the programme and its focus on the highest priority areas have made possible important results in terms of Occupational Safety, Quality, Productivity and Sustainability.

LPS Framework



[154] Related to material topics "Health & Safety" and "Solutions' quality, safety and performance".

The enablers of the programme are people skills development, and digital transformation, which are key factors for gaining and maintaining competitive advantage in order to ensure long-term success. Digitisation has also made it possible to accelerate the application of best practices among different professional families in manufacturing, an element that has enabled the further development of the program within the Group.

About **6,500 people** involved in 18 manufacturing plants (+about 10% vs 2023)	About **22,000 projects for continuous improvement**, of which 8,100 developed in 2024	More than **-90% of injuries** and **+30% of productivity** in the areas in which the LPS system has been implemented	Quality: in 2024 there was a further **improvement of 12% on in-house problems**

Metrics[155] and targets

Five targets have been set that testify Leonardo's commitment to guarantee an inclusive workplace offering equal opportunities, defined by management based on the topics most relevant to the company and from industry benchmarks. Leonardo monitors their progress and puts improvement actions in place to enable their achievement.

Target	Unit	2024	Target	Target year
% of women of total new hires	%	24%	32%	2025
% of women of total new hires in STEM areas	%	23%	30%	2025
% of women at managerial level	%	18%	20%	2025
% of women of total employees	%	20%	20%	2025
% of women in succession plans	%	30%	27%	2025

Characteristics of the undertaking's employees		S1-6
	2023	2024
Gender	Number of employees	
Men	43,070	48,183
Female	10,496	12,284
Other	n.a.	-
Not disclosed	n.a.	1
Total employees	**53,566**	**60,468**

Employees by employment contract and gender				
2024				
Female	Men	Other	Not disclosed	Total
Number of employees				
12,284	48,183	-	1	**60,468**
Number of permanent employees				
11,913	46,762	-	1	**58,676**
Number of temporary employees				
371	1,421	-	-	**1,792**
Number of non-guaranteed hours employees				
-	-	-	-	-
Number of full-time employees				
11,319	47,763	-	1	**59,083**
Number of part-time employees				
965	420	-	-	**1,385**

[155] For comments on the performance of key indicators, please refer to chapter "Group Results And Financial Position" paragraph "Sustainability performance indicators".

Employees by employment contract and gender				
2023				
Female	Men	Other	Not disclosed	Total
Number of employees				
10,496	43,070	n.a.	n.a.	**53,566**
Number of permanent employees				
10,184	41,948	n.a.	n.a.	**52,132**
Number of temporary employees				
312	1,122	n.a.	n.a.	**1,434**
Number of non-guaranteed hours employees				
-	-	n.a.	n.a.	**-**
Number of full-time employees				
9,642	42,781	n.a.	n.a.	**52,423**
Number of part-time employees				
854	289	n.a.	n.a.	**1,143**

Employees by employment contract and Country					
2024					
Italy	United States	United Kingdom	Poland	Other countries	Total
Number of employees					
36,704	7,782	8,957	3,300	3,725	**60,468**
Number of permanent employees					
36,331	7,730	8,437	2,761	3,417	**58,676**
Number of temporary employees					
373	52	520	539	308	**1,792**
Number of non-guaranteed hours employees					
-	-	-	-	-	**-**
Number of full-time employees					
36,057	7,556	8,621	3,283	3,566	**59,083**
Number of part-time employees					
647	226	336	17	159	**1,385**

Employees by employment contract and Country					
2023					
Italy	United States	United Kingdom	Poland	Other countries	Total
Number of employees					
33,306	7,329	8,106	2,913	1,912	**53,566**
Number of permanent employees					
32,966	7,274	7,683	1,716	2,493	**52,132**
Number of temporary employees					
340	55	423	420	196	**1,434**
Number of non-guaranteed hours employees					
-	-	-	-	-	**-**
Number of full-time employees					
-	-	-	-	-	**-**
Number of part-time employees					
-	-	-	-	-	**-**

Characteristics of the undertaking's employees		S1-6
Employees by Country		
	2023	2024
Country	Number of employees	
Italy	33,306	36,704
United States	7,329	7,782
United Kingdom	8,106	8,957
Poland	2,913	3,300
Other countries	1,912	3,725
Total	**53,566**	**60,468**

Characteristics of the undertaking's employees			S1-6
Employee turnover	Unit	2023	2024
Total employees leaving	N.	4,039	3,922
Percentage of employees leaving on total employees	%	8	6

Characteristics of non-employees in the undertaking's own workforce			S1-7
Workers other than employees	Unit	2023	2024
Supervised workers	N.	2,325	2,361

Non-employees' data are related to supervised workers, calculated as the number of people as of Dec. 31, 2024.

Collective bargaining coverage and social dialogue			S1-8
2024	Employees - EEA (for countries with >50 empl. representing >10% total empl.)		Social Dialogue
Coverage rate	Employees - EEA (for countries with >50 empl. representing >10% total empl.)	Employees - Non EEA (for countries with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%		United States	
20-39%			United Kingdom
40-59%		United Kingdom	
60-79%			
80-100%	Italy, Poland		Italy, Poland

Collective bargaining coverage and social dialogue			S1-8
2023	Employees - EEA (for countries with >50 empl. representing >10% total empl.)		Social Dialogue
Coverage rate	Employees - EEA (for countries with >50 empl. representing >10% total empl.)	Employees - Non EEA (for countries with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%		United States	n.a.
20-39%			n.a.
40-59%		United Kingdom	n.a.
60-79%			n.a.
80-100%	Italy, Poland		n.a.

Industrial Relations (% on total employees)	Unit	2023	2024
Employees covered by collective bargaining	n.	41,196	45,557
	%	77	75
Employees who are members of trade unions	n.	16,855	13,311
	%	31	22
Meetings with trade unions	n.	498	755
Employees covered by workers' representatives	n.	n.a.	37,707
	%	n.a.	62
Total hours of strike in the reporting period	h.	43,362	78,704

Diversity metrics			S1-9
Employees by Age Group	**Unit**	**2023**	**2024**
< 30 years	N.	6,941	9,058
30-50 years	N.	27,940	30,928
> 50 years	N.	18,685	20,482

Diversity metrics			S1-9
Top management composition	**Unit**	**2023**	**2024**
Men	n.	177	159
	%	84	80
Female	n.	34	39
	%	16	20
Other	n.	-	-
	%	-	-
Not disclosed	n.	-	-
	%	-	-

Regarding the "Top management" category, the percentage is calculated considering first-level (directly reporting to the CEO) and second-level managerial positions.

The executive team (including the CEO) is made up of 19 men (79.2%) and 5 women (20.8%).

Persons with disabilities			S1-12
Employees with disability	**Unit**	**2023**	**2024**
Total employees with disability	**N.**	**1,705**	**1,803**
Employees with disability Rate	**%**	**3**	**3**
Employees with disability by gender	**N.**	**1,705**	**1,803**
Men	N.	1,211	1,255
	%	71	70
Female	N.	494	548
	%	29	30
Other	N.	n.a.	-
	%	n.a.	-
Not disclosed	N.	n.a.	-
	%	n.a.	-

Training and skills development metrics			S1-13
Average hours of training per employee	**Unit**	**2023**	**2024**
Training hours	**hours**	**24.1**	**23.0**
Training hours by gender			
Men	hours	24.8	23.2
Female	hours	21.3	22.5
Other	hours	n.a.	-
Not disclosed	hours	n.a.	19.0
Training hours by employee category			
Managers	hours	15.1	13.9
Middle managers	hours	21.1	22.1
White collars	hours	22.4	22.8
Blue collars	hours	30.7	25.0

Performance appraisal			S1-13
Total employees assessed	**Unit**	**2023**	**2024**
Employees with performance appraisal	N.	29,059	41,091
	%.	54	68
Employees assessed by gender	**Unit**	**2023**	**2024**
Men	N.	22,534	31,562
	%	52	66
Female	N.	6,525	9,528
	%	62	78
Other	N.	n.a.	-
	%	n.a.	-
Not disclosed	N.	n.a.	1
	%	n.a.	100

Health and safety metrics			S1-14
Injuries of employees	**Unit**	**2023**	**2024**
Number of injuries of employees	**N.**	**179**	**174**
Injury Rate (IR) of employees by gender	**i**	**2.03**	**1.70**
Men	i	2.15	1.74
Female	i	1.51	1.53
Other	i	n.a.	-
Not disclosed	i	n.a.	-

Injuries of workers not employees	Unit	2023	2024
Number of injuries of workers not employees	**N.**	**8**	**16**
Total Injury Rate of workers not employees	**i**	**2.57**	**4.01**

Injuries of Value Chain Workers	Unit	2023	2024
Number of injuries of Value Chain workers	**N.**	**n.a.**	**75**

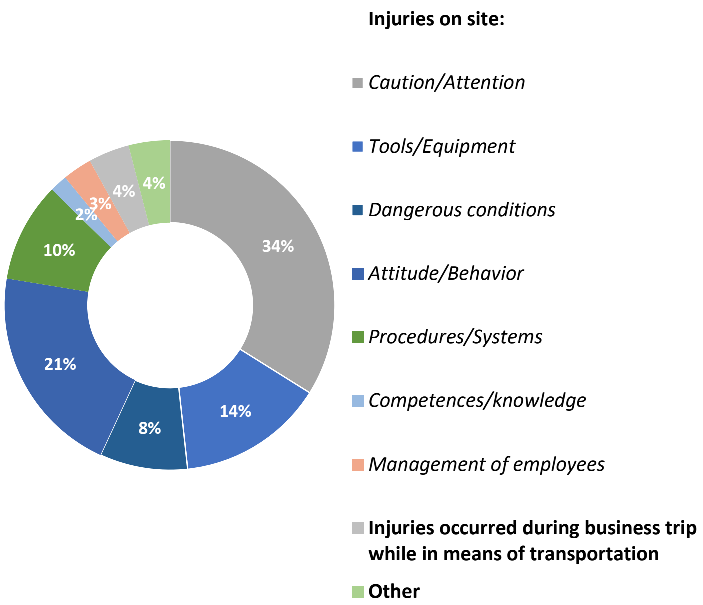
Fatalities from work-related injuries and from work-related ill-health	Unit	2023	2024
Fatalities from work-related injuries and from work-related ill-health of employees	**N.**	**-**	**-**
Fatality Rate of employees	**i**	**-**	**-**
Fatalities from work-related injuries and from work-related ill-health of not employees	**N.**	**-**	**-**
Fatalities Rate of workers not employees	**i**	**-**	**-**
Fatalities from work-related injuries and from work-related ill-health of Value Chain workers	**N.**	**n.a.**	**-**

NOTES:

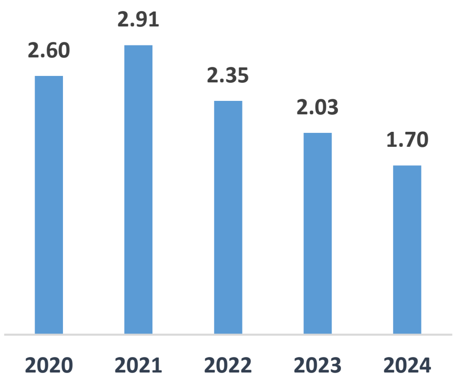
- *The injury is defined in this way if it has been communicated to the competent authorities and if it has caused the inability to work to one or more days.*
- *The Injury Rate (IR) is calculated by using the following formula: (Total injuries/Total worked hours)*1,000,000. Non-employee workers refer to the category of supervised workers.*

Health and safety indicators of employees	Unit	2023	2024
Total occupational diseases	N.	29	8
Occupational Disease Rate (ODR)	i	0.07	0.02
Total number of lost days	days	15,195	5,421
Lost Days Rate (LDR)	i	34.54	10.58
Absenteeism Rate (AR)	i	4.83	6.98

Main causes for injuries in 2024



Injury rate 2020-2024



Health and safety metrics			S1-14
% of employees covered by quality management systems certified	Unit	2023	2024
Health and safety management systems	%		
ISO 45001:2018 Certification	%	81	77
Environmental management systems	%		
ISO 14001:2015 Certification	%	82	79
Quality management systems	%		
ISO 9001 Certification	%	89	89
AS/EN 9100:2018 Certification	%	83	79

ISO 45001-certified sites are 70, ISO 14001-certified sites are 77, ISO 50001-certified sites are 6, ISO 9001-certified sites are 107, AS/EN 9100-certified sites are 81[156].

[156] As part of the activities carried out by external auditors with the above-mentioned certifications (conducted on an annual basis for the purposes of new certification / maintenance / renewal of certification), systematic assessments are performed that also cover the risk management process, its tools and methodologies.

Work-life balance metrics			S1-15
Work-life balance metrics	**Unit**	**2023**	**2024**
Employees entitled to parental leave	**N.**	**53,566**	**60,468**
Percentage of employees entitled to parental leave	**%**	**100**	**100**
Employees who took parental leave during the reporting period, by gender	**N.**	**1,726**	**1,895**
Percentage of employees who took parental leave during the reporting period, by gender	**%**	**3**	**3**
Men	N.	1,288	1,456
	%	2	2
Female	N.	438	439
	%	1	1
Other	N.	n.a.	-
	%	n.a.	-
Not disclosed	N.	n.a.	-
	%	n.a.	-

Remuneration metrics			S1-16
Remunerative metrics	**Unit**	**2023**	**2024**
Gender pay gap	%	98	98
Remuneration ratio of the highest paid individual to the median annual total remuneration for all employees	i	36	37

All Leonardo employees receive fair pay, in line with reference parameters. In relation to incidents of discrimination or violation of human rights, please refer to the chapter “Governance”.

Value chain

Workers in the value chain

Materiality and Leonardo approach

Leonardo has, through its large international network of suppliers and customers, a very significant indirect impact on the environment and society. Leonardo's commitment to ensuring a responsible value chain, which also pays proper attention to its workers, is one of the elements of the Group's sustainability strategy.

For these reasons, too, the perspective of suppliers and customers is taken into account in the Group's materiality analysis[157].

Managing impacts, risks and opportunities

Leonardo is committed to carrying out its activities in full respect of human rights, which are integrated into the Group's Code of Ethics and Charter of Values, as well as in the Group's Policy on Human Rights and regarding externally set and validated targets (e.g., SBTi decarbonization target), and has adopted appropriate processes to avoid violations, promoting the culture of integrity also outside the company and improving its business and trade compliance systems on an ongoing basis.

In order to strengthen the system of safeguards, the Group promotes the protection of human rights along the value chain, supporting its dissemination among its stakeholders, including by participating in multilateral projects to create synergies between associations, businesses and institutions.

Leonardo requires its suppliers to comply with the Code of Ethics, the Organisational, Management and Control Model and the Supplier Code of Conduct, which include commitments in relation to:

- Protection of the right to work and equal opportunities, promoting dignity, health, freedom, equality of all workers, rejecting all the forms of discrimination, whether directly or indirectly, also with reference to political or trade union related aspects;
- Non-involvement in forced labour, human beings trafficking, and exploitation of child labour and forced labour generally speaking;
- Payment of the minimum wages and benefits legally mandated, as well as working conditions, working time and fair compensation complying with the laws and the standards applicable in the countries where the supplier operates;
- Safety and protection of health in the workplace in compliance with current regulations regarding Health & Safety [158].

Leonardo, moreover, carries out reputational checks of third parties with which intends to establish contractual relationships and envisages social clauses to protect workers in the case of contract handovers.

98% of purchases from OECD countries.	**100%** of suppliers accepts the relevant Code of Conduct within the accreditation and pre-qualification process in Leonardo's supplier register and in Joscar.	More than **5,600** suppliers which are also evaluated on social and ethical-legal issues

[157] For more details, please see the paragraph "Managing impacts, risks and opportunities – double materiality".
[158] For more details, please see the Supplier Code of Conduct of Leonardo.

Leonardo provides for the dissemination of the contents of its Policy on Human Rights, including through awareness-raising and training actions, and to verify that they are implemented in an effective manner, through appropriate periodic monitoring mechanisms, aimed at updating any potential risk areas and optimising the effectiveness of negative impact prevention and mitigation actions, with a view to continuous improvement of human rights protection.

In order to promptly identify and manage any violations, potential risks and adverse impacts on human rights, Leonardo makes available to all stakeholders in its value chain specific mechanisms for the management of reports, either signed or anonymous, as prescribed in the Whistleblowing Management Guidelines and through the dedicated channel (humanrights@leonardo.com).

The information on the reporting system and how it is used are made known to the value chain through Leonardo's website and the Supplier Code of Conduct.

In addition, in the supplementary agreement, additional safeguards are provided for the benefit of workers employed by contractor firms, which are also proposed and negotiated with the trade union representatives of Leonardo. These safeguards range from health and safety, social security, union rights to employment guarantees.

Actions related to workers in the value chain

In order to prevent risks which are also associated with the protection of human rights and the health and safety of supply chain workers, Leonardo also launched specific actions that intervene at different stages of relations with its suppliers: from the application to become a supplier, to the pre-qualification and qualification phases to enter the register, up to the verification audits and development plans of suppliers[159].

In the pre-qualification phase, it must be established that certain requirements are met for an assessment of the risk associated with establishing a relationship with a potential supplier, which allow reputational audits of the counterparty to be carried out. If potential risks emerge from these analyses, Leonardo also conducts further verifications with the supplier, which may also take any "self-cleaning" actions.

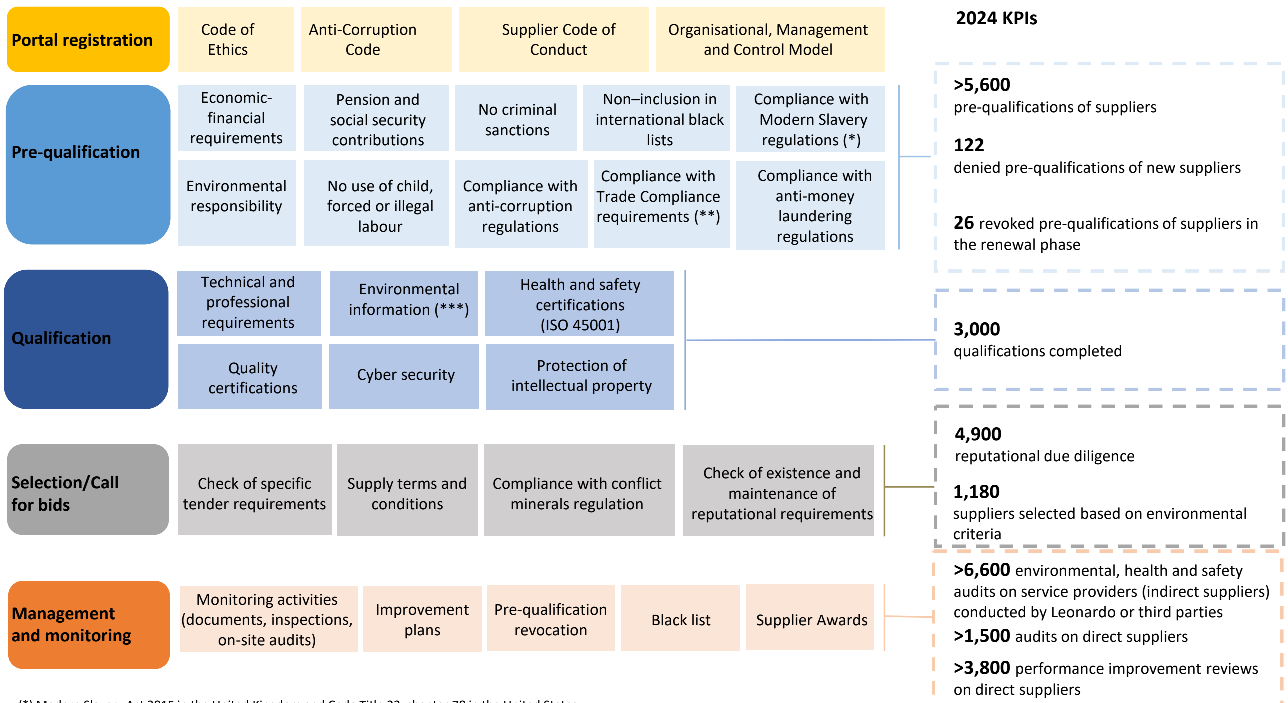
This is followed by the qualification phase, during which the technical, organisational and operational capabilities linked to specific supplies are assessed, as are the minimum requirements demanded by Leonardo regarding environmental management, health and safety protection, cyber security and intellectual property protection, which are also regulated by specific contractual clauses. The ongoing satisfaction of the requirements is monitored through periodic control activities throughout the term of the contractual relationship, both through recurring audits and through audit plans, going as far as temporary or definitive exclusion from the Register in cases of serious or repeated failures. As for supplier audits on HSE issues, every year Leonardo sets out an audit plan and selects the suppliers that will have to be audited in the subsequent year. The audit consists of checks carried out by Leonardo personnel or by a third-party entity and is also an opportunity to inform the supplier of any possible opportunity for improvement. In any case of non-conformity, Leonardo always asks the supplier to take a corrective action, reported by the supplier in an Action Plan, complete with the related date of implementation, which is verified by Leonardo in the subsequent audit.

Successful satisfaction of the requirements stipulated in the pre-qualification and qualification phases is necessary for the award of a tender and the placement of a purchase order, and thus to become an effective supplier of Leonardo. In addition, for some product areas, supplier selection also takes into account the availability of specific additional ESG requirements, for example ISO 14001, ISO 45001 certifications and other

[159] For more details on supplier development programmes, please see the paragraph "Supply chain development ".

quality, cyber security and sustainability certifications. Leonardo set itself the target of including ESG criteria within 2028 in at least 70% of the new main tenders awarded.

In the United Kingdom, Leonardo has also been actively involved since 2015 in the JOSCAR (Joint Supply Chain Accreditation Register) industry project to qualify joint suppliers in order to rationalise the number of communication channels used and provide a single point of access for both current Aerospace and Defense suppliers and new companies looking to enter the market[160].



(*) Modern Slavery Act 2015 in the United Kingdom and Code Title 22, chapter 78 in the United States.
(**) Check carried out only for suppliers in at-risk countries
(***) Of which in possession of environmental authorisations and certified management systems; compliance with REACH, RoHS, CLP(Classification, Labelling and Packaging) and RAEE and waste regulations.

Supply chain development

Materiality and Leonardo approach

Leonardo's supply chain is made up of more than 11,000[161] companies around the world, which provide goods and services to all the entities of the Group and contribute on a daily basis to the competitiveness of the business, ensuring compliance with quality and safety requirements in the supplies and actively collaborating in the management of contracts and open innovation processes. It is a supply chain that includes both international players in the sector of AD&S, which supply highly complex systems and subsystems integrated into Leonardo platforms and many small and medium-sized enterprises (SMEs), the technological specialisation of which contributes to the creation and success of our products.

[160] About 800 companies have already registered on the portal.
[161] Including 683 significant tier-1 suppliers, representing 56% of the total spent to suppliers, to which must be added 41 significant non-tier-1 suppliers.

€bil. 11.6 **of purchases of goods and services**	**65%** **incidence of purchases on revenues**	**83%** **of purchases related to domestic markets, with a supply chain of about 7,000 SMEs**

Local supply chains – Incidence of National SMEs in domestic countries[162]

			
85%	**74%**	**63%**	**82%**

Leonardo's considerable industrial footprint in its domestic markets has in fact enabled the development of local supply chains with a high intensity of knowledge and innovation, which are a key asset for the relevant local areas in terms of economic and employment impact and even more so for the quality of the skills developed and the technological content of the products and services we create. This is where most of the Group's purchases are concentrated and Leonardo, as emerged in the double materiality analysis, acts as a driver to the growth of the chain, through the creation of partnerships and the implementation of development programmes. This objective relies on four key pillars within which projects, initiatives and concrete tools are developed to support our Group's growth, building a sustainable partnership with the excellences in the supply chain, while optimising costs and creating value, in compliance with Leonardo's security and compliance standards.

4 Pillars of Leonardo's procurement and supply chain strategy

Sustainable growth	**Efficiency and value creation**	**Delivery / Excellence of processes**	**Security & Compliance**

Leonardo has developed a Supplier Code of Conduct, published on its website. The code strengthens the principle that suppliers are an integral part of Leonardo's business ecosystem and are a key determinant in the implementation of its sustainability strategy: therefore, it is crucial that they share the same values, principles and standards as Leonardo and participate, in a partnership perspective, in Leonardo's efforts to develop a sustainable future for the Aerospace, Defence and Security sector, considering the impacts of its activities on the entire value chain.

162 Calculated as the number of SMEs out of total suppliers by country.

Managing impacts, risks and opportunities

In recent years, the focus on environmental, social and governance (ESG) issues has progressively increased at all stages of collaboration with suppliers: from the application to become a supplier, to the pre-qualification and qualification stages to enter the register, from the selection criteria to the contract Terms and Conditions, to verification audits and supplier development plans. An important element in this context is the SBTi-validated supplier engagement target that the Group has set with a deadline of 2028, which requires 58 percent of suppliers for emissions to set science-based decarbonization targets by 2028[163]. For more information on the policies, please refer to the "Sustainability Management Policy" paragraph of the "General Information" chapter.

Actions related to the supply chain development

An essential prerequisite to achieve the growth envisaged in the Industrial Plan, is the excellence of the supply chain, which must be able not only to ensure adequate operational performance, but also to be able to cope with the new complex challenges posed by the market, which require financial strength, expertise and rapid adaptation response. With this in mind, in 2018 Leonardo launched a programme for the development and growth of its suppliers - **LEAP** (Leonardo Empowering Advanced Partnership) with the aim of accelerating and supporting the growth of SMEs in the AD&S supply chain, making them more financially strong, able to invest and work on higher value-added projects and ready to compete on an international scale. LEAP has marked a paradigm shift in relations with suppliers, moving beyond a management model based merely on business relationships and cost reduction, with a view to establishing effective collaborative engagement, medium- to long-term partnerships, capable of fostering investment and accompanying the growth of the supply chain's excellences in terms of both service quality and size. The programme incorporates innovation and sustainability objectives, raising the supply chain's ambitions toward digital transformation, cyber security and the transition towards a more sustainable supply chain. An improvement plan has then been prepared for each supplier, which makes use of the development projects put in place by Leonardo, even in collaboration with third-party stakeholders, including: the managerial training and mentoring Elite-Leonardo Lounge programme for entrepreneurs, developed with the Italian Stock Exchange's Elite scheme to improve managerial expertise and capabilities, strategic vision, internationalisation and sustainability of enterprises; the package of financial support tools for the supply chain, developed with the Group's main banking partners; technical/specialist and managerial training courses, provided free of charge to suppliers; assessments on digital maturity and cyber security to develop Industry 4.0 projects, carried out in partnership with the Confindustria DIH network; workshops on sharing the technology roadmap and the creation of an open innovation network to improve the ability to innovate; the provision of shared services delivered by Leonardo (such as regarding raw materials and transport) and a performance appraisal model. Overall, more than 200 SMEs were supported with specific development projects.

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[163] For more informations see "Climate change and decarbonization"

LEAP – Supply chain development projects

Sustainability Assessment - **+1,700 Italian and foreign suppliers**, equal to about 70% of new orders placed by Leonardo, **subject to a thorough sustainability assessment within the past 2 years**

Leading promoter of the IAEG project in the AD&S sector for ESG performance assessment[164]

With regard to the LEADS (Leonardo Assessment and Development for Sustainability) model assessment, Leonardo has gradually replaced, as from 2023, its proprietary assessment model with the EcoVadis rating, which has been adopted as the reference for AD&S supply chain sustainability assessment as part of the industry initiative promoted by IAEG[165] (International Aerospace Environmental Group). Through the EcoVadis platform, which saw a substantial expansion of Leonardo's supplier membership in 2024 (totalling more than 1,100 suppliers), it was possible to further strengthen the assessment process, thus enabling continuous assessment of suppliers and their performance on sustainability issues. This made it possible, in the case of negative assessments, to intercept critical areas at an early stage and activate corrective actions and improvement processes. Based on the results of the ESG Assessment, Leonardo has defined and promoted the "Manifesto for Supply Chain Sustainability," to support and accelerate the transformation of Leonardo's supply chain.

In the United States, the "Supplier Sustainability induction project" is active, involving more than 200 suppliers in order to improve the level of knowledge on ESG issues. In the United Kingdom, several initiatives have been launched with suppliers, both through dedicated workshops and their direct involvement in specific projects, particularly on biodiversity issues.

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[164] In terms of onboarding of new suppliers.

[165] For further information, please see paragraph "Climate change and decarbonisation".

Toward supply chain decarbonization

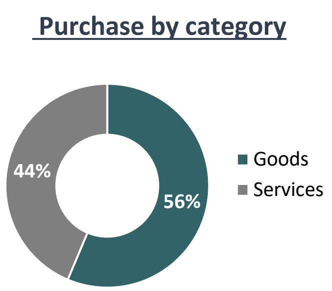
To achieve supply chain decarbonization goals, establishing strong, medium- to long-term partnerships with suppliers is critical. These will enable the development of new competencies aimed at measuring, reducing, and monitoring GHG emissions. With this in mind, Leonardo established a multifunctional and specifically trained team in 2024 that has defined a program of supporting, progressive initiatives tailored to the maturity and size of suppliers.

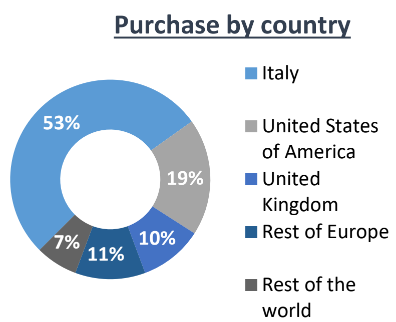
Key actions include adopting a sustainability assessment, in partnership with IAEG and ECOVADIS, launching training and coaching initiatives, working with AD&S industry associations to create a supportive ecosystem, and introducing an incentive system that rewards suppliers' ESG performance. The new supply chain-related goals were presented at two Supplier Conferences attended by Leonardo's top management and more than 150 suppliers, respectively.

Metrics and targets

As evidence of Leonardo's commitment to promoting a sustainable supply chain, including increasing supplier engagement and an incentive mechanism to enhance supplier commitment and performance on sustainability issues, 3 targets have been set.

Targets	Unit	2024	Target	Target year
% of suppliers for emissions with “science-based” objectives	%	12%	58%	2028
Number of key suppliers to whom to deliver training on sustainability issues	N	198	≥ 500	2027
% (in value) of the major new tenders awarded that include ESG criteria or requirements	%	20%	>70%	2028





Consumers and end users

Materiality and Leonardo approach

One of the main objectives of the Group is to provide innovative and safe technology solutions to its customers. From the design and development of products, services and solutions to after-sales service, Leonardo searches and applies high levels of quality, safety and sustainability, in compliance with the relevant standards and regulations in order to become a trusted partner for its customers. For Leonardo, customer centricity means in fact thinking every day about the positive impact of its business, responding to every possible operational need of its customers and striving to anticipate what could become their critical issues in the future.

The ability to provide reliable products and solutions in terms of quality, safety and performance has positive impacts for its customers and end-users, generating credibility in the market with consequent positive impacts on economic and financial indicators as well.

For these reasons, too, the perspectives of its customers are taken into account in the materiality analysis, as detailed in the dedicated chapter[166].

Managing impacts, risks and opportunities

The sale and distribution of company products have been identified as one of the most exposed Leonardo areas to the risk of violations of human rights[167]. The company is therefore committed to preventing risks of illegal practices through the Trade Compliance Program, under which Leonardo uses tools and processes for counterparty due diligence and monitoring of activities in Sensitive Countries. In particular, in relation to the Sale of its products, we must note:

- Development of technology solutions for the security and protection of citizens, national institutions, technological sovereignty, and the resilience of countries;
- Non-involvement in the production, development, storage, trade and/or sale of non-conventional weapons (e.g. cluster bombs, landmines, biological and chemical weapons, blinding laser weapons, incendiary weapons, and depleted uranium weapons);
- Non-involvement in nuclear weapons production or maintenance activities;
- Ensuring, by means of the Trade Compliance Program, full compliance with applicable laws and provisions of competent authorities for Trade Compliance issues (i.e. obligations for embargoes, sanctions or other trade restrictions);
- Due diligence on whether potential customers and end-users are in blacklists and other checks in case of transactions with Sensitive Countries;
- Full-scale use of the Human Rights Impact Assessment tool to analyse, through specific red flags, the conduct of business activities to check for compliance with internationally recognised human rights;
- 560 transactions monitored in Sensitive Countries.

Human Rights Impact Assessment

Human Rights Impact Assessment (HRIA) is an analysis tool, with which Leonardo has defined, the main risk indices with reference to human rights and the potential impact of the activities carried out by the Company , in order to apply the provisions of the Group's Policy on respect for human rights and to take action in line with the Company’s objectives and Sustainability Plan. The analysis is carried out both "by Country" and "by transaction".

The introduction of the HRIA tool has expanded the list of Sensitive Countries (for which please refer to the link published on the company's website), allowing for expanded oversight of the Group's business transactions.

In particular, through the “by Country” analysis, the Countries are identified, which, despite the absence of specific sanction programmes, have been reported by national and international bodies (e.g. UN and EU) due to violations of human rights, with specific regard to: serious acts of internal repression, violations of international humanitarian law; belonging to conflict zones in the trade of "3TG" minerals (so-called conflict minerals), thus including them in the list of Sensitive Countries for the company and, therefore, establishing the obligation to notify any transaction involving them, either directly or indirectly.

On the other hand, the “by transaction” analysis has made it possible to implement the risk analysis tool relating to transactions with Sensitive Countries, adding two drivers relating to the respect for human rights that are linked to the HRIA “by Country”.

[166] For more details, please see the paragraph “Managing impacts, risks and opportunities – double materiality”.
[167] For more information, please see the paragraph “Respect of human rights”.

Finally, Leonardo also participates in multilateral initiatives to create synergies between associations, businesses and institutions. In order to further strengthen its concrete commitment to human rights due diligence, representatives from Leonardo's Sustainability and Compliance functions attended and completed UN Global Compact's Accelerator on Business and Human Rights (BHR) during 2024, aimed at guiding and assisting businesses to identify salient human rights, establish a long-term due diligence process and a baseline plan on risks and impacts related to human rights.

Leonardo provides for the dissemination of the contents of its Policy on Human Rights, including through awareness-raising and training actions, and to verify that it is implemented in an effective manner, through appropriate periodic monitoring mechanisms, aimed at updating any potential risk areas and optimising the effectiveness of negative impact prevention and mitigation actions, with a view to continuous improvement of human rights protection. For this purpose, Leonardo makes available mechanisms for the management of reports, either signed or anonymous, as prescribed in the Whistleblowing Management Guidelines and through dedicated channels (humanrights@leonardo.com).

Customer satisfaction is among the objectives of Leonardo's Strategic Plan, and this is also why various measures of customer confrontation and engagement have been put in place in order to handle any inquiries, monitor the level of customer satisfaction, and take any corrective actions in a timely manner.

Customer Service initiatives in support of customers

Customer Satisfaction – With the use of the Net Promoter System (NPS) methodology during 2024, more than 100 customers were involved from the civil, military and government markets in about 50 countries all over the world in measuring Customer Satisfaction. The objectives have been achieved to obtain a deeper and more complete knowledge of the perception of Leonardo solutions on the part of its customers and to identify and implement corrective measures, with a view to continuous customer service improvement. In the last year, measurements were also extended to most of courses delivered by the divisions' Training Academies for which Leonardo has already collected and analysed more than 3,000 feedbacks.

Digital Customer Service initiatives – Leonardo makes available to its customers advanced Customer Relationship Management and e-commerce platforms, which enable better management of customers' requests and ensure a single point of access (Leonardo Customer Portal) for all after-sales services, including training activities and an ever-increasing number of advanced digital services aimed at ensuring a better customer digital experience.

Leonardo Logistic Network – Leonardo's international footprint is a critical success factor for offering increasingly effective logistics support to our customers, guaranteeing them an all-around assistance throughout the product life cycle and promoting the development of new lines of business. In pursuit of these goals, Leonardo has initiated the "Leonardo Logistic Network" project, which aims to strengthen the foreign network by optimising its operating models and planning to locate significant technical and industrial capabilities in major customer markets so as to increase customer proximity and offer better service levels to support current and future installed bases.

Actions related to consumers and end users[168]

Customer support and training solutions

Leonardo offers customised solutions and innovative, value-added after-sales support services: from the offer of integrated services to continuous upgrading of Systems in order to ensure customers extended operational availability and performance over time, from training programmes in complex and multi-domain

[168] For actions related to cyber and security solutions please refer to the chapter "Governance information ".

operational scenarios and training, in terms of both skills and expertise, collecting and processing any feedback from the field which is required to maintain continuous and ongoing direct contact with end users and build a strategic relationship in the long term. The development of the Customer Support, Services & Training business and the improvement in customer satisfaction are among the objectives of Leonardo's Strategic Plan, which are pursued through a transformation that involves technologies, the organisation, processes, procedures, compliance with standards and regulations, the way of doing business and, above all, people. Consolidation of the services business is focused on "customer capability", to be ensured by leveraging some key concepts for greater resilience: customer centricity, their demand for technology to be provided "as-a-service", continuous improvement, development of hard and soft skills, data management and analysis, through the application of smart technology and increasingly digitised processes and products. With a view to sustainable innovation, Customer Experience and the use of advanced digital technologies turn into a measurement of satisfaction in the use of the Systems, coupled with the ability to improve the product and its operations, ensuring the management integrity of information and transparency in customer communication.

In line with the ever-increasing and more advanced market demands, customer support training is based on interoperable and combined technologies – Live, Virtual and Constructive – to ensure an immersive reproduction of systems in their operational use. The use of flight simulators allows for expanding training effectiveness and reducing real flight hours, thus reducing environmental and acoustic impacts, and making a more efficient use of the Defence budget. Virtual and augmented reality technologies, together with artificial intelligence, are also used for preventive and predictive maintenance, thus helping to mitigate inefficiencies and reduce the environmental and logistics impacts, and enabling remote operations, thereby reducing physical travel to support operations.

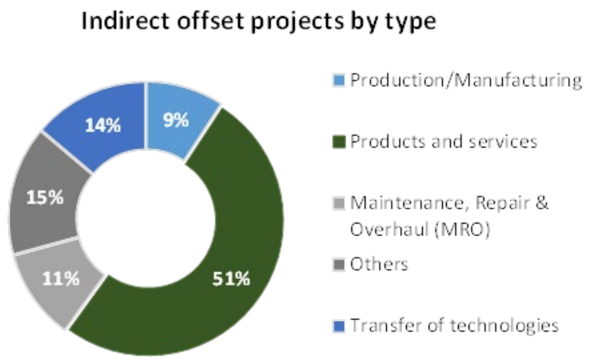
Approximately 55,000 training hours delivered through flight simulators	**Over 15,000 pilots and operators** of helicopters and aircraft trained	**First place** among helicopter companies in **ProPilot's ranking** for quality of after-sales support, for the sixth year running

Data 2024

Industrial collaboration programmes

Leonardo collaborates with its international customers to generate economic and industrial benefits, both in the civil and Defence sectors, under industrial offset agreements. In 2024, Leonardo had 65 indirect offset contracts in place around the world [169].

[169] For more details, please see the paragraph "Business conduct" and document on offset management on Leonardo website.



Quality and Safety

Leonardo pursues the goal of ensuring the highest safety and quality of products and services, striving to deliver them to customers on time and without any defects. For this purpose, the Group uses company engineering and manufacturing processes based on recognised procedures and standards, promotes continuous training and information of people on quality and safety of products and services, and integrates methodologies of risk management, product life cycle management and crisis management. Leonardo operates in accordance with ISO9001, AS/EN9100, AS/EN9110 quality management standards, as well as with NATO AQAP 2110/2210/2310 standards, and those of design, production, and maintenance organisations in civil and military environments, and adopts and implements all customer specifications and procedures within its management and related documentation to ensure utmost compliance with required quality standards.

In addition, the quality and safety of the Group's products and services are attested by company and third-party audits. In fact, the products made internally and those commissioned to third-party suppliers, selected and qualified according to the standards adopted, are subject to internal audits and a final verification of conformity by the quality function of each factory on an ongoing basis, in compliance with contract requirements and/or other safety regulations. Furthermore, the quality and safety of the Group's products and services is attested by third-party certifiers through specific audits on an annual basis. Based on the type of products and services produced, Leonardo is also subject to certain audits on the part of the competent Authorities, including government bodies and customers, in the field of Safety and, if applicable, airworthiness.

Each division adopts a centralised governance system, which provides for Safety Management Systems at the local function level, control and risk assessment procedures and manuals, preventive tests to verify the quality and safety of products and services before being delivered to customers, crisis management procedures involving recall systems and procedures of products not complying with safety requirements, customer alert, product tracking and other specific processes. Of fundamental importance are the continuous improvement plans, which, in close connection with the technology roadmap, improve the quality standard of parts, processes and services on an ongoing basis, and ensure the continuous updating of the “Lesson Learnt” register for new developments.

Leonardo is also committed to the training of all staff members involved in the quality and safety of the solutions produced through specific training on an annual basis[170]. Training activities are also implemented annually to support customers and suppliers.

[170] In the area of operational quality, special training courses related to root cause research tools, the identification of countermeasures and the assessment of their robustness are released. Trained people are evaluated with specific tests certifying

Compliance with high quality standards is also required from suppliers, both in the qualification phase to guarantee materials and goods without any defect in design, and in the phase of manufacturing and installation.

89% of employees	**85% of suppliers**
operate at **sites certified according to the ISO9001** quality standard	in terms of total purchase value **with certification of process quality**

Furthermore, Leonardo plays an active role in the evolution of sector standards and regulations through its participation in the main international organisations, including IAQG (International Aerospace Quality Group), EAQG (European Aerospace Quality Group), RMS (Regional Management Structure) and SAE (Society of Automotive Engineers), and contributes to designing the EPAS (European Plan for Aviation Safety implemented by the European aviation authority with all Member States). Since 2018, it has guided the OPC Operations Council, formerly IAQG's Strategy Working Group, which defines quality standards and the related certification scheme format, measuring effectiveness and developing the global database of best practices. In Italy, as a member of AIAD, Leonardo sits on the Quality Committee, which pays particular attention to supporting small-and medium-sized enterprises, with regard to mandatory regulations and customer-specific quality and safety requirements.

Process quality

A significant improvement was achieved in the quality management of processes and products through the use of a standardised QA Matrix across all Divisions, which is a tool that allows the collection of all "non-quality" events, the assessment of their impact, the "root causes" and the prioritisation of the best solutions for process control and its standardisation. In 2024, the matrix was implemented at 20 sites. Priority "non-quality" events were analysed through specific improvement projects, and more than 73% of them were closed and resolved.

Metrics

The breakdown of revenues by customer type and business sector is shown below:

Defence/civil by sector

Defence	60%	91%	96%	11%	26%	12%
Civil	40%	9%	4%	89%	74%	88%

Governmental/non-governmental by sector

Governmental	65%	95%	96%	11%	68%	100%
Non-governmental	35%	5%	4%	89%	32%	-

their learning; among them those who are directly involved in improvement activities and problem solving are evaluated and monitored for their degree of knowledge with special 5-level radar charts on which the gap is also measured with respect to an expected target.

Value for communities and social impact

Materiality and Leonardo approach

With a workforce of more than 60 thousand employees, a global presence spread across 150 countries, and a supply chain of more than 11 thousand suppliers, the Leonardo Group generates positive impacts within the local communities and in the countries in which it operates in terms of direct and indirect employment, as well as the economic value induced by its business.

Moreover, the Group's highly technological DNA has also guaranteed an important contribution related to the development of scientific and technological skills on the ground. Tutoring, coaching, training and apprenticeship programs, often carried out in collaboration with educational institutions, making use of advanced, digital means, are key tools not only for transmitting distinctive knowledge and preparing new generations for future challenges, but also for ensuring the competitiveness of the company and the sector, in the face of the strong mismatch of skills, which sees a scarcity of STEM qualifications on the market.

In this dual perspective, the Group's impact has been material in promoting a sustainable growth model based on the creation of shared value, inclusiveness and knowledge transfer for its people, external society, and the territories in which the company operates[171].

Managing impacts, risks and opportunities

Leonardo is committed to conduct its business in full respect of human rights, which are integrated into the Group's Code of Ethics and Charter of Values, as well as in the Group Policy on Human Rights, and has adopted appropriate processes to avoid violations, including with regard to the affected communities[172]. To this end, Leonardo makes available specific mechanisms for the management of reports, either signed or anonymous, as prescribed in the Whistleblowing Management Guidelines and through dedicated channels (humanrights@leonardo.com).

Actions related to Communities

Leonardo generates shared value for communities by spreading its business culture through engagement and awareness-raising activities that promote social, economic and environmental development of the territories that host the Group's production sites, collaborating with entities, associations and foundations, partners and non-profit organisations. For this purpose, it launches, supports and incentivises projects with social impact, aimed at disseminating knowledge and technologies, promoting scientific culture and the dissemination of STEM disciplines, according to an approach of inclusion and with special attention to gender equality. It also invests in the growth of the community by volunteering skills and knowledge transfer. Leonardo's commitment is also expressed through the Group's Foundations, which contribute to activities targeted at the development of local areas and the achievement of the Agenda 2030 Sustainable Development Goals, in line with the Group's sustainability strategy and goals.

- **Leonardo ETS foundation** pursues non-profit, civic, solidarity and socially useful purposes, with the aim of promoting the cultural growth of civil society with regard to the subjects of science, technology and industry. Among the objectives of the Foundation is to contribute to the renewal of

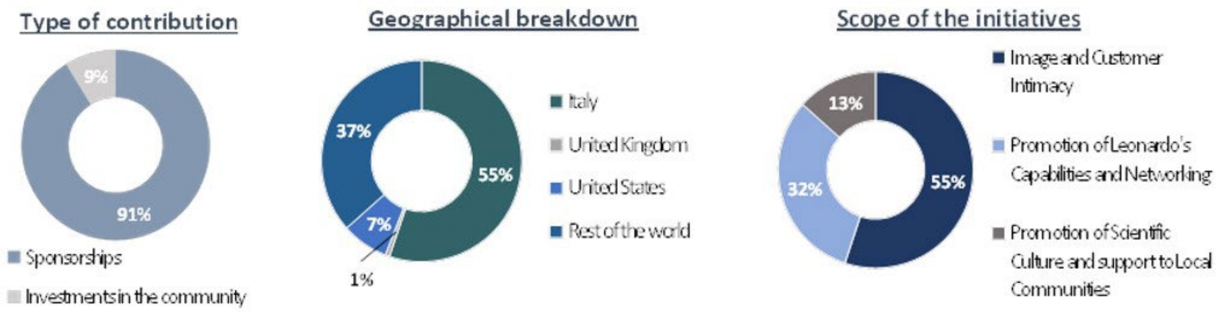
[171] For more details, please see the paragraph "Managing impacts, risks and opportunities – double materiality".

[172] For more details, please see the paragraph "Human rights" and the Policies of paragraphs "Consumers and end-users" and "Supply chain development".

teaching in schools to support the education of male and female students and facilitate the understanding of social complexity through STEM disciplines, and to develop an effective communication strategy through the Outreach project, which is mainly aimed at young people to whom free digital content is dedicated to reduce the generation gap that exists in the country.

- **Ansaldo-Leonardo Group Foundation** has been working for over 20 years in the recovery, protection, preservation and enhancement of the historical-cultural heritage. At present, it has over 100 archival collections, either its own or entrusted by third parties, which preserve the memories in the entrepreneurial, industrial, and technological areas, in particular of companies that have operated in the Liguria region. It is also committed to the enhancement of its heritage through digitisation, organisation of exhibitions and events, publication of books, educational programmes for schools, curricular internships and PhD projects. Specifically, the digitisation plan has seen the collaboration of associations engaged in training and job placement for people with disabilities.
- **Med-Or Foundation** aims to promote cultural, research and scientific training activities, to strengthen ties, exchanges and international relations between Italy and the countries of the enlarged Mediterranean area. It is an innovative, global and collaborative entity that aims to combine skills and capabilities of industry with the academic world for the development of geo-economic and socio-cultural partnership. In 2024, Med-Or contributed, in particular, to the education of young men and women students from the relevant geographical areas through the funding of scholarships, at national and international Universities and educational institutions, and the organisation of cultural and research projects.

The Group's commitment to fostering the socio-cultural development of the territories in which it operates also translates into economic action: in 2024, Leonardo invested about 5 €mil in sponsorship initiatives aimed at communities and the promotion of culture and scientific research. The choice of activities to be carried out has favoured wide-ranging projects that would allow the creation of partnerships and collaborations, through the support of cultural institutions, initiatives of a social and solidarity nature as well as research and innovation projects.



Digital education, scientific culture and technological expertise

The promotion of digital education and sharing scientific knowledge, technological expertise, and innovation with the communities concerned form an integral part of Leonardo's strategy to strengthen the innovation chain and reduce the educational and social gap in the territories in which it operates. Leonardo fosters upskilling and reskilling programmes dedicated both to keeping its people constantly up to date with technological developments, and to support the dissemination of scientific culture to external communities by making available its wealth of knowledge and distinctive skills. Promoting scientific culture and spreading STEM subjects, including with a view to inclusion, are core values for the Group, as well as distinctive factors in competitiveness to be pursued by fostering the development of technical and scientific skills in the communities concerned. Commitment to promoting STEM subjects, taking actions to help young people navigate their choice of study programmes, is a key lever to counter the so-called skills mismatch, i.e., the gap between companies' demand for specialist staff and the skills of young people entering the job market.

Over 5.2 million people reached with online Outreach (Website, Linkedin, Instagram, and Facebook) programmes.	More than **430 children (48% girls),** hosted at 6 Leonardo sites for the Leonardo Constellation project, in collaboration with 10 non-profit associations.	Over **1,600 schools,** more than **2,300 teachers** and **80,000 students involved** in the STEMLab project. More than **4,400 students** have completed the PCTO "*In volo con Leonardo*".	About **2,200 hours of teaching** and collaboration programmes in place (lectures, internships etc.) with 10 Technical High Schools**.**

Leonardo has a network of STEM ambassadors who operate in the various geographical areas, which, through training and popularisation activities delivered in collaboration with junior high schools and Technical High Schools, encourage new generations to undertake STEM-related courses of study. In 2024, within the scope of the School-Business System project, promoted by the ELIS consortium, Leonardo made available to male and female students the testimonies of about 40 role models and subject matter experts with STEM backgrounds, who provided training sessions to students to support their future educational orientations. In this context, there is also the Young Women Empowerment Program - YEP, dedicated to female students in Southern Italy and promoted by the Ortygia Business School Foundation.

In the United Kingdom, Leonardo has more than 200 STEM ambassadors working with local schools and colleges to promote awareness of these programmes. In 2024, the company offered internships at its locations to 258 students from schools across the United Kingdom.

Generating shared value, between distinctive knowledge and social commitment

Leonardo Constellation - Project in cooperation with the non-profit association Il Cielo Itinerante to bring the new generations closer to the world of AD&S and STEM subjects. 6 Leonardo sites opened their doors to 434 children, with a total participation of over 800 people.

Outreach Project - The activities of the Leonardo ETS Foundation were strengthened with the inauguration of the Multimedia Production Centre in 2024, created with the aim of disseminating scientific and technological culture through multimedia content and dedicated channels. The impact of the actions undertaken was significant (+330% viewing of the Foundation's website).

A scuola di STEM - A project in collaboration with Edulia-Treccani for the dissemination of STEM disciplines to students through free lessons, thanks also to the agreement between the Leonardo ETS Foundation and the Ministry of Education and Merit.

Aerotech Academy - Advanced training course in collaboration with the Federico II University of Naples for the placement of young STEM people in companies. 4 editions from 2020 with over 100 students (94% employed, 26% of whom women). In 2024, the 5th edition will be launched in Campania and the 1st edition in Apulia with the Polytechnic University of Bari and the University of Salento, with a total of 55 participants (27% women).

Responsible Canteens - Programme to recover surplus food from the canteens of the main Italian sites in favour of non-profit organisations, in cooperation with the Banco Alimentare ETS Foundation. More than 200,000 portions of food distributed in 2024 for a total economic value of 384,300 euro (more than 3.5 million euro since 2013).

Plastic Free - In 2024, more than 1.4 tonnes of waste collected in the 5 clean-up events organised with the environmental volunteer organisation. Since 2021, 350 employees have joined, helping to collect over 3 tonnes of waste.

Innovation

Materiality and Leonardo approach

Leonardo's new industrial plan stipulates that organic growth will be achieved mainly through the contribution of R&D and technological innovation, with digital technologies such as artificial intelligence, digital twin and deep digital technologies[173]. In 2019 Leonardo, among the first in the world, equipped itself with a high-performance computing tool and with one of the largest cloud computing interfaces in the aerospace and defence industry. Another key element of Leonardo's Industrial Plan is the massive digitisation of operational solutions to improve product competitiveness, optimise processes, and offer new services ("servitization").

Managing impacts, risks and opportunities[174]

Actions related to innovation

In order to improve the competitiveness of its products, in a perspective of long-term sustainable success, Leonardo has built an integrated innovation ecosystem to intercept nascent technological solutions and oriented towards an efficient cross-fertilisation between different business sectors. This ecosystem actively supports the two internal innovation engines: the engineering and R&D areas of the Group's Divisions and Companies and Leonardo Innovation Labs, which are the central laboratories set up in 2020 with the aim of anticipating technological innovation by integrating long-term technological research and supporting the Company in introducing emerging and sustainable technology into products and services.

+5.7% patents in 2024 compared to 2020	Collaborations with **more than 90 universities and research centres** in Italy and in the world	Over **170 PhD scholarships** either funded or co-funded, currently active in Italy and the UK	**17,000 people** dedicated to **R&D** work	**8.2 petaflops** computing power and **52.4 petabytes** of storage capacity

Leonardo's innovation system is powered by key tools such as: open innovation, with its many channels of listening and discussion, and contests on the newest and most topical issues, networking with Universities and Research Centres, innovation Communities, internal working groups established with the objective of accelerating innovation culture by sharing best practices and skills, and the Intellectual Property (IP) Office for the management of the portfolio of patents and brands. At the end of the year, with the new organisational structure, Leonardo's innovation vision embarked on a new path, strongly focused on digital technologies as an essential element of innovation in all areas of Leonardo and across the entire value chain, from laboratories to market delivery.

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[173] Including: (high performance computing, cloud computing and big data analytics).

[174] A description of the process of identifying impacts, risks and opportunities related to "Research and Development, innovation and advanced technologies" is given in the "General information - Managing impacts, risks and opportunities – double materiality" chapter. For more information on policies, please refer to the "Sustainability management policy" section of the "General information" chapter.

Leonardo Innovation Labs

Leonardo Innovation Labs are the technology incubators conceived to support the Group in long-term research and development of the most innovative technologies. The Laboratories are focused on 4 enabling pillars of the digital continuum: Artificial Intelligence, Digital Twin, Quantum Computing and Deep Digital Technologies (Big Data, High Performance Computing and Cloud) and on research areas related to Leonardo's business: Quantum Technologies, Optoelectronics, Materials, Autonomous and Robotic Systems, Advanced Power & Energy Systems. These facilities are embedded in Leonardo's industrial sites with the aim of facilitating technology transfer to the Divisions. The Labs thus turn out to be fertilisers for local areas while allowing Leonardo to centralise the development of frontier technologies. During 2024, the "Labs as a service" model had become well established, in which the Labs work as incubators on basic and pre-industrial research projects agreed and planned with the Divisions. The year 2024 also saw the updating of the Labs' technology roadmaps, thus ensuring full alignment with the development guidelines outlined in the Group's industrial plan for the five-year period from 2024 to 2028. In this context, the convergence of the real and digital dimensions and the key role of data with all the operational consequences arising from its management, including the strategic one of protection, took on particular importance. The main objectives of the Laboratories were 1) the application of the research developed in the Labs within new Leonardo products, 2) the economic exploitation of the main results, 3) the strengthening of the relationship with the end users of the company's products, 4) the consolidation of synergies between Division researchers and engineers, 5) the entry of highly specialised personnel within the Divisions[175], and 6) the promotion of internally-incubated talent, including through the transfer of various researchers from the Laboratories to specific Divisions, fostering the development of skills and knowledge in order to strengthen the know-how necessary for the company's growth.

Funding programs for research and innovation

In 2024 Leonardo expanded its participation in regional, national and supranational military and civilian research and innovation funding projects and programs.

Leonardo has acquired 13 Projects, including 2 in the Research category and 11 in the Development category, with a budget composed of approximately €mil. 62.7 of grants from the European Commission and €mil. 39 of co-funding from the Italian Ministry of Defence. Leonardo thus obtains 76.5% over the number of projects submitted and 90% over the requested budget. During 2024, Leonardo formalised its agreement to joining five European Defence Agency (EDA) projects related to hyperspectral, optical and Synthetic-Aperture Radar (SAR) technologies applicable to space and aeronautical platforms, as well as new impact-resistant materials for military applications. Leonardo has also played a key role in the NATO Industrial Advisory Group (NIAG), participating in seven of the ten studies launched in 2024 and has been actively participating in major NATO projects while also collaborating on the definition of its space strategy.

In the national sphere, Leonardo has started two major projects under the National Military Research Plan (PNRM), MILSCA (Military Space Cloud Architecture), which is an innovative space cloud platform, both on the ground and in orbit, and SEAFENCE, which is an advanced protection system designed to strengthen the security of ports and sensitive sites through three concentric layers of defence. Under the National Recovery and Resilience Plan (NRRP), the SPACE IT UP project was acquired, in which Leonardo will work on the areas of monitoring the planet, combating environmental hazards, and technological developments related to space exploration.

[175] For more details on Leonardo's commitment to attracting talent please see "Own workforce".

Within the framework of European regional funding, Leonardo has acquired the CLOSER project, which aims to reduce the European allied industry's dependence on supplies of valuable or rare materials[176], and the DARE project in which Leonardo will study new solutions towards digital autonomy in Europe for HPC systems. Under the Horizon Europe DEP (Digital Europe Programme), the award of the AEROSEC project was made official, whose goal is to develop a highly secure, cloud-based collaborative platform for the management of sensitive and multinational industrial projects in the aeronautics and security industry, including civil safety.

Open innovation & multi-contest

During 2024, Leonardo continued to pursue the Open Innovation model, enhancing the expertise within the Group and leveraging openness with third-party entities to ensure its competitiveness and ability to design and manufacture future products and solutions and to be able to respond to technological, environmental and social challenges. Cooperation with third-party entities allows for the integration of additional capabilities and additional input that enriches Leonardo's overall vision and provides access to technology and talent in the field of STEM disciplines[177]. In 2024 the company resumed several projects launched in previous years, involving third-party players in collaboration agreements with customers, universities, research centres, Spin-offs and Start-ups looking for new technological trends. These include: the Innovation Award, now in its 18th edition, by which Leonardo collects innovative ideas and rewards particularly deserving projects, direct collaboration with Start-Ups and Spin-Offs, and scouting for solutions to innovation questions both through collaboration with industrial partners and through the proprietary "Solvers Wanted" platform. Leonardo has also pursued collaboration with third-party Innovation ecosystems such as "Open Italy", for the launch and management of various co-innovation projects with Start-ups, and participates in ecosystems for dissemination of best innovation practices such as the Digital Observatories of PoliMI (Polytechnic University of Milan) (Startup Thinking), the Innovation Roundtable and BDR – Borsa Della Ricerca. Being aware of the role of Start-Ups in technological innovation, Leonardo participates in the Deal Flow of several Accelerators, including those promoted by CDP (Cassa Depositi e Prestiti), Plug and Play, ACN (National Cybersecurity Agency) and ESA (European Space Agency), as well as of the opportunities given by NATO Diana (Defense Innovation Accelerator for the North Atlantic).

Network with universities and research centres

Leonardo considers relations with universities and research centers as of strategic importance and maintains a mapping of more than 90 universities and research centres in Italy and worldwide, including through indicators from third-party sources. This mapping makes it possible to identify the entities with which to enter into framework agreements and select partner universities with which to enter into direct collaboration agreements and to grant PhD scholarships for Leonardo Innovation Labs and Divisions[178]. Leonardo funds or co-funds more than 170 PhD scholarships, in collaboration with 20 universities in the United Kingdom and 34 in Italy. Collaborations with academia have also been strengthened through Leonardo's participation in NRRP M4C2 initiatives (Mission 4 Component 2 - From research to business) and those that have arisen to support the development of technologies and skills, including those of the new sixth-generation aeronautics platforms.

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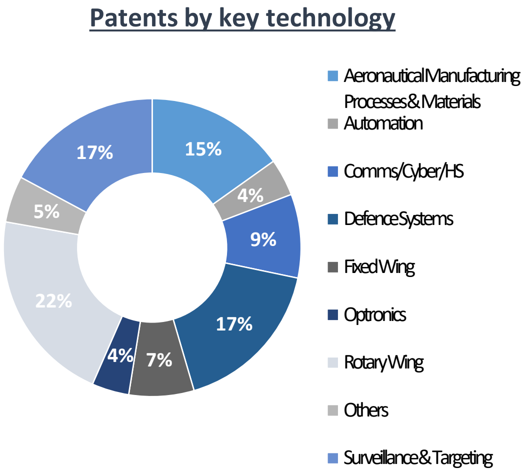
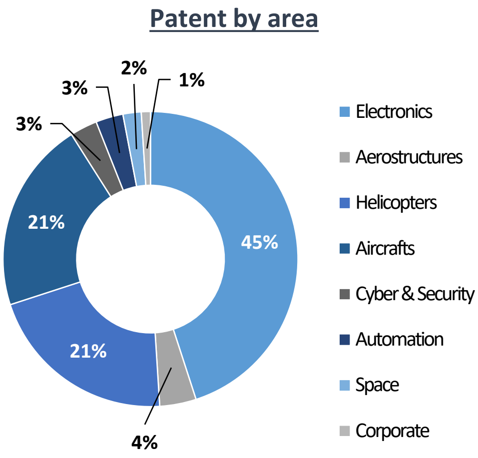
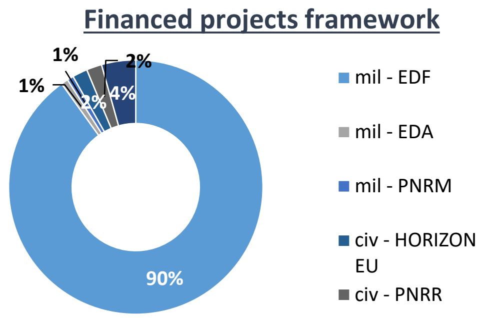
[176] Such as, for example, Gallium and Silicon.

[177] For more details on Leonardo's commitment to attracting talent please see "Own workforce".

[178] Specifically, during 2024 framework agreements were entered into with the Alma Mater Studiorum University of Bologna, the Federico II University of Naples, the Polytechnic Universities of Milan and Turin, the Rome La Sapienza University, the University of Genoa, and CINI, CINECA and CNIT. During the year, Leonardo profitably continued partnerships with Imperial College London for future high-level scientific and technological collaborations. With regard to PhD scholarships, Leonardo awarded 35 fellowships in 2024 with 19 different universities in Italy, on topics such as Materials, Artificial Intelligence, Robotics and Digital Technologies.







Metrics and targets

With the aim of further enhancing its digital infrastructure and achieving its research and development goals described in this chapter and in the "Sector results and outlook" chapter, Leonardo has set targets of an increase in both computing power and storage capacity per capita of 40% in 2025 compared to 2020. The numerator is respectively the number of flops and bytes in relation to employees in Italy.

Target	Unit	2024	Target	Target year
Increase in computing power per capita (vs 2020)	%		40	2025
Increase in storage capacity per capita (vs 2020)	%		40	2025

GOVERNANCE INFORMATION

- ✓ **BUSINESS CONDUCT**

Business conduct

Materiality and Leonardo approach

Leonardo's corporate governance is aimed at protecting and maximising the long-term value of the Company for the pursuit of sustainable success, via the optimal management of resources with respect to strategic objectives, effective company risk control, utmost market transparency and integrity of decision-making processes, in the interest of all stakeholders. Leonardo acts with integrity and transparency in compliance with regulations and with zero tolerance for any type of corruption to ensure the most proper management of the business and to establish relationships of trust and collaboration with employees, customers, suppliers and all other counterparties, asked to accept and apply the principles and values stated in the Charter of Values, the Code of Ethics, the Anti-Corruption Code inspired by, among others, the 2003 United Nations Convention against Corruption and other codes of conduct[179]. In conducting its business, Leonardo confirms its commitment to respecting and promoting the Ten Principles of the United Nations Global Compact related to human rights, labour, the environment and anti-corruption.

Managing impacts, risks and opportunities

Process to identify risks and opportunities related to anti-corruption

A description of the process of identifying impacts, risks and opportunities related to "business integrity, compliance and anti-corruption" is provided in the chapter "General information - Managing impacts, risks and opportunities – double materiality".

The role of the administrative, management and supervisory bodies

Leonardo's corporate governance model, based on the traditional administration and control model, conforms to the guidelines of the Corporate Governance Code (approved by the Corporate Governance Committee and promoted by, among others, the Italian Stock Exchange), which is adhered to by the Company, and to international best practices. The model is based on a system of rules of conduct and ethical principles underlying a Group culture that guides stakeholder relations and synergistic dialogue with institutions and civil society. As part of this model, the Board of Directors (BoD) is the main body entrusted with the power to define business strategy and structures in coherence with the Company's management and control activities. The BoD, with the support of board committees and the relevant company units and departments, is responsible for setting out the strategic guidelines for the pursuit of the objectives. Top Management and those reporting directly to them are responsible for the implementation and observance of these ethical principles while also promoting the continuous improvement of the model of responsible conduct and a strong culture of integrity for the purpose of long-term value generation by overseeing the process of managing business impacts, risks and opportunities. In addition, the BoD has appointed the Chairman to oversee the implementation of corporate governance rules with regard to the integrity of corporate behaviour and anti-corruption.

The current BoD was appointed by the Shareholders' Meeting held on 9 May 2023 for the three-year period from 2023 to 2025, in compliance with the criteria for gender, age, mix of skills and experience balance set in the policies on diversity. Following its appointment, the Board set up four committees from among its

[179] Including the Whistleblowing Management Guidelines, Organisational, Management and Control models and Compliance Programmes developed in accordance with the applicable regulations of each Country in which the Company operates (Leonardo SpA has adopted an Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001).

members, with functions in the areas of Control and Risks, Remuneration, Nomination and Governance, Sustainability and Innovation.

With regard to the issues mentioned above, the Board of Statutory Auditors performs specific supervisory functions pursuant to law with specific regard to: a) compliance with provisions of law, regulations and articles of association and observance of the principles of proper management; b) the adequacy of the Company's organisational structure, as well as of the internal control and risk management system and of the administrative and accounting system, including the reliability of the latter in reporting management events in a correct manner; c) the manner in which the corporate governance rules laid down in the Code are implemented in a concrete manner; d) the adequacy of the instructions given to subsidiaries in relation to the information to be provided in order to comply with the disclosure requirements prescribed by law and Regulation (EU) No. 596/2014[180].

Both members of the Board of Directors and members of the Board of Statutory Auditors believe that they have a good understanding of matters pertaining to the ethical conduct of business[181].

Among the 5 members of the governance, management and control bodies appointed in 2024, 2 held positions of governance, management and control in public administration in the two years before the appointment[182].

Features of the BoD[183]

	Leonardo	Average FTSE-MIB[184]
Number of Directors	12	12.4
Number of Directors appointed by minority shareholders	4	2.4
Number of independent Directors	9	8.1
Number of executive Directors	2	1.7
Number of women Directors	5	5.4
Average age	57	59
Average tenure (years)	2	4.8
Meetings held in 2023	12	12.8

Board committees

a) **Control and Risks**	**b) Remuneration**	c) **Nomination and Governance**	d) **Sustainability and Innovation**
Directors: 5	Directors: 5	Directors: 5	Directors: 5
% independent: 80%	% independent: 100%	% independent: 100%	% independent: 80%
Meetings held in 2024: 18	Meetings held in 2024: 10	Meetings held in 2024: 10	Meetings held in 2024: 13
Attendance rate: 96%	Attendance rate: 98%	Attendance rate: 98%	Attendance rate: 95%

[180] For more details, please see the Corporate Governance Report of Leonardo: Corporate Governance Report | Leonardo.
[181] Specifically, with specific regard to Corporate Social Responsibility and ESG issues, the score of both the BoD and the Board of Statutory Auditors stand at 3.2 out of 4, as reported in the matrix on skills and experience.
[182] Specifically, in one case as a member of the board of directors of FormezPA, and in the other as chairman of the board of statutory auditors of GEPAFIN S.p.A., of which the majority shareholder is the Regional Government of Umbria.
[183] The attendance rate is calculated as the number of events attended/number of meetings convened. The source of the FTSE MIB data is Assonime.
[184] Year 2023.

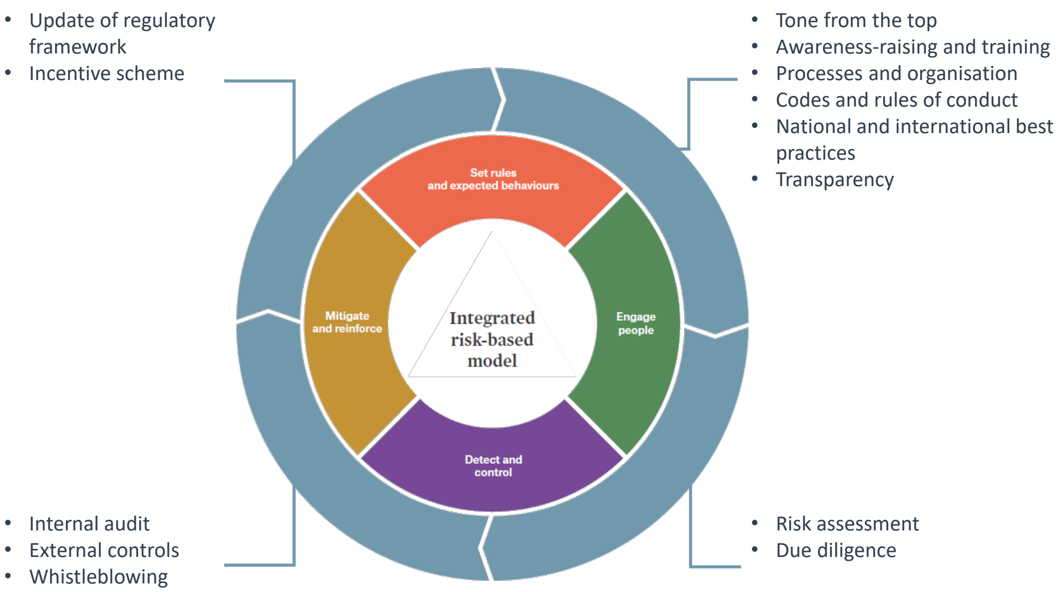
BoD competences and experiences

Business conduct policies and corporate culture

Leonardo's model for the responsible conduct of business, inspired by national and international best practices, is based on company codes of conduct and a system of clear rules, periodically updated, which guide compliant and responsible behaviour, including the Charter of Values, Code of Ethics, Anti-Corruption Code, and the Organisational, Management and Control Models adopted, pursuant to Legislative Decree 231/2001, by Leonardo S.p.a. and its Italian Subsidiaries, and the "Compliance Programmes" adopted by foreign subsidiaries in accordance with local regulations. Constantly raising the awareness and training of employees and third parties[185], due diligence tools and internal audits, risk assessment methods, in addition to the adoption of a transparent approach on corporate information and processes, help to strengthen a governance and management system capable of preventing any possible risk, promoting and developing an ethical business culture. Leonardo has also adopted the Common Industry Standards of the Aerospace and Defence Industries Association of Europe (ASD) and the Global Principles of Business Ethics for the Aerospace and Defence Industry of the International Forum on Business Ethical Conduct (IFBEC) and collaborates with TRACE International.

[185] Leonardo's employees and counterparties are regularly and periodically involved in training activities related to anti-corruption and compliance issues, in line with the values and principles laid down in the Code of Ethics, the Anti-Corruption Code, the Charter of Values and the Supplier Code of Conduct. For more details, please see the subsequent paragraphs. All Leonardo employees involved in compliance processes attend annual refresher courses related to compliance issues.

Responsible business conduct model



Business and Trade Compliance

The process to select commercial intermediaries provides for ethical-reputational analyses and an in-depth assessment of the risks related to each specific engagement in accordance with company rules and in full compliance with applicable regulations, including as part of industrial offset agreements[186]. With regard to risk analysis, some risk factors ("Red Flags") had been reformulated in 2023 in order to more precisely and effectively identify the riskiness that can be associated with engagements, taking into due consideration the operational experience gained over the years[187]. In updating the company rules on Business Compliance, an effort was made to streamline and simplify the methodology for filling out the forms related to third-party due diligence so as to make the perception of any criticality more intuitive and immediate.

231 counterparties including sales promoters, commercial advisors, distributors, resellers and lobbyists, with contracts in place, **3** of which for offset support	**704 due diligence and reputational risk analyses** carried out on counterparties and potential commercial partners	**More than 150 hours of training** delivered to sales promoters, commercial advisors and lobbyists through **79** online courses

In 2024 more than 15,000 hours of training on national and international trade compliance regulations were delivered to about 9,500 people from various business functions and third-party suppliers. In addition, more than 15,000 hours of business compliance training were delivered to more than 13,000 people.

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[186] For more details on offsets, please see "Industrial collaboration programmes" in the paragraph Consumers and end-users".

[187] For more details, please see the paragraph "Consumers and end-users".

Cybersecurity and data protection

In order to ensure the security of data, sensitive information and intellectual property, Leonardo has implemented a structured governance system, based on specific roles, processes, procedures and checks, through which it manages the entire cycle of the process from defining security requirements for information systems to detecting threats and establishing the countermeasures to take in response to attacks that have taken place. The cyber defence system provides for specific organisational measures - in compliance with regulations and standards that set out specific requirements and time limits for reporting incidents or data breaches -, as well as continuous training of operators and operational tools, concentrated in Italy, which are updated on an ongoing basis. Leonardo also fosters a cyber risk prevention culture both inside the company and towards the outside world through the participation in working groups at national and international level, with collaborations involving institutional and governmental players and sectors such as telecommunications, banking/finance, energy, manufacturing and services. Courses and awareness initiatives are provided periodically on cybersecurity-related issues, including through bulletins and news published on the Security Portal (accessible by employees[188]) . The great emphasis that Leonardo places on the protection of sensitive and critical information is confirmed by the information security management system (ISMS) it has in place, which is an integral part of the company's security and compliance strategy. Leonardo also establishes cyber security requirements with respect to third parties it works with (e.g., customers, suppliers), ensuring that they comply with the company's cyber security and data protection policies.

Leonardo is committed to ensuring full compliance with data protection regulations, in line with the national Privacy Code and the General Data Protection Regulation (GDPR) of the European Union, as well as any other applicable legislation in this area. This commitment translates into the adoption of an integrated system of technical and organisational measures designed to protect the fundamental rights and freedoms of data subjects, as well as to mitigate the risks associated with any possible violations. The protection covers employees, collaborators, customers, suppliers, guests and any other person whose data is being processed. The technologies adopted are designed to monitor, detect and respond to threats and security breaches in a timely manner. In parallel, organisational procedures provide for strict control of information flows and processing operations so as to ensure that all activities comply with applicable regulations. Leonardo has appointed a group Data Protection Officer (DPO), who oversees, monitors, and provide advice on personal data processing and acts as a contact person for supervisory authorities and data subjects. The DPO also supports the organisation in fulfilling its obligations under applicable regulations. Leonardo has established detailed procedures for handling security incidents, including data breaches. These procedures include staff training, the availability of rapid and secure reporting channels, and an immediate response system to take remediation and mitigation measures in accordance with the timing and manner required by law[189].

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[188] Furthermore, ISO 27001 certification of the information security management system has been maintained at Group level and for the perimeter of Travel Security and Business Security (Physical Security & T.U.L.P.S.), the latter updated with the new PSOC (Physical Security Operation Center) premises adjusted to meet the requirements of the standard governing the requirements for operations centers. ISO 27001 certification has also been obtained for the Enterprise Security perimeter. ISO 27701 (Privacy Information Management System) has been maintained for the Travel Security and Cyber & Information Security perimeters; ISO 27035 certification was also maintained for the latter. Finally, Leonardo also maintained the FIRST and Trusted Introducer certification of its CERT (Cyber Emergency Readiness Team). In 2024, more than 30,000 hours of training were delivered on cyber security.

[189] Leonardo's approach to data protection is characterised by the utmost transparency and accountability. Every processing activity is documented and monitored, with the aim of ensuring effective control and demonstrating full compliance with applicable regulations at all times. Leonardo exclusively selects suppliers who demonstrate that they offer adequate guarantees to meet the requirements of the GDPR and national legislation. In addition, the company adopts a rigorous risk assessment process in cases of

In 2024 no data breaches were detected, which impacted or originated from company systems of a material magnitude under current regulations. Data breaches were detected on third-party systems (unrelated to Leonardo management) with potential impacts on personal data of employees. Such occurrences have been carefully monitored and addressed in terms of disclosure and security actions to protect those affected. Also with regard to the IT and cyber security services offered by Leonardo, no data breach notices involving personal data of customers, relevant under current regulations, were received in 2024.

Business Continuity

Leonardo guarantees its business continuity and resilience through effective responses and reactions, in order to safeguard the sustainability of its business, as well as the reputation and integrity of its organisation, in addition to the interests of its stakeholders. The Business Continuity Management System (BCMS)[190] supports the definition, implementation and handling of procedures that ensure continuity of its company processes necessary for priority activities. In accordance with the provisions of standard ISO 22301, Leonardo has updated its operational methodology, confirmed in company procedures, such as Policies and Directive. In 2024 Leonardo started the BCMS cycle on additional perimeters specified by the management and continued work on the activities that had already started in 2022 and 2023. The Business Impact Analysis and related results have allowed strategies and solutions to be set out as countermeasures to any possible business disruption, which are reported in the Continuity Plans, allowing a reduction in the insurance premium on the properties of Leonardo.

Prevention of corruption

Leonardo has been among the first companies, in the world's top ten in the AD&S sector, to obtain ISO 37001:2016 certification, which is valid for three years and undergoes an annual surveillance audit conducted by a third-party Certifying Body. During 2024 Leonardo renewed this certification by achieving one of the goals of the sustainability plan[191], confirming the company as one of the leaders in the fight against corruption thanks to its constant commitment against bribery and the improvement of the system of prevention of related risks. Leonardo's anti-corruption policies are communicated to all members of governing bodies, employees and business partners in all geographies where the Group operates.

In 2024, there were no convictions issued as part of criminal proceedings against Group Companies, nor were there any cases of dismissals due to judicially established cases of corruption.

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transferring personal data outside the European Economic Area (EEA), ensuring that any transfer takes place in full compliance with applicable regulations.

[190] ISO 22301 certified for some perimeters concerning the Corporate functions of Leonardo S.p.A. (Administration and Budget OU, Security – Travel Security, Enterprise Security & Business Continuity and Security Threat Research and Analysis OU), the Data Center in Genoa, Pomigliano, and the SOC in Chieti.

[191] For more information on the Group's sustainability goals, please see the paragraph "Sustainability Goals and Plan".

Leonardo’s Anti-Corruption System

Leonardo’s Anti-Corruption System has been designed on the basis of the areas of corruption risk to which the company is exposed, with the aim of preventing and countering any conduct that does not comply with applicable regulations, according to a “zero tolerance” principle. All those who work on behalf and in the interest of Leonardo without distinction and exception are, therefore, committed to observing and enforcing these principles within the scope of their functions and responsibilities. Moreover, the Company requires that all parties with whom it has relations, for any reason, act with rules and methods inspired by the same values. The regulatory tools on which the Anti-Corruption System adopted by the Company is based are the Anti-Corruption Code, the Code of Ethics, the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001, Procedures, Directives and Material Operating Instructions. The Anti-Corruption System is supervised by a specific corporate function - which reports hierarchically to the Chief Compliance Officer and functionally to the Chairman of the Board of Directors -, which monitors its operation, adequacy with respect to risks and effective implementation, promoting its updating following amendments in the relevant regulations and/or relevant internal or external factors. Leonardo verifies the adequacy and effectiveness of the Anti-Corruption System on an ongoing basis, monitoring the areas exposed to corruption risk (Anti-Corruption Risk Assessment, ACRA).

With regard to the above-mentioned areas, corruption risk assessment with respect to company business and support processes is carried out through the application of the Enterprise Risk Management (ERM) process and methodology, which involves the assessment and possible treatment of any identified risk. The findings of risk assessment are used to identify specific treatment actions aimed at risk mitigation. These findings are also used to identify and update any relevant risk areas. ERM activities are carried out in relation to the evolution of each identified risk, the outcome of defined mitigation actions, and the possible emergence of new risks related to changes in relevant internal or external factors. The findings of risk assessment contribute to the continuous improvement of the Anti-Corruption System.

Training is an essential element in reducing the Company's exposure to the risk of corruption. Training work is structured in a differentiated manner, taking into account the functions and risks to which staff are exposed, is repeated periodically, and its effectiveness is monitored through the verification of trained personnel[192]. In addition, third-party awareness and training activities are planned. Awareness raising and training take place on a regular basis and at planned intervals, due to the risks associated with the role performed and the function held. Participation in the training sessions, as well as the e-learning course, is mandatory. In 2024, more than 2,700 people trained in anti-corruption and more than 4,500 people trained in Legislative Decree 231/2001 (also including crimes against PAs)[193].

Furthermore, Leonardo routinely conducts due diligence on third parties, including, promoters, commercial advisors, lobbyists, distributors/ resellers, potential customers, service centers, and business partners[194].

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[192] Training is structured on the following levels:

> Managerial and representative staff: introductory brochures, meetings with first-level Managers or classroom workshops with Group executives who are most exposed to corruption risk;

> Other Personnel: information at the time of recruitment for new hires; training course conducted by e-learning mode through computer support at the company intranet.

[193] In 2024 , a classroom training session was also organised for Top Management and first-level Managers, dealing with regulations under Legislative Decree 231/2001, the Organisational, Management and Control Model under Legislative Decree 231/2001 of Leonardo S.p.a., the Company’s Code of Ethics and the Group’s Anti-Corruption Code.

[194] Specifically, the following activities were carried out in 2024: 130 enhanced due diligence audits on promoters, commercial advisors, distributors, resellers, and lobbyists. The red flags reported were mitigated with necessary treatment actions, and none of them led to the impossibility of awarding the assignments; 308 due diligence audits carried out before payments to promoters, commercial advisors and lobbyists; 237 due diligence audits on potential customers, service centers and business partners, 340 reports containing reputational and enhanced due diligence audits on individuals and legal entities of interest to Leonardo, 47 National Security Audits reports, 478 threat analysis reports shared with top management and business and security operating units, 1,028 Early Warning Security reports on events or signals potentially risky to the security of Leonardo and its travellers abroad, and 1,040 Forecast Calendar on events relevant to the security of Leonardo offices in Italy.

Whistleblowing

All breaches (behaviours, acts or omissions), even if only potential, of laws or Company Protocols that harm the public interest or the integrity of the Leonardo Group can be reported, even anonymously, through the Internal Reporting Channel[195]. In accordance with the regulatory provisions on whistleblowing, reports are handled by the Management Audit & Whistleblowing O.U., operating within the Group Internal Audit O.U. of Leonardo S.p.a.[196], in order to provide a common Group-wide discipline on the procedures and prerequisites for making internal reports, as well as on the channel, procedures and prerequisites for making external reports. In order to guarantee the protection of whistleblowers from any act of retaliation, discrimination or penalisation against them and to promote a corporate culture based on transparency and integrity, Leonardo ensures discretion and confidentiality in the entire whistleblowing management process by adopting the appropriate precautions. Furthermore, the possibility of making reports in complete anonymity is recognised through the Whistleblowing Platform, an IT tool that uses an encryption system[197]. In 2024, 72 reports were received, recording a 24% increase over those received in 2023 (58), concerning both Leonardo S.p.a. and Group Companies, located in Italy and abroad. 31% of cases consisted of qualified reports. From the analysis of the contents being reported, there are issues that can be traced back to the following subjects and business processes[198]:

- 53% Human resource management;
- 17% Procurement;
- 5% Corporate security management (Security);
- 5% HSE system definition and implementation;
- 5% Legal and Compliance management;
- 15% Other residual processes[199].

The reports received were all investigated in order to enable appropriate decisions by the Supervisory Board of Leonardo S.p.a. or of the Group Company and the Whistleblowing Committee. With regard to the investigation activities concluded in 2024, concerning reports received in the year or previously, in 3 cases (25%), elements of feedback were found, sometimes partial[200]. The outcomes of the aforementioned audit activities allowed for the activation of disciplinary and/or sanctioning procedures against individuals and the adoption of organisational measures and/or company rules aimed at improving and strengthening the Internal Control and Risk Management System.

With regard to the 105 routine audits included in the Aggregate Audit Plan 2024, the following are the main areas of focus:

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195 Whistleblowing platform accessible from: https://whistleblowing.leonardo.com/.

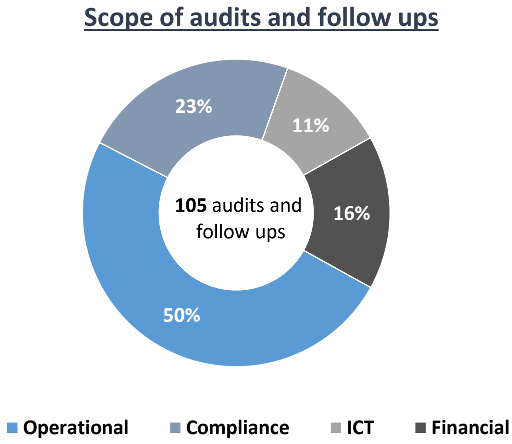
196 Following a specific process regulated in the Whistleblowing Management Guidelines | Leonardo.

197 In general, Leonardo provides information initiatives on whistleblowing for its employees on its website, within the company intranet and in specific company documents. Specific references are also provided in training campaigns.

198 A report may have covered one or more areas.

199 Including: Innovation, communications and institutional relations, Product/Service & Program Quality, Administration Finance and Control. In addition, it should be noted that with regard to Leonardo S.p.a. perimeter, 10 reports received in 2024 related to issues within the scope of application of the Diversity, Equity and Inclusion Policy.

200 All three cases involved violations pertaining to potential conflicts of interest. In contrast, there were no cases of bribery and concussion, discrimination and harassment, violation of customer privacy, and money laundering and insider trading.



Finally, the Group Internal Audit O.U. conducted 10 quality review audits in 2024, all of which resulted in General Compliance with IIA international standards and carried out internal audit self-assessment and continuous improvement activities, in accordance with its Mandate and in relation to maintaining the third-party quality certification.

Lobbying activities

Leonardo, through the appropriate corporate functions, carries out activities aimed at institutions to support its business reputation and strategy, present the company's position with respect to specific issues, and understand potential future business opportunities. These activities mainly consist of monitoring specific regulatory developments and organising meetings with government and parliamentary representatives on matters of interest. Leonardo's representatives who carry out these activities are enrolled in special public registers. According to the current wording of Article 346-*bis* of the Italian Criminal Code and in consideration of the lack of organic regulations on the subject of lobbying in Italy, company rules only provide for the possibility of conferring this type of assignment for non-Italian Subsidiaries, in those countries in which local regulations permit the signing of such contracts.

In 2024, the expenses for lobbying activities carried out exclusively by the Group's non-Italian Subsidiaries in the countries in which it is permitted by the relevant regulations in force, amounted to approximately USDmil. 2 (about USDmil. 2 in 2023 and USDmil. 1.7 in 2022) and mainly related to the United States and, to a lesser extent, Germany and Poland. In particular, among the main areas for which the non-Italian Subsidiaries made use of the support from lobbyists during 2024 are those involving: i) technologies related to optical recognition systems for infrastructure and transport for sale to government agencies and commercial customers, ii) the purchase and/or upgrade of helicopters on the part of government agencies and local authorities, iii) research and development programmes for submarines, technologies for advanced protection systems, and naval, ground-based and satellite communication systems, lasers and sensors[201].

[201] Leonardo is enrolled in the Transparency Register of the Ministry of Businesses and Made in Italy - MIMIT in acronym, with the identification number 2016-64321218-138, among companies and trade, business and professional associations and in particular in the section "Businesses and Groups". Leonardo is also enrolled in the European Transparency Register under code 02550382403-01. Per For more details on the lobbying activities of Leonardo, please see BUSINESS COMPLIANCE Focus on Lobbying activities.

Payment practices

The company makes monthly payments of all overdue and payable invoices, in order to meet its contractual commitments, which are not standardized and can vary from supplier to supplier and range on average between 60 and 90 days. In addition, there are no legal proceedings currently pending due to late payment.

Tax transparency

With the aim of reducing tax risk as much as possible, Leonardo governs taxation, in all jurisdictions in which it operates, in accordance with its Tax Strategy[202], by adopting behaviour characterised by the utmost transparency and cooperation with the tax authorities. For this purpose, as early as from 2016, Leonardo S.p.a. joined, on a voluntary basis, the Cooperative Compliance scheme in Italy[203], which provides for the implementation of a system for the detection, measurement, management and control of tax risk in all company processes with any possible impact on tax computation and tax compliance (Tax Control Framework - TCF), whose functioning is reported annually in a report brought to the attention of the Board of Directors and forwarded to the tax authorities. The TCF takes the form of a clear assignment of roles and responsibilities, mapping of any tax risk associated with business processes, which is maintained always updated, as well as their measurement and control through effective monitoring procedures, as well as of the implementation of corrective actions to remedy any shortcomings, and the training and awareness-raising of company staff in tax matters. Tax risk control and management tools have also been adopted, outside of the scope of Cooperative Compliance agreements with local tax authorities, by the main foreign subsidiaries Leonardo S.p.a..[204]

For a numerical disclosure, please see the “Annex to the Report on Operations - Note to the CSS 2024”.

[202] “Guidelines for the management of taxation” approved by the Board of Directors on 26 January 2017. In this regard, it should also be considered that the company incentive system of the Leonardo’s function dealing with tax matters does not provide for specific objectives linked to the reduction of the tax rate.

[203] Legislative Decree no. 128/2015.

[204] Specifically, Leonardo UK, Leonardo DRS and PZL-SWIDNIK.

STATEMENT ON THE CONSOLIDATED SUSTAINABILITY STATEMENTS PURSUANT TO ART. 154-BIS, COMMA 5TER OF LEGISLATIVE DECREE 58/98 AS AMENDED AND SUPPELMENTED

The undersigned Roberto Cingolani as Chief Executive Officer and Managing Director and Alessandra Genco as the Officer in charge of Financial and Sustainability Reporting for Leonardo Spa, certify, in accordance with Article 154-bis of Legislative Decree 58 of 24 February 1998, comma 5-ter, that the Sustainability Statement included in the Consolidated Report has been drawn up:

- in accordance with the reporting standards applied pursuant to directive 2013/34/UE of the european Parliament and the Council of 26 June 2013 and of Legislative Decree 6 September 2024, n. 125;
- with the specification adopted pursuant to Article 8, paragrafh 4 of regulation (UE) 2020/852 of the european Parliament and the Council of 18 June 2020.

Rome, 11 march 2025

Chief Executive Officer and General Manager	Officer in charge
(Roberto Cingolani)	(Alessandra Genco)

Leonardo S.p.A.

Independent auditor's report on the limited assurance of the Consolidated Sustainability Statement in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010

Independent auditor's report on a selection of indicators presented in the Consolidated Sustainability Statement

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Independent auditor's report on the limited assurance of the Consolidated Sustainability Statement in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010 (*Translation from the original Italian text*)

To the Shareholders of
Leonardo S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6 September 2024 (hereinafter "Decree") on the Consolidated Sustainability Statement of Leonardo S.p.A. and its subsidiaries (hereinafter "Group" or "Leonardo Group") for the year ended on 31 December 2024 (hereinafter "CSS"), prepared in accordance with Article 4 of the Decree, included in the specific section of the Report on operations of Leonardo Group.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Leonardo Group CSS for the year ended on 31 December 2024, has not been prepared, in all material aspects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");
- the information included in the paragraph "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the CSS has not been prepared, in all material aspects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter "Taxonomy Regulation").

Elements underlying the conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di sostenibilità") – SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "*Auditor's responsibility for the Assurance on the Consolidated Sustainability Statement*" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the CSS according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

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Other Matters – Comparative information

The comparative information included in the CSS for the year ended on 31 December 2023, has not been subjected to verification.

Responsibility of the directors and Board of Statutory Auditors for the Consolidated Sustainability Statement

The directors are responsible for the development and implementation of procedures used to identify the information included in the CSS in accordance with the requirements of the ESRS (hereinafter the "Materiality assessment process") and for the description of such procedures in the paragraph "*Managing impacts, risks and opportunities – Double materiality*" of the CSS.

The directors are also responsible for the preparation of the CSS, which contains the information identified through the Materiality assessment process, in accordance with the requirements of Article 4 of the Decree, including compliance with:

- the ESRS;
- Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "*Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the CSS in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Intrinsic limitations in the preparation of the Consolidated Sustainability Statement

As indicated in paragraph "Basis of Preparation," for the purpose of reporting prospective information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the CSS, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future events, both concerning the occurrence itself and regarding the extent and timing of its occurrence, the variations between actual values and prospective information could be significant.

As indicated in the paragraph "Basis of preparation", the information related to Scope 3 greenhouse gas emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative, as well as due to reliance on data, information, and evidence provided by third parties.

Auditor's responsibility for the Assurance of the Consolidated Sustainability Statement

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the CSS is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the CSS.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") – SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the CSS and assuming full responsibility for the conclusions regarding the CSS.

Summary of the work performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the CSS were based on our professional judgment and included interviews, primarily with the company personnel responsible for preparing the information included in the CSS, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the CSS, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning sustainability issues and verifying the related information included in the CSS;
- identifying the information for which there is a likelihood of a significant error risk;
- defining and performing analytical and substantive procedures, based on our professional judgment, to address the identified significant error risks, including:

    - for the information collected at the Group level:

        - carrying out inquiries and document analysis regarding qualitative information, particularly policies, actions, and targets on sustainability issues, to verify consistency with the evidence collected;

- performing analytical procedures and limited assurance procedures on a sample basis regarding quantitative information;

- for the information collected at site level, conducting on-site visits for Leonardo S.p.A. (Pomigliano site – Aerostructures; Caselle Nord site – Aircrafts), Leonardo UK Ltd (Edinburgh site – Electronics and Yeovil site – Helicopters), Leonardo US Holding LLC (Dallas Expressway site – DRS), Wytwornia Sprzetu Komunikacyjnego "PZL-Swidnik" Spolka Akcyjna (Świdnik site – helicopters) and Telespazio S.p.A. (Fucino site – Spazio). These sites were selected based on their activities and their relevance to the metrics of the CSS. During these visits, we conducted interviews with Group personnel and obtained documentary evidence regarding the determination of the metrics;

- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the CSS;
- cross-checking the information reported in the CSS with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the CSS in accordance with the ESRS;
- obtaining the representation letter.

Rome, 14 March 2025

EY S.p.A.
Signed by: Riccardo Rossi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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Independent auditor's report on a selection of indicators presented in the Consolidated Sustainability Statement
(Translation from the original Italian text)

To the Board of Directors of
Leonardo S.p.A.

We have been appointed to perform a reasonable assurance engagement on a selection of indicators (hereinafter "Selection of Indicators") for the year ended 31 December 2024, presented in the Consolidated Sustainability Statement of Leonardo S.p.A. and its subsidiaries (hereinafter the "Group" or "Leonardo Group") for the year ended December 31, 24 (hereinafter ''CSS''), identified in paragraph "*General reporting criteria - Independent audit*" and reported in the section "*Auditor's responsibility*" of this report.

Responsibility of the directors for the Selection of Indicators

The directors are responsible for the preparation of the Selection of Indicators in accordance with the "*European Sustainability Reporting Standards*" issued by the European Commission (hereinafter also referred to as "ESRS"), identified by the directors themselves as reporting criteria in paragraph "*General reporting criteria - Independent audit*" of the CSS.

The directors are also responsible for the part of internal control that they deem necessary in order to allow the preparation of the Selection of Indicators that are free from material misstatements caused by fraud or not intentional behaviors or events.

Auditor's independence and quality control

We are independent in accordance with the ethics and independence principles of the *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (*IESBA Code*) issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the *International Standard on Quality Control* (*ISQM Italy*) 1 and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditor's responsibility

It is our responsibility to express, on the basis of the procedures performed, an opinion about the compliance of the Selection of Indicators with the reporting criteria set forth by the ESRS. Our work has been performed in accordance with the criteria of the principle *International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the *International Auditing and Assurance Standards Board (IAASB)* for reasonable assurance engagements. This principle requires the planning and execution of work in order to obtain a reasonable assurance that the Selection of Indicators is free from material misstatements.

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As part of our engagement, we have performed procedures aimed at obtaining evidence on the data and information related to the Selection of Indicators. The procedures defined are based on the auditor's professional judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In performing these risk assessment procedures, the auditor considers the internal control related to the Selection of Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Below are reported the Selection of Indicators on which the engagement has been performed:

- E1-5 Energy consumption and mix - DPs 37 (a, b and c), 39, 40 and 41;
- E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions - DPs 48 (a) and 49 (a and b);
- CO2 emission intensity Scopes I and II on revenues (grams/euros) - location-based (Entity Specific metric) - with regard to DR E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, DPs 53 and 54;
- Water withdrawals (Entity specific metric) - with regard to DR E3-4 Water consumption, DP 28 (a);
- E5-5 Resource outflows - DP 37 (a);
- S1-6 Characteristics of the undertaking's employees - as required by DP 50 (c) with the addition of total new hires by gender and age group (Entity specific metric) and STEM women out of total new hires in the STEM area (Entity specific metric);
- S1-14 Health and safety metrics - DP 88 (c);
- S1-13 Training and skills development metrics - DP 83 (b);
- S1-9 Diversity metrics - as required by DP 66 (a and b) with the addition of the breakdown by job category and gender (Entity specific metric).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Selection of Indicators for the year ended 31 December 2024, presented in the CSS of Leonardo S.p.A. and its subsidiaries, identified in paragraph "*General reporting criteria - Independent audit*" and reported in the section "*Auditor's responsibility*" of this report, has been prepared, in all material aspects, in accordance with the reporting principles established by the ESRS and identified in paragraph "*General reporting criteria - Independent audit*" of the CSS.

Rome, 14 March 2025

EY S.p.A.

Signed by: Riccardo Rossi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

PART 3 – Other information on the Report on Operations

PERFORMANCE OF THE PARENT COMPANY

The KPIs for the period and the main changes that characterised the Parent Company's performance compared to 2023 are reported below.

	2023	2024	% Change
New orders	11,789	13,984	18.6%
Order backlog	27,426	29,993	9.4%
Revenues	9,937	10,965	10.3%
EBITDA	1,011	1,056	4.5%
EBITA	564	571	1.2%
ROS	*5.7%*	*5.2%*	*(0.5) p.p.*
EBIT	411	479	16.5%
EBIT Margin	*4.1%*	*4.4%*	*0.3 p.p.*
Net result before extraordinary transactions	841	532	(36.7%)
Net result	784	532	(32.1%)
Net Debt	3,555	2,996	(15.7%)
FOCF	322	272	(15.5%)
ROI	*4.7%*	*4.8%*	*0.1 p.p.*
Workforce	31,255	32,981	5.5%

For the definition of indices, reference should be made to the paragraph "Non-GAAP alternative performance indicators".

The trend of Leonardo SpA's key indicators in 2024 showed an improvement in the Company's industrial performance and confirmed the growth forecasts reported in the financial statements as at 31 December 2023.

The volume of new orders stood at excellent levels, with revenues rising in all the main business areas.

In particular:

- The order backlog and the volume of new orders, equal to €mil. 29,993 and €mil. 13,984 , showed a significant growth of 9.4% and 18.6%, respectively, compared to 2023 , confirming the good competitive positioning of the Company's products and solutions. In both cases, a significant contribution to said growth can be attributed to the Defense Electronics & Security and Helicopters segments;
- revenues of €mil. 10,965 showed, compared to 2023 (€mil. 9,937), an increase of 10.3% mainly thanks to the performance of the Helicopters and Defense Electronics & Security segments;
- EBITA, equal to €mil. 571, showed an increase of €mil. 7 (+1.2%) against the comparative period. Operating profitability (ROS) stood at 5.2% with a change of 0.5% on 2023, which had benefitted from lower amortisation and depreciation;
- EBIT, equal to €mil. 479 showed, compared to 2023, an increase of €mil. 68, thanks to a lower incidence of restructuring and non-recurring costs;
- the net result before extraordinary transactions, equal to €mil. 532 (€mil. 841 at 31 December 2023), recorded a decrease of €mil. 309, which was mainly attributable to a lower contribution given by net financial income and the higher taxation compared to the previous year;
- net result in 2023, equal to €mil. 784, incorporated costs of €mil. 57, concerning the ongoing negotiation for the sale of the stake in Industria Italiana Autobus SpA, which was concluded during 2024.

Below is the reclassified income statement:

Reclassified income statement

(€ millions)	*Note*	2023	2024	Change	% Change
Revenues		9,937	10,965	1,028	10.3%
Purchase and personnel expenses	*1*	(8,957)	(9,929)		
Other net operating income(expenses)	*2*	32	20		
Amortisation, depreciation and write-offs	*3*	(448)	(485)		
EBITA		**564**	**571**	**7**	**1.2%**
ROS		*5.7%*	*5.2%*	(0.5) p.p.	
Non-recurring income/(expenses)		(103)	(82)		
Restructuring costs		(48)	(8)		
Amortisation of intangible assets acquired as part of non-recurring transactions		(2)	(2)		
EBIT		**411**	**479**	**68**	**16.5%**
EBIT Margin		*4.1%*	*4.4%*	0.3 p.p.	
Net financial income (expense)	*4*	514	201		
Income taxes		(84)	(148)		
Net result before extraordinary transactions		**841**	**532**	**(309)**	**(36.7%)**
Net result related to discontinued operations and extraordinary transactions	*5*	(57)	-		
Net result		**784**	**532**	**(252)**	**(32.1%)**

Notes to the reconciliation between the reclassified income statement and the statutory income statement (for details, reference is made to the Note on "Non-GAAP alternative performance indicators"):

1. *Includes "Purchases and Personnel expense" (excluding restructuring costs and non-recurring costs) and "Accruals (reversals) for onerous contracts (losses at completion)";*
2. *Includes the net amount of "Other operating income" and "Other operating expenses" (excluding restructuring costs, non-recurring income/(expense) and accruals (reversals) for onerous contracts (losses at completion);*
3. *Includes "Amortisation, depreciation and impairment losses and value adjustments to financial assets", excluding the amortisation charge referable to intangible assets acquired as part of non-recurring transactions, goodwill impairment and write-downs regarded as "Non-recurring costs";*
4. *Includes "Financial income (expense)" (net of the gains and losses relating to extraordinary transactions);*
5. *Includes gains and losses on extraordinary transactions (main acquisitions and disposals).*

Financial performance

Cash and cash equivalents stood at €mil. 1,597, down by €mil. 194 compared to 2023 while FOCF, equal to €mil. 272, decreased by € mil. 50 on the same period in the previous year, despite higher cash flows from operating activities, as a result of lower dividends received and higher outlays due to investing activities.

The overall reduction in cash and cash equivalents, in the presence of operating cash inflows, also takes into account the repayment of the bond issued in June 2017, having reached its natural maturity, in the amount of €mil. 600.

Reclassified cash flow statement

(€ millions)	*Note*	2023	2024	Change	% Change
Cash flows generated/(used) from operating activities	*1*	576	633		
Dividends received		185	146		
Cash flows from ordinary investing activities	*2*	(439)	(507)		
Free Operating Cash Flow (FOCF)		**322**	**272**	**(50)**	**(15.5%)**
Strategic transactions	*3*	-	(22)		
Change in other investing activities	*4*	667	314		
Net change in loans and borrowings		(153)	(595)		
Dividends paid		(81)	(161)		
Net increase (decrease) in cash and cash equivalents		**755**	**(192)**		
Cash and cash equivalents at 1 January		1,040	1,791		
Exchange rate differences		(4)	(2)		
Cash and cash equivalents at 31 December		**1,791**	**1,597**		

Notes on the reconciliation between the reclassified cash flow and the statutory cash flow:

1. *Includes "Cash flows generated from (used in) operating activities", excluding debt payments pursuant to Law 808/1985;*
2. *Includes "Cash flows generated from (used in) investing activities", including payments and collections under Law 808/1985 and net of dividends collected;*
3. *Includes "Other investing or divestment activities" classified as "Strategic transactions";*
4. *Includes "Other investing or divestment activities", excluding dividends collected from non-consolidated companies, the effects of transactions classified as "Extraordinary transactions" and collections under Law 808/1985.*

The figure also includes the financial effects of the transactions described below:

- the dividend payment that took place in July 2024, amounting to €mil. 161, was doubled compared to the 2023 figure, equal to €mil. 81 (€0.28 per share compared to €0.14 per share in 2023);
- the acquisition, finalised in September 2024, concerning an additional 35% of GEM Elettronica S.r.l., for a consideration of approximately €mil. 16.

Reclassified statement of financial position

(€ millions)	*Note*	31 December 2023	31 December 2024
Non-current assets		15,177	14,733
Non-current liabilities		(1,798)	(1,694)
Capital assets	*1*	**13,379**	**13,039**
Inventories	*2*	(658)	(269)
Trade receivables		3,634	3,419
Trade payables		(2,802)	(3,003)
Working capital		**174**	**147**
Provisions for short-term risks and charges		(804)	(736)
Other net current assets (liabilities)	*3*	(741)	(835)
Net working capital		**(1,371)**	**(1,424)**
Net invested capital		**12,008**	**11,615**
Equity		8,413	8,733
Net Debt		**3,555**	**2,996**
Net (assets)/liabilities held for sale	*4*	**40**	**(114)**

Notes to the reconciliation between the reclassified and the statutory statements of financial position (for details, reference is made to the Note on “Non-GAAP alternative performance indicators”):

1. *Includes all non-current assets and all non-current liabilities, excluding “Non-current loans and borrowings” and the main non-current financial receivables;*
2. *Includes “Inventories”, “Contract Assets” and “Contract Liabilities”;*
3. *Includes “Income tax receivables” and “Other current assets” (excluding “Hedging derivatives in respect of debt items”), net of “Income tax payables” and “Other current liabilities” (excluding “Hedging derivatives in respect of debt items”);*
4. *Includes the net amount of “Non-current assets held for sale” and “Liabilities associated with assets held for sale”.*

The reclassified statement of financial position shows that assets and liabilities held for sale include the value of the net assets and liabilities of the Underwater Armaments & Systems line of business intended for sale under the agreements signed with Fincantieri in May 2024. This transaction became effective with the closing on 14 January 2025 as further detailed in Note 5 to the Separate Financial Statements, while the breakdown of assets and liabilities held for sale is shown in Note 19 therein.

The Company’s net financial debt as at 31 December 2024 came to €mil. 2,996 with a decrease of 15.7% (€mil.3,555 at 31 December 2023) and breaks down as follows:

Net financial debt

(€ millions)	31 December 2023	of which current	31 December 2024	of which current
Bonds	1,631	*635*	1,029	*530*
Bank debt	1,084	*41*	1,046	*53*
Cash and cash equivalents	(1,791)	*(1,791)*	(1,597)	*(1,597)*
Net bank debt and bonds	**924**		**478**	
Current loans and receivables from related parties	(507)	*(507)*	(343)	*(343)*
Other current loans and receivables	(14)	*(14)*	(14)	*(14)*
Current loans and receivables and securities	**(521)**		**(357)**	
Forex derivatives covering debt items	6		3	
Non current financial receivables from Group's consolidated entities	(113)		(583)	
Other related parties loans and borrowings	2,614	*2,459*	2,921	*2,761*
Lease liabilities from related parties	498	*117*	405	*130*
Lease liabilities	97	*19*	84	*16*
Other financial debts	50	*16*	45	*17*
Net Debt	**3,555**		**2,996**	

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

The improvement in net debt compared to 2023, amounting to €mil. 559, benefitted from initiatives to strengthen operational performance and the cycle of receipts, a careful investment policy in a period of business growth and an efficient strategy.

With regard to individual items, bonds decreased due to the repayment of the €mil. 600 bond issued in June 2017, which had reached its natural maturity date.

Non-current financial receivables from related parties recorded an increase, which was mainly related to new disbursements to Kopter AG, in the amount of €mil. 399, of which €mil. 294 used by the subsidiary to settle the positions outstanding at the previous year-end when they consisted of current financial receivables.

At 31 December 2024, Leonardo SpA had cash resources available for a total of about €mil. 3,620, to meet the financing needs of the Group's recurring operations, in addition to available funds of €mil. 1,597, broken down as follows:

- an ESG-linked Revolving Credit Facility totalling €mil. 1,800, maturing on 7 October 2026, initially equal to €mil. 2,400, and divided into two tranches, the first of which, equal to €mil. 600, expired on 7 October 2024;
- additional unconfirmed short-term lines of credit of about €mil. 820;
- a Framework Programme for the issuance of Multi-Currency Commercial Papers on the European market, for a maximum amount of €bil. 1 with maturity on 2 August 2025.

The Company also has a Sustainability-Linked loan of €mil. 260 granted by the European Investment Bank – whose contract was signed in November 2022 –, which was entirely unused at the reporting date.

Finally, Leonardo has unconfirmed lines of credit for guarantees for a total €mil. 10,997, €mil. 3,437 of which was still available at 31 December 2024.

Below are reported the statements of reconciliation between the line items of the reclassified statements with the statutory financial statements for financial year 2024 of Leonardo SpA:

(€ millions)	Scheme	Non-recurring amortization	Restructuration and non recurring costs	Onereous contracts (losses at completion)	Reclassified scheme
Revenues	10,965				10,965
Purchase and personnel expenses	(9,946)		14	3	(9,929)
Other net operating income/(expenses)	(22)		45	(3)	20
Amortisation, depreciation and write-offs	(518)	2	31		(485)
EBITA					**571**
Non-recurring income/(charges)			(82)		(82)
Restructuring costs			(8)		(8)
Amortisation of intangible assets acquired as part of non-recurring transactions		(2)			(2)
EBIT					**479**
Net financial income (expense)	201				201
Income taxes	(148)				(148)
Net result	**532**				**532**

(€ millions)	Scheme	Financial receivables and cash	Financial payables	Hedging derivatives on debt items	Reclassified scheme
Non-current assets	15,316	(583)			14,733
Non-current liabilities	(3,717)		2,023		(1,694)
Capital assets					**13,039**
Current assets	12,900	(1,954)		3	10,949
Current liabilities	(15,880)		3,507		(12,373)
Net working capital					**(1,424)**
Total equity	8,733				**8,733**
Net Debt		(2,537)	5,530	3	**2,996**
Net (assets)/liabilities held for sale	**(114)**				**(114)**

(€ millions)	Scheme	Dividends received	Royalties / Law no. 808 payables and receipts	Strategic investments	Reclassified scheme
Cash flows generated/(used) from operating activities	612		21		633
Dividends received		146			146
Investments in property, plant and equipment and intangible assets	504				
Sales of property, plant and equipment and intangible assets	(2)				
Cash flows from ordinary investing activities	(502)		(5)		(507)
Free Operating Cash Flow (FOCF)					**272**
Strategic transactions	-			(22)	(22)
Other investing activities	454	(146)	(16)	22	314
Cash flows generated (used) from investing activities	**(48)**				
Bond buy repayments	(600)				
Net change in other loans and borrowings	5				
Net change in loans and borrowings	**(595)**				(595)
Dividends paid	(161)				(161)
Cash flows generated (used) from financing activities	**(192)**				**(192)**
Net increase (decrease) in cash and cash equivalents	(192)				(192)
Exchange rate differences	(2)				(2)
Cash and cash equivalents at 1 January	1,791				1,791
Cash and cash equivalents at 31 December	**1,597**				**1,597**

Other information

As regards the information requested by Art. 2428 of the Italian Civil Code in relation to the parent company Leonardo SpA, reference is made to Part 1 of this report.

As regards the provisions of Art. 4 of Legislative Decree 125/2024, as allowed by the regulation, the sustainability reporting has been prepared on a consolidated basis only and included in a specific section of this report on operations.

THE PARENT COMPANY'S OFFICES

The Parent Company's offices are:

- Registered Office: Rome, Piazza Monte Grappa, 4
- Secondary office: Genoa, Corso Perrone, 118

RECONCILIATION OF NET PROFIT AND SHAREHOLDERS' EQUITY OF THE GROUP PARENT WITH THE CONSOLIDATED FIGURES AT 31 DECEMBER 2024

	2024	
(€ millions)	**Equity**	**of which: Net profit (loss) for the year**
Group Parent equity and net profit (loss)	8,733	532
Excess of shareholders' equities in the annual financial statements compared with the carrying amounts of the equity investments in consolidated companies	(4,077)	2,045
Consolidation adjustments for:		
- difference between purchase price and corresponding book equity	*4,216*	*345*
- elimination of intercompany profits	*56*	*(1,394)*
- dividends from consolidated companies	*-*	*(454)*
- Translation differences	*62*	*-*
Group equity and net profit (loss)	**8,990**	**1,074**
Non-controlling interests	1,210	85
Total consolidated equity and net profit (loss)	**10,200**	**1,159**

PROPOSAL TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

The 2024 financial statements, which we submit for your approval, close with a net profit of Euro 531,916,959.39 . In light of the foregoing, we submit the following proposed resolution for your approval:

"The Ordinary Shareholders' Meeting of LEONARDO - Società per azioni:

- considering the Report of the Board of Directors;
- considering the Report of the Board of Statutory Auditors;
- having examined the financial statements at 31 December 2024;
- having acknowledged the report of EY S.p.A.

resolves

- to approve the Directors' Report on operations and the financial statements at 31 December 2024;
- to approve the Board of Directors' proposal of allocating the profit of € 531,916,959.39 for the 2024 financial year as follows:
  - as to € 26,595,847.97, equal to 5% of the profit, to legal reserve;
  - as to € 0.52, on account of dividend, by paying it, including any withholding prescribed by law, as from 25 June 2025, with "detachment date" of coupon no. 15 falling on 23 June 2025 and "record date" (i.e. date on which the dividend is payable, pursuant to Art.83-terdecies of Legislative Decree no. 58 of 24 February 1998 and Art. 2.6.6, paragraph 2, of the Regulations for the Markets organized and managed by Borsa Italiana SpA) falling on 24 June 2025; the above provisions refer to each ordinary share that will be outstanding at the detachment date of the coupon, excluding treasury shares in portfolio at that date, without prejudice to the regime of those that will be actually awarded, under the current incentive plans, during the current financial year.
  - with regard to the remaining amount, to retained earnings."

For the Board of Directors

The Chairman

(Stefano Pontecorvo)

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

CONSOLIDATED ACCOUNTING STATEMENTS

Consolidated separate income statements

(€ millions)	*Note*	***2023***	*of which with related parties*	***2024***	*of which with related parties*
Revenues	*27*	15,291	*2,237*	17,763	*2,572*
Other operating income	*28*	650	*3*	779	*6*
Purchase and personnel expenses	*29*	(13,641)	*(1,247)*	(15,747)	*(1,203)*
Amortisation, depreciation and financial assets value adjustments	*30*	(645)		(777)	
Other operating expenses	*28*	(724)	-	(838)	*(1)*
Income before tax and financial expenses		**931**		**1,180**	
Financial income	*31*	166	*6*	534	*14*
Financial expenses	*31*	(421)	*(46)*	(389)	*(69)*
Share of profits/(losses) of equity-accounted investees	*12*	148		121	
Operating profit (loss) before income taxes and discontinued operations		**824**		**1,446**	
Income taxes	*32*	(129)		(289)	
Profit (loss) from discontinued operations	*33*	-		2	
Net profit/(loss) for the period attributable to:		**695**		**1,159**	
- owners of the parent		*658*		*1,074*	
- non-controlling interests		*37*		*85*	
Earnings/(losses) per share	*34*	*1.144*		*1.865*	
- basic and diluted from continuing operations		*1.144*		*1.862*	
- basic and diluted from discontinued operations		*n.a*		*0.003*	

Consolidated statement of comprehensive income

(€ millions)	*Note*		*2023*		*2024*
Profit (loss) for the period			**695**		**1,159**
Other comprehensive income (expenses):					
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period:					
- Measurement of defined-benefit plans:	*20*		(77)		38
- revaluation		(83)		39	
- exchange rate gains (losses)		6		(1)	
- Tax effect	*20*		17		(9)
			(60)		**29**
Comprehensive income/expense which will or might be subsequently reclassified within the profit (loss) for the period:					
- Changes in cash flow hedges:	*20*		72		(75)
- change generated in the period		89		(101)	
- transferred to the profit (loss) for the period		(17)		26	
- Translation differences	*20*		(74)		313
- change generated in the period		(74)		306	
- transferred to the profit (loss) for the period		-		7	
- Tax effect and other movements	*20*		(18)		18
			(20)		**256**
Current portion of "Other comprehensive income (expenses)", equity-accounted investees			(30)		46
Total other comprehensive income (expense), net of tax:			**(110)**		**331**
Total comprehensive income (expense), attributable to:			**585**		**1,490**
- *Owners of the parent*			572		1,357
- *Non-controlling interests*			13		133
Total comprehensive income (expense), attributable to Owners of the parent			**572**		**1,357**
- from continuing operations			572		1,355
- from discontinued operations			-		2

Consolidated statement of financial position

(€ millions)	*Note*	*31 December 2023*	*of which with related parties*	*31 December 2024*	*of which with related parties*
Intangible assets	*9*	7,565		8,728	
Property, plant and equipment	*10*	2,548		2,834	
Investment property		44		38	
Right of use	*11*	560		578	
Investments accounted for under equity method	*12*	2,087		1,877	
Receivables	*13*	231	*17*	258	-
Deferred tax assets	*32*	1,213		1,104	
Other non-current assets	*13*	47	-	52	-
Non-current assets		**14,295**		**15,469**	
Inventories	*15*	5,693		6,520	
Contract assets	*16*	3,636		3,886	
Trade receivables	*17*	3,685	*826*	3,838	*828*
Income tax receivables		91		106	
Loans and receivables	*17*	205	*183*	352	*330*
Other assets	*18*	681	*5*	656	*3*
Cash and cash equivalents	*19*	2,407		2,556	
Current assets		**16,398**		**17,914**	
Non-current assets held for sale	*33*	-		290	
Total assets		**30,693**		**33,673**	
Share capital	*20*	2,499		2,509	
Other reserves		5,301		6,481	
Equity attributable to the owners of the parent		**7,800**		**8,990**	
Equity attributable to non-controlling interests		761		1,210	
Total equity		**8,561**		**10,200**	
Borrowings (non-current)	*21*	2,885	*100*	2,373	*100*
Employee benefits	*23*	301		315	
Provisions for risks and charges	*22*	778		652	
Deferred tax liabilities	*32*	268		375	
Other non-current liabilities	*24*	901	-	954	-
Non-current liabilities		**5,133**		**4,669**	
Contract liabilities	*16*	8,733		9,506	
Trade payables	*25*	3,268	*437*	3,763	*553*
Borrowings (current)	*21*	2,044	*1,192*	2,327	*1,624*
Income tax payables		104		128	
Provisions for short-term risks and charges	*22*	1,087		1,018	
Other current liabilities	*24*	1,723	*42*	1,924	*29*
Current liabilities		**16,959**		**18,666**	
Liabilities associated with assets held for sale	*33*	40		138	
Total liabilities		**22,132**		**23,473**	
Total liabilities and equity		**30,693**		**33,673**	

Consolidated statement of cash flows

(€ millions)	*Note*	*2023*	*of which with related parties*	*2024*	*of which with related parties*
Gross cash flows from operating activities	*35*	1,980		2,324	
Change in trade receivables/payables, contract assets/liabilities and inventories	*35*	(49)	*12*	(275)	*115*
Change in other operating assets and liabilities and provisions for risks and charges	*35*	(372)	-	(169)	*(13)*
Interest paid		(173)	*(40)*	(179)	*(55)*
Income taxes received/(paid)		(200)	-	(160)	-
Cash flows generated (used) from operating activities		**1,186**		**1,541**	
Investments in property, plant and equipment and intangible assets		(782)		(895)	
Sales of property, plant and equipment and intangible assets		13		16	
Other investing activities	*35*	507	-	126	-
Cash flows generated (used) from investing activities		**(262)**		**(753)**	
BEI Loan		(19)		(38)	
Bond redemption		-		(600)	
Net change in other borrowings		90	*183*	137	*307*
Dividends paid		(83)		(177)	
Cash flows generated (used) from financing activities		**(12)**		**(678)**	
Net increase (decrease) in cash and cash equivalents		**912**		**110**	
Exchange rate differences and other changes		(16)		39	
Cash and cash equivalents at 1 January		1,511		2,407	
Cash and cash equivalents at 31 December		**2,407**		**2,556**	

Consolidated statement of changes in equity

(€mil.)	Share capital	Retained earnings	Cash flow hedge reserve	Revaluation reserve of defined-benefit plans	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
1 January 2023	**2,499**	**4,975**	**(74)**	**(38)**	**(179)**	**7,183**	**516**	**7,699**
Profit (loss) for the period	-	658	-			658	37	**695**
Other comprehensive income (expenses)	-		58	(89)	(55)	(86)	(24)	**(110)**
Total comprehensive income (expenses)	**-**	**658**	**58**	**(89)**	**(55)**	**572**	**13**	**585**
Dividends resolved		(81)				(81)	(2)	**(83)**
Repurchase of treasury shares less shares sold						-		**-**
Acquisition (Disposal) of NCI without change in control		103		6	12	121	217	**338**
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Total transactions with owners of the parent, recognised directly in equity	**-**	**22**	**-**	**6**	**12**	**40**	**215**	**255**
Other changes		5				5	17	**22**
31 December 2023	**2,499**	**5,660**	**(16)**	**(121)**	**(222)**	**7,800**	**761**	**8,561**
1 January 2024	**2,499**	**5,660**	**(16)**	**(121)**	**(222)**	**7,800**	**761**	**8,561**
Profit (loss) for the period		1,074				1,074	85	**1,159**
Other comprehensive income (expenses)			(40)	39	284	283	48	**331**
Total comprehensive income (expenses)	**-**	**1,074**	**(40)**	**39**	**284**	**1,357**	**133**	**1,490**
Dividends resolved		(161)				(161)	(16)	**(177)**
Repurchase of treasury shares less shares sold	10					10		**10**
Acquisition (Disposal) of NCI without change in control		(9)				(9)	24	**15**
Third-party interests related to business combinations							308	**308**
Total transactions with owners of the parent, recognised directly in equity	**10**	**(170)**	**-**	**-**	**-**	**(160)**	**316**	**156**
Other changes		(9)	2			(7)		**(7)**
31 December 2024	**2,509**	**6,555**	**(54)**	**(82)**	**62**	**8,990**	**1,210**	**10,200**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

1. GENERAL INFORMATION

Leonardo S.p.A. (hereinafter also "the Company") is a company limited by shares based in Rome (Italy), at Piazza Monte Grappa 4, and is listed on the Italian Stock Exchange (FTSE MIB).

The Leonardo Group (hereinafter also "the Group") is a major Italian high technology organization operating in the Helicopters, Defence Electronics and Security, Cyber Security & Solutions, Aircraft, Aerostructures and Space sectors.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

In application of EU Regulation 1606/2002 of 19 July 2002 and of Legislative Decree 38 of 28 February 2005, the consolidated financial statements of the Leonardo Group were prepared in accordance with the international accounting standards (IFRS) endorsed by the European Commission, supplemented by the relevant interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) issued by the International Accounting Standard Board (IASB) and in force at the year-end.

The general principle used in preparing these consolidated financial statements is the historical cost method, except for those items that, in accordance with IFRS, are obligatory recognised at fair value, as indicated in the valuation criteria of each item.

The consolidated financial statements are composed of the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes to the financial statements.

Among the options permitted by IAS 1, the Group has chosen to present its balance sheet by separating current and non-current items and its income statement by the nature of its costs. Instead, the statement of cash flows was prepared using the indirect method.

The International Financial Reporting Standards (IFRS) used for preparing these consolidated financial statements are the same that were used in the preparation of the consolidated financial statements at 31 December 2023 except for what indicated below (Note 5).

All figures are shown in millions of euros unless otherwise indicated.

Preparation of the consolidated financial statements under the going-concern assumption required management to make certain evaluations and estimates. The main areas affected by estimates or assumptions of particular importance or that have significant effects on the balances shown are described in Note 4.

The consolidated financial statements at 31 December 2024 of the Leonardo Group were approved by the Board of Directors on 11 March 2025 that authorised their distribution. Publication is scheduled for the same day.

The consolidated financial statements are subject to a statutory audit by EY SpA.

3. ACCOUNTING POLICIES

3.1 Standards and scope of consolidation

The consolidated financial statements include the statements at 31 December 2024 of companies consolidated on a line-by-line basis, which have been prepared in accordance with the IFRSs as applied within the Leonardo Group. The consolidated entities and the respective shares held either directly or indirectly by the Group are reported in the attachment "Scope of consolidation".

Subsidiaries

The entities over which Leonardo exercises a controlling power, either by directly or indirectly holding a majority of shares with voting rights or by exercising the right to earn the variable profits deriving from its relations with those same entities, impacting on such profits and exercising its power on the company, also regardless of the nature of the shareholding, have been consolidated on a line-by-line basis. With regard to the activities of the Group in the USA, it is noted that some of them are subject to specific governance rules (such as the Special Security Agreement and the Proxy Agreement), which were agreed with the Defense Counterintelligence and Security Agency ("DCSA") of the US Department of Defense (in charge of the protection of information related to the national security or, however, subject to special confidentiality restrictions). In particular, the Leonardo DRS group is managed through a Proxy Agreement, which provides for the appointment by Leonardo US Holding (the parent company of Leonardo DRS) – after consultation with Leonardo S.p.A. - of the US Proxy Holders subject to the approval of the DCSA. These Proxy Holders (with US nationality and residence, security clearance and independent with respect to Leonardo DRS and the Leonardo Group), besides acting as the directors of the company, together with Non-Proxy Holders directors (including the CEO) appointed by them according to the designation by Leonardo US Holding, are also entitled to vote on behalf of the latter, in the context of a trust relationship on whose basis their activity must protect, on one hand, the legitimate interest of the shareholders, and, on the other hand, the need for national security in the United States. The Proxy Holders are always in a number greater than the Non-proxy Holders and cannot be discharged by the shareholder, except in case of fraud or gross negligence or, subject to the approval of the DCSA, if their conduct infringes the principle of preservation of Leonardo DRS assets and the legitimate interests of the shareholders. Moreover, the Proxy Holders are committed to implementing specific governance procedures in order (i) to guarantee shareholders their rights and an adequate flow of information, above all with regard to the results of operations and financial data, with the consent of the DCSA and in compliance with the restrictions under the Proxy Agreement in relation to "classified" information, as well as (ii) to protect the management against any possible influence exercised by the foreign partner as to "sensitive" information. On the contrary, the decisions on M&A transactions and the transfer of intellectual property rights, as well as extraordinary debt assumption and intercompany business reorganizations are the direct competence of the shareholder.

Not consolidated on a line-by-line basis are those entities which, because of the dynamics of their operations (e.g. consortia without shares and controlling interests in equity consortia which, by charging costs to their members, do not have their own financial results and the financial statements of which do not, net of intercompany assets and liabilities, have material balances) or their current status (e.g. companies that are no longer operational, have no assets or personnel, or for which the liquidation process appears to be essentially concluded), would be immaterial to the Group's situation in both quantitative and qualitative terms.

All controlled entities are consolidated at the date on which control was acquired by the Group. The entities are removed from the consolidated financial statements at the date on which the Group loses control.

Business combinations are recognised using the purchase method where the purchase cost is equal to the fair value, at the date of the purchase of assets acquired, of liabilities incurred or assumed, as well as the capital instruments, if any, issued by the purchaser. The cost of the transaction is allocated recognising assets, liabilities and the identifiable contingent liabilities of the acquired company, at their related fair value at the purchase date. Any positive difference between the cost of the transaction and the fair value at the date of the purchase of the assets and liabilities is allocated to goodwill. In the event the process of allocating the purchase price should result in a negative difference, this difference is recorded in the income statement.

Any capital gains or negative differences arising from business combinations between entities under common control ("transactions under common control") are not recognised through P&L but directly in equity in the separate financial statements.

Additional charges related to the acquisition are recognised in the income statement at the date when services are rendered.

In the case of purchase of controlling stakes other than 100% stakes, goodwill is recognised only to the extent of the portion attributable to the Group Parent. The value of the non-controlling interests is determined in proportion to the non-controlling equity investments in the identifiable net assets of the acquired company.

In case the business combination is carried out through more than one phase, at the moment of the taking over the equity investments previously held are re-measured at their fair value and the difference (positive or negative), if any, is recognised in the income statement.

In the case of purchase of non-controlling stakes, after control is obtained, the positive difference between the acquisition cost and the book value of the non-controlling stakes acquired is recorded as a reduction of the net equity of the Group Parent. In the event of disposal of stakes while control is retained, the difference between the cashed consideration and the book value of the stakes sold is recorded directly as an increase of the net equity, without recording in the income statement.

Amounts resulting from transactions with consolidated entities have been eliminated, particularly where related to receivables and payables outstanding at the end of the period, as well as interest and other income and expenses recorded on the income statements of these enterprises. Also eliminated are the net profits or losses posted between the consolidated entities along with their related tax adjustments.

Jointly controlled entities and other equity investments

Joint Arrangements, based on which joint control over an arrangement is assigned to two or more parties, are classified as either a Joint Operation (JO) or a Joint Venture (JV), on the basis of an analysis of the underlying contractual rights and obligations. In particular, a Joint Venture is a joint arrangement whereby the parties, whilst holding control over the main strategic and financial decisions through voting mechanisms requiring the unanimous consent on such decisions, do not hold legally significant rights to the individual assets and liabilities of the JV. In this case joint control regards the net assets of the joint ventures. This form of control is reflected in the financial statements using the equity method, as described below. A Joint Operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities. In this case, individual assets and liabilities and the related costs and revenues are recognised in the financial statements of the party to the arrangement on the basis of the rights and obligations to each asset and liability, regardless of the interest held. After initial recognition, the assets, liabilities and related costs are valued in accordance with the reference accounting standards applied to each type of asset/liability.

The Group’s joint arrangements are all classified as joint ventures.

Entities over which significant influence is exercised, which generally corresponds to a holding of between 20% (10% if listed) and 50% (equity investments in associates), and Joint Ventures (as qualified above) are accounted for using the equity method. When the equity method is applied, the value of the investment is in line with shareholders' equity adjusted, when necessary, to reflect the application of IFRSs, and includes the recognition of goodwill (net of impairments) calculated at the time of purchase, and to account for the adjustments required by the standards governing the preparation of consolidated financial statements. Gains and losses realized among consolidated entities valued at equity and other Group entities consolidated on a line-by-line basis, are eliminated. In the event the Group has evidence of an impairment loss of the investment, in excess of the amount accounted for under the equity method, the Group will proceed with calculating the impairment to be recorded in the income statement which is determined as the difference between the recoverable amount and the carrying amount of the investment.

Any value losses in excess of book value are recorded in the provision for risks on equity investments, to the extent that there are legal or implicit obligations to cover such losses, which are in any case within the limits of the book equity.

The fair value of equity investments, in the event this method applies, is calculated based on the bid price of the last trading day of the month for which the IFRS report was prepared or based on financial valuation techniques for not listed instruments.

Investments available for sale, like those acquired with the sole purpose of being disposed within the subsequent twelve months, are classified separately within "Assets held for sale" applying the recognition criteria described in Note 3.23.

3.2 Segment information

In accordance with the compliance model followed, management has adopted operating segments that corresponds to the business sectors in which the Group operates (Helicopters, Defence Electronics and Security, Cyber Security & Solutions, Aircraft, Aerostructures, Space and Other Activities).

3.3 Currency translation

Identification of the functional currency

The balances of the financial statements of each Group entity are presented in the currency of the primary economy in which each enterprise operates (the functional currency). The consolidated financial statements for the Leonardo Group have been prepared in euros, as this is the functional currency of the Group Parent.

Translation of transactions denominated in a foreign currency

Items expressed in a currency other than the functional currency, whether monetary (cash and cash equivalents, receivables or payables due in pre-set or measurable amounts, etc.) or non-monetary (advances to suppliers of goods and services, goodwill, intangible assets, etc.), are initially recognised at the exchange rate prevailing at the date on which the transaction takes place. Subsequently, the monetary items are translated into the functional currency based on the exchange rate at the reporting date, and any differences resulting from this conversion are recognised in the income statement. Non-monetary items continue to be carried at the exchange rate on the date of the transaction.

Translation of financial statements expressed in a currency other than the functional currency

The rules for translating financial statements expressed in a foreign currency into the functional currency (except where the currency is that of a hyper-inflationary economy) are as follows:

- the assets and liabilities presented are translated at the end-of-period exchange rate;

- costs and revenues, charges and income presented are translated at the average exchange rate for the period in question, or at the exchange rate on the date of the transaction in the event this is significantly different from the average rate;
- the "translation reserve" includes both the exchange rate differences generated by the translation of balances at a rate different from that at the close of the period and those that are generated by the translation of opening equity balances at a rate different from that at the close of the period. The translation reserve is reversed to the income statement upon the full or partial disposal of the equity investment that results in loss of control.

Goodwill and adjustments deriving from the fair value measurement of assets and liabilities related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the end-of-period exchange rate.

With reference to data comparability, the current year has been marked by the following changes in the euro against the main currencies of interest for the Group.

	31 December 2023		31 December 2024		% Change	
	average	final	average	final	average	final
U.S.A. Dollar	1.0813	1.1050	1.0824	1.0389	0.1%	(6.0%)
Pound Sterling	0.8698	0.8691	0.8466	0.8292	(2.7%)	(4.6%)

3.4 Intangible assets

Intangible assets are non-monetary items without physical form, but which can be clearly identified and generate future economic benefits for the company. They are carried at purchase and/or production cost, including directly related expenses allocated to them when preparing the asset for operations and net of accumulated amortisation (with the exception of intangibles with an indefinite useful life) and any impairments of value. Amortisation begins when the asset is available for use and is recognised systematically over its remaining useful life. In the period in which the intangible asset is recognised for the first time, the amortisation rate applied takes into account the period of actual use of the asset.

Development costs and non-recurring costs are recognised in the item. For further details reference is made to Notes 4.1 and 4.2.

Industrial patent and intellectual property rights

Patents and intellectual property rights are carried at acquisition cost net of amortisation and accumulated impairment losses. Amortisation begins in the period in which the rights acquired are available for use and is calculated based on the shorter of the period of expected use and that of ownership of the rights. The useful life changes according to the business of the company and its range is between 3 and 15 years.

Concessions, licences and trademarks

This category includes: concessions, i.e. government measures that grant private parties the right to exclusive use of public assets or to manage public services under regulated conditions; licences that grant the right to use patents or other intangible assets for a determinate or determinable period of time; trademarks that establish the origin of the products of a given company; and licences for the know-how or software owned by others. The costs, including the direct and indirect costs incurred to obtain such rights, can be capitalized after receiving title to the rights themselves and are amortised systematically over the shorter of the period of expected use and that of ownership of the rights. The useful life changes according to the business of the company and its range is between 3 and 15 years.

Intangible assets acquired as a result of business combinations

The intangible assets acquired as a result of business combinations essentially refer to the order backlog and commercial positioning, customer portfolio and software/know-how; they are valued during the purchase price allocation. The assets' useful life changes according to the business of the acquired company and ranges as follows:

	Years
Customer backlog e commercial positioning	7-20
Backlog	10-15
Software/know how	3

Goodwill

Goodwill recognised as an intangible asset is associated with business combinations and represents the difference between the cost incurred to acquire a company or division and the sum of the fair values assigned at the purchase date, to the individual assets and liabilities of the given company or division. As it does not have a definite useful life, goodwill is not systematically amortised but is subject to impairment tests conducted at least once a year, according to a specific procedure approved each year by the Board of Directors, unless market and operational factors identified by the Group indicate that an impairment test is also necessary in the preparation of interim financial statements. In conducting an impairment test, goodwill acquired in a business combination is allocated to the individual Cash Generating Unit (CGU) or to groups of CGUs that are expected to benefit from the synergies of the combination, in line with the minimum level at which such goodwill is monitored within the Group. Goodwill related to unconsolidated associates, joint ventures or subsidiaries is included in the value of investments.

3.5 Property, plant and equipment

Property, plant and equipment is measured at purchase or production cost net of accumulated depreciation and any impairment losses. The cost includes all direct costs incurred to prepare the assets for use, as well as any charges for dismantlement and disposal that will be incurred to return the site to its original condition.

Charges incurred for routine and/or cyclical maintenance and repairs are expensed in full in the period in which they are incurred. Costs related to the expansion, modernization or improvement of owned or leased structural assets are only capitalized to the extent that such costs meet the requirements for being classified separately as an asset or part of an asset. Any public grants related to property, plant and equipment are recognised as a direct deduction from the asset to which they refer.

The value of an asset is adjusted by systematic depreciation calculated based on the residual useful life of the asset itself. In the period in which the asset is recognised for the first time, the depreciation rate applied takes into account the date in which the asset is ready for use. The estimated useful lives adopted by the Group for the various asset classes are as follows:

	Years
Land	Indefinite useful life
Buildings	20-33
Plant and machinery	5-10
Equipment	3-5
Other assets	5-8

The estimated useful life and the residual value are revised at least annually.

Depreciation ends when the asset is sold or reclassified as asset held for sale.

In the event the asset to be depreciated is composed of significant distinct elements with useful lives that are different from those of the other constituent parts, each individual part that makes up the asset is depreciated separately, in application of the component approach to depreciation.

This item also includes equipment intended for specific programmes (tooling), although it is depreciated, as with other non-recurring costs (Note 4.2), on the basis of units manufactured in relation to those expected to be produced.

The gains and losses from the sale of assets or groups of assets are calculated by comparing the sales price with the related net book value.

3.6 Investment properties

Properties held to earn rentals or for capital appreciation are carried under “Investment properties”; they are valued at purchase or construction cost plus any related charges, net accumulated depreciation and impairment, if any.

3.7 Impairment of intangible assets and property, plant and equipment

Assets with indefinite useful lives are not depreciated or amortised but are rather subject to impairment tests at least once a year to ascertain the recoverability of their book value. The test is carried out at each interim reporting date as well, when there are internal and/or external indicators that an asset may be impaired.

For assets that are depreciated or amortised, an assessment is made to determine whether there is any internal or external indication of a loss in value. If so, the recoverable value of the asset is estimated, with any excess being recognised in the income statement.

The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use calculated on the basis of a model of discounted cash flows. The discount rate encompasses the risks peculiar to the asset which have not been considered in the expected cash flows.

Assets which do not generate independent cash flows are tested as Cash Generating Units.

If the reasons for such write-downs should cease to obtain, the asset’s book value is restored within the limits of the book value that would have resulted if no loss was recognised due to previous years’ loss of value. The write-back is also taken to the income statement. Under no circumstances, however, is the value of goodwill that has been written down restored to its previous level.

3.8 Inventories

Inventories are recorded at the lower of cost, calculated with reference to the weighted average cost, and net realisable value. They do not include financial costs and overheads. The net realisable value is the sales price in the course of normal operations net of estimated costs to finish the goods and those needed to make the sale. Inventories include, within “Point in time contract assets”, the production progress related to contracts which do not meet the requirements for revenue recognition over time.

3.9 Revenues and contract assets/liabilities with customers

Revenue from contracts with customers is recognised when the performance obligations are satisfied through the transfer of control over the good or service to the customer which may occur either over time or at a point in time.

Contracts that meet the requirements for the recognition of revenue over time are classified under "contract assets" or under "contract liabilities" based on the relationship between the Group's performance and the customer's payment. In particular:

- "net contract assets" represent the entity's right to consideration in exchange for goods and services that the entity has transferred to a customer;
- "(net) contract liabilities" represent the Group's obligation to transfer goods or services to the customer for which the entity has received consideration (or for which the amount is due) from the customer.

If a contract provides for more than one performance obligation, representing a contract promise to transfer a specific good or service to the customer (or a series of specific goods or services that are substantially the same and are transferred according to the same methods), the classification under assets or liabilities is carried out on an overall basis and not by each single performance obligation.

Contract assets and liabilities with customers in which the transfer of control over the goods or services to customers occurs over time are recognised using the percentage-of-completion measuring method, according to which costs, revenues and margins are recognised based on the progress of production. The state of completion is determined on the basis of the ratio between costs incurred at the measurement date and the total expected costs for the programme or based on the production units delivered.

Vice versa, if the requirements for the recognition of contracts over time are not met, revenue is recognised at a point in time; in such cases, the production progress related to contracts with customers is recognised under contract assets at a point in time within "inventories". Such case is mostly related to certain sales in the helicopter sector where the transfer of control over certain types of goods coincides with the moment of actual delivery of the same.

Contract assets (recognised under a special item or within inventories) are stated net of any provisions for write-down.

The assumptions upon which the estimates are made are periodically updated. Any impact on profit or loss is recognised in the period in which the updates are made. If a contract is an "onerous" contract, the methods for recognition are reported in note 4.4.

Contracts with payments in a currency other than the euro, the functional currency of the Group, are measured by converting the portion of payments due, calculated using the percentage-of-completion method, at the exchange rate prevailing at the close of the period in question. However, the Group's policy for exchange-rate risk calls for all contracts in which cash inflows and outflows are significantly exposed to exchange rate fluctuations to be hedged specifically. In such cases, the recognition methods described in Note 4.3 below are applied.

3.10 Financial assets

The Group classifies its financial assets into the following categories:

- amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

The Group determines such classification based on the business model used in the management of financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets are initially measured at fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Trade receivables are initially measured at their transaction price, since this is representative of the fair value.

At initial recognition financial assets are classified in one of the categories listed above and can be subsequently reclassified in other categories, only when the Group changes its own business model for their management.

The Group recognises as value adjustment the expected losses related to financial assets measured at amortised cost, to contract assets and to debt instruments measured at fair value through other comprehensive income. Expected losses are calculated over the credit lifetime.

The classification of assets as current or non-current reflects management expectations regarding their trading.

Financial assets at amortised cost

Such category includes financial assets held to collect contractual cash flows (Held to Collect), which are solely payments of principal and interest, calculated on the principal amount outstanding. All receivables are included in this category.

Such assets are measured at amortised cost, in compliance with the effective interest method, decreased by impairment losses. Interest income, exchange profits or losses and impairment losses are recognised in profit (loss) for the year as well as profits or loss from derecognition.

Financial assets at fair value through other comprehensive income

Such category includes financial assets that are possibly held by the Group with the twofold objective of collecting contractual cash flows on one hand, which are solely payments of principal and interest calculated on the total of the principal amount outstanding and selling them on the other (Held to Collect and Sell).

Financial assets at fair value through profit or loss

This category includes financial assets that are not classified as measured at amortised cost or at fair value through other comprehensive income. Such category includes all derivatives (Note 3.11) and financial assets held for trading.

The fair value of financial assets held for trading is calculated by drawing from the market prices at the annual (or interim) reporting date o through financial techniques and models.

3.11 Derivatives

Derivatives are still stated at fair value through profit or loss unless they are deemed effective hedge for specific risk in respect of underlying assets, liabilities or commitments undertaken by the Group.

In particular, the Group uses derivatives as part of its hedging strategies to offset the risk of changes in the fair value of financial assets or liabilities on its balance sheet or the risk associated with contractual commitments (fair-value hedges) and the risk of changes in expected cash flows in contractually defined or highly probable operations (cash-flow hedges). For details regarding the methodology for recognising hedges of the exchange rate risk on long-term contracts, see Note 4.3.

The effectiveness of hedges is documented and assessed both at the start of the operation and periodically thereafter (at least every time an annual or interim report is published) and measured by comparing changes in the fair value of the hedging instrument against changes in the hedged item ("dollar offset ratio"). For more complex instruments, the measurement involves statistical analysis based on the variation of the risk.

Fair value hedge

Changes in the fair value of derivatives that have been designated and qualify as fair-value hedges are recognised in profit or loss, in the same manner as the treatment of changes in the fair value of the hedged assets or liabilities covered with the hedge.

Cash flow hedge

Changes in the fair value of derivatives that have been designated and qualify as cash-flow hedges are recognised – with reference to the "effective" component of the hedge only – in the statement of comprehensive income through a specific equity reserve ("Cash-flow hedge reserve"), which is subsequently recognised in the income statement when the underlying transaction affects profit or loss. If the occurrence of the underlying operation ceases to be highly probable, the relevant portion of the cash-flow hedge reserve is immediately recognised in the income statement. If the derivative is sold, expires or ceases to function as an effective hedge against the risk for which it was originated, the relevant portion of the "cash-flow hedge reserve" is kept recognised until the underlying contract shows its effect. The recognition of the cash-flow hedge is discontinued prospectively.

The cash flow hedge reserve also includes the recognition of fair value changes in the forward component of forward contracts, taken to the separate income statement at the time when the underlying affects profit or loss.

Determining fair value

The fair value of instruments quoted on public markets is determined with reference to the bid price for the instrument in question at the reference date. The fair value of unquoted instruments is determined with financial valuation techniques. Specifically, the fair value of interest-rate swaps is measured by discounting the expected cash flows, while the fair value of foreign exchange forwards is determined on the basis of the market exchange rate at the reference date and the expected rate differentials among the currencies involved.

Financial assets and liabilities valued at fair value are classified in the three hierarchical levels described below, on the basis of the materiality of inputs used in the fair value measurement. In particular:

- Level 1: financial assets and liabilities whose fair value is determined on the basis of the unadjusted quoted prices in an active market for identical assets and liabilities that Leonardo can access at the measurement date;
- Level 2: financial assets and liabilities whose fair value is determined on the basis of inputs other than the quoted prices as in Level 1, that are directly or indirectly observable;
- Level 3: financial assets and liabilities whose fair value is determined on the basis of unobservable inputs.

3.12 Cash and cash equivalents

The item includes cash, deposits with banks or other institutions providing current account services, post office accounts and other cash equivalents, as well as investments maturing in less than three months from the date of acquisition. Cash and cash equivalents are recognised at their fair value, which normally coincides with their nominal value.

3.13 Equity

Share capital

Share capital consists of the capital subscribed and paid up by the Group Parent. Costs directly associated with the issue of shares are recognised as a decrease in share capital when they are directly attributable to capital operations, net of the deferred tax effect.

Treasury shares

Treasury shares are recognised as a decrease in Group shareholders' equity. Gains or losses realised in the acquisition, sale, issue or cancellation of treasury shares are recognised directly in shareholders' equity.

3.14 Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently classified as "measured at amortised cost" or at "fair value through profit or loss". Financial liabilities are classified at fair value through profit or loss when these are held for trading, represent a derivative or are so designated at the time of initial recognition. Other financial liabilities are measured at amortised cost, using the effective interest method. All payables are included in this category.

Financial liabilities are classified as current liabilities unless the Group has the contractual right to settle its debts at least 12 months after the date of the annual or interim financial statements.

3.15 Taxation

The Group's tax burden is made up of current and deferred taxes. If these taxes are related to income and expense recognised in equity in the statement of comprehensive income, a balancing entry is recorded under the same item.

Current taxes are calculated in accordance with the existing fiscal legislation applicable to those countries in which the Group operates and in force at the balance-sheet date. Any risks connected with a different interpretation of the positive and negative components of income, together with ongoing disputes with the tax authorities are regularly assessed, in order to adjust the provisions made.

Deferred tax assets and liabilities are calculated based on temporary differences arising between the carrying amounts of assets and liabilities and their value for tax purposes, as well as on fiscal losses. Deferred tax assets and liabilities are calculated by applying the tax rate that is expected to be in force at the time the temporary differences will be reversed. The estimation is made based on tax laws in effect or substantially in effect at the reporting date. Deferred tax assets, including those deriving from tax losses, are recognised to the extent that, based on the company plans approved by the directors, it is probable the company will post future taxable income in respect of which such assets can be utilised.

If there are uncertain tax treatments, the Group determines whether they are likely to be accepted by the tax authorities. If acceptance is considered probable, the tax values must take account of the uncertain tax treatment, while, if acceptance is considered unlikely, the Group calculates the effect of this uncertainty using the most probable amount or expected value method.

3.16 Employee benefit obligations

Post-employment benefit plans

Group companies use several types of pension and supplementary benefit plans, which can be classified as follows:

- *Defined-contribution plans* in which the company pays fixed amounts to a distinct entity (e.g., a fund) but has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay the benefits accrued by employees during their period of employment with the company. The company recognises the contributions to the plan only when employees rendered their services to the company specifically in exchange for these contributions;
- *Defined-benefit plans* in which the company undertakes to provide agreed benefits for current and former employees and incur the actuarial and investment risks associated with the plan. The cost of the plan is therefore not determined by the amount of the contributions payable in the financial period but, rather, is redetermined with reference to demographic and statistical assumptions and wage trends. The methodology used is the projected unit credit method. Accordingly, the Group recognises a liability for the same amount arising from the actuarial estimation, and recognises actuarial gains and losses immediately and in full in the period in which they occur in the statement of comprehensive income through a special equity reserve (in the "Remeasurement reserve"). To determine the amount to be entered in the balance sheet, the fair value of the plan assets is deducted from the current value of the obligation for the defined-benefit plans. This fair value is calculated using the interest rate adopted for discounting back the obligation.

Other long-term benefits and post-employment benefits

Group companies grant employees with other benefits (such as seniority bonuses after a given period of service with the company) that, in some cases, continue to be provided after retirement (for example, medical care). These receive the same accounting treatment as defined-benefit plans, using the projected unit credit method. However, for "Other long-term benefits" net actuarial gains and losses are both recognised to profit or loss immediately and in full as they occur.

Benefits payable for the termination of employment and incentive plans

Termination benefits are recognised as liabilities and expenses when the enterprise is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or to providing termination benefits as a result of an offer made in order to encourage voluntary redundancy. The benefits payable to employees for the termination of employment do not bring any future economic benefit to the enterprise and are therefore recognised immediately as expenses.

Equity compensation benefits

In case the Group uses stock-option and stock-grant plans to compensate the senior management, the theoretical benefit attributable to the recipients is charged to the income statement in the financial periods for which the plan is operative with a contra-item in an equity reserve. The benefit is quantified by measuring at the assignment date the fair value of the assigned instrument, using financial valuation techniques that take account of market conditions and, at the date of each annual report, an updated estimate of the number of instruments expected to be distributed. Vice versa, the fair value calculated at the grant date is not updated in the subsequent recognitions. Any tax or social security obligations fulfilled by the Group as withholding agent on behalf of beneficiaries, if falling under a plan settled through equity instruments, are recognised with a contra-item in an equity reserve, without any effect through profit or loss, as they are considered as equity-settled share-based payment transactions falling under the plan itself. From a financial point of view, such obligations are recognised within cash flow operations.

3.17 Provisions for risks and charges

Provisions for risks and charges are recognised when, at the reporting date, the entity has a present obligation (legal or constructive) to other parties as a result of a past event, and it is probable that, in order to settle the obligation, whose amount can be reliably estimated, an outflow of resources will be required.

The amount reflects the best current estimate of the cost of fulfilling the obligation. The interest rate used to determine the present value of the liability reflects current market rates and includes the additional effects relating to the specific risk associated with each liability. Changes in the estimates are recognised in the income statement of the year in which the change occurs. With regard to some disputes, the information required by IAS 37 "*Provisions, contingent liabilities and contingent assets*" is not reported, in order to not jeopardize the Group position in the context of such disputes or negotiations.

Risks for which the emergence of a liability is merely a possibility are reported in the section in the notes on commitments and risks and no provision is recognised.

The item includes provisions for onerous contracts. For further details reference is made to Note 4.4.

3.18 Leasing

Group entities as lessees

The Group recognises the right-of-use assets and the lease liability for a lease agreement or an agreement that contains a lease component.

Right-of-use assets are valued at cost, net of accumulated amortisation and impairment losses (if any) (Note 3.7), as adjusted by any re-measurement of lease liabilities. The cost includes the value of lease liabilities, any initial direct costs sustained and the lease payments made on the commencement date or before the inception of the same agreement, net of incentives received (if any). Right-of-use assets are amortised on a straight-line basis from the commencement date to until the end of the lease term. If the agreement transfers the ownership of the underlying asset, the Group will amortise the right-of-use assets until the end of the useful life of the underlying asset at the end of the lease term.

Lease liabilities are measured at the present value of the lease payments due and not yet paid as at the commencement date of the agreement. The due payments include fixed payments, net of any lease incentives to be received, variable payments (linked to an index or an interest rate) and the amounts the Group expects to pay as security on the remaining value. Lease payments also include any possible exercise price of a purchase option that is reasonably certain to be exercised by the Group and the payment of penalties that the latter believes it shall incur for any possible early termination of the agreement. The Group restates the lease liabilities in the event of subsequent amendments being made to the agreement.

In calculating the present value of due payments the Group uses the incremental borrowing rate prevailing at the commencement date of the agreement when the implicit interest rate cannot be determined easily.

Group entities as lessors in a finance lease

At the date on which a lease is first recognised, the value of the leased asset is eliminated from the balance sheet and a receivable equal to the net investment in the lease is recognised. The net investment is the sum of the minimum payments plus the residual unguaranteed value discounted at the interest rate implicit in the lease contract. Subsequently, financial income is recognised in the income statement for the duration of the contract in an amount providing a constant periodic rate of return on the lessor's net investment.

The unsecured residual value is reviewed periodically for possible impairment.

Group entities as lessors in an operating lease

Receipts in respect of contracts qualifying as operating leases are recognised in the income statement over the duration of the contract on a straight-line basis.

3.19 Government grants

Once formal authorisation for their assignment has been issued, grants are recognised on an accruals basis in direct correlation with the costs incurred. Specifically, set-up grants are taken to the income statement in direct relation to the depreciation of the relevant goods or projects, and in the balance sheet, grants are recognised as a reduction of the capitalised assets, for the amount not yet recognised to profit or loss. For the analysis of the aspects related to grants under Law 808/1985, reference should be made to Note 4.2.

3.20 Costs

Costs are recorded in compliance with the accrual principle.

3.21 Financial income and expenses

Interest is recognised on an accruals basis using the effective interest-rate method, i.e. the interest rate that results in the financial equivalence of all inflows and outflows (including any premiums, discounts, commissions, etc.) that make up a given operation.

Financial expenses attributable to the acquisition, construction or production of certain assets taking a substantial period of time to get ready for their intended use or sale (qualifying assets) are capitalised together with the related asset.

3.22 Dividends

Dividends are recognised in the income statement as soon as the right to receive payment arises, which is normally when the shareholders' meeting approves the distribution of dividends.

Dividends distributed to Leonardo shareholders are reported as a change in the shareholders' equity and are recognised as liabilities for the period in which their distribution is approved by the Shareholders' Meeting.

3.23 Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use, are classified as held for sale and presented separately in the statement of financial position. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable within one year. If these conditions are met after the year-end, the non-current asset (or disposal group) is not classified as held for sale. However, if these conditions are met after the year-end but before the financial statements are approved for publication, appropriate information is provided in the explanatory notes thereto.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell; the corresponding values of the prior year balance sheet are not reclassified.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, an:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations – whether they have been disposed of or classified as held for sale or under disposal – are presented separately in the income statement, less tax effects. The corresponding values of the prior year, if any, are reclassified and shown separately in the income statement, for comparative purposes, net of tax effect.

3.24 New IFRS and IFRIC interpretations

It should be noted that, as from 1 January 2024, the Amendments to IAS 1 “Presentation of Financial Statements”, IFRS 16 “Leases”, IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” became applicable. Such amendments have no material impact on the Group’s financial statements.

Furthermore, Legislative Decree no. 209 of 27 December 2023, adopted the Council Directive (EU) 2022/2523, which implements as from 1 January 2024 the GloBE rules developed by the OECD in the matter of Global Minimum Tax (also known as Pillar 2). The Leonardo Group has promptly taken steps to ensure proper application of these new rules, also assessing any possible impacts on the income statement which did not appear to be significant. Specifically, the Group valued the applicability of Transitional Safe Harbour schemes and, with respect to almost all of the jurisdictions in which the group entities are located, it has been estimated that at least one of the three tests provided has been met, with the conditions for zeroing Pillar 2 taxes having been satisfied. Even where it is expected that the Transitional Safe Harbour schemes may not apply, no significant risks of exposure to supplementary taxation have been identified.

At the reporting date, the European Commission had endorsed certain standards and interpretations that were not yet compulsory, which will be adopted by the Group in the following financial periods, if applicable. We expect no material effects on the Group’s financial statements deriving from those amendments to standards and interpretations.

There are a number of standards or amendments to existing principles issued by the IASB or new decisions of the International Financial Reporting Interpretations Committee (IFRIC) for which the revision and approval project is still under way.

4. SIGNIFICANT ISSUES AND CRITICAL ESTIMATES BY MANGEMENT

The preparation of the Group's financial statements requires directors to make discretionary assessments, estimates and assumptions that affect revenues, costs, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that will require significant adjustments in the future. The aspects that required greater subjectivity by the directors in making the estimates are described below.

4.1 Research and development costs

This account includes costs related to the application of the results of research or other knowledge in a plan or a project for the production of materials, devices, systems or services that are new or significantly advanced (including higher set-up costs incurred compared to the costs of the asset once fully operating), prior to the start of commercial production or use, for which the generation of future economic benefits can be demonstrated. These costs are amortised according to the units-of-production method, over the period in which the future earnings are expected to be realised for the project itself. The useful life changes according to the business of the company and it exceeds 5 years on average. If such costs fall within the scope of costs defined by Group standards as “non-recurring costs”, they are recognised in a specific item under intangible assets (Note 4.2).

The initial recognition and subsequent assessment of their recoverability require complex estimates by management which estimates are influenced by a number of factors, such as the timeline of the product business plans, the company’s ability to anticipate the commercial success of the new technologies and technological obsolescence.

Research costs, on the other hand, are expensed in the period in which they are incurred.

4.2 Non-recurring costs

“Non-recurring costs” under intangible assets are the costs incurred in designing, prototyping, starting-up and upgrading to the technical and functional specifications of clearly identified potential clients – including higher set-up costs compared to costs for the asset once fully operating –, if they are financed, in particular under Law 808/1985 governing State aids to support the competitiveness of entities operating in the Aeronautics and Defence segments. These costs are shown excluding the benefits collected or to be collected under Law 808/1985 for programmes qualified as functional to national security and similar. The aid under Law 808/1985 is deducted from capitalised costs, and the royalties to be given to the grantor are recognised as the requirements are met (sale of products embedding the technology for which the Law permits aids). For the programmes other than national security programmes and programmes treated as such, the funds received are recognised as “Other liabilities”, making a distinction between the current portion and the non-current portion, based on the date of repayment. In both cases, non-recurring costs are carried among intangible assets and are amortised within job orders on the units-of-production method.

The main capitalised costs are tested for impairment at least once a year until development is complete; after that, as soon as contract prospects change, when expected orders are no longer made or delayed. The impairment test is conducted on assumed sales plans.

The initial recognition and subsequent assessment of the recoverability of these costs require estimates, which are by their own nature complex and marked by a high level of uncertainty as they are influenced by a number of factors, such as the time-line of the product business plans, which in some cases is particularly long, and the company’s ability to anticipate the commercial success of the new technologies. These estimates therefore imply significant assessments by management which take into account the reasonable certainty that funds are received and the effects of time value in the case of deferment over more than one year of the granting of funds.

In the case of programmes that benefit from the provisions of Law 808/1985 and that are classified as functional to national security, the portion of non-recurring costs capitalised, pending the fulfilment of the legal requirements for the recognition of the amount receivable from the Ministry, is shown separately under “other non-current assets”. The related amount is calculated based on an estimate made by management that reflects the reasonable certainty that funds are received and the effects of time value in the case of deferment over more than one year of the granting of funds.

4.3 Hedging long-term contracts against foreign exchange risk

In order to hedge exposure to changes in flows of receipts and payments associated with long-term construction contracts denominated in currencies other than the functional currency, the Group enters into specific hedges for the expected individual cash flows in respect of the contracts. The hedges are entered into at the moment the commercial contracts are finalized, except where the award of the contracts is felt to be highly likely as a result of existing framework contracts. Exchange-rate risk is normally hedged with plain vanilla instruments (forward contracts): in some cases, however, in order to protect the Group against any possible persistent adverse trend in some currencies, the Group might enter into more highly structured operations that, while substantively hedging the positions, do not qualify for hedge accounting under IFRS 9. In these cases, as in all cases where hedges prove to be ineffective, changes in the fair value of such instruments are taken immediately to the income statement as financial items. The effects of this recognition policy are reported in Note 31. Hedges in the former case are reported as cash-flow hedges.

4.4 Estimate of revenues and final costs of long- term contracts

The Group operates in sectors and with contractual arrangements that are especially complex. They are recognised on a percentage-of-completion basis in case the requirements for the revenue recognition over time are met. Margins recognised in the income statement are a function of both the state of progress on performance obligations included in the contracts and the margins that are expected to be recognised for the completed contract.

Any requests for additional considerations arising from contractual changes, including those arising from higher costs incurred for reasons attributable to the customer, shall be incorporated in the total amount of the considerations, if it is highly probable that this will be recognised by the customer, up to the expected value of such recognised amount.

Estimating the expected overall costs of contracts in progress is marked by a high degree of uncertainty as they can be influenced by a number of factors such as the engineering complexity of the products, the ability to precisely fulfil specific technical requests made by customers and to meet the manufacturing timeframe provided for in the contract. Failure to comply with such contractual terms and conditions may imply penalties and extra-costs of a remarkable amount to be considered in estimating total costs. In order to enhance support for management’s estimates, the Group has adopted contract management and risk analysis tools designed to identify, monitor and quantify the risks associated with such contracts. The amounts posted in the financial statements represent management’s best estimate at the reporting date supported by said tools.

In case the reassessment of the economic plans (whole life estimates) during the progress of a contract highlights the presence of elements that make them onerous, the amount of costs considered necessary to fulfil the obligations that is higher than the economic benefits arising from the contract is recognised in full in the financial period in which it becomes reasonably foreseeable and allocated to a “provision for onerous contracts” under provisions for current risks and charges. The reversal of such accruals is recognised as absorption under “Other operating income”.

4.5 Liabilities from defined-benefit pension plans

The Group is sponsor to two UK defined-benefit pension plans and to various US and other minor European plans. It has the obligation to ensure a given level of benefits to the plan participants and carries the risk that the plan assets are not adequate to cover the benefits promised. In case these plans are in a deficit position, the trustee responsible for the management requests the Group to fund the plan.

The deficit resulting from the most updated actuarial valuations made by independent experts is recognised as a liability: these valuations stem from actuarial, demographic, statistical and financial assumptions that can vary over time.

4.6 Impairment of assets

Group assets are tested for impairment at least annually if their lives are indefinite, or more often if there are indications of impairment. Similarly, impairment tests are conducted on all the assets with definite useful life showing signs of impairment, even if the amortisation already commenced.

The recoverable amount is generally based on the value in use calculated according to the Discounted Cash-Flow method, which is characterized by a high level of complexity and the use of estimates, which are by their nature uncertain and subjective in relation with the expected cash flows and the financial parameters used to determine the discount rate.

For these valuations, the Group uses the estimated cash flows based on the plans that have been approved by corporate bodies and financial parameters that are in line with those resulting from the current performance of reference markets. The relevant plans take into account all business assessments of risks related also to technological innovations, emerging global scenarios, customer needs and expected regulatory requirements.

The business plans used in order to assess the recoverability of capitalized assets are prepared by also considering additional investments related to the search for innovative solutions in sustainable business, reduction in emissions and decarbonization. Likewise, any prospective aspects and impacts related to climate change are already considered. Leonardo's plan on these issues is explained in more detail in the "Planet" section of the Report on Operations, to which reference should be made.

Details about the methods for the calculation of the impairment tests are reported in Note 9.

4.7 Disputes

The Group’s operations regard sectors and markets where many disputes, both as petitioner and plaintiff, are settled only after a considerable period of time, especially in cases where the customer is a government entity. In case management deems it probable that following the litigation an outflow of resources, whose amount can be reliably estimated, will be required, this amount that has been discounted in order to consider the timeline for the disbursement, is included in the risk provision. The estimate for the developments of these disputes is particularly complex and requires significant estimates by the management. Disputes where a liability is deemed possible but not probable are shown in the relevant informative section on commitments and risks; against such disputes no allocation is made.

4.8 Risks linked to the impacts from geopolitical tensions

The high tensions due to wars destabilize the global geopolitical equilibrium - elevating the attention on security and defence issues in the political debate and the stated intention of further expanding defence investments in many countries - and could lead to an unstable scenario and to new complexities, with possible medium- and long-term repercussions on Leonardo eligible markets. The Group's exposure is moderate in the areas affected by wars and the management regularly monitors the evolution in the affected territories in order to capture possible changes affecting the geopolitical context that could require a review of the corporate strategies already defined and/or the adoption of safeguards to protect the Group's competitive positioning, investments, corporate performances and resources.

5. EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED

There were no significant changes in the Group's application of accounting standards during the period.

6. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

In January 2024, the Group finalised the amendment to the agreements underlying the Space Alliance with the partner Thales, for the component related to Telespazio. The nature of the amendments made to the shareholders' agreements changed the qualification of the Telespazio Group as a joint venture to a subsidiary and its consequent consolidation on a line-by-line basis on the part of Leonardo. The transaction resulted in a capital gain of approximately €mil. 366 for the Leonardo Group, which was recognised following the fair value measurement of the previously held equity investment in the Telespazio Group and the recognition of goodwill of approximately €mil. 502; for more details, please refer to Note 14 on business combinations.

In May 2024, Leonardo signed a binding agreement to sell the Underwater Armaments & Systems (UAS) line of business to Fincantieri for an amount based on an Enterprise Value comprising a fixed component of €mil. 300, subject to usual price adjustment mechanisms, plus a variable component of up to a maximum amount of €mil. 115, subject to the achievement of certain performance targets for the year 2024. Accordingly, the assets and liabilities related to the UAS business were classified as held for sale; for more details, please refer to Note 33 relating to assets and liabilities held for sale.

On 11 July 2024 there was the completion of the final sale of the equity investment in Industria Italiana Autobus to Seri Industrial S.p.A.. The liabilities emerging as a result of the charges expected from the sale had already been classified as assets and liabilities held for sale in the 2023 Financial Statements; for more details, please refer to Note 33 relating to assets and liabilities held for sale.

In September 2024 Leonardo acquired an additional 35% of GEM Elettronica Srl, for a consideration of about €mil. 16. Following the completion of the transaction, Leonardo SpA now holds 65% of the quota capital and has acquired control over the company. Consequently, the company was consolidated on a line-by-line basis as from the date of acquisition. Leonardo will also be entitled to acquire an additional 35% within 3 years. The transaction resulted in a capital gain of approximately €mil. 5 for the Leonardo Group, which was recognised following the fair value measurement of the previously held quota in GEM and the recognition of goodwill for about €mil. 16; for more details, please refer to Note 14 on business combinations.

With reference to the termination for default due to alleged delays and non-compliance formalised in June 2022 by client Agency of the Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, a company whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties had commenced an out-of-court mediation process in April 2023, which ended unsuccessfully in May 2024; on 24 May 2024, NDMA sued NHI and its parent companies before the Oslo Court. NHI submitted its defence arguments and counterclaim. The parties agreed to join a new mediation process led by the Oslo Court, the first phase of which ended in early 2025 and the second phase will continue to June 2025. The NHI position, confirmed by Leonardo, relating to the litigation as reported in the Financial Statements at 31 December 2023, remains unchanged, considering this request to be legally ungrounded and reasonably disputable in the appropriate forum. For further details, see Note 22 relating to the provisions for risks and contingent liabilities.

With reference to the arbitration proceedings involving - on the one hand - Leonardo S.p.a. and PSC S.p.A. (jointly defined, as an unincorporated joint venture, “LP”) and - on the other hand - Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. (jointly defined, as an unincorporated joint venture, “GSIC”), after the double transaction occurred at the end of June 2024 related to both the arbitration proceedings against the general contractor GSIC and the dispute brought before the Court of Rome against PSC, Leonardo obtained a considerable part of the sum recognised in the arbitration award, in exchange for the waiver of any further action and/or claim between the parties relating to the award itself, recognising charges for the remainder and for legal and accessory expenses.

With reference to the contract entered into with Nav Canada on 21 July 2015, amended in 2019, for the supply of goods and the provision of services related to the replacement of 12 radar systems at as many sites (“Terminal Surveillance Radar (TSR) Replacement Project”), following the notice of termination sent by the customer in March 2024, on 2 August 2024 the parties reached a settlement agreement based on which Leonardo accounted for charges in respect of the remaining values in the net working capital.

With reference to the period under comparison, in November 2023 Leonardo S.p.A., through its sub-holding company Leonardo US Holding, LLC, (“LUSH”) had finalised the sale, in the U.S. market, involving a minority stake in Leonardo DRS (“DRS”), equal to approximately 7.9% of the issued ordinary shares of DRS as of the date of the transaction, at a price of USD17.75 per share and resulting, for Leonardo US Holding, LLC, in proceeds net of transaction costs of approximately USDmil. 352.

Again during 2023, the Group had completed the sale of the ATM business unit of the US company Selex ES, LLC to Indra Air Traffic, Inc., wholly owned by the Spanish company Indra Sistemas S.A., for an amount of, net of costs of disposal, around USDmil. 37. As a result of this transaction, the Group had recognised a capital gain of about €mil. 10.

Furthermore, in May 2023 supplements had been made to the agreement for early retirement under art. 4 of Law 92/2012 (Fornero Act) - up to a maximum of 490 employees and executives working in the Corporate and Staff functions of Leonardo SpA, Leonardo Global Solutions and Leonardo Logistics, entailing the recognition of additional charges for €mil. 20.

7. SIGNIFICANT POST-BALANCE SHEET EVENTS

With reference to the binding agreement for the sale of the Underwater Armaments & Systems (UAS) line of business, signed in May 2024, on 14 January 2025 the closing of the transaction took place with Fincantieri paying Leonardo the first tranche of the acquisition price, equal to €mil. 287.

As part of the agreement between Leonardo and Rheinmetall with the aim of forming a new European nucleus for the development and production of military combat vehicles in Europe, on 24 February 2025 the parties established Leonardo Rheinmetall Military Vehicles S.r.l., equally held by the two partners.

On 10 January 2025, in relation to the AW169 helicopter crash that occurred near King Power Stadium in Leicester City on 27 October 2018, as a result of which the five people on board died, including the then President of Leicester City Football Club, the law firm assisting the latter's family publicly announced, in advance, the filing of a writ of summons with the “Technology and Construction Court,” a specialist division of the High Court of England and Wales, for compensation for the damage suffered as a result of the alleged defectiveness of the helicopter in the amount of GBPbil. 2.15 (€bil. 2.6). To date, Leonardo has not yet been served with any writ of summons. On the basis of information that is available to date, supported by the appointed legal counsels and in close collaboration with the insurance companies involved, Leonardo does not believe that a liability may arise against it.

8. SEGMENT INFORMATION

The Divisions and companies through which the Group operates are aggregated, for the purposes of internal and external reporting, into the six business sectors of reference: Helicopters, Defence Electronics and Security, Cyber Security & Solutions, Aircraft, Aerostructures and Space. The segment of Other activities includes the Corporate and remaining activities. It should be noted that, until the 2023 financial statements, the Defence Electronics and Security and Cyber Security & Solutions Sectors were aggregated into the single Defence Electronics and Security Sector, which was subsequently spun off to provide a representation of the Group performance increasingly aligned with the underlying corporate strategies and business trends. The 2023 figures have therefore been restated consistently in the comparative disclosure.

The Group assesses the performance of its operating segments and the allocation of its financial resources on the basis of revenue and EBITA (please also see the paragraph on "NON-GAAP Alternative Performance Indicators" included in the Report on Operations). As extensively described in the report on operations, in order to provide an integrated view of Leonardo's operational performance in the sectors in which it operates, the Group has revised, as from the current year, the composition of EBITA in order to bring the treatment of the results of operations of strategic investees into line with that applicable to subsidiaries. Specifically, the share of net result of strategic investees, which is already recognised within the Group's EBITA as part of their valuation at equity, now no longer includes any non-recurring, extraordinary or non-routine items in the income statement; in line with Leonardo's policies and the approach already applied to companies consolidated on a line-by-line basis, these items are deducted from EBITA in order to show profit margins that are not affected by volatility elements. This change, as part of a strategy that is increasingly oriented toward the centrality of international alliances, which represent for Leonardo an integral part in the conduct of its core business, is aimed at reflecting in the Group's key earnings indicators a contribution from strategic investees that is representative of their operational performance and Leonardo's profit margins that best reflect its international positioning in the sectors in which it operates.

As a result of the revision described above, impacting also EBITDA and the performance indicators ROS and ROI, the figures for the comparative period are provided in restated form. The reclassification has no effects on other NON-GAAP performance indicators.

For the purpose of a correct interpretation of the information provided we note that the results of the strategic Joint Ventures and associates have been included within the EBITA of the sectors to which these JVs and associates belong; conversely, these sectors do not reflect the relevant share of revenue.

The results for the operating sectors at 31 December 2024, as compared to 2023, are as follows:

31 December 2023	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Eliminations	Total
Revenues	4,725	6,955	594	2,938	636	-	760	(1,317)	**15,291**
Inter-segment revenues (*)	(7)	(698)	(56)	(69)	(89)	-	(398)	1,317	-
Third party revenues	**4,718**	**6,257**	**538**	**2,869**	**547**	**-**	**362**	**-**	**15,291**
EBITA (**)	422	840	36	419	(151)	20	(269)	-	**1,317**
Investments (***)	279	266	12	81	67	-	154	-	**859**
Non-current assets (****)	4,076	3,969	96	719	289	-	1,008	-	**10,157**

31 December 2024	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Eliminations	Total
Revenues	5,249	7,758	648	2,861	746	906	1,007	(1,412)	**17,763**
Inter-segment revenues (*)	(5)	(700)	(65)	(131)	(89)	(10)	(412)	1,412	-
Third party revenues	**5,244**	**7,058**	**583**	**2,730**	**657**	**896**	**595**	**-**	**17,763**
EBITA	465	1,014	49	417	(151)	31	(300)	-	**1,525**
Investments (***)	306	323	13	89	48	31	164	-	**974**
Non-current assets (****)	4,320	4,020	151	815	278	948	1,068	-	**11,600**

(*) Inter-segment revenue includes revenue among Group consolidated undertakings belonging to various business sectors.
(**) Restated figure.
(***) Investments relate to intangible assets and property, plant and equipment as well as to investment property (net of grants ascertained on these items).
(****) The share of fixed assets refers to intangible and tangible assets, as well as investment property.

The reconciliation of EBITA, EBIT and earnings before income taxes and financial expense for the periods concerned is shown below:

2023	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Total
EBITA (*)	**422**	**840**	**36**	**419**	**(151)**	**20**	**(269)**	**1,317**
Amortisation of intangible assets acquired as part of business combinations	(5)	(45)	(1)	-	-	-	-	**(51)**
Restructuring costs	(1)	(20)	(1)	(2)	(18)	(4)	(17)	**(63)**
Non-recurring income/(expenses)	(44)	(13)	(47)	-	(14)	-	-	**(118)**
EBIT	**372**	**762**	**(13)**	**417**	**(183)**	**16**	**(286)**	**1,085**
Equity-accounted strategic investments	-	(126)	-	-	(12)	(16)	-	**(154)**
Income before tax and financial expenses	**372**	**636**	**(13)**	**417**	**(195)**	**-**	**(286)**	**931**

2024	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Total
EBITA	**465**	**1,014**	**49**	**417**	**(151)**	**31**	**(300)**	**1,525**
Amortisation of intangible assets acquired as part of business combinations	(5)	(45)	(1)	-	-	(21)	-	**(72)**
Restructuring costs	(1)	(10)	(5)	(4)	-	(21)	6	**(35)**
Non-recurring income/(expenses)	-	(66)	(32)	-	(36)	(2)	(11)	**(147)**
EBIT	**459**	**893**	**11**	**413**	**(187)**	**(13)**	**(305)**	**1,271**
Equity-accounted strategic investments	-	(162)	-	-	12	59	-	**(91)**
Income before tax and financial expenses	**459**	**731**	**11**	**413**	**(175)**	**46**	**(305)**	**1,180**

(*) Restated figure.

Below is the breakdown of revenue by geographical area (based on the customer's home country) and relevant sector:

31 December 2023	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Eliminations	Total
Italy	1,003	1,453	378	490	80	-	465	(1,182)	**2,687**
United Kingdom	490	1,167	91	-	6	-	5	(108)	**1,651**
Rest of Europe	1,142	1,051	19	1,083	169	-	284	(16)	**3,732**
United States of America	459	2,663	32	493	313	-	-	(6)	**3,954**
Rest of the world	1,631	621	74	872	68	-	6	(5)	**3,267**
Revenues	**4,725**	**6,955**	**594**	**2,938**	**636**	**-**	**760**	**(1,317)**	**15,291**
Inter-segment revenues (*)	(7)	(698)	(56)	(69)	(89)	-	(398)	1,317	-
Third party revenues	**4,718**	**6,257**	**538**	**2,869**	**547**	**-**	**362**	**-**	**15,291**

31 December 2024	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Eliminations	Total
Italy	1,052	1,631	390	654	87	221	654	(1,447)	**3,242**
United Kingdom	747	1,339	109	-	11	58	9	(94)	**2,179**
Rest of Europe	1,324	1,085	31	998	207	571	489	(23)	**4,682**
United States of America	311	2,902	39	503	368	6	13	(10)	**4,132**
Rest of the world	1,815	801	79	706	73	50	(158)	162	**3,528**
Revenues	**5,249**	**7,758**	**648**	**2,861**	**746**	**906**	**1,007**	**(1,412)**	**17,763**
Inter-segment revenues (*)	(5)	(700)	(65)	(131)	(89)	(10)	(412)	1,412	-
Third party revenues	**5,244**	**7,058**	**583**	**2,730**	**657**	**896**	**595**	**-**	**17,763**

(*) Inter-segment revenue includes revenue among Group consolidated undertakings belonging to various business sectors.

Below is the breakdown of fixed assets (intangible assets, property, plant and equipment and investment property) according to the geographical area in which the Group companies are based:

	31 December 2023	31 December 2024
Italy	5,512	6,595
United Kingdom	1,744	1,833
Rest of Europe	676	772
United States of America	2,206	2,376
Rest of the world	19	24
	10,157	**11,600**

9. INTANGIBLE ASSETS

	Goodwill	Development costs	Non-recurring costs	Concessions, licences and trademarks	Acquired through business combinations	Other intangible assets	Total
1 January 2023							
Cost	6,742	1,862	2,580	709	1,524	628	**14,045**
Depreciation	-	(784)	(588)	(466)	(1,169)	(432)	**(3,439)**
Impairment losses	(2,817)	(135)	(218)	-	-	(26)	**(3,196)**
Carrying amount	**3,925**	**943**	**1,774**	**243**	**355**	**170**	**7,410**
Investments (net of grants)	-	146	88	8	-	73	**315**
Sales	-	-	-	-	-	-	**-**
Amortisation	-	(31)	(54)	(28)	(35)	(40)	**(188)**
Impairment losses	-	(4)	(25)	-	-	-	**(29)**
Other changes	(26)	81	6	20	(3)	(21)	**57**
31 December 2023	**3,899**	**1,135**	**1,789**	**243**	**317**	**182**	**7,565**
broken down as follows:							
Cost	6,626	2,083	2,674	733	1,493	663	**14,272**
Depreciation	-	(815)	(642)	(490)	(1,176)	(458)	**(3,581)**
Impairment losses	(2,727)	(133)	(243)	-	-	(23)	**(3,126)**
Carrying amount	**3,899**	**1,135**	**1,789**	**243**	**317**	**182**	**7,565**
Investments (net of grants)	-	156	146	14	-	97	**413**
Sales	-	-	-	-	-	-	**-**
Amortisation	-	(56)	(57)	(36)	(55)	(53)	**(257)**
Impairment losses	-	(7)	(43)	-	-	-	**(50)**
Increase for business combinations	518	4	-	1	352	27	**902**
Other changes	120	(15)	22	38	12	(22)	**155**
31 December 2024	**4,537**	**1,217**	**1,857**	**260**	**626**	**231**	**8,728**
broken down as follows:							
Cost	7,421	2,193	2,843	783	1,921	947	**16,108**
Depreciation	-	(838)	(699)	(525)	(1,295)	(692)	**(4,049)**
Impairment losses	(2,884)	(138)	(287)	2	-	(24)	**(3,331)**
Carrying amount	**4,537**	**1,217**	**1,857**	**260**	**626**	**231**	**8,728**

	Non-recurring costs
31 December 2023	
Gross value	4,828
Grants	3,039
31 December 2024	
Gross value	4,880
Grants	3,023

The investments for the period are stated net of related grants. Commitments were in place for the purchase of intangible assets for €mil. 23 at 31 December 2024 (€mil. 21 at 31 December 2023). The impairment of non-recurring costs mainly refers to write-downs linked to programmes in the Aircraft sector.

As set out in Note 4.1 of the consolidated financial statements, to which reference is made, development costs and non-recurring charges are tested for impairment, if the conditions obtain, using the discounted cash flow method. The cash flows used are those under the product business plan, as discounted on the basis of a weighted-average cost of capital (WACC) basis calculated using the Capital Asset Pricing Model method.

Goodwill

Goodwill is allocated to the Cash Generating Units (CGUs) or to groups of CGUs concerned, which are determined on the basis of the Group's organisational, management and control structure, which coincides, as is known, with six business segments. Compared to 31 December 2023, the CGUs to which goodwill is allocated were affected by the separation of the Defence Electronics and Security and Cyber & Security Solutions Sectors, carried out with the aim of providing a representation of the Group's performance in increasing consistency with the underlying business strategies and business trends, which had been aggregated until the 2023 Financial Statements under the single Defence Electronics and Security Sector and which are now recognised separately. Goodwill previously allocated to "Defence Electronics and Security - Leonardo Divisions" has consequently been attributed to the two CGUs based on relative fair values.

Below is the breakdown of goodwill by CGU at 31 December 2024 and 2023:

	31 December 2023		31 December 2024	
Helicopters		**1,255**		**1,277**
Defence Electronics & Security		**2,584**		**2,613**
DRS	1,591		1,692	
Leonardo Divisions	993		921	
Cyber & Security Solutions		n.a.		**85**
Aircraft		**60**		**60**
Space		-		**502**
		3,899		**4,537**

The net increase compared to 31 December 2023 was mainly due to the corporate transactions carried out during 2024 and translation differences, which are affected by the positive effect achieved on assets denominated in USD and GBP.

With reference to corporate transactions, following the consolidation of the Telespazio Group, for more details of which please refer to Note 14 on "business combinations", the purchase price allocation process resulted in the recognition of goodwill, in the Space CGU, amounting to approximately €mil. 502, as well as intangible assets acquired through industrial combinations amounting to approximately €mil. 349. The 2024 financial year also saw the first consolidation of GEM Elettronica Srl, (details can be found in Note 14 "business combinations"), whose purchase price allocation process, provisional and which has not yet been completed, gave rise to a preliminary goodwill of approximately €mil. 16, included in the Defence Electronics and Security CGU – Leonardo Divisions. Finally, a portion of the goodwill previously allocated to the CGU Defence Electronics & Security – Leonardo Division, amounting of approximately €mil. 40, has been attributed to the *Underwater Armaments & Systems* (UAS) business, classified as held for sale in the consolidated financial statement as at 31th December 2024. For more details, please refer to Note 33 relating to assets and liabilities held for sale.

Goodwill is subject to impairment testing to determine any loss in value. This is done by individual CGU by comparing the carrying amount with the greater of the value in use of the CGU and amount recoverable by sale (fair value). The Group has established an operational hierarchy between calculating the fair value net of transaction costs and value in use, where the value in use is estimated first, and then only after, if it is lower than the carrying value, is the fair value net of transaction costs determined. In particular, the value in use is measured by the unlevered discounting of the cash flows resulting from the Group's five-year business plans prepared by the management of the CGUs and incorporated into the plan approved by Leonardo's Board of Directors, projected beyond the explicit time horizon covered by the plan according to the perpetuity growth method (terminal value), using growth rates ("g-rate") no greater than those forecast for the markets in which the given CGU operates. The cash flows used were those provided for in the plans adjusted to exclude the effects of future business restructurings, if any, not yet approved, or future investments for improving future performance. Specifically, these cash flows are those generated before financial expense and taxes – determined on a notional basis, and include investments in capital assets and monetary changes in working capital, while excluding cash flows from financial management, extraordinary events or the payment of dividends. The underlying macro-economic assumptions were made on the basis of external information sources, where available, while the profitability and growth estimates used in the plans were calculated by management based on past experience and future developments in the Group's markets.

These cash flows are discounted on a weighted-average cost of capital (WACC) basis calculated using the Capital Asset Pricing Model method. The following factors were taken into account in calculating WACCs, which were also determined by using the data referable to the main competitors operating in each sector:

- the risk-free rate was determined using the 10- and 20-year gross yield of government bonds of the geographic market of the CGU;
- the market premium, determined using computations of external providers;
- the sector beta;
- the cost of debt;
- the debt/equity ratio.

The growth rates used to project the CGU's cash flows beyond the explicit term of the plan were instead estimated by making reference to the growth assumptions of the individual sectors in which said CGUs operate. These assumptions are based on the internal processing of external sources, making reference to a period of time that is usually ten years. The g-rates used for the purposes of the impairment test were equal to 2%, consistently with the actions taken in previous financial years, even in the presence of higher expected growth rates in some sectors.

The mostly important assumptions for the purposes of estimating the cash flows used in determining the value in use are:

- WACC;
- g-rate;
- ROS;
- the trend in Defence budgets.

In estimating these assumptions, the management made reference, in the case of external variables, to internal information processed on the basis of external surveys, as well as on its knowledge of the markets and of the specific contractual situations.

The following WACCs and (nominal) growth rates were used at 31 December 2024 and 2023:

	31 December 2023		31 December 2024	
	Wacc	*g-rate*	Wacc	*g-rate*
Helicopters	9.3%	2.0%	8.9%	2.0%
Defence Electronics & Security				
DRS	8.5%	2.0%	9.0%	2.0%
Leonardo Divisions	8.2%	2.0%	7.8%	2.0%
Cyber & Security Solutions	n.a.	n.a.	8.6%	2.0%
Aircraft	9.2%	2.0%	8.6%	2.0%
Space	n.a.	n.a.	7.7%	2.0%

Tests made on CGUs where goodwill was allocated revealed no signs of impairment but showed, on the contrary, significant positive margins (headroom). The results of the tests were subjected to sensitivity analysis, taking as reference those assumptions for which it is reasonable to believe that their change could significantly modify the results of the test. In this regard, it should be noted that in all the CGUs where goodwill was allocated the large positive margins recorded are such that they cannot be significantly modified by changes in the assumptions described; however, for information purposes the results for all CGUs are reported below. The table below shows for the 2024 and 2023 financial years the positive margin relating to the base scenario, compared with the results of the following sensitivity analyses: (i) increase in the Wacc used to discount cash flows on all CGUs by 50 basis points, the other conditions remaining equal; (ii) reduction in the growth rate in the calculation of terminal value by 50 basis points, the other conditions remaining equal; (iii) reduction in operating profitability applied to terminal value by half a point, the other conditions remaining equal.

31 December 2023	Margin (base case)	Margin post sensitivity		
		Wacc	*g-rate*	ROS TV
Helicopters	962	637	712	780
Defence Electronics & Security				
DRS (USD millions)	2,951	2,528	2,638	2,790
Leonardo Divisions	9,203	8,276	8,466	8,902
Cyber & Security Solutions	n.a.	n.a.	n.a.	n.a.
Aircraft	5,842	5,535	5,606	5,707
Space	n.a.	n.a.	n.a.	n.a.

31 December 2024	Margin (base case)	Margin post sensitivity		
		Wacc	*g-rate*	ROS TV
Helicopters	2,063	1,635	1,730	1,832
Defence Electronics & Security				
DRS (USD millions)	3,371	2,954	3,054	3,203
Leonardo Divisions	7,225	6,456	6,604	6,930
Cyber & Security Solutions	1,047	951	971	1,003
Aircraft	7,049	6,616	6,711	6,887
Space	652	507	535	590

In comparison with the results of the tests conducted in previous year, the margin related to the Defence Electronics & Security CGU – Leonardo Divisions was affected by the spin-off of the Cyber Security & Solutions business, included in the CGU in 2023 and recognised separately starting from 2024, and UAS business, classified as held for sale (for more details, please refer to Note 33).

Development costs and non-recurring charges

Investments in "Development costs" mainly refer to the Helicopters and Defence Electronics and Security sectors (€mil. 107 and €mil. 45, respectively). The increase in "Non-recurring charges" mainly refers to the Helicopters sector for €mil. 81, the Aircraft sector for €mil. 45 and the Defence Electronics and Security sector for €mil. 19). Total investments were affected by the grants received during the year, recognised as a decrease in the related item. As regards programmes that already benefit from the provisions of Law 808/85 and that are classified as functional to national security, the portion of capitalised non-recurring costs, pending the fulfilment of the legal requirements for the classification under receivables, is separately disclosed under other non-current assets (Note 13). Receivables for grants assessed by the grantor in relation to capitalised costs (shown here net of the related grants) are illustrated in Note 28.

Impairment for the year mainly related to impairment losses on Aircraft programmes. Impairment tests of non-recurring costs and development costs are performed on the most significant programmes in terms of capitalisation or risk or when impairment indicators emerge. They are carried out – if conditions obtain- using the discounted cash flow method. The cash flows used are those of the product business plans, discounted on the basis of a WACC rate determined by applying the Capital Asset Pricing Model. As noted in the section on accounting policies, product business plans include any investments related to climate change issues; for more details, please refer to Note 39.

Total research and development costs, comprising also "Development costs" and "Non-recurring charges" just mentioned, are equal to €mil. 2,490.

Other items of intangible assets

"Concessions, licences and trademarks" include in particular the value of licenses acquired in previous years in the Helicopters sector. With regard to the full acquisition of the AW609 programme, this value also comprises the estimated variable fees which will be due to Bell Helicopter on the basis of the commercial performance of the programme (Note 24).

Below is a breakdown of the intangible assets acquired as part of business combinations:

	31 December 2023	31 December 2024
Know-how	134	122
Trademarks	39	38
Backlog and commercial positioning	144	466
	317	**626**

The net increase compared to 31 December 2023 was mainly due to the consolidation of the Telespazio Group - for more details, please refer to Note 14 on "business combinations" - whose purchase price allocation process resulted in the recognition of intangible assets acquired through industrial combinations, amounting to approximately €mil. 349, related to commercial backlog and positioning.

The item "Other intangible assets" mainly includes software, intangible assets under development and advances.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Equipment	Other tangible assets	Total
1 January 2023					
Cost	1,689	1,775	2,539	1,879	**7,882**
Amortisation, depreciation and write-offs	(827)	(1,395)	(2,164)	(1,128)	**(5,514)**
Carrying amount	**862**	**380**	**375**	**751**	**2,368**
Investments	11	23	58	451	**543**
Sales	(1)	(1)	-	(17)	**(19)**
Depreciation	(51)	(82)	(92)	(63)	**(288)**
Impairment losses	-	(3)	(10)	(2)	**(15)**
Other changes	122	98	58	(319)	**(41)**
31 December 2023	**943**	**415**	**389**	**801**	**2,548**
broken down as follows:					
Cost	1,807	1,877	2,640	1,955	**8,279**
Amortisation, depreciation and write-offs	(864)	(1,462)	(2,251)	(1,154)	**(5,731)**
Carrying amount	**943**	**415**	**389**	**801**	**2,548**
Investments	6	38	55	462	**561**
Sales	(3)	(2)	(1)	(1)	**(7)**
Depreciation	(58)	(87)	(98)	(67)	**(310)**
Impairment losses	-	-	(5)	(5)	**(10)**
Increase for business combinations	18	32	2	15	**67**
Other changes	84	100	46	(245)	**(15)**
31 December 2024	**990**	**496**	**388**	**960**	**2,834**
broken down as follows:					
Cost	1,947	2,337	2,747	2,181	**9,212**
Amortisation, depreciation and write-offs	(957)	(1,841)	(2,359)	(1,221)	**(6,378)**
Carrying amount	**990**	**496**	**388**	**960**	**2,834**

The 2024 investments were related to the sectors of Defence Electronics and Security for €mil. 220, Aircraft for €mil. 35, Aerostructures for €mil. 47, Helicopters for €mil. 91, Cyber Security & Solutions for €mil. 9, Space for €mil. 24, and Other Activities for €mil. 135.

"Other tangible assets" also include the value of tangible assets under construction (€mil. 475 at 31 December 2024 and €mil. 399 at 31 December 2023).

Purchase commitments of property, plant and equipment were recorded in the amount of €mil. 233 at 31 December 2024 (€mil. 217 at 31 December 2023).

The future receipts attributable to operating leases were equal to €mil. 1 between 2 and 5 years (€mil. 2 at 31 December 2023, of which €mil. 1 between 2 and 5 years).

11. RIGHTS OF USE

	Right of use of land and buildings	Right of use of plant and machinery	Right of use of other tangible assets	Total
1 January 2023				
Cost	728	28	84	**840**
Amortisation, depreciation and write-offs	(235)	(11)	(58)	**(304)**
Carrying amount	**493**	**17**	**26**	**536**
New Contract submission	74	6	12	**92**
Closing and contract modifications	43	-	5	**48**
Depreciation	(73)	(5)	(15)	**(93)**
Increase for business combinations	-	-	-	**-**
Other changes	(23)	-	-	**(23)**
31 December 2023	**514**	**18**	**28**	**560**
broken down as follows:				
Cost	809	33	76	**918**
Amortisation, depreciation and write-offs	(295)	(15)	(48)	**(358)**
Carrying amount	**514**	**18**	**28**	**560**
New Contract submission	29	3	18	**50**
Closing and contract modifications	20	-	-	**20**
Depreciation	(75)	(6)	(15)	**(96)**
Increase for business combinations	26	3	3	**32**
Other changes	13	-	(1)	**12**
31 December 2024	**527**	**18**	**33**	**578**
broken down as follows:				
Cost	905	47	94	**1,046**
Amortisation, depreciation and write-offs	(378)	(29)	(61)	**(468)**
Carrying amount	**527**	**18**	**33**	**578**

During 2024 this item showed an increase due to the signature of new contracts and to the changes in existing contracts.

The leases with a term of less than 12 months and those concerning assets of modest value were recognised among “costs for purchases” (Note 29).

At 31 December 2024 there were no lease commitments. Short-term lease commitments amounted to €mil. 8 (€mil. 3 in 2023).

12. EQUITY INVESTMENTS AND SHARE OF PROFITS (LOSSES) OF EQUITY-ACCOUNTED INVESTEES

	2023			2024		
	Equity investments	Risk provisions	Total	Equity investments	Risk provisions	Total
Strategical investments	1,787		1,787	1,561		1,561
Joint venture not individually material:	70	(7)	63	79	(7)	72
- Rotorsim Srl	*38*		*38*	*39*		*39*
- Polo Strategico Nazionale SpA	*9*		*9*	*10*		*10*
- Closed Joint Stock Company Helivert		*(7)*	*(7)*		*(7)*	*(7)*
- Orizzonte - Sistemi navali	*18*		*18*	*18*		*18*
- Other minor	*5*	*-*	*5*	*12*		*12*
Associates not individually material	230	(1)	229	237	(4)	233
	2,087	**(8)**	**2,079**	**1,877**	**(11)**	**1,866**

The Group operates in certain sectors also through entities jointly controlled with third parties and valued under the equity method, since they qualify as joint ventures.

Below are reported the joint ventures considered material in terms of volumes and from a strategic viewpoint for the Group:

Company name	Nature of the relations	Main operating location	Registered office	Ownership %
Thales Alenia Space Group	JV with Thales, among the main European leaders in the satellite systems and at the forefront of orbit infrastructures	Toulouse, France	Cannes, France	33%
GIE ATR	JV with Airbus Group, among the global leaders in regional turboprop aircraft with a capacity of between 50 and 70 seats	Toulouse, France	Toulouse, France	50%
MBDA Group	JV with Airbus Group and BAE Systems (through the parent AMSH BV), among the world leaders in missiles and missile systems	Paris, France	Paris, France	25%

With reference to the Space Alliance, which univocally regulates the governance of Telespazio and Thales Alenia Space, it should be noted that at the beginning of 2024 Leonardo and Thales signed an amendment which modified the originally agreed arrangements with regard to the Telespazio Group. The conclusions reached as a result of the in-depth analysis and judgment applied by management resulted in its consolidation by the Leonardo Group as from financial year 2024, in application of the provisions of IFRS 10; for more details, please refer to Note 14 on business combinations.

On the basis of the agreements in place until 31 December 2023, the Group had instead determined, following in-depth analyses of the “Space Alliance” shareholders' agreements, that both companies should be regarded as joint ventures.

As regards the associates, the Leonardo Group considered the investment in Hensoldt as a key investment which, given its relevance, is comparable to that in the Strategic Joint Ventures from both a strategic and economic standpoint. Below is some relevant information concerning the company:

Company name	Nature of the relations	Main operating location	Registered office	Ownership %
Hensoldt Group	Associate	Taufkirchen, Germany	Taufkirchen, Germany	22.8%

Accordingly, the company's economic and financial data are reported below, in the same way as any other strategic Joint Venture, in accordance with the provisions of IFRS12:

	31 December 2023					
	Telespazio (JV)	Thales Alenia Space (JV)	MBDA (throught AMSH BV) (JV)	GIE ATR (JV)	Hensoldt	Total
Non-current assets	388	2,020	3,022	244	1,405	
Current assets	441	1,788	10,111	802	2,155	
- of which cash and cash equivalent	23	10	348	9	802	
Non-current liabilities	93	247	39	184	1,266	
- of which non-current financial liabilities	39	-	17	71	631	
Current liabilities	392	1,981	11,457	680	1,470	
- of which current financial liabilities	25	229	749	61	30	
NCI net equity (100%)	18	-	(1)	-	16	
Group net equity (100%)	326	1,580	1,638	182	808	
Revenues (100%)	701	2,184	4,451	1,052	1,847	
Amortisation, depreciation and impairment losses (100%)	26	65	196	47	120	
Financial income (expenses) (100%)	1	(26)	155	(6)	(72)	
Income taxes (100%)	(16)	(21)	(146)	(3)	(35)	
Profit (loss) from continuing operations (100%)	43	(45)	497	24	54	
Profit (loss) from discontinued operations, net of taxes (100%)	-	-	-	-	-	
Other comprehensive income (expenses) (100%)	(2)	10	(51)	(6)	(50)	
Total comprehensive income (expenses) (100%)	**41**	**(35)**	**446**	**18**	**4**	
% Groups' interest in equity at 1 January	213	578	384	100	152	**1,427**
% Groups' interest in profit (loss) from continuing operations	29	(15)	124	12	12	162
% Groups' interest in other comprehensive income (expenses)	(1)	3	(13)	(3)	(11)	(25)
% Groups' interest in total comprehensive income (expenses)	**28**	**(12)**	**111**	**9**	**1**	**137**
Dividends received	(23)	(44)	(85)	(16)	(8)	(176)
Subscriptions and capital increases (decrease)					55	55
Acquisitions					(14)	(14)
Exchange differences and other movements	1			(2)	(2)	(3)
% Groups' interest in equity at 31 December	**219**	**522**	**410**	**91**	**184**	**1,426**
Consolidation adjustments	1	(208)	116		452	361
Equity investments at 31 December	**220**	**314**	**526**	**91**	**636**	**1,787**
% Groups' interest in profit (loss)	29	(15)	124	12	12	162
Consolidation adjustments	-	2	-	-	(10)	(8)
Share of profits (losses) of equity-accounted investees	**29**	**(13)**	**124**	**12**	**2**	**154**

	31 December 2024					
	Telespazio (JV)	Thales Alenia Space (JV)	MBDA (throught AMSH BV) (JV)	GIE ATR (JV)	Hensoldt	**Total**
Non-current assets		2,033	3,734	226	2,289	
Current assets		2,032	12,766	805	2,407	
- of which cash and cash equivalent		*6*	*302*	*30*	*733*	
Non-current liabilities		267	79	164	1,927	
- of which non-current financial liabilities		*-*	*7*	*39*	*1,085*	
Current liabilities		2,429	14,556	682	1,883	
- of which current financial liabilities		*587*	*741*	*54*	*95*	
NCI net equity (100%)		-	1	-	14	
Group net equity (100%)		1,369	1,864	185	872	
Revenues (100%)		2,168	4,913	1,100	2,240	
Amortisation, depreciation and impairment losses (100%)		60	193	87	157	
Financial income (expenses) (100%)		(63)	235	(2)	(68)	
Income taxes (100%)		(35)	(183)	(2)	(12)	
Profit (loss) from continuing operations (100%)		(184)	588	(23)	108	
Profit (loss) from discontinued operations, net of taxes (100%)		-	-	-	-	
Other comprehensive income (expenses) (100%)		(5)	53	38	5	
Total comprehensive income (expenses) (100%)		**(189)**	**641**	**15**	**113**	
% Groups' interest in equity at 1 January	219	522	410	91	184	1,426
% Groups' interest in profit (loss) from continuing operations		(61)	147	(12)	25	99
% Groups' interest in profit (loss) from discontinued operations, net of taxes		-	-	-	-	-
% Groups' interest in other comprehensive income (expenses)		(2)	13	19	1	31
% Groups' interest in total comprehensive income (expenses)		**(63)**	**160**	**7**	**26**	**130**
Dividends received		(9)	(102)	(11)	(11)	(133)
Subscriptions and capital increases (decrease)						-
Acquisitions						-
Effect of change in control	(219)					(219)
Exchange differences and other movements		2	(1)	5		6
% Groups' interest in equity at 31 December	**-**	**452**	**467**	**92**	**199**	**1,210**
Consolidation adjustments	-	(206)	116		441	351
Equity investments at 31 December	**-**	**246**	**583**	**92**	**640**	**1,561**
% Groups' interest in profit (loss)		(61)	147	(12)	25	99
Consolidation adjustments		2	-	-	(10)	(8)
Share of profits (losses) of equity-accounted investees		**(59)**	**147**	**(12)**	**15**	**91**

The recoverability of the carrying amount of investments is verified, when conditions obtain, also through impairment tests. With regard to Hensoldt AG, listed on the Frankfurt Stock Exchange, below is reported a comparison of the value of the equity investment and the average market price in December:

Listed entity	No. shared owned	Stock Exchange		Equity Investment
		€ per unit	Total €mil.	€mil.
Hensoldt AG	26,355,000	35.28	930	640

	31 December 2023		31 December 2024	
	Other JV not individually material	Associates not individually material	Other JV not individually material	Associates not individually material
% Groups' interest in equity at 1 January	**61**	**195**	**70**	**230**
% Groups' interest in profit (loss) from continuing operations	(1)	16	4	26
% Groups' interest in profit (loss) from discontinued operations, net of taxes				
% Groups' interest in other comprehensive income (expenses)		(1)		4
% Groups' interest in total comprehensive income (expenses)	**(1)**	**15**	**4**	**30**
Dividends received	(2)	(8)	(4)	(10)
Subscriptions and capital increases (decrease)	10	28	4	(5)
Acquisitions/Disposals				
Increase for business combinations			5	
Effect of change in control				(9)
Exchange differences and other movements	2			1
% Groups' interest in equity at 31 December	**70**	**230**	**79**	**237**
Consolidation adjustments				
Equity investments at 31 December	**70**	**230**	**79**	**237**
% Groups' interest in profit (loss)	(1)	16	4	26
Consolidation adjustments				
Share of profits (losses) of equity-accounted investees	**(1)**	**16**	**4**	**26**
Share of profits (losses) of equity-accounted investees (risk provisions)	**(2)**	**(19)**	**-**	**-**

A summary of the aggregate economic and financial data of the other affiliated companies that are not individually significant for the Group is also shown.

13. RECEIVABLES AND OTHER NON-CURRENT ASSETS

	31 December 2023	31 December 2024
Financial receivables	-	15
Deferred grants under Law no. 808/85	6	6
Defined benefit plan assets, net (Note 23)	167	224
Related party receivables (Note 36)	17	-
Other non-current receivables	41	13
Non-current receivables	**231**	**258**
Prepayments - non-current portion	4	4
Equity investments at cost	14	22
Non-recurring costs pending under Law no. 808/1985	29	26
Non-current assets	**47**	**52**

The increase in non-current assets is mainly attributable to the actuarial valuation of net assets related to defined benefit plans, for which details reference should be made to Note 23 on “Employee benefit obligations”.

14. BUSINESS COMBINATIONS

Since 2005, as part of the “Space Alliance,” Leonardo has held a 67% stake in the Telespazio Group, which is one of the world's leading operators in the field of satellite services. Until 31 December 2023, this stake was qualified as a joint venture and valued at approximately €mil. 220 using the equity method.

At the beginning of 2024 the Leonardo Group and Thales signed an amendment which modified the arrangements originally agreed in the Space Alliance and resulted in the consolidation of the Telespazio Group on a line-by-line basis on the part of Leonardo, as from 1 January 2024. The transaction is described as a business combination without the payment of a consideration, which, in line with the provisions of IFRS 3 for such cases, is figuratively represented by the fair value of the company acquired at the valuation date, amounting to €mil. 886.

The fair value measurement of the Group's previously held interest in Telespazio generated a capital gain, recognised as financial income, equal to approximately €mil. 366 (determined as the difference between the fair value of the interest held by Leonardo in the Telespazio Group at 31 December 2023 and the value of the investment accounted for by using the equity method as at the acquisition date).

The Purchase Price Allocations process on acquired values determined the recognition of the following items:

	Book values	*ADJ Fair value*	*Fair value*
Intangible assets	247	(211)	36
Property, plant and equipment	62		62
Rights of use	30		30
Other non-current assets	46		46
Inventories	11		11
Contract assets	175		175
Trade receivables	123		123
Loans and receivables	25		25
Other assets	71		71
Cash and cash equivalents	23		23
	813	**(211)**	**602**

Borrowings (non-current)	(38)		(38)
Employee benefits	(30)		(30)
Other non-current liabilities	(24)		(24)
Trade payables	(170)		(170)
Borrowings (current)	(24)		(24)
Contract liabilities	(58)		(58)
Other current liabilities	(126)		(126)
Net assets acquired, escluding goodwill	**343**	**(211)**	**132**
Fair value of Telespazio Group (100%)			886
Intangible assets deriving from business combination, net of related deferred tax liabilities			252
Intangible assets from business combinations			
Goodwill			**502**

The recognised interest held by third parties, equivalent to 33% of the Telespazio Group fair value , at its date of valuation, is about €mil. 292.

On 20 September 2024, Leonardo also acquired an additional 35% of the quota capital of GEM Elettronica S.r.l. ("GEM"), for a consideration of approximately €mil. 16. Following the completion of the transaction, Leonardo now holds 65% and has acquired control of GEM, which was consolidated on a line-by-line basis since the date of acquisition. GEM deals with the development and production of navigation, situational awareness, radar sensors, optronic and inertial sensors systems used in the naval military domain and coastal surveillance. This transaction allows Leonardo to strengthen and complete its radar and systems offering for Naval and Coastal applications, thanks to the complementarity of its product portfolio. Leonardo will also be entitled to acquire the additional 35% within 3 years.

The fair value measurement of the Group's previously held interest in GEM generated a capital gain, recognised as financial income, equal to approximately €mil. 5 (calculated as the difference between the fair value of the interest held by Leonardo in GEM at 30 September 2024, equal to about €mil. 14, and the value of the equity-accounted investment at the acquisition date, equal to approximately €mil. 9). The recognised interest held by third parties, equivalent to 35% of the GEM's fair value at its date of valuation, amounted to about €mil. 16.

With regard to the values subject to acquisition, it should be noted that the purchase price allocation process, as allowed by IFRS 3, has not yet been completed. Therefore, the fair value of individual assets and liabilities may differ upon completion of the allocation process, which is expected to be completed by the first nine months of 2025. The provisional effect of the net assets acquired is shown below.

(€ millions)	
Non-current assets	8
Current assets	33
Cash and cash equivalents	4
Assets acquired	**45**
Non-current liabilities	(9)
Current liabilities	(7)
Liabilities acquired	**(16)**
Net assets acquired, escluding goodwill	**29**
Fair value	**45**
Preliminary goodwill resulting from the acquisition	**16**

Within these consolidated financial statements, GEM's contribution - for the three months following the date of acquisition - was €mil. 3 in terms of Revenues (€mil. 13 before eliminations of the transactions with the Leonardo Group) and positive for €mil. 6 in terms of EBITA. If GEM had been consolidated for the entire year, its contribution in terms of Revenues (before eliminations) and EBITA would have been €mil. 23 (€mil. 36 before elimination of the transactions with the Leonardo Group) and positive for €mil. 12, respectively.

15. INVENTORIES

	31 December 2023	31 December 2024
Raw materials, supplies and consumables	2,532	2,922
Work in progress and semi-finished goods	1,805	2,245
Assets deriving from at point in time contracts	361	488
Advances to suppliers	995	865
	5,693	**6,520**

Inventories are shown net of impairment charges of €mil. 813 (€mil. 753 at 31 December 2023).

Point-in-time contract assets includes the production progress recognised on contracts that do not meet the requirements for the recognition of revenues on an over-time basis.

16. CONTRACT ASSETS AND LIABILITIES

	31 December 2023	31 December 2024
Contract assets (gross)	6,406	7,023
Contract liabilities	(2,770)	(3,137)
Contract assets (net)	**3,636**	**3,886**
Contract liabilities (gross)	8,847	9,684
Contract assets	(114)	(178)
Contract liabilities (net)	**8,733**	**9,506**

Contract assets, equal to €mil. 3,886 (€mil. 3,636 in 2023), include the net value of the work executed for amounts exceeding the advances received from customers. Similarly, contract liabilities, equal to €mil. 9,506 (€mil. 8,733 in 2023), include the opposite case.

This setoff was made limited to contract assets and liabilities and not also to assets arising from at point in time contracts classified in inventories. If the progress payments and advances from customers have not been collected at the reporting date, the corresponding amount is recognised as a receivable from customers.

In 2024, the portion of Revenues deriving from the exposures classified at the beginning of the year within contract liabilities amounted to €bil. 3.6 (€bil. 3.2 in 2023).

17. TRADE AND FINANCIAL RECEIVABLES

	31 December 2023		31 December 2024	
	Trade	Financial	Trade	Financial
Receivables	3,375	55	3,473	55
Cumulative impairments	(516)	(33)	(463)	(33)
Related party current receivables (Note 36)	826	183	828	330
	3,685	**205**	**3,838**	**352**

The ageing of receivables together with an analysis of how the Group manages credit risk is reported under Note 37.

18. OTHER CURRENT ASSETS

	31 December 2023	31 December 2024
Derivatives	207	104
Prepaid expenses - current portion	140	149
Receivables for grants	61	76
Receivables from employees and social security	36	37
Indirect tax receivables	94	104
Other related party receivables (Note 36)	5	3
Other assets	138	183
	681	**656**

The fair value performance of portfolio derivatives is broken down below:

	Fair value at					
	31 December 2023			31 December 2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps						
Trading	-	(1)	**(1)**	-	-	**-**
Fair value hedge	-	-	**-**	-	-	**-**
Cash flow hedge	18	-	**18**	12	-	**12**
Currency forward/swap/option						
Trading	-	-	**-**	-	-	**-**
Fair value hedge	1	(7)	**(6)**	1	(4)	**(3)**
Cash flow hedge	188	(167)	**21**	91	(183)	**(92)**

19. CASH AND CASH EQUIVALENTS

The change in the year is shown in the statement of cash flows. Cash and cash equivalents at 31 December 2024 included €mil. 1 of term deposits (€mil. 1 at 31 December 2023).

20. EQUITY

Share capital

	Number of ordinary shares	Par value	Treasury shares	Costs incurred (net of tax effect)	Total
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)
31 December 2023	575,307,275	2,544	(26)	(19)	2,499
Repurchase of treasury shares less shares sold	1,130,170	-	10	-	10
31 December 2024	576,437,445	2,544	(16)	(19)	2,509
broken down as follows:					
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(1,712,950)	-	(16)	-	(16)

The share capital, fully subscribed and paid-up, is divided into 578,150,395 ordinary shares with a par value of € 4.40 each, including 1,712,950 treasury shares (2,843,120 at 31 December 2023).

At 31 December 2024 the Ministry of Economy and Finance owned around 30.204% of the share capital. Moreover, during the period the Company received a notice from Capital Research and Management Company which declared that it held 5.03% of the shares. No other notices were received pursuant to art. 120 of Italian Legislative Decree no.58/98 (Consolidated Law on Financial Intermediation, TUF), stating that the threshold of shareholding provided for by the aforementioned Decree has not been exceeded.

The statement of changes in other reserves and equity attributable to non-controlling interests is presented in the accounting statements section.

Cash-flow hedge reserve

This reserve includes changes in fair value of the effective portions of derivatives used by the Group to hedge its exposure to currency net of the effect of deferred taxes until the moment in which the "underlying position" is recognised in the income statement. When this condition is met, the reserve is recognised in the income statement to offset the economic effects of the hedged transaction. In accordance with the provisions of IFRS 9 governing hedge accounting, the reserve also includes the fair value change in the forward component of forward contracts (premium points), taken to the income statement when the hedged item affects profit or loss.

Translation reserve

The reserve relating to consolidated companies showed the following changes:

	2023	2024
US dollar	(73)	150
Pound sterling	46	110
Other currencies	(22)	4
	(49)	**264**

Overall, the reserve is positive or €mil. 62, mainly for the translation differences on the components denominated in Pound sterling.

Gain and loss items recognised in equity and related tax effect

	Group - consolidated entities			Group - equity accounted investments		
	Amount before taxes	Tax effect	Net amount (*)	Amount before taxes	Tax effect	Net amount
2023						
Revaluation of defined-benefit plans	(78)	17	(61)	(31)	3	(28)
Changes in cash-flow hedges	72	(18)	54	7	(3)	4
Foreign currency translation difference	(49)	-	(49)	(6)	-	(6)
Fair value to OCI	-	-	-	-	-	-
Total	**(55)**	**(1)**	**(56)**	**(30)**	**-**	**(30)**
2024						
Revaluation of defined-benefit plans	40	(10)	30	10	(1)	9
Changes in cash-flow hedges	(75)	18	(57)	16	1	17
Foreign currency translation difference	264	-	264	20	-	20
Fair value to OCI	-	-	-	-	-	-
Total	**229**	**8**	**237**	**46**	**-**	**46**

(*) The net value includes the Group's share of the components that may not be reclassified to profit (loss) for the period, amounting to €mil. 29 at 31 December 2024 (-€mil. 60 in 2023), and the components that may be reclassified to profit (loss) for the period, amounting to €mil. 256 at 31 December 2024 (-€mil. 20 in 2023).

Below are the details of the tax effects related to profit and loss recognised in equity attributable to non-controlling interests:

	Non-controlling interest		
	Amount before taxes	Tax effect	Net amount
2023			
Revaluation of defined-benefit plans	1	-	1
Changes in cash-flow hedges	-	-	-
Foreign currency translation difference	(25)	-	(25)
Total	**(24)**	**-**	**(24)**
2024			
Revaluation of defined-benefit plans	(2)	1	(1)
Changes in cash-flow hedges	-	-	-
Foreign currency translation difference	49	-	49
Total	**47**	**1**	**48**

21. BORROWINGS

	31 December 2023			31 December 2024		
	Non-current	Current	Total	Non-current	Current	Total
Bonds	996	635	1,631	499	530	1,029
Borrowings	1,225	87	1,312	1,181	67	1,248
Lease liabilities	531	79	610	556	85	641
Other related party borrowings (Note 36)	100	1,192	1,292	100	1,624	1,724
Other borrowings	33	51	84	37	21	58
	2,885	**2,044**	**4,929**	**2,373**	**2,327**	**4,700**

Changes in borrowings are as follows:

	1 January 2023	Increase for business combinations	New borrowings	Repayments/ Payment of coupons	Other net increase (decrease)	Exchange differences	31 December 2023
Bonds	1,628		-	(46)	49	-	**1,631**
Borrowings	1,350		-	(29)	-	(9)	**1,312**
Lease liabilities	570		92	(94)	49	(7)	**610**
Other related party borrowings	962		-	-	330	-	**1,292**
Other borrowings	103		-	(19)	1	(1)	**84**
	4,613		**92**	**(188)**	**429**	**(17)**	**4,929**

	1 January 2024	Increase for business combinations	New borrowings	Repayments/ Payment of coupons	Other net increase (decrease)	Exchange differences	31 December 2024
Bonds	1,631	-	-	(645)	43	-	**1,029**
Borrowings	1,312	9	-	(86)	-	13	**1,248**
Lease liabilities	610	32	50	(93)	18	24	**641**
Other related party borrowings	1,292	21	-	-	411	-	**1,724**
Other borrowings	84	11	-	(35)	(3)	1	**58**
	4,929	**73**	**50**	**(859)**	**469**	**38**	**4,700**

Net changes for current liabilities. The items also include changes resulting from the application of the effective interest-rate method, which may not correspond with actual cash movements.

Leonardo S.p.A. is the sole issuer of the Group on the bond market. Leonardo's issues are governed by rules with standard legal clauses for these types of transactions carried out by corporate entities on institutional markets, which do not require any undertaking with regard to compliance with specific financial parameters (financial covenants) while they include, among others, negative pledge and cross-default clauses. In particular, with regard to negative pledge clauses, Leonardo and its "Material Subsidiaries" (companies in which Leonardo owns more than 50% of the share capital and the gross revenues and total assets of which represent at least 10% of consolidated gross revenues and total assets) are expressly prohibited from pledging collateral security or other obligations to secure their debt in the form of bonds or listed financial instruments or financial instruments that qualify for listing, unless these guarantees are extended to all bondholders. Exceptions to this prohibition are securitisation and the establishment of assets for the use indicated in Article 2447-bis et seq. of the Italian Civil Code. On the contrary, the cross-default clauses give the bondholders the right to request early redemption of the bonds in their possession in the event of default by Leonardo and/or any "Material Subsidiary" that results in a failure to make payment beyond pre-set limits.

Financial covenants are included both in the ESG-linked Revolving Credit Facility and in the ESG-linked Term Loan signed in 2021, which require Leonardo to comply with two Financial ratios (the ratio of Group net debt - excluding payables to the joint ventures MBDA and Thales Alenia Space, and lease liabilities/EBITDA, including amortisation of the right of use assets, must be no higher than 3.75 and the ratio of EBITDA, including amortisation of the right of use assets / Net interest must be no lower than 3.25), tested annually based on consolidated data. These covenants, which are always tested on an annual basis, are included in the loan agreement with CDP, as well as in all EIB loans in place (they had been used for a total amount of €mil. 444 at 31 December 2024). In relation to this Integrated Annual Report, there was full compliance with the covenants (the two ratios were -0.1 and 36.6, respectively).

In line with the US standard practices, financial covenants are also provided for in the bank loans granted in favour of Leonardo DRS. These financial ratios (Net debt / adjusted EBITA not more than 3.75 and adjusted EBITA /Net interest not less than 3.0, to be determined on the basis of the data inferable from the US GAAP financial statements of the LDO DRS Group) were also met as at the date of this Integrated Annual Report.

Below is the reconciliation of the changes in borrowings with the cash flows from financing activities:

	2023	2024
Balance at 1 January	**4,613**	**4,929**
Changes included in cash flows from financing activities of the statement:	**190**	**(411)**
- Repayments of bonds	*-*	*(600)*
- Term Loan repayment	*(19)*	*(38)*
- Net change in other borrowings	*209*	*227*
Non-monetary changes:	**126**	**182**
- Non monetary items of lease liabilities	*140*	*68*
- Exchange rate effect	*(17)*	*38*
- Accrued interest on bonds	*3*	*3*
- Increase for business combinations		*73*
Balance at 31 December	**4,929**	**4,700**

Bonds

Below is the detail of the bonds at 31 December 2024:

Issuer	Year of issue	Maturity	Currency	Outstanding nominal amount (mil.)	Annual coupon	Type of offer
LDO (*)	2005	2025	€	500	4.875%	European institutional
LDO (*)	2020	2026	€	500	2.375%	European institutional

(*) Bonds listed on the Luxembourg Stock Exchange and issued under the EMTN programme of up to €bil. 4. The transaction was authorized pursuant to Article 129 of Legislative Decree No. 385/93.

Movements in bonds are as follows:

	1 January 2023	Interest	Repayments /Repurchases	Payments of coupons	Effect of exchange rate	31 December 2023	Fair value
€mil. 500 LDO 2025 *	518	25	-	(25)	-	**518**	508
600 €mil. LDO 2024*	603	10	-	(8)	-	**605**	593
€mil. 500 LDO 2026 *	507	14	-	(13)	-	**508**	489
	1,628	**49**	**-**	**(46)**	**-**	**1,631**	**1,590**

	1 January 2024	Interest	Repayments /Repurchases	Payments of coupons	Effect of exchange rate	31 December 2024	Fair value
€mil. 500 LDO 2025 *	518	25		(24)		**519**	502
600 €mil. LDO 2024*	605	4	(600)	(9)			-
€mil. 500 LDO 2026 *	508	14		(12)		**510**	498
	1,631	**43**	**(600)**	**(45)**	**-**	**1,029**	**1,000**

(*) Maturity date of bond.

The fair value of the bonds was determined on the basis of the quoted prices of the existing issues (Level 1 of the fair value hierarchy).

The Group's financial liabilities are subject to the following exposures to interest-rate risk:

	Bonds		Borrowings		Lease liabilities		Other related party borrowings (Note 36)		Other borrowings		Total	
31 December 2023	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	**Floating**	**Fixed**
Within 1 year	-	635	46	41	-	79	1,171	21	51	-	**1,268**	**776**
2 to 5 years	-	996	784	235	-	422	100	-	30	-	**914**	**1,653**
Beyond 5 years	-	-	-	206	-	109	-	-	3	-	**3**	**315**
Total	**-**	**1,631**	**830**	**482**	**-**	**610**	**1,271**	**21**	**84**	**-**	**2,185**	**2,744**

	Bonds		Borrowings		Lease liabilities		Other related party borrowings (Note 36)		Other borrowings		Total	
31 December 2024	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	**Floating**	**Fixed**
Within 1 year	-	530	13	54	-	85	1,603	21	21	-	**1,637**	**690**
2 to 5 years	-	499	790	248	-	444	100	-	36	-	**926**	**1,191**
Beyond 5 years	-	-	-	143	-	112	-	-	1	-	**1**	**255**
Total	**-**	**1,029**	**803**	**445**	**-**	**641**	**1,703**	**21**	**58**	**-**	**2,564**	**2,136**

Below is the financial information prepared in accordance with the "Indebtedness statement" scheme required under CONSOB communication DEM/6064293 of 28 July 2006 and updated in accordance with the ESMA guidelines 32-382-1138 of 4 March 2021 as implemented in the CONSOB warning notice no. 5/21 of 29 April 2021. The scheme is provided below:

	31 December 2023	31 December 2024
A - Cash	(2,407)	(2,556)
C - Other current financial assets	(205)	(352)
D - Liquidity	**(2,612)**	**(2,908)**
E - Current financial debt (*)	1,409	1,797
F - Current portion of non-current financial debt	635	530
G - Current financial debt	**2,044**	**2,327**
H - Net current financial debt (funds)	**(568)**	**(581)**
I - Non-current financial debt (*)	2,885	2,373
J - Debt instruments (**)	6	3
K- Trade payables and othe non-current debt	212	233
L - Non-current financial debt	**3,103**	**2,609**
M - Total financial debt	**2,535**	**2,028**

(*) Includes payables for leases of €mil. 641, of which €mil. 85 current (€mil. 610 as at 31 December 2023, of which €mil. 79 current)

(**) Includes the fair value of hedging derivatives in respect of debt items

Based on current interpretations, the item "Trade payables and other non-current payables" of the abovesaid scheme includes the value of payables for grants received from MEMiT for the development of programmes not related to national security eligible for benefits under Law 808/1985, even though such value is not, by its very nature, a financial caption. The reconciliation between Net Financial Debt and Group Net Debt, used as KPI, is as follows:

	Note	31 December 2023	31 December 2024
Net financial debt com. CONSOB n. DEM/6064293/ESMA		**2,535**	**2,028**
Payables to MEMiT (Law no. 808/85)	*24*	(212)	(233)
Group net debt (KPI)		**2,323**	**1,795**

22. PROVISIONS FOR RISKS AND CHARGES AND CONTINGENT LIABILITIES

	Guarantees given	Restructuring	Product guarantees	Onerous contracts (losses at completion)	Other provisions	Total
1 January 2023						
Current	22	51	188	400	417	**1,078**
Non-current	10	132	91	-	519	**752**
	32	**183**	**279**	**400**	**936**	**1,830**
Allocations	-	49	86	138	301	**574**
Uses	(1)	(40)	(25)	(43)	(52)	**(161)**
Reversals	-	(5)	(49)	(180)	(63)	**(297)**
Other changes	-	2	(3)	22	(102)	**(81)**
31 December 2023	**31**	**189**	**288**	**337**	**1,020**	**1,865**
Broken down as follows:						
Current	21	81	205	337	443	**1,087**
Non-current	10	108	83	-	577	**778**
	31	**189**	**288**	**337**	**1,020**	**1,865**
Allocations	2	19	93	206	206	**526**
Uses	(10)	(74)	(19)	(48)	(65)	**(216)**
Reversals	(2)	(22)	(54)	(148)	(180)	**(406)**
Other changes	-	12	(3)	1	(109)	**(99)**
31 December 2024	**21**	**124**	**305**	**348**	**872**	**1,670**
Broken down as follows:						
Current	21	50	220	348	379	**1,018**
Non-current	-	74	85	-	493	**652**
	21	**124**	**305**	**348**	**872**	**1,670**

Other provisions mainly included provisions related to offset obligations and critical issues on contracts.

Given their complexity, their cutting-edge technological content and the nature of the customers, the Company's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Company adjusts the estimated contract costs for foreseeable issues, also taking into account the possible developments in the relevant disputes. With regard to contracts in progress affected by uncertainties and issues under discussion with customers, it should be noted that:

with reference to the termination for default due to alleged delays and non-compliance formalised in June 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, a company whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties had commenced a mediation process in April 2023, which ended unsuccessfully in May 2024; on 24 May 2024, NDMA sued NHI and its parent companies before the Oslo Court. NHI submitted its defence arguments and counterclaim. The parties agreed to join a new mediation process led by the Oslo Court, the first phase of which has just ended and the second phase will continue to June 2025. The NHI position, confirmed by Leonardo, relating to the litigation as reported in the Financial Statements at 31 December 2023, remains unchanged, considering this request to be legally ungrounded and reasonably disputable in the appropriate forum.

Moreover, it should be noted that during 2024 Leonardo S.p.a. signed settlement agreements which led to the definitive conclusion of the arbitration proceedings brought by Leonardo and PSC S.p.A. against Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. and to the termination of the contract entered into with Nav Canada on 21 July 2015. For further details reference is made to Note 6 concerning significant events and transactions during the year.

* * * * * * * *

With regard to risks, below is a summary of the criminal proceedings that are currently underway against Leonardo S.p.a. and certain former directors and executives, concerning acts committed during the performance of their duties at the Company, with specific reference to the events that occurred in 2024 and until the date of 2025 when these financial statements were published:

- in relation to the same events relating to the supply of 12 AW 101 VIP/VVIP helicopters to the Indian government for which criminal proceedings had been initiated in Italy, which ended with the final acquittal of the former Chairman and CEO of Leonardo S.p.a., the former CEO of AgustaWestland SpA and the companies AgustaWestland SpA and AgustaWestland Ltd, as well as with the dismissal of Leonardo SpA, on 2 February 2018, AgustaWestland International Ltd was served with an invitation to appear before the Patiala House Court in New Delhi as part of criminal proceedings brought therein against the aforementioned company and other parties, including Leonardo SpA as a result of an investigation initiated for the crime of bribery by the Indian Judicial Authority (Central Bureau of Investigation) in February 2013.

  The same notice was served, through the Public Prosecutor's Office at the Court of Milan, on Leonardo S.p.a.. Consequently, the Company filed an enforcement incident before the Judge of Preliminary Investigations of the Court of Milan, as well as an appeal before the Lazio Regional Administrative Court, taking the same judicial actions also with regard to the notices received in relation to the subsequent hearings. Furthermore, on 28 August 2019, the Milan Public Prosecutor's Office notified Leonardo SpA of an invitation to appear at a hearing as part of further proceedings initiated, in relation to the same events, for the crime of money laundering by another Indian Judicial Authority (Directorate of Enforcement). Against this notification, the Company also took the same actions.

  On 11 February 2020, AgustaWestland International Ltd was also served with an invitation to appear in the proceedings initiated by the Directorate of Enforcement.

  By rulings handed down by the Council of State (on 7 May 2020 and 6 December 2022), granting the appeals filed by Leonardo, the orders issued by the Ministry of Justice were annulled, whereby the request for judicial assistance for the purpose of enforcement of the aforementioned requests for notification had been granted. As for the enforcement incident, the Judge of Preliminary Investigations of the Court of Milan granted, by order filed on 22 March 2022, the petitions filed by Leonardo, revoking the decrees by which the notifications had been ordered by the Milan Public Prosecutor's Office.

AgustaWestland International Ltd has, however, appeared at hearings set as part of the proceedings initiated by the Central Bureau of Investigation (CBI) and the Directorate of Enforcement, and the proceedings are currently pending before the Rouse Avenue Court in New Delhi;

- on 6 June 2023 a search and seizure warrant was executed against the former Chief Executive Officer of Leonardo S.p.a., who terminated his office on 9 May 2023. The warrant was issued as part of the proceedings, conducted by the Public Prosecutor’s Office with the Court of Naples, where the former Chief Executive Officer is under investigation for the crime under articles 110, 61 bis, 322 bis para. I and II, no. 2 of the Italian Criminal Code in relation to the supply of the Company’s products to Colombia;
- on 20 September 2023 Leonardo S.p.a., during the preliminary hearing, entered an appearance in the civil action within the criminal proceedings pending before the Court of Gorizia, which involved, inter alia, certain former directors of the then Ansaldo Componenti S.p.a., the then Ansaldo S.p.a. and the then Ansaldo Industria S.p.a, in office in the period between 1979 and 1991, charged with having committed the crimes under Articles 589, paragraphs 1, 2 and 4, 40 and 41 of the Italian Criminal Code for violation of the rules governing the prevention of occupational diseases, and in particular Article 2087 of the Italian Civil Code, Presidential Decree 547/55 and Presidential Decree 303/56. The proceedings are at a trial stage still pending before the Court of Gorizia;
- on 13 January 2025, following the notification to Leonardo S.p.a. of a request for a probationary incident submitted by the Public Prosecutor's Office at the Court of Lecco to the Judge for Preliminary Investigations, it was learned that the Company was entered in the register of crime reports in relation to the violation of Article 25-septies of Legislative Decree 231/2001 (“Manslaughter or serious or very serious injury committed in violation of the rules on the protection of occupational health and safety”). Specifically, criminal proceedings were initiated for the cases of offenses under Article 449, paragraph 1, of the Italian Criminal Code (“Culpable crimes of harm”) in relation to Article 428 of the Italian Criminal Code (“Shipwreck, submergence or aviation disaster”) and Article 589 of the Italian Criminal Code (“Manslaughter”) following the accident that occurred to the M-346FA (Fighter Attack) aircraft over Mount Legnone in the Municipality of Colico (Lecco) on 16 March 2022, as a result of which one of the two pilots of the crew died. Eight employees of the Company are also under investigation as part of the aforementioned criminal proceedings, which are currently pending in the preliminary investigation phase;
- on 20 December 2024, a notice of conclusion of preliminary investigations was served pursuant to Article 415-bis of the Italian Code of Criminal Procedure on the Manager responsible for the Turin Caselle Plant, as well as delegate of the Employer of the Aircraft Division of Leonardo S.p.a., as a suspect for the crime under Article 590, paragraphs I, II and III of the Italian Criminal Code (“culpable personal injury”) in connection with an accident that occurred to an employee of a third-party firm during the performance of a contract awarded by the Aircraft Division in September 2022. From this measure it was learned that criminal proceedings were pending, which had been initiated by the Public Prosecutor's Office at the Ivrea Court against, inter alia, Leonardo S.p.a., for the administrative offence referred to in Article 25-septies, paragraph 3, of Legislative Decree 231/2001 (“culpable injuries committed in violation of the rules on the protection of occupational health and safety”) in relation to the predicate offence referred to in Article 590, paragraphs I, II and III of the Italian Criminal Code. On 21 January 2025, the same notice of conclusion of preliminary investigations was served on Leonardo S.p.a..

Based upon the information gathered and the results of the analysis carried out so far, the Directors of Leonardo did not allocate any specific provisions in relation to these cases. Any negative developments -

which cannot be foreseen, nor determined to date - arising from any internal investigations or judicial investigations being conducted, will be subject to consistent assessment for the purposes of provisions (if any).

* * * * * * * *

With regard to the provisions for civil, tax and administrative disputes, it is underlined that the Company's operations regard industries and markets where many disputes, both as petitioner and plaintiff, are settled only after a considerable period of time, especially in cases where the customer is a government entity. Pursuant to the IFRSs, provisions have been set aside for risks whose occurrence is deemed probable and reliably quantifiable. No specific provisions have been set aside for certain disputes in which the Company is defendant as these disputes are reasonably expected to be settled, based on current knowledge, satisfactorily and without significantly impacting the Company. Among the following disputes are:

- the proceedings brought by Firema under extraordinary management before the Court of Naples against the directors, and statutory and independent auditors of Firema Trasporti (General Register 32257/13) in order to have them declared responsible for the financial collapse caused to the company, which then summoned Leonardo and AnsaldoBreda requesting for direct compensation in favour of the plaintiff for the damages that should be ascertained (presumptively €mil. 262, equal to Firema's statement of liabilities). As to the action brought by GMR against Leonardo and AnsaldoBreda due to abuse of economic dependence before the Court of Naples (General Register 16312/15), at the hearing held on 1 October 2020 the President of the Division first pointed out some issues connecting the two proceedings and then referred the present case before the judge of the proceedings under General Register 32257/13 in order for the proceedings to be possibly joined. The Court of Naples then decided the joinder of the proceedings. In both proceedings Leonardo and AnsaldoBreda appeared before the court requesting that, on the merits, the claims submitted against them be dismissed as clearly groundless as of fact and as of right. After several interlocutory hearings, at the hearing held on 17 December 2024, all parties, with the exception of Roberto Fiore (Engineer), CREDEM and PwC who will conciliate out of court, agreed to the proposal made by the Court and conciliated the dispute. As shown in the settlement proceedings transcript, Leonardo and AnsaldoBreda paid to Firema the total amount of €th. 500 plus accessory expenses;

- the proceedings brought by Mr. Pio Deiana (to have a deed of settlement entered into with former Ansaldo Industria declared null and void) before the Rome Court of Appeal, which had been suspended following Mr. Deiana's death and then resumed by his sister. During the proceedings, the existence of another heir of the deceased person was ascertained; accordingly, at the last hearing held on 26 October 2022, the Court declared the latter's contumacy and set the hearing on 18 December 2024 for the specification of conclusions. At the hearing held on 7 January 2025, the Court adjourned the case for decision, granting the parties time limits under Article 190 of the Italian Code of Civil Procedure;

- the proceedings brought by writ of summons served on 24 September 2024 by the Bankruptcy bodies of Fallimento della Moreggia & C. SpA, a company supplying mechanical components, including a claim for damages allegedly caused by Leonardo S.p.a., for abuse of management and coordination powers under Article 2497 of the Italian Civil Code. Leonardo intends to enter an appearance in court, believing the allegations made to be groundless. The first summons hearing is set for 19 May 2025;

- on 10 January 2025, in relation to the AW169 helicopter crash that occurred near King Power Stadium in Leicester City on 27 October 2018, as a result of which the five people on board died, including the then President of Leicester City Football Club, the law firm assisting the latter's family publicly announced, in advance, the filing of a writ of summons with the "Technology and Construction

Court," a specialist division of the High Court of England and Wales, for compensation for the damage suffered as a result of the alleged defectiveness of the helicopter in the amount of GBPbil. 2.15 (€bil. 2.6). To date, Leonardo has not yet been served with any writ of summons. On the basis of information that is available to date, supported by the appointed legal counsels and in close collaboration with the insurance companies involves, Leonardo does not believe that a liability may arise against it.

23. EMPLOYEE BENEFIT OBLIGATIONS

The classification of employee benefit obligations is affected by the net balance, per each plan, of the plan assets and liabilities. The Group recognised on its balance sheet the liabilities (net of related plan assets) as well as the assets (net of related liabilities), depending on whether the plans are in a deficit or surplus position.

Net assets under defined-benefit plans are classified among other non-current assets (Note 13) and other long-term benefits are classified under other non-current liabilities (Note 24). Below is a breakdown of the net liabilities and assets:

	31 December 2023			31 December 2024		
	Liabilities	Assets	Net	Liabilities	Assets	Net
Severance pay provision	204	-	204	201	-	201
Defined-benefit plans	53	167	(114)	62	224	(162)
Defined contribution plans	44	-	44	52	-	52
	301	**167**	**134**	**315**	**224**	**91**

The surplus for defined-benefit retirement plans is broken down below:

	31 December 2023	31 December 2024
GBP area	(165)	(218)
Euro area	5	11
USD area	33	30
Other	13	15
	(114)	**(162)**

The change in defined-benefit plans was mainly linked to the plans applicable in the United Kingdom, due to the changes in the financial assumptions and to more contained results of the plan assets.

Below is a breakdown of defined-benefit plans and statistical information regarding the excess (deficit/surplus) of the plans:

	31 December 2023	31 December 2024
Present value of obligations	(2,257)	(2,075)
Fair value of plan assets	2,371	2,237
Plan deficit	**114**	**162**
of which, related to:		
- net liabilities	(53)	(62)
- net assets	167	224

Changes in the defined-benefit plans are shown below:

31 December 2023	Present value of obligations	Fair value of plan assets	Net liability (asset) defined benefit plans
Opening balance	**2,121**	**2,280**	**(159)**
Costs of benefits paid	34	(4)	38
Interest expenses	100	108	(8)
Remeasurement	61	(14)	75
- Actuarial losses (gains) through equity - demographic assumption	*(70)*		*(70)*
- Actuarial losses (gains) through equity - financial assumptions	*47*		*47*
- Actuarial losses (gains) through equity resulting from adjustments based on the experience	*84*		*84*
- Expected return on plan assets		*(14)*	*14*
Contributions paid		55	(55)
Contributions from other plan participants	10	10	-
Exchange rate differences	36	41	(5)
Benefits paid	(105)	(105)	-
Closing balance	**2,257**	**2,371**	**(114)**
of which, related to:			
- net liabilities	210	157	53
- net assets	2,047	2,214	(167)

31 December 2024	Present value of obligations	Fair value of plan assets	Net liability (asset) defined benefit plans
Opening balance	**2,257**	**2,371**	**(114)**
Costs of benefits paid	11	(4)	15
Interest expenses	102	106	(4)
Remeasurement	(274)	(238)	(36)
- Actuarial losses (gains) through equity - demographic assumption	*(12)*		*(12)*
- Actuarial losses (gains) through equity - financial assumptions	*(259)*		*(259)*
- Actuarial losses (gains) through equity resulting from adjustments based on the experience	*(3)*		*(3)*
- Expected return on plan assets		*(238)*	*238*
Curtailments	(30)	(30)	-
Increase for business combinations	11	4	7
Contributions paid		23	(23)
Contributions from other plan participants	4	4	-
Exchange rate differences	102	109	(7)
Benefits paid	(108)	(108)	-
Closing balance	**2,075**	**2,237**	**(162)**
of which, related to:			
- net liabilities	189	127	62
- net assets	1,886	2,110	(224)

Changes in severance pay are shown below:

	31 December 2023	31 December 2024
Opening balance	***219***	***204***
Costs of benefits paid	*2*	*3*
Interest expenses	*8*	*7*
Remeasurement	8	(3)
- Actuarial losses (gains) through equity - demographic assumption		
- Actuarial losses (gains) through equity - financial assumptions	*3*	*(2)*
- Actuarial losses (gains) through equity resulting from adjustments based on the experience	*5*	*(1)*
Increase for business combinations		*19*
Benefits paid	*(33)*	*(27)*
Other changes		*(2)*
Closing balance	**204**	**201**

The amount recognised in profit or loss on defined-benefit plans (including the severance pay provision) was calculated as follows:

	2023	2024
Current service costs	41	18
Past service costs	(1)	-
Costs booked as “personnel expenses ”	40	18
Interest expenses	-	3
Costs booked as “financial expenses ”	-	3
	40	**21**

The main actuarial assumptions used in the valuation of defined-benefit plans and of the portion of severance pay provision that has maintained the nature of defined-benefit plan are as follows:

	Severance pay provision		Defined-benefit plans	
	31 December 2023	31 December 2024	31 December 2023	31 December 2024
Discount rate (annual)	3.25%	3.30%	4.55% - 4.85%	5.50% - 5.62%
Rate of salary increase	n.a.	n.a.	3.45% - 3.50%	3.55% - 3.50%
Inflation rate	2.00%	1.60%	2.50%	2.60%

The discount rate utilized to discount the defined benefits plans is determined with reference to expected returns of the AA-rated bonds.

The sensitivity analysis for each significant actuarial assumption, which shows the effects on bonds in absolute value, is as follows:

	Severance pay provision				Defined-benefit plans			
	31 December 2023		31 December 2024		31 December 2023		31 December 2024	
	-0.25%	*+0.25%*	*-0.25%*	*+0.25%*	*-0.25%*	*+0.25%*	*-0.25%*	*+0.25%*
Discount rate (annual)	2	(2)	2	(2)	80	(76)	67	(64)
Inflation rate	(1)	1	(2)	1	(48)	44	(41)	43

The average duration of the severance pay is about 4 years while that of the other defined-benefit plans is about 13 years.

The estimate of the contributions to be paid in 2025 related to defined-benefit plans is about €mil. 47 (of which €mil. 35 relating to the severance pay).

As regards the strategies of correlation of assets and liabilities in defined-benefit plans, there is the prevalence of investing in diversified assets in order to limit the negative impact, if any, on the total return on the plan assets. Assets of defined-benefit plans include:

	31 December 2023	31 December 2024
Cash and cash equivalents	36	11
Shares and investment funds	307	243
Debt instrument	1,810	1,805
Real properties	11	7
Derivatives	16	(62)
Other	191	233
	2,371	**2,237**

The item “Other” included €mil. 99 (€mil. 107 in 2023) of assets held by insurance companies.

24. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 December 2023		31 December 2024	
	Non-current	Current	Non-current	Current
Employee obligations (*)	54	517	54	586
Deferred income	84	206	82	196
Amounts due to social security institutions	-	217	-	253
Payables to MEMiT (Law no. 808/85)	212	1	233	3
Payables to MEMiT for royalties (Law no. 808/85)	209	21	217	11
Indirect tax liabilities	-	128	-	147
Derivatives	-	175	-	187
Other liabilities	342	416	368	512
Other payables to related parties (Note 36)	-	42	-	29
	901	**1,723**	**954**	**1,924**

(*) Non-current item includes other employee benefits related to seniority bonuses

The payables to the Ministry of Enterprise and Made in Italy (MEMiT) under Law 808/1985 relate to monopoly costs accrued on national security and similar projects, as well as payables for grants received from MEMiT for development of other programmes eligible for benefits under Law 808/1985.

“Other liabilities” included, in particular, the non-current payable due to Bell Helicopter amounting to €mil. 275 (€mil. 258 at 31 December 2023), deriving from the acquisition of 100% of the AW609 programme. This amount also included the reasonably estimated potential consideration due to Bell Helicopter based on the commercial performance of the programme.

25. TRADE PAYABLES

	31 December 2023	31 December 2024
Suppliers	2,831	3,210
Trade payables to related parties (Note 36)	437	553
	3,268	**3,763**

26. GUARANTEES

The Group has existing guarantee for €mil. 14,571 (€mil. 14,505 at 31 December 2023). The item mainly includes guarantees given to third parties, banks and insurance companies as well as commitments in favour of lenders, tax authorities and customers.

27. REVENUES

	2023	2024
Revenues from contract with customers	14,030	15,109
Change in contract assets	(976)	82
Revenues from related parties (Note 36)	2,237	2,572
	15,291	**17,763**

The breakdown by geographical area and business sector is reported in Note 8. The breakdown of revenue by timing is reported below:

	2023	2024
Revenues at point in time	2,653	3,789
Revenues over time	12,638	13,974
	15,291	**17,763**

The order backlog at 31 December 2024 was equal to about €bil. 44 and reported an increase over the previous year of about €bil. 40, due to the new orders acquired (about €bil. 21), net of revenues (about €bil. 18) and other movements (about €bil. 1), which mainly include the effects from the line-by-line consolidation of the Telespazio Group and the exchange differences.

28. OTHER OPERATING INCOME (EXPENSES)

	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs (*)	37	-	37	66	-	66
Other operating grants	51	-	51	77	-	77
Gains/losses on sales of intangible asset, property, plant and equipment	4	(5)	(1)	6	(4)	2
Reversals (accruals) to provisions for risks	284	(456)	(172)	364	(485)	(121)
Exchange rate difference on operating items	179	(171)	8	224	(241)	(17)
Restructuring costs	-	(3)	(3)	-	(2)	(2)
Indirect taxes	-	(33)	(33)	-	(49)	(49)
Other operating income (expenses)	92	(56)	36	36	(56)	(20)
Other operating income (expenses) from/to related parties (Note 36)	3	-	3	6	(1)	5
	650	**(724)**	**(74)**	**779**	**(838)**	**(59)**

(*) To which must be added assessments for "Deferred receivables for measures under Law 808/1985", including current and non-current portions (Note 13 and Note 18) equal to €mil. 2 (€mil. 17 at 31 December 2023, including current and non-current portions), and assessments for "Non-recurring costs for measures pending under Law 808/85" (Note 13) equal to €mil. 10).

29. PURCHASES AND PERSONNEL EXPENSES

	2023	2024
Purchase of materials from third parties	5,239	6,146
Change in inventories of raw materials	(231)	(283)
Costs for purchases from related parties (Note 36)	784	659
Purchases	***5,792***	***6,522***
Services rendered by third parties	3,587	4,431
Costs of leases of low value and short term	68	68
Royalties	13	9
Services rendered by related parties (Note 36)	463	544
Services	***4,131***	***5,052***
Wages and salaries	3,270	3,837
Social security contributions	622	755
Costs related to defined-contribution plans	158	221
Costs related to severance pay provision and other defined-benefit plans (Note 23)	40	18
Employee disputes	(2)	7
Restructuring costs - net	56	23
Other personnel expenses	163	209
Personnel expenses	***4,307***	***5,070***
Change in finished goods, work in progress and semi-finished products	***(261)***	***(512)***
Internal work capitalised	***(328)***	***(385)***
Total purchases and personnel expenses	**13,641**	**15,747**

The average and exact workforce showed an increase compared to 2023, including as a result of the consolidation of the Telespazio Group on a line-by-line basis (3,261 employees as at the date of consolidation). Net of this change, increases were attributable to the Defence Electronics & Security (over 1,400 exact resources more, to which over 1,000 additional average resources correspond), Helicopters (+ 1,120 exact resources and + 1,055 average resources), Aircraft and Cyber (both of which with a change of over 300 resources both exact and average), in line with the growth of the related businesses. From a geographical point of view and net of the consolidation of the Telespazio Group, growth was mainly concentrated in Italy (+1,920), the United Kingdom (+685), the United States (+434) and Poland (+386), also thanks to the effect from the stabilisations of employment contracts.

Below is the breakdown of workforce by category:

	Average Workforce			Total Workforce		
	31 December 2023	31 December 2024	Change	31 December 2023	31 December 2024	Change
Senior managers (*)	1,252	1,272	20	1,220	1,301	81
Middle managers	6,496	7,590	1,094	6,579	7,610	1,031
Clerical employees	30,996	35,533	4,537	32,336	37,527	5,191
Manual labourers (**)	13,298	13,660	362	13,431	14,030	599
	52,042	**58,055**	**6,013**	**53,566**	**60,468**	**6,902**

(*) Includes pilots
(**) Includes senior manual labours

30. AMORTISATION, DEPRECIATION AND FINANCIAL ASSETS VALUE ADJUSTMENTS

	2023		2024	
Amortisation of intangible assets		188		257
Development costs	*31*		*56*	
Non-recurring income	*54*		*57*	
Acquired through business combinations	*35*		*55*	
Concessions, licences and trademarks	*28*		*36*	
Other intangible assets	*40*		*53*	
Depreciation of property, plant and equipment and investment properties		288		310
Depreciation of right of use		93		96
Impairment of other assets		45		61
financial assets value adjustments		31		53
		645		**777**

The increase in amortisation from business acquisitions was determined by the consolidation of the Telespazio Group on a line-by-line basis, which entailed the recognition of intangibles subject to long-term amortisation; equal to about €mil. 21 in the year. For more details, please refer to Note 14 on business combinations.

The impairment of other assets for the period mainly included impairment losses on certain programmes in the Aircraft business.

Financial assets value adjustments refer to evaluations periodically carried out in order to assess the recoverability of the financial assets recognised in the separate financial statements, in compliance with the provisions of IFRS 9 on impairment.

31. FINANCIAL INCOME AND EXPENSES

Below is the breakdown of financial income and expense:

	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Interest	32	(122)	(90)	53	(110)	(57)
Interest on lease liabilities	1	(25)	(24)	-	(28)	(28)
Premiums received (paid) on IRS	6	-	6	9	-	9
Commissions on borrowings	-	(11)	(11)	-	(10)	(10)
Other commissions	-	(3)	(3)	-	(1)	(1)
Fair value gains (losses) through profit or loss	19	(14)	5	2	(8)	(6)
Premiumsreceived (paid) on forwards	39	(52)	(13)	45	(70)	(25)
Exchange rate differences	38	(38)	-	31	(41)	(10)
Interest cost on defined-benefit plans (Note 23)	-	-	-	-	(3)	(3)
Financial income (expenses) - related parties (Note 36)	6	(46)	(40)	14	(69)	(55)
Other financial income and expenses	25	(110)	(85)	380	(49)	331
	166	**(421)**	**(255)**	**534**	**(389)**	**145**

The significant increase in the balance of net financial income and expense was mainly attributable to the capital gain realised following the fair value measurement of the investment held in the Telespazio Group, as part of its consolidation on a line-by-line basis, amounting to approximately €mil. 366 (for more details, please refer to Note 14 on business combinations). In addition, the comparative period was affected by the charges recorded for the sale of Industria Italiana Autobus (amounting to €mil. 57).

Net of these components, the trend in financial income and expense showed a reduction in net interest expense, offset by higher financial expenses from related parties and a lower value of items measured at fair value.

Fair value results through profit or loss are as follows:

	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Exchange rate swap	-	-	-	-	(1)	(1)
Interest rate swaps	-	-	-	-	-	-
Ineffective portion of hedging swap	19	(14)	5	2	(7)	(5)
	19	**(14)**	**5**	**2**	**(8)**	**(6)**

32. INCOME TAXES

Income taxes can be broken down as follows:

	2023	2024
IRES (corporate income tax)	(11)	(11)
IRAP (reg. tax on production)	(27)	(24)
Other income taxes (foreign)	(152)	(136)
Tax related to previous periods	2	19
Accruals (reversals) of provisions for tax disputes	(6)	4
Deferred tax - net	65	(141)
	(129)	**(289)**

The table below shows the analysis of the tax rate compared to the Italian rate of 24%:

	2023	2024
Profit (loss) before income taxes	**824**	**1,446**
Theoretical tax rate (Ires) %	24%	24%
Theoretical taxes	**(198)**	**(347)**
Changes increasing (decreasing):		
effect of companies valued at equity	*28*	*32*
IRAP effect of Italian companies	*(26)*	*(30)*
taxation effect of foreign companies	*17*	*-*
effect of use/accrual of tax losses	*80*	*-*
foreign tax effect of Italian companies	*(4)*	*(7)*
effect of taxation of intra-group dividends	*(8)*	*(6)*
effect of capital gain on first consolidation of Telespazio and Gem	-	*89*
other movements	*(18)*	*(20)*
Total changes increasing (decreasing)	69	58
Effective taxes	**(129)**	**(289)**

Deferred taxes and related receivables and payables at 31 December 2024 were the result of the following temporary differences. In this regard, we point out that part of the deferred tax assets relates to tax losses valued on the basis of the taxable income envisaged in the companies' plans, in particular an amount of €mil. 68 is related to the tax consolidation mechanism (about €mil. 63 of unrecognized losses).

	2023	2024
Deferred tax assets on tax losses	(3)	(11)
Property, plant and equipment and intangible assets	(2)	(3)
Severance and retirement benefits	(6)	(3)
Provision for risks and impairment	(1)	(29)
Effect of change in tax rate	(3)	5
Other	80	(100)
Deferred taxes recognised through profit or loss	**65**	**(141)**

	31 December 2023			31 December 2024		
	Balance sheet			Balance sheet		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax assets on tax losses	113		113	105		105
Property, plant and equipment and intangible assets	76	143	(67)	87	253	(166)
Severance and retirement benefits	6	29	(23)	7	34	(27)
Financial assets and liabilities	1		1	1		1
Provision for risks and impairment	643		643	621		621
Other	312	43	269	221	46	175
Offsetting	(14)	(14)	-	(14)	(14)	-
Deferred taxes recognised through balance sheet	**1,137**	**201**	**936**	**1,028**	**319**	**709**
Cash-flow hedge derivatives	29	26	3	31	10	21
On actuarial gains and losses	47	41	6	45	46	(1)
Deferred taxes recognised through equity	**76**	**67**	**9**	**76**	**56**	**20**
	1,213	**268**	**945**	**1,104**	**375**	**729**

33. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities classified at 31 December 2024 as held for sale consisted of the “Underwater Armaments and Systems” (UAS) business line of Leonardo S.p.a., which has been sold to Fincantieri; for more details, please refer to Note 6 relating to the significant events and transactions during the year. The figures at 31 December 2023 were related to the charges associated with the sale of Industria Italiana Autobus, finalised on 11 July 2024. Below is the breakdown of assets and liabilities held for sale:

	31 December 2023	31 December 2024
Non-current assets	-	98
Current assets	-	192
Assets	**-**	**290**
Non-current liabilities	-	7
Current liabilities	40	131
Liabilities associated with assets held for sale	**40**	**138**

Non-current assets includes, for an amount of approximately €mil. 40, the portion of goodwill attributed to UAS *business*, previously allocated to the CGU Defence Electronics & Security – Leonardo Division.

During 2024, following the settlement agreement signed with Hitachi, the residual provision,amounting to approximately €mil. 2, set aside against the guarantees given upon the disposal of the Transportation business, was released within discontinued operations, in line with the representation of the accounting effects of the transaction in previous financial statements.

There was no impact on the income statement deriving from discontinued operations during 2023.

34. EARNING PER SHARE

Earnings (Losses) per share (hereinafter "earnings per share" or "EPS") are calculated as follows:

- for basic EPS, by dividing net profit attributable to holders of ordinary shares by the average number of ordinary shares for the period less treasury shares;
- for diluted EPS, by dividing net profit by the average number of ordinary shares and the average number of ordinary shares potentially deriving from the exercise of all the option rights for stock-option plans less treasury shares.

	2023	2024
Average shares outstanding during the reporting period (in thousands)	575,307	575,777
Earnings for the period (excluding non-controlling interests) (€ millions)	658	1,074
Earnings from continuing operations (excluding non-controlling interests) (€ millions)	658	1,072
Earnings from discontinued operations (excluding non-controlling interests) (€ millions)	-	2
Basic and Diluted EPS (€)	**1.144**	**1.865**
Basic and Diluted EPS from continuing operations (€)	*1.144*	*1.862*
Basic and Diluted EPS from discontinued operations (€)	*n.a*	*0.003*

Basic EPS, as that relating to the comparative period, was equal to diluted earnings per share, since there are no dilutive elements.

35. CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

	2023	2024
Net result	695	1,159
Amortisation, depreciation and financial assets value adjustments	645	777
Share of profits/(losses) of equity-accounted investees	(148)	(121)
Income taxes	129	289
Cost of Severance pay provision and other defined-benefit plans	40	18
Net financial expenses /(income)	255	(145)
Net allocations to the provisions for risks and inventory write-downs	317	282
Profit from Discontinued Operations	-	(2)
Other non-monetary items	47	67
	1,980	**2,324**

Costs for severance pay provision and other defined-benefit plans include the portion of costs relating to defined-benefit pension plans that is recognised as a personnel expense (the portion of costs relating to interest is carried among net financial expense).

The changes in working capital, net of the effects of the acquisition and sale of consolidated companies and foreign currency translation differences, are as follows:

	2023	2024
Inventories	(387)	(867)
Contract assets and liabilities	585	391
Trade receivables and payables	(247)	201
	(49)	**(275)**

The changes in other operating assets and liabilities, net of the effects of the acquisition and sale of consolidated companies and foreign currency translation differences, are as follows:

	2023	2024
Payment of pension plans	(88)	(50)
Changes in provisions for risks and other operating items	(284)	(119)
	(372)	**(169)**

Changes in other investing or disinvesting activities include dividends received and the effects of acquisitions and sales of equity investments and are broken down as follows:

	2023	2024
Strategic transactions	352	(18)
Dividends received	186	148
Change of other investing or disinvesting activities	(31)	(4)
	507	**126**

In 2024 the transactions on equity investments that for their nature or significance qualify as "strategic investments" related to the acquisition of the additional 35% of GEM Elettronica.

36. RELATED PARTY TRANSACTIONS

Related party transactions are carried out at arm's length, as is settlement of the interest-bearing receivables and payables when not governed by specific contractual conditions. The relevant financial statements amounts are shown below. The statement of cash flows presents the impact of related party transactions on cash flows.

RECEIVABLES at 31 December 2023	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
Associates						
NH Industries SAS				339		**339**
Eurofighter Jagdflugzeug GmbH				68		**68**
AgustaWestland Aviation Services LLC				21		**21**
Iveco - Oto Melara Scarl				18		**18**
Hensoldt AG				12		**12**
Other with unit amount lower than €mil. 10			4	27		**31**
Joint Venture						
Thales Alenia Space SAS			175	22		**197**
Orizzonte - Sistemi Navali SpA				34		**34**
GIE ATR				33		**33**
MBDA SAS				21		**21**
Telespazio S.p.A.	17		2	11	4	**34**
Polo Strategico Nazionale SpA				10		**10**
Other with unit amount lower than €mil. 10				14		**14**
Other companies and consortiums						
Other with unit amount lower than €mil. 10			2	13		**15**
Companies subject to the control or considerable influence of the MEF						
Ministero dell'Economia e delle Finanze				101		**101**
Cassa Depositi e Prestiti SpA				47		**47**
Poste Italiane SpA				12		**12**
Other with unit amount lower than €mil. 10				23	1	**24**
Total	**17**	**-**	**183**	**826**	**5**	**1,031**
% against total for the period	*100%*	*n.a.*	*89.3%*	*22.4%*	*2.6%*	

RECEIVABLES at 31 December 2024	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
Associates						
NH Industries SAS				332		**332**
Iveco - Oto Melara Scarl				81		**81**
Eurofighter Jagdflugzeug GmbH				51		**51**
AgustaWestland Aviation Services LLC				24		**24**
Hensoldt AG				10		**10**
Macchi Hurel Dubois SAS				14		**14**
Other with unit amount lower than €mil. 10			3	17	1	**21**
Joint Venture						
Thales Alenia Space SAS			325	16		**341**
Polo Strategico Nazionale SpA				43		**43**
GIE ATR				41		**41**
MBDA SAS				27	2	**29**
Orizzonte - Sistemi Navali SpA				26		**26**
Spaceopal GmbH				17		**17**
Other with unit amount lower than €mil. 10				13		**13**
Other companies and consortiums						
Consorzio Protezioni Balistiche Italia				14		**14**
Other with unit amount lower than €mil. 10			2	7		**9**
Companies subject to the control or considerable influence of the MEF						
Cassa Depositi e Prestiti SpA				49		**49**
Ministero dell'Economia e delle Finanze				14		**14**
ENAV SpA				10		**10**
Other with unit amount lower than €mil. 10				22		**22**
Total	**-**	**-**	**330**	**828**	**3**	**1,161**
% against total for the period	*n.a.*	*n.a.*	*93.8%*	*21.6%*	*1.4%*	

PAYABLES at 31 December 2023	Non-current loans and borrowings	Other non-current borrowings	Current loans and borrowings	Trade payables	Other current payables	Total	Guarantees
Associates							
NH Industries SAS				144		**144**	
Eurofighter Jagdflugzeug GmbH			75	136		**211**	
Gulf System Logistic Services Company WLL				38		**38**	
Hensoldt AG				17		**17**	
Elettronica SpA				13		**13**	
Leonardo Helicopteres Algerie			20			**20**	
Other with unit amount lower than €mil. 10			1	17	3	**21**	47
Joint Venture							
MBDA SAS			1,070	14		**1,084**	8
Telespazio SpA			26	3	2	**31**	93
GIE ATR				3	35	**38**	
Other with unit amount lower than €mil. 10				20	1	**21**	
Other companies and consortiums							
Other with unit amount lower than €mil. 10				3		**3**	
Companies subject to the control or considerable influence of the MEF							
Cassa Depositi e Prestiti SpA	100			1	1	**102**	161
Enel SpA				26		**26**	
Other with unit amount lower than €mil. 10				2		**2**	
Total	**100**	**-**	**1,192**	**437**	**42**	**1,771**	**309**
% against total for the period	*3.5%*	*n.a.*	*58.3%*	*13.4%*	*3.1%*		

PAYABLES at 31 December 2024	Non-current loans and borrowings	Other non-current borrowings	Current loans and borrowings	Trade payables	Other current payables	Total	Guarantees
Associates							
NH Industries SAS				282		**282**	
Eurofighter Jagdflugzeug GmbH			144	79		**223**	
Gulf System Logistic Services Company WLL				27		**27**	
Hensoldt AG				19		**19**	
Elettronica SpA				18		**18**	
Leonardo Helicopteres Algerie			20			**20**	
Other with unit amount lower than €mil. 10			2	10	4	**16**	
Joint Venture							
MBDA SAS			1,457	38		**1,495**	8
Thales Alenia Space SAS				20		**20**	
GIE ATR				4	24	**28**	
Other with unit amount lower than €mil. 10			1	18		**19**	
Other companies and consortiums							
Other with unit amount lower than €mil. 10				5		**5**	
Companies subject to the control or considerable influence of the MEF							
Cassa Depositi e Prestiti SpA	100			1	1	**102**	164
Enel SpA				29		**29**	
Other with unit amount lower than €mil. 10				3		**3**	
Total	**100**	**-**	**1,624**	**553**	**29**	**2,306**	**172**
% against total for the period	*4.2%*	*n.a.*	*69.8%*	*14.7%*	*1.9%*		

Trade receivables are commented on later, along with revenue from related parties.

Current loans and borrowings from related parties included in particular the amount of €mil. 1,457 (€mil. 1,070 at 31 December 2023) due to the joint venture MBDA and payables of €mil. 144 (€mil. 75 at 31 December 2023), to Eurofighter, 21% owned. As regards the latter, under a cash pooling agreement its surplus cash and cash equivalents are distributed among the partners. The item also includes €mil. 20 for subscribed capital unpaid to be paid to Leonardo Hélicoptères Algérie.

The financial exposure to Cassa Depositi e Prestiti (€mil. 100) related to the loan taken out in 2020 in support of investments in R&D and innovation set out in the Industrial Plan.

Income statement transactions at 31 December 2023	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Associates						
Eurofighter Jagdflugzeug GmbH	940		306			2
NH Industries SAS	317		470			
Iveco-Oto Melara Scarl	113		2			
Hensoldt AG	31		142			
AgustaWestland Aviation Services LLC	29		3			
Macchi Hurel Dubois SAS	28					
Elettronica SpA	1		64			
Gulf System Logistic Services Company WLL			14			
G.E.M. Elettronica Srl			18			
Other with unit amount lower than €mil. 10	29		9		1	
Joint Venture						
Orizzonte - Sistemi Navali SpA	134		2			
GIE ATR	143		8			
MBDA SAS	91		49			39
Thales Alenia Space SAS	45		2		4	
Polo Strategico Nazionale SpA	16					
Rotorsim Srl	1	2	19			
Other with unit amount lower than €mil. 10	7	1	12		1	
Other companies and consortiums						
Panavia Aircraft GmbH	29					
Consorzio Protezioni Balistiche Italia	21					
Cons. G.e.i.e. Eurotorp	11					
Other with unit amount lower than €mil. 10	1		5			
Companies subject to the control or considerable influence of the MEF						
Cassa Depositi e Prestiti SpA	129		2			5
Poste Italiane SpA	37					
Ministero dell'Economia e delle Finanze	25					
ENAV SpA	19		1			
SOGEI - Società generale di informatica SPA	18					
ENEL SpA	8		118			
Other with unit amount lower than €mil. 10	14		1			
Total	**2,237**	**3**	**1,247**	**-**	**6**	**46**

Income statement transactions at 31 December 2023	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
% against total for the period	*14.6%*	*0.5%*	*9.1%*	*n.a.*	*3.6%*	*10.9%*

Income statement transactions at 31 December 2024	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Associates						
Eurofighter Jagdflugzeug GmbH	1,017		118			2
NH Industries SAS	311		500			
Iveco-Oto Melara Scarl	195		3			1
AgustaWestland Aviation Services LLC	41		5			
Macchi Hurel Dubois SAS	39					
Hensoldt AG	32		114			
Elettronica SpA	1		96			
Other with unit amount lower than €mil. 10	31		13		1	1
Joint Venture						
GIE ATR	168		70			
Orizzonte - Sistemi Navali SpA	156		1			
MBDA SAS	108	2	68			60
Spaceopal GmbH	75	1				
Polo Strategico Nazionale SpA	65					
Thales Alenia Space SAS	53		20		13	
Rotorsim Srl	1	2	21			
Other with unit amount lower than €mil. 10	1	1	7	1		
Other companies and consortiums						
Panavia Aircraft GmbH	26					
Consorzio Protezioni Balistiche Italia	20					
Cons. G.e.i.e. Eurotorp	14					
Other with unit amount lower than €mil. 10	4		6			
Companies subject to the control or considerable influence of the MEF						
Cassa Depositi e Prestiti SpA	85		1			5
Poste Italiane SpA	41					
ENAV SpA	27					
ENI SpA	16		15			
Rai – Radiotelevisione italiana S.p.A.	14					
SOGEI - Società generale di informatica SPA	10					
Enel SpA	7		144			
Other with unit amount lower than €mil. 10	14		1			
Total	**2,572**	**6**	**1,203**	**1**	**14**	**69**
% against total for the period	*14.5%*	*0.8%*	*7.6%*	*0.1%*	*2.6%*	*17.7%*

Trade receivables and revenues, in addition to those from joint ventures, are mainly related to:

- Eurofighter Jagdflugzeug GmbH in the scope of the EFA Kuwait and GCAP programmes;
- NH Industries in the scope of the NH90 helicopter programme;
- Iveco - Oto Melara for production and post-sales assistance on defence and security ground vehicles;
- Macchi Hurel Dubois for the sale of nacelles, decreasing due to lower volumes developed in the year;
- Panavia Aircraft GmbH in the scope of the Tornado programme;
- Ministry of the Economy and Finance mainly for the Italian Tax Police;
- Cassa Depositi e Prestiti due to supplies to the subsidiary Fincantieri.

Costs related to those to Joint Ventures, as well as to companies:

- Eurofighter Jagdflugzeug GmbH within the scope of the abovesaid EFA Kuwait programme, decreasing due to lower logistic support activities compared to the comparative period and to the reduction in deliveries of the major items for aircraft assembly for the Kuwait customer;
- Gulf System Logistic Services Company W.L.L. decreasing for the gradual transfer of activities to the subsidiary Leonardo For Aviation Services;
- Elettronica Spa for support supplies on naval programmes and the GCAP programme.

37. FINANCIAL RISK MANAGEMENT

The Leonardo Group is exposed to financial risks associated with its operations, specifically related to these types of risks:

- interest-rate risks, related to the Group's financial exposure;
- exchange-rate risks, related to operations in currencies other than the reporting currency;
- liquidity risks, relating to the availability of financial resources and access to the credit market;
- credit risks, resulting from normal commercial transactions or financing activities.

Leonardo carefully monitors each of these financial risks, with the objective of promptly minimizing them, even using hedging derivatives.

The sections below provide an analysis, conducted through sensitivity analysis, of the potential impact on the final results of assumed fluctuations in reference parameters. As required by IFRS 7, these analyses are based on simplified scenarios applied to the final results of the reference periods and, by their own nature, they cannot be considered as indicators of the actual effects of future changes in reference parameters with different financial statements and market conditions, and cannot reflect the inter-relations and the complexity of reference markets.

Interest rate risk

The Leonardo Group is exposed to interest rate risk on borrowings. The management of interest rate risk is consistent with the long-standing practice of reducing the risk of fluctuations in interest rates while seeking to minimize related borrowing costs.

The amount of fixed-rate borrowings from banking and lending institutions (excluding lease liabilities and loans and borrowings with Group's companies), also through the use of hedging instruments, amounts to about 62%, and, consequently, the floating-rate percentage is around 38%. At the date of these financial statements, the cost of debt came to about 3.3% p.a., with a residual average life of about 1.8 years.

In this regard, it should be noted that borrowings at 31 December 2024, equal to €mil. 4,700, included the value of lease liabilities equal to €mil. 641 and payables to related parties.

At 31 December 2024, the transactions were the following:

- options for €mil. 200 (CAP at 4.20% and Knock-out at 5.60% in relation to the 6-month Euribor interest rate), originally purchased in order to partially cover the bond issue due in March 2025;
- floating/fixed interest rate swap for €mil. 300 relating to the EIB loan in the same amount, which guarantees a fixed rate of 1.82% on the loan.

The detail of the main outstanding interest-rate swaps is as follows:

	Notional		Underlying (maturity)	Fair value 01.01.2023	Changes			Fair value 31.12.2023
	2022	2023			Income	Expenses	CFH Reserve	
Options	200	200	Bond 2025	(1)	-			(1)
IRS fixed/floating/fixed	300	300	BEI	30			(12)	18
Total notional	**500**	**500**		**29**	**-**	**-**	**(12)**	**17**

	Notional		Underlying (maturity)	Fair value 01.01.2024	Changes			Fair value 31.12.2024
	2023	2024			Income	Expenses	CFH Reserve	
Options	200	200	Bond 2025	(1)	1			-
IRS floating/fixed	300	300	BEI	18			(6)	12
Total notional	**500**	**500**		**17**	**1**	**-**	**(6)**	**12**

The table below shows the effects of the sensitivity analysis deriving from the 50-basis-point shift in the interest-rate at the reporting date:

Effect of shift of interest rate curve	31 December 2023		31 December 2024	
	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
Net result	1	(1)	(1)	1
Equity (*)	1	(1)	2	(2)

(*) Defined as sum of earnings and cash-flow hedge reserve

Exchange rate risk

<u>Transaction risk</u>

Due to its commercial operations, the Group's companies are exposed to the risk of fluctuations in the currencies related to those cases in which orders, revenue and costs are expressed in currencies other than the functional one used in the financial statements (specifically, US dollars and, to a lesser extent, the pound sterling and Polish zloty).

Exchange rate risk management is governed by the directive in force within the Group. The purpose of the directive is to standardize management criteria based on industrial-not-speculative strategies so as to contain risks within specific limits by carefully and constantly assessing all foreign currency transaction positions. The methodology adopted calls for the systematic hedging of commercial cash flows resulting from the assumption of contractual commitments that are certain or highly probable as either buyer or seller, thereby ensuring current exchange rates at the date of acquisition of multi-year contracts and neutralizing the effects of exchange-rate fluctuations. As a result, contracts for purchases or sales denominated in a currency different from the functional currency are hedged using forward contracts of amounts, maturities, and key parameters that are similar to the underlying position. The Group defines the existence of an economic relationship between the hedging instrument and the hedged item on the basis of the currency, amounts and respective cash flows and assesses whether the derivative designated in each hedging relationship will be and has been effective in offsetting changes in the cash flows of the hedged item. In the event that, due to their nature or following events that entail their ineffectiveness, derivative instruments held in the portfolio should be found to no longer be a hedge, the fair value of the instrument is recognised through profit and loss according to accounting principles. In the event the designation of the instrument as a hedge should continue to be supported, the cash-flow hedge accounting method of recognition is adopted (Note 4.3).

Leonardo carries out these transactions with banks in its own interest and of Group companies.

At 31 December 2024 the Leonardo Group had outstanding foreign exchange transactions totalling €mil. 7,964 (notional amount). Overall, the average EUR/USD dollar exchange rate for hedging purposes is 1.079 on sales and about 1.124 on purchases.

	Notional			Fair value 01.01.2023	Changes				Fair value 31.12.2023
	Sales	Purchases	Total		Discontinued operation	Income	Expenses	CFH Reserve	
Swap and forward transactions	5,023	3,264	8,287	(101)		19	(14)	111	15

	Notional			Fair value 01.01.2024	Changes				Fair value 31.12.2024
	Sales	Purchases	Total		Discontinued operation	Income	Expenses	CFH Reserve	
Swap and forward transactions	4,288	3,201	7,489	15		2	(8)	(104)	(95)

The table below shows the expected due dates of receipts and payments related to derivative instruments broken down by main currencies:

	31 December 2023				31 December 2024			
	Notional Receipts		Notional Payments		Notional Receipts		Notional Payments	
	USD	GBP	USD	GBP	USD	GBP	USD	GBP
Cash-flow and fair-value hedges								
Within 1 year	1,583	8	931	926	1,673	10	970	989
2 to 3 years	1,796	-	467	73	1,443	-	373	37
4 to 9 years	533	-	27	17	246	-	51	1
Total	**3,912**	**8**	**1,425**	**1,016**	**3,362**	**10**	**1,394**	**1,027**
Hedging transactions which cannot be classified as hedging transactions	225	2	225	2	209	1	234	1
Total transactions	**4,137**	**10**	**1,650**	**1,018**	**3,571**	**11**	**1,628**	**1,028**

The table below shows the effects of the sensitivity analysis carried out on the change in the exchange rates of the euro against the US dollar (USD) and the pound sterling (GBP) and, assuming a +/-5% change in the euro/US dollar exchange rate and the euro/pound sterling exchange rate compared with the reference rates at 31 December 2024 and at 31 December 2023.

	31 December 2023				31 December 2024			
	Effect of change in the €/GBP rate		Effect of change in the €/USD rate		Effect of change in the €/GBP rate		Effect of change in the €/USD rate	
	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
Net result	(4)	5	8	(8)	(3)	3	(2)	2
Equity (*)	(7)	8	82	(83)	(2)	3	40	(50)

(*) Defined as sum of earnings and cash flow hedge reserve

Translation risk

The Group is exposed to "translation risk", i.e. the risk that assets, liabilities and results in consolidated companies whose reporting currency is not the euro (mainly USD and GBP) can have different values in euros depending on the performance of exchange rates, which affect the equity reserve named "Translation reserve" (Note 20) and results of operations. It should be noted that Leonardo does not hedge translation risk relating to its own equity investments, the most important of which are in the USA and in the UK.

Leonardo UK Ltd., which is Leonardo's main equity holding in the UK had a positive net financial position which is transferred to Leonardo through cash pooling arrangements. Leonardo systematically hedges this exposure through exchange-rate derivatives recognised as fair value hedges. As a result, even though the Group has no economic exposure, it is subject to balance-sheet volatility directly impacting the amount of Group net debt, which is affected by the realigning payables/receivables in foreign currency.

The effects on the equity of the Group, broken down by the main currencies, are reported in Note 20.

Liquidity risk

The Group is exposed to the risk of not being able to finance the prospective requirements deriving from its usual business and investment operations, as well as those connected with the volatility of the relevant markets and with operations linked to commercial contracts for which there is the risk of renegotiation or cancellation. Furthermore, there is the risk of not being able to repay or refinance debts at the expiry dates. In order to face these risks, the Leonardo Group had at its disposal, for financing its operations, at 31 December 2024:

- the cash and cash equivalents of €mil.2,556 at 31 December 2024 related to Leonardo Spa (€mil. 1,597) and to Group companies (€mil. 745) that, for different reasons, do not fall within the scope of the cash pooling system, in addition to temporarily available cash amounts of the companies falling, directly or indirectly, within the scope of the cash pooling, as well as to deposits made for different reasons;
- an ESG-linked Revolving Credit Facility (RCF), available to Leonardo Spa, amounting to €mil. 1,800, which was entirely unused at 31 December 2024 and with a term of 5 years expiring on 7 October 2026, initially equal to €mil. 2,400 and structured into two tranches, the first of which, equal to €mil. 600, expired on 7 October 2024;
- a Sustainability-Linked loan of €mil. 260 with the European Investment Bank (EIB) (entirely unused at 31 December 2024);
- uncommitted bank credit lines totalling €mil. 820 (entirely unused at 31 December 2024);
- an EMTN (Euro Medium Term Notes) Programme, out of which all the bonds of Leonardo Spa were issued, which are currently in place on the Euromarket and which was still available at 31 December 2024 for a total nominal amount of €mil. 3,000 compared to a total amount of €mil. 4,000 under the programme;
- a Framework Programme for the issuance of Multi-Currency Commercial Paper on the European market, for a maximum amount of €bil. 1, which was entirely unused at 31 December 2024;
- a RCF available to Leonardo DRS amounting to USDmil. 275 (€mil. 265), which was also entirely unused at 31 December 2024;
- short-term credit lines subject to revocation, available to the subsidiary Leonardo US Corporation and guaranteed by Leonardo Spa, for an amount of USDmil. 210 (€mil. 202), unused at 31 December 2024;
- short-term credit lines subject to revocation, available to the subsidiary Leonardo US Holding and guaranteed by Leonardo Spa, for an amount of USDmil. 5 (€mil. 5), unused at 31 December 2024;
- unconfirmed lines of credit for guarantees for a total amount of €mil. 11,419, of which an amount of €mil. 3,451 was available at 31 December 2024.

Credit risk

The Group is exposed to credit risk, which is defined as the probability of an insolvency with respect to a credit position with commercial and financial counterparties.

Regarding commercial transactions, the most significant programmes are made with public sector contractors or contractors belonging to public institutions, mainly in the Euro area, in the UK, the US and the Middle East. The risks associated with the counterparty, for contracts with countries for which there are no usual commercial relations, are analysed and valued at the time of the offer in order to mitigate insolvency risks, if any. While solvency is guaranteed with public-entity customers, it can entail an extension of the collection times than for other business sectors, creating outstanding credit positions and the subsequent need, in some cases, for transactions to convert the receivables into cash. When requested to do so, the Group hedges against potential defaults of its customers by entering into insurance policies with leading Export Credit Agencies (ECAs) internationally and with major Italian agencies.

The types of contracts entered into by the Group often provide for sizeable retention money possibly withheld by customers, as well as back-to-back clauses in case of sub-supplies. All this may inherently extend the times for collection of outstanding receivables.

Furthermore, the Group operates in markets which are or have been recently affected by geopolitical or financial tensions. In particular, with reference to the situation at 31 December 2024, we note the following relations with countries exposed to credit risk according to the international institutions (SACE).

€mil.	Nigeria	Turkey	Pakistan	Kenya	Angola	Egypt	Other countries	Total
Assets	53	140	104	3	4	40	59	403
Liabilities	(46)	(138)	(47)	(21)	(26)	(65)	(38)	(381)
Net exposure	**7**	**2**	**57**	**(18)**	**(22)**	**(25)**	**21**	**22**

The Group's exposure is moderate in the areas affected by wars. In drawing up the consolidated financial statements account was taken of the impact that might arise from these conflicts, essentially in relation to the recoverability of amounts receivable and investments, without however recognizing any impairment loss.

Finally, the receivables related to certain existing contracts, might not be paid, renegotiated or written off.

The table below summarizes trade receivables, with most of the balance claimed, as indicated, from public-sector contractors or contractors belonging to public institutions:

(€ billions)	31 December 2023	31 December 2024
Portion due	1.4	1.7
- of which: for more than 12 months	*0.4*	*0.5*
Portion not yet due	2.3	2.1
Total trade receivables	**3.7**	**3.8**

A part of the portion due is offset by a liability, in relation to payable items or provisions for risks on any net excesses.

Loans and receivables, amounting to €mil. 367 (€mil. 222 at 31 December 2023) included €mil. 15 (€mil. 17 at 31 December 2023) classified as "non-current" and consequently excluded from the net financial position. Loans and receivables are broken down in the table below:

	31 December 2023	31 December 2024
Loans and receivables from related parties	17	-
Other loans and receivables	-	15
Non-current loans and receivables	**17**	**15**
Loans and receivables from related parties	183	330
Other loans and receivables	22	22
Current loans and receivables	**205**	**352**
Total loans and receivables	**222**	**367**

Both the main trade and financial receivables are impaired based on their probability of default or individually in case of particular situations. Vice versa, for receivables that are not impaired individually, impairment provisions are accrued, using time series, statistical data and probability of default on an aggregate basis also supported by qualitative analyses.

During the year, receivables were assigned without recourse for a total volume of €mil. 200 (€mil. 305 in 2023). The amount of the assignments is lower than the previous year's figure as a result of the further streamlining of working capital management processes, which enabled to further improve the dynamics underlying the realization of collection flows.

Classification of financial assets and liabilities

The table below shows the fair value hierarchy for the financial assets and liabilities of the Group measured at fair value. The fair value of derivatives (classified under other current assets and liabilities) and of current securities is determined on the basis of measurement techniques which consider directly observable market inputs (the so-called "Level 2").

	31 December 2023			31 December 2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Other non-current assets	-	-	-	-	-	-
Other current assets	207	-	207	104	-	104
Other non-current liabilities	-	-	-		-	-
Other current liabilities	175	-	175	187	-	187

The total fair value of pension plan assets amounted to €mil. 2,237 (€mil. 2,371 at 31 December 2023), classified under non-current assets and deducted from employee benefits.

38. REMUNERATION TO KEY MANAGEMENT PERSONNEL

Remuneration paid to persons who have strategic power and responsibility of Leonardo S.p.a. amounted to €mil. 17 (€mil. 15 at 31 December 2023).

Remuneration paid to Directors, excluding managers with strategic responsibility, amounted to €mil. 2 (€mil. 2 in 2023). This figure includes fees and other compensation, pensions and other benefits, including the portion borne by the Company.

39. INFORMATION ON THE IMPACT OF CLIMATE CHANGE

Leonardo has identified climate-related risks and opportunities through the application of the Group's Enterprise Risk Management process, as part of the double materiality analysis, carried out in accordance with Legislative Decree 125/2024 and the European Sustainability Reporting Standards (ESRS). This analysis was also informed by specific scenario analyses that allowed the impacts of physical and transitional climate risks to be assessed over long and very long-term horizons, even beyond the period of time of its budget plan. The climate-related risks and opportunities identified, as well as the double materiality analysis and scenario analyses, are explained within the Consolidated Sustainability Statement.

In line with the Industrial plan, Leonardo's strategy on climate change leverages digitisation, technological advances, and data management as key catalysts to reduce the Group's GHG emissions while promoting the development of innovative and sustainable products and services. In particular, Leonardo has designed a decarbonisation strategy in order to, on the one hand, avoid the most impactful effects of climate change and, on the other hand, increase the competitiveness of the sustainable business proposition. In line with this strategy, Leonardo is committed to achieving ambitious decarbonisation targets validated by the Science-Based Target initiative (SBTi) in 2024, through investments oriented to environmental and climate criteria, which aim not only to reduce emissions related to industrial processes (Scope 1 and Scope 2 emissions) but also those generated by suppliers and customers through the use of Leonardo's products and services (Scope 3 emissions).

With reference to Scope 1 and Scope 2 emissions, Leonardo is committed to improving energy efficiency at industrial sites, transforming production processes through solutions with a lower environmental impact, and accelerating the adoption of energy from renewable sources, basing its strategy on four key pillars: energy efficiency, efficiency of energy transformation plants and processes, rebalancing the energy mix, and use of renewable sources.

With regard to Scope 3 emissions, Leonardo promotes the reduction of emissions along its supply chain through a supplier engagement programme geared towards the creation of a conscious community committed to achieving increasingly ambitious sustainability goals. In addition, the Group is active in reducing emissions related to the use of the products and services it sells, through innovative solutions, such as the use of alternative materials and latest-generation fuels that replace fossil fuels, which enable the customer to reduce the emissions generated in the phase of their use.

The aforementioned initiatives are integrated into the Group's industrial plan. For more details, please refer to the Consolidated Sustainability Statement (in particular the section “Climate change and decarbonisation” in the chapter “Environmental information”).

The business plans used in order to assess the recoverability of capitalised assets are also prepared considering the additional investments related to the search for innovative solutions in sustainable business, reduction of emissions and decarbonisation. Likewise, the work already considers issues and any prospective impacts related to climate change identified through the double materiality analysis mentioned above.

Based on the above the Group does not expect any significant financial impact.

40. SHARE-BASED PAYMENTS

In order to implement an incentive and retention system for the Group’s employees and associates, starting from 2015 Leonardo adopted incentive plans which provide for the assignment of Leonardo shares, subject to assessing the attainment of pre-set business targets. These shares will be awarded to the beneficiaries at the end of the vesting period, provided that they have met the condition of being still employed with the company. The cost recognised in the income statement for the share incentive plans of the Parent Company amounted in 2024 to €mil. 17 (€mil. 11 in 2023). Share incentive plans also exist with reference to the US subsidiary Leonardo DRS, the cost of which recognised in the income statement amounted to €mil. 28 (USDmil. 30) in 2024.

During 2024, the prerequisites were fulfilled for the granting of 1,990,079 shares under the Long-Term Incentive Plan, cycle 2021-2023. In accordance with the provisions of Leonardo S.p.a.'s Rules on incentive plans, part of the shares awarded were withheld by the Company in order to settle, in its capacity as withholding agent, withholding and tax deductions on behalf of the beneficiaries. The shares withheld amounted to 859,909 and entailed an outlay equal to about €mil. 20 recognised in equity as they fell under the definition of equity-settled share-based payment transactions. As a result, the shares actually delivered amounted to 1,130,170. With reference to the US subsidiary Leonardo DRS, the financial outlay incurred as withholding agent in order to settle the social security and tax obligations on behalf of the plan beneficiaries amounted to approximately €mil. 18 (USDmil. 19).

With specific regard to the current Long-Term Incentive Plans of Leonardo S.p.a., the fair value used to measure the portion linked to the performance indicators (Group Net Debt, ROIC, Sustainability Indicators, and, as from the three-year cycle 2024-2026, the Group’s Revenues) was equal to €6.788 (value of Leonardo shares at the grant date of 31 July 2021) with reference to the three-year cycle 2021-2023 and € 9.15 (value of Leonardo shares at the grant date of 31 July 2022) with reference to the three-year cycle 2022-2024, € 13.66 (value of Leonardo shares at the grant date of 1 October 2023) with reference to the three-year cycle 2023-2025 and € 21.60 (value of Leonardo shares at the grant date of 1 August 2024) with reference to the three-year cycle 2024-2026.

Vice versa, the award of the remaining of the shares depends upon market conditions which affect the determination of the fair value ("adjusted fair value"). The adjusted fair value, calculated using the "Monte Carlo" method in order to simulate the possible performance of the stock and of the other companies within the basket, was equal to €3.7 with reference to the three-year cycle 2021-2023, €6.4 with reference to the three-year cycle 2022-2024, €12.1 with reference to the three-year cycle 2023-2025 and €15.87 with reference to the three-year cycle 2024-2026.

The input data used to calculate the adjusted fair value were:

- the stock price at the grant date;
- the average share price in the three months preceding the performance period;
- the risk-free interest rate based on the zero-coupon yield curve in 36 months;
- the expected volatility of the price of Leonardo shares and of the shares of the other companies within the basket based on time series in the 36 months prior to the grant date;
- correlation coefficients between Leonardo and the other companies within the basket on the basis of logarithms of the daily performance of the stocks in the 36 months prior to the grant date;
- dividend distribution forecasts on a historical basis.

For the Board of Directors

The Chairman

(Stefano Pontecorvo)

ATTACHMENTS

Attachment: Disclosure ex-lege 124/2017

In accordance with the provisions of Article 1, paragraphs 125-126, of Law 124 of 4 August 2017, information on grants received from public administrations and granted by the Group is provided below.

Grants received

Worth noting are the provisions of Law no. 124/2017 imposing disclosure obligations on those entities carrying out the activity referred to in article 2195 of the Italian Civil Code in relation to sums which are not of a general nature and do not consist of fees, remuneration or compensation received from public administrations or similar entities.

Excluded from such scope are any grant consisting of a consideration for the Group's services and any grant deriving from bilateral financial relationships, which are peculiar to the Group's business, as well as any general measure that falls within the broader general structure of the reference system defined by the State (among others, Law 237/1993, Law 297/1999, Development Contracts and Regional Operational Programme, Law 808/1985, Regional Laws and National Operational Programmes), the effects of which are described in the notes to the Consolidated Financial Statements, based on the accounting standards adopted in the preparation of said accounts that can be used by all sector businesses, as well as grants received for continuing professional development from interprofessional funds.

The Group has not received grants falling within the framework of those referred to in article 1, para. 125, of Law 124/2017.

It should also be noted that the transparency of State aid for which there is a publication obligation is protected by their publication in the National Register of State Aids referred to in Article no. 52 of Law 234 of 24 December 2012.

Grants disbursed

As a publicly traded company, Leonardo S.p.A. is not subject to the obligations under Article 1, para. 126, in accordance with Article 2-bis, para. 2, letter b) of Legislative Decree 33/2013.

There are no grants disbursed by Leonardo S.p.A. and its Italian subsidiaries in the form of donations or disbursements that do not consist of a consideration for services received, not even in the form of a return in terms of image.

Attachment: scope of consolidation

List of companies consolidated on a line-by-line basis (amounts in currency)

N.	Company name	Registered office	Partecipating company	Currency	Share capital	% Group ownership Direct	Indirect	% Group shareholding
1	3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	ENGINEERED SUPPORT SYSTEMS INC	CAD	-		100	71.59
2	AGUSTAWESTLAND INDIA PRIVATE LTD (IN LIQ.)	New Delhi (India)	LEONARDO PARTECIPAZIONI SPA AGUSTAWESTLAND LTD	INR	11,519,450		100	100
3	AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (UK)	AGUSTAWESTLAND LTD	GBP	511,000		100	100
4	AGUSTAWESTLAND LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1,520,304		100	100
5	AGUSTAWESTLAND PHILADELPHIA CO	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	20,000,000		100	100
6	ALEA SRL	Pordenone	LEONARDO SPA	EUR	120,000	100		100
7	DAYLIGHT DEFENCE LLC	Wilmington, Delaware (USA)	DAYLIGHT SOLUTIONS INC	USD	-		100	71.59
8	DAYLIGHT SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
9	DISPOSITIVI PROTEZIONE INDIVIDUALE D.P.I. SRL	Roma	LARIMART SPA	EUR	309,600		77.92	46.75
10	DRS ADVANCED ISR LLC	Wilmington, Delaware (USA)	DRS DEFENSE SOLUTIONS LLC	USD	-		100	71.59
11	DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	71.59
12	DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	2		100	71.59
13	DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
14	DRS INTERNATIONAL INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
15	DRS NAVAL POWER SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
16	DRS NETWORK & IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	71.59
17	DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)	DRS DEFENSE SOLUTIONS LLC	USD	10		100	71.59
18	DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
19	DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	71.59
20	DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
21	DRS SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
22	DRS RADA TECHNOLOGIES LTD	Netanya (Israele)	LEONARDO DRS INC	ILS	1,491,527		100	71.59
23	DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	71.59
24	DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)	DRS TECHNOLOGIES CANADA INC	CAD	100		100	71.59
25	DRS TECHNOLOGIES SAUDI ARABIA LLC	Riyadh (Arabia Saudita)	LEONARDO DRS INC	SAR	2,000,000		49	35.08
26	DRS TECHNOLOGIES UK LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
27	DRS TRAINING & CONTROL SYSTEMS LLC	Tallahassee, Florida (USA)	DRS DEFENSE SOLUTIONS LLC	USD	510		100	71.59
28	DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)	DRS TRAINING & CONTROL SYSTEMS LLC	USD	1		100	71.59
29	E2E ENGINEERING LIMITED	Luton (UK)	TELESPAZIO UK LTD	GBP	489		100	67
30	E2E SATCOM LIMITED	Luton (UK)	E2E ENGINEERING LIMITED	GBP	900		100	67
31	E2E SERVICES LIMITED	Luton (UK)	E2E ENGINEERING LIMITED	GBP	300		100	67
32	E - GEOS SPA	Matera	TELESPAZIO SPA	EUR	5,000,000		80	53.60
33	EARTHLAB LUXEMBOURG SA	Mamer (Lussemburgo)	TELESPAZIO BELGIUM SRL E - GEOS SPA	EUR	4,875,000		100	64.72
34	ENGINEERED COIL COMPANY	Jefferson City, Missouri (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	71.59
35	ENGINEERED SUPPORT SYSTEMS INC	Jefferson City, Missouri (USA)	LEONARDO DRS INC	USD	1		100	71.59
36	ESSI RESOURCES LLC	Frankfort, Kentucky (USA)	DRS SUSTAINMENT SYSTEMS INC	USD	-		100	71.59
37	GAF AG	Monaco (Germania)	E - GEOS SPA	EUR	256,000		100	53.60
38	G.E.M. ELETTRONICA SRL	San Benedetto del Tronto (Ascoli Piceno)	LEONARDO SPA	EUR	4,500,000	65		65
39	KOPTER GERMANY GMBH	HÖHENKIRCHEN-Siegertsbrunn (Germania)	KOPTER GROUP AG	EUR	25,000		100	100
40	KOPTER GROUP AG	Mollis, Glarona Nord (Svizzera)	LEONARDO SPA	CHF	32,000,000	100		100
41	LARIMART SPA	Roma	LEONARDO SPA	EUR	2,500,000	60		60
42	LAUREL TECHNOLOGIES PARTNERSHIP	Wilmington, Delaware (USA)	DRS SYSTEMS MANAGEMENT LLC DRS SIGNAL SOLUTIONS INC	USD	-		100	71.59
43	LEONARDO AUSTRALIA PTY LTD	Essendon, Victoria (Australia)	LEONARDO INTERNATIONAL SPA	AUD	8,366,301		100	100
44	LEONARDO BELGIUM SA	Grace Hollogne (Belgio)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	EUR	500,000		100	100
45	LEONARDO CAE ADVANCED JET TRAINING SRL	Villasor (Cagliari)	LEONARDO SPA	EUR	49,040,000	50		50
46	LEONARDO (CHINA) CO. LTD	Beijing (Cina)	LEONARDO INTERNATIONAL SPA	USD	800,000		100	100
47	LEONARDO DO BRASIL LTDA	Itapevi (Brasile)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	BRL	48,241,788		100	100
48	LEONARDO DRS INC	Wilmington, Delaware (USA)	LEONARDO US HOLDING LLC	USD	262,454,115		71.59	71.59
49	LEONARDO ELECTRONICS US INC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	32,750,000		100	100
50	LEONARDO FOR AVIATION SERVICES (SPC)	Kuwait City (Kuwait)	LEONARDO SPA	KWD	300,000	100		100
51	LEONARDO GERMANY GMBH	Neuss (Germania)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	EUR	2,500,000		100	100
52	LEONARDO GLOBAL SOLUTIONS SPA	Roma	LEONARDO SPA	EUR	51,000,000	100		100
53	LEONARDO GMBH	Colonia (Germania)	LEONARDO INTERNATIONAL SPA	EUR	25,700		100	100
54	LEONARDO HELICOPTERS USA INC	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	-		100	100
55	LEONARDO INTERNATIONAL SPA	Roma	LEONARDO SPA	EUR	1,000,000	100		100
56	LEONARDO LOGISTICS SPA	Roma	LEONARDO SPA	EUR	100,000	100		100
57	LEONARDO LOGISTICS POLAND SP Z O.O	Swidnik (Polonia)	LEONARDO LOGISTICS SPA	PLN	5,000		100	100
58	LEONARDO MALAYSIA SDN BHD	Kuala Lumpur (Malesia)	LEONARDO INTERNATIONAL SPA	MYR	2,500,000		100	100
59	LEONARDO PARTECIPAZIONI SPA	Roma	LEONARDO SPA	EUR	1,000,000	100		100
60	LEONARDO PORTUGAL SA	Porto Salvo Oeiras (Portogallo)	LEONARDO INTERNATIONAL SPA	EUR	100,000		100	100
61	LEONARDO ROMANIA AEROSPACE, DEFENCE & SECURITY SA	Ploiesti (Romania)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	RON	10,847,960		100	100
62	LEONARDO SAUDI LTD	Riyadh (Arabia Saudita)	LEONARDO INTERNATIONAL SPA	SAR	500,000		100	100

63	LEONARDO SOUTH AFRICA (PTY) LTD	Pretoria (Sud Africa)	LEONARDO INTERNATIONAL SPA	ZAR	1,500		100	100
64	LEONARDO TECHNOLOGIES & SERVICES LTD	Nairobi (Kenya)	LEONARDO INTERNATIONAL SPA	KES	109,600,000		100	100
65	LEONARDO TURKEI HAVACILIK SAVUNMA VE GUVENLIK SISTEMLERI AS	Ankara (Turchia)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	TRY	79,557,009		100	100
66	LEONARDO UK LTD	Londra (UK)	LEONARDO SPA	GBP	314,500,100	100		100
67	LEONARDO US AIRCRAFT LLC	Wilmington, Delaware (USA)	LEONARDO US SUBHOLDINGS LLC	USD	100		100	100
68	LEONARDO US AUTOMATION INC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	10		100	100
69	LEONARDO US CORPORATION	Wilmington, Delaware (USA)	LEONARDO US HOLDING LLC	USD	10		100	100
70	LEONARDO US HOLDING LLC	Wilmington, Delaware (USA)	LEONARDO SPA LEONARDO INTERNATIONAL SPA	USD	10	53.53	46.47	100
71	LEONARDO US SUBHOLDING LLC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	100		100	100
72	OTO MELARA NORTH AMERICA LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	71.59
73	PARTECH SYSTEMS PTY LTD	Yerriyong (Australia)	LEONARDO AUSTRALIA PTY LTD	AUD	330		100	100
74	PIVOTAL POWER INC	Halifax, Nova Scotia (Canada)	3083683 NOVA SCOTIA LIMITED	CAD	-		100	71.59
75	PRECISION AVIATION PROPERTY PTY LTD	Pretoria (Sud Africa)	LEONARDO SOUTH AFRICA (PTY) LTD	ZAR	100		100	100
76	PRECISION AVIATION TRAINING ACADEMY PTY LTD	Pretoria (Sud Africa)	LEONARDO SOUTH AFRICA (PTY) LTD	ZAR	1,000		100	100
77	RADA INNOVATIONS LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	71.59
78	RADA SENSORS INC	Delaware (USA)	DRS RADA TECHNOLOGIES LTD	USD	100		100	71.59
79	RADA TECHNOLOGIES LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	71.59
80	RARTEL SA	Bucarest (Romania)	TELESPAZIO SPA	RON	468,500		61.06	40.91
81	REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z O.O	Swidnik (Polonia)	PZL-SWIDNIK SA	PLN	7,722,000		76.08	76.08
82	SELEX ELSAG LTD	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	25,800,100		100	100
83	SELEX ES AUSTRALIA PTY LTD	Melbourne (Australia)	LEONARDO INTERNATIONAL SPA	AUD	500,000		100	100
84	LEONARDO US CYBER AND SECURITY SOLUTIONS LLC (ex Selex ES Llc)	Wilmington, Delaware (USA)	LEONARDO US SUBHOLDINGS LLC	USD	100		100	100
85	SELEX ES INTERNATIONAL LTD	Basildon, Essex (UK)	LEONARDO INTERNATIONAL SPA	GBP	100		100	100
86	SELEX ES MALAYSIA SDN BHD	Kuala Lumpur (Malesia)	LEONARDO INTERNATIONAL SPA	MYR	500,000		100	100
87	T - S HOLDING CORPORATION	Austin, Texas (USA)	TECH-SYM LLC	USD	280,000		100	71.59
88	TECH-SYM LLC	Carson City, Nevada (USA)	LEONARDO DRS INC	USD	10		100	71.59
89	TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	TELESPAZIO SPA TELESPAZIO BRASIL SA	ARS	9,950,000		100	67
90	TELESPAZIO BELGIUM SRL	Bastogne (Belgio)	TELESPAZIO SPA TELESPAZIO FRENCH GUIANA SARL	EUR	1,282,750		100	67
91	TELESPAZIO BRASIL SA	Rio de Janeiro (Brasile)	TELESPAZIO LATIN AMERICA LTDA	BRL	58,724,000		98.77	66.18
92	TELESPAZIO FRANCE SAS	Tolosa (Francia)	TELESPAZIO SPA	EUR	33,670,000		100	67
93	TELESPAZIO FRENCH GUIANA SARL	Kourou (Guyana Francese)	TELESPAZIO SPA	EUR	7,625		100	67
94	TELESPAZIO GERMANY GMBH	Darmstadt (Germania)	TELESPAZIO SPA TELESPAZIO FRANCE SAS	EUR	44,150		100	67
95	TELESPAZIO IBERICA SL	Madrid (Spagna)	TELESPAZIO SPA	EUR	2,230,262		100	67
96	TELESPAZIO LATIN AMERICA LTDA	Rio de Janeiro (Brasile)	TELESPAZIO SPA TELESPAZIO UK LTD	BRL	56,444,390		100	67
97	TELESPAZIO SPA	Roma	LEONARDO SPA	EUR	50,000,000	67		67
98	TELESPAZIO UK LTD	Luton (UK)	TELESPAZIO SPA	GBP	14,400,048		100	67
99	TELESPAZIO UK SL	Madrid (Spagna)	TELESPAZIO UK LTD	EUR	3,100		100	67
100	TTI TACTICAL TECHNOLOGIES INC	Ottawa, Ontario (Canada)	LEONARDO INTERNATIONAL SPA	CAD	2,500,001		100	100
101	UTM SYSTEMS & SERVICES SRL	Roma	LEONARDO SPA	EUR	3,651,497	100		100
102	WASS SUBMARINE SYSTEMS SRL	Livorno	LEONARDO SPA	EUR	100,000	100		100
103	WYTWORNIA SPRZETU KOMUNIKACYJNEGO ``PZL-SWIDNIK`` SPOLKA AKCYJNA	Swidnik (Polonia)	LEONARDO SPA	PLN	137,401,350	100		100

List of companies consolidated using the equity method (amounts in currency)

N.	Company name	Registered office	Partecipating company	Currency	Share capital	% Group ownership Direct	% Group ownership Indirect	% Group shareholding
1	ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Shah Alam (Malesia)	SELEX ES INTERNATIONAL LTD	MYR	10,000,000		30	30
2	AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (Emirati Arabi Uniti)	LEONARDO SPA	AED	58,010,000	30		30
3	AIRBUS TELESPAZIO CAPACITY OPERATOR SAS	Issy Les Moulineaux (Francia)	TELESPAZIO FRANCE SAS	EUR	11,000,000		49	32.83
4	AMSH BV	Rotterdam (Olanda)	LEONARDO SPA	EUR	36,296,316	50		50
5	AVIO SPA	Roma	LEONARDO SPA	EUR	90,964,213	29.63		29.63
6	BLCAT INC	Ottawa, Ontario (Canada)	LEONARDO CANADA CO	CAD	100		50	50
7	CNBM LEONARDO (SHANGHAI) AEROSTRUCTURES CO. LTD	Shanghai (Cina)	LEONARDO SPA	USD	200,000,000	30		30
8	C-27J AVIATION SERVICES INC	Ottawa, Ontario (Canada)	LEONARDO CANADA CO	CAD	10,000		30	30
9	CONSORZIO ATR GIE	Tolosa (Francia)	LEONARDO SPA	USD	-	50		50
10	D-FLIGHT SPA	Roma	UTM SYSTEMS & SERVICES SRL	EUR	83,333		40	40
11	ELETTRONICA SPA	Roma	LEONARDO SPA	EUR	9,000,000	31.33		31.33
12	EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germania)	LEONARDO SPA	EUR	2,556,459	21		21
13	EUROFIGHTER SIMULATION SYSTEMS GMBH (IN LIQ.)	Monaco (Germania)	LEONARDO SPA	EUR	260,000	24		24
14	EUROMIDS SAS	Parigi (Francia)	LEONARDO SPA	EUR	40,500	25		25
15	GULF SYSTEMS LOGISTICS SERVICES COMPANY WLL	Kuwait City (Kuwait)	LEONARDO PARTECIPAZIONI SPA	KWD	75,000		40	40
16	HELIVERT JOINT STOCK COMPANY	Mosca (Russia)	LEONARDO SPA	RUB	325,010,000	50		50
17	HENSOLDT AG	Taufkirchen (Germania)	LEONARDO SPA	EUR	115,500,000	22.8		22.8
18	IAMCO - INTERNATIONAL AEROSPACE MANAGEMENT COMPANY SCRL	Venezia	LEONARDO SPA	EUR	208,000	25		25
19	ICARUS SCPA (IN LIQ.)	Torino	LEONARDO GLOBAL SOLUTIONS SPA	EUR	3,192,724		53.06	53.06
20	INMOVE ITALIA SRL	Napoli	LEONARDO PARTECIPAZIONI SPA	EUR	14,441		100	100
21	IVECO - OTO MELARA SC A RL	Roma	LEONARDO SPA	EUR	40,000	50		50
22	JIANGXI CHANGHE AGUSTA HELICOPTER CO LTD	Jingdezhen (Cina)	LEONARDO SPA	CNY	6,000,000	40		40
23	LEONARDO AEROSPACE DEFENSE & SECURITY INDIA PRIVATE LTD	New Delhi (India)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	INR	30,000,000		100	100
24	LEONARDO CANADA CO	Halifax, Nova Scotia (Canada)	LEONARDO INTERNATIONAL SPA	CAD	298,421		100	100
25	LEONARDO ELECTRONICS PENSION SCHEME (TRUSTEE) LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	100		100	100
26	LEONARDO FOR TRADING OF MACHINERY EQUIPMENT AND DEVICES WLL	Kuwait City (Kuwait)	LEONARDO INTERNATIONAL SPA	KWD	303,000		93	93
27	LEONARDO FUTUREPLANNER (TRUSTEE) LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
28	LEONARDO HELICOPTERES ALGERIE SPA	Bir Mourad Rais (DZ) (Algerie)	LEONARDO SPA LEONARDO INTERNATIONAL SPA	EUR	55,000,000	39	10	49
29	LEONARDO HELICOPTERS PENSION SCHEME (TRUSTEE) LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
30	LEONARDO HISPANIA SAU (IN LIQ.)	Loriguilla, Valencia (Spagna)	LEONARDO INTERNATIONAL SPA	EUR	5,189,019		100	100
31	LEONARDO LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
32	LEONARDO MW Ltd	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	1		100	100
33	LEONARDO PENSION SCHEME (TRUSTEE) LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
34	LEONARDO POLAND SP Z O.O	Varsavia (Polonia)	LEONARDO INTERNATIONAL SPA	PLN	850,000		100	100
35	LEONARDO SINGAPORE PTE. LTD	Singapore (Singapore)	LEONARDO INTERNATIONAL SPA	USD	150,000		100	100
36	LEONARDO TECHNOLOGIES AND MARKETING SERVICES EGYPT LLC	Il Cairo (Egitto)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	USD	150,000		100	100
37	LEONARDO TECHNOLOGY PAKISTAN (SMC-PRIVATE) LIMITED	Islamabad (Pakistan)	LEONARDO INTERNATIONAL SPA	PKR	30,000,000		100	100
38	LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libia)	LEONARDO SPA LEONARDO PARTECIPAZIONI SPA	EUR	8,000,000	25	25	50
39	MACCHI HUREL DUBOIS SAS	Versailles (Francia)	LEONARDO SPA	EUR	100,000	50		50
40	MBDA SAS	Parigi (Francia)	AMSH BV	EUR	53,824,021		50	25
41	NHINDUSTRIES SAS	Aix en Provence (Francia)	LEONARDO SPA	EUR	306,000	32		32
42	ORIZZONTE - SISTEMI NAVALI SPA	Genova	LEONARDO SPA	EUR	20,000,000	49		49
43	POLO STRATEGICO NAZIONALE SPA	Roma	LEONARDO SPA	EUR	3,000,000	25		25
44	ROTORSIM SRL	Sesto Calende (Varese)	LEONARDO SPA	EUR	9,800,000	50		50
45	ROTORSIM USA LLC	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	12.607.452		50	50
46	SELEX ES (PROJECTS) LTD	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	100		100	100
47	SPACEOPAL GMBH	Monaco (Germania)	TELESPAZIO SPA	EUR	500,000		50	33.5
48	THALES ALENIA SPACE SAS	Cannes (Francia)	LEONARDO SPA	EUR	918,037,500	33		33
49	TORPEDO SOUTH AFRICA (PTY) LTD	Gauteng (Sud Africa)	LEONARDO SPA	ZAR	-	49		49
50	VITROCISET JADWALEAN LTD	Riyadh (Arabia Saudita)	LEONARDO SPA	SAR	2,000,000	45		45

List of subsidiaries and associates valued at cost (amounts in currency)

N.	Company name	Registered office	Partecipating company	Currency	Share capital	% Group ownership Direct	Indirect	% Group shareholding
1	ADVANCED MALE AIRCRAFT LLC	Al Ain, Muwaiji (Emirati Arabi Uniti)	LEONARDO SPA	AED	200,000	49		49
2	ELSACOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ucraina)	LEONARDO PARTECIPAZIONI SPA	UAH	7,945,000		49	49

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

Company	Event	Month
Companies which entered the scope of consolidation:		
Leonardo Us Automation Inc.	newly established	February 2024
Leonardo Pension Scheme (Trustee) Ltd (*)	newly established	April 2024
Leonardo Technologies and Marketing Services Egypt Llc (*)	newly established	May 2024
Wass Submarine Systems Srl	newly established	June 2024
Companies which left the scope of consolidation:		
Industria Italiana Autobus Spa (*)	sold	July 2024
Leonardo & Codemar S.A. (in liquidation) (*)	struck off	December 2024

Companies involved in merger transactions:

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

Companies which changed their corporate name:

Previous name	New name	Month
Vega Deutschland GmbH	Leonardo GmbH	March 2024
Selex Es Llc	Leonardo US Cyber and Security Solutions Llc	April 2024

(*): companies valued at equity

Starting from 1 January 2024 the Telespazio Group, which was measured at equity until the 2023 consolidated financial statements, is consolidated on a line-by-line basis by the Leonardo Group.

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE 58/98 AS AMENDED AND SUPPLEMENTED

1. The undersigned Roberto Cingolani as the Chief Executive Officer and General Manager and Alessandra Genco as the Officer in charge of Financial Reporting for Leonardo Spa, certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:
   - the appropriateness of the financial statements with regard to the nature of the business and
   - the effective application of administrative and accounting procedures in preparing the consolidated financial statements at 31 December 2024.
2. In this respect it is noted that no significant matters arose.
3. It is also certified that:

   3.1. The consolidated financial statements:
   - were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to EU Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   - correspond to the entries in the books and accounting records;
   - were prepared in accordance with Article 154-ter of the aforesaid Legislative Decree 58/1998 and subsequent amendments and integrations and they provide a true and fair view of the financial position and results of operations of the issuer and of the entities included within the scope of consolidation.

   3.2. The Report on Operations includes a reliable analysis of the performance and the operating result, as well as the position of the issuer and of the entities included within the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

This statement also is made pursuant to and for the purposes of Article 154-*bis*, paragraph 2, of Legislative Decree 58 of 24 February 1998.

Rome, 11 March 2025

Chief Executive Officer and General Manager	Officer in charge of financial reporting
(Roberto Cingolani)	(Alessandra Genco)

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Leonardo S.p.A.

Consolidated financial statements as at 31 December 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholders of
Leonardo S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Leonardo Group (the Group), which comprise the statement of financial position as at 31 December 2024, the separate income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Leonardo S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit response
Recognition of revenues and losses from long-term contracts with customers Revenues from long-term contracts with customers are recognized "over-time" using an input method for measuring progress towards complete satisfaction of performance obligations based on the percentage of completion obtained from the ratio of incurred costs on the total expected costs for the contract over the life of the project (cost to cost method). The estimation of the total expected project costs is, by its nature, complex and characterized by significant uncertainties as it may be impacted by many factors, including the ability to fulfill the obligations assumed towards customers, which may also result in penalties and additional expenses for significant amounts. Therefore, the estimate involves a high degree of judgment by Directors that may significantly affect the contract revenues recognition and any loss at completion in cases of negative margin expectation. Accordingly, we identified this area as a key audit matter. The disclosures related to the criteria applied for the recognition and measurement of revenues and margins on long-term contracts with customers are included in notes "3.9 Revenues and contract assets/liabilities with customers" and "4.4 Estimate of revenues and final costs of long- term contracts".	Our audit procedures in response to the key audit matter included, among others: • the understanding of the criteria applied for the recognition of revenues from long-term contracts with customers; • the assessment of the process and key controls over the recognition of revenues from long-term contracts with customers; • for a sample of contracts we performed: (i) testing of relevant contractual terms and conditions in order to verify whether those were adequately considered in management estimates; (ii) testing of the reasonableness of key assumptions underlying the estimation of the life-of-project costs based on inquiries, analysis of any communications with customers and comparative analysis; (iii) comparative analysis between actual figures and estimates made in previous periods in order to assess the accuracy of management's forecasting; (iv) testing of incurred costs and their allocation to proper on-going contracts. Lastly, we have reviewed the disclosures provided in the notes to the financial statements regarding this key audit matter.
Test of the recoverability of goodwill Goodwill as at 31 December 2024 amounts to Euro 4.537 million. Directors tested for impairment the Cash Generating Units (CGUs) to which goodwill has been allocated in order to identify any	Our audit procedures in response to the key audit matter included, among others: • the assessment of the procedure applied in the performance of the impairment test as approved by the Directors;

impairment loss in respect of their recoverable amount.

The recoverable amount of each CGU is determined using the value in use method and it is based on complex assumptions that inherently involve a degree of judgment by Directors, with reference to the expected cash flows over the period considered in the Business Plan 2025-2029, to the estimate of the terminal value and the determination of the long-term growth and discount rates.

Because of the judgement involved and the complexity of the assumptions underlying the estimation of the recoverable amount of goodwill, we identified this area as a key audit matter.

Disclosures on the assumptions and the estimations adopted when performing the impairment test are included in the notes to the consolidated financial statements "4.6 Impairment of assets" and "9. Intangible Assets".

- testing of the criteria applied for identifying the CGUs and allocating relevant assets and liabilities to them;
- the analysis of the expected cash flows of each CGU and testing of their consistency with the expected cash flows resulting from the Business Plan 2025-2029;
- the assessment of the reasonableness of the estimates made by Directors, also by comparing actual figures and estimates made in previous periods;
- the assessment of the long-term growth and discount rates;
- the assessment of the sensitivity analysis performed by Directors on key assumptions underlying the impairment test.

In performing our procedures we involved our experts in valuation techniques.

Lastly, we have reviewed the disclosures provided in the notes to the financial statements regarding this key audit matter.

Recognition and subsequent measurement of non-recurring costs and development costs

Non-recurring costs and developments costs capitalized as intangible assets as at 31 December 2024 amount to an aggregate of Euro 3.074 million.

The initial recognition of these assets and the subsequent assessment of their recoverability are based on complex assumptions that inherently involve a degree of judgment by Directors as influenced by many factors including the time horizon of the product business plans and management's ability to forecast the commercial success of the underlying technologies.

Because of the judgement involved and the complexity of the underlying assumptions, we identified this area as a key audit matter.

Disclosures on the assumptions and the estimations adopted in the recognition and subsequent measurement of non-recurring costs

Our audit procedures in response to the key audit matter included, among others:

- understanding of the processes applied in recognizing for non-recurring costs and development costs and the process related to the assessment of their recoverability;
- for a sample of development programs we performed:
  - (i) substantive procedures aimed at verifying internal and external costs recognized during the period;
  - (ii) assessment of the reasonableness of key assumptions underlying the product business plans;
  - (iii) testing of the discount rates;
  - (iv) assessment of the sensitivity analysis performed by Directors on the key assumptions underlying the impairment test.

and development costs are included in the notes to the consolidated financial statements "4.1 Research and development costs ", "4.2 Non-recurring costs" and "9. Intangible assets".

In performing our procedures we involved our experts in valuation techniques.

Lastly, we have reviewed the disclosures provided in the notes to the financial statements regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Leonardo S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (Collegio Sindacale) is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The Shareholders of Leonardo S.p.A., in the general meeting held on 20 May 2020, engaged us to perform the audits of the financial statements and consolidated financial statements for each of the years ending 31 December 2021 to 31 December 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Leonardo S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements as at 31 December 2024, to be included in the annual financial report.

We have performed the procedures under the audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at 31 December 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Leonardo S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Leonardo as at 31 December 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of Leonardo Group as at 31 December 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-*bis* of Legislative Decree No. 39 dated 27 January 2010.

Rome, 14 March 2025

EY S.p.A.
Signed by: Riccardo Rossi, Auditor

As disclosed by the Directors on cover page, the accompanying consolidated financial statements of Leonardo S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2024

LEONARDO – SOCIETÀ PER AZIONI

ACCOUNTING STATEMENTS TO THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2024

Separate income statement

Euro	*Note*	2023	of which with related parties	2024	of which with related parties
Revenues	*27*	9,936,503,303	*2,873,826,784*	10,964,526,991	*3,215,006,117*
Other operating income	*28*	468,915,672	*20,690,488*	559,932,074	*19,066,879*
Purchase and personnel expenses	*29*	(9,066,297,275)	*(2,113,519,201)*	*(9,945,739,278)*	*(2,247,713,508)*
Amortisation, depreciation and financial assets value adjustments	*30*	(465,503,737)		*(518,362,288)*	
Other operating expenses	*28*	(462,388,282)	*(775,330)*	*(581,691,208)*	*(1,360,889)*
Income before tax and financial expenses		**411,229,681**		**478,666,291**	
Financial income	*31*	882,100,617	*18,694,018*	592,244,017	*32,057,631*
Financial expense	*31*	(425,423,631)	*(104,246,254)*	*(391,584,512)*	*(125,139,708)*
Operating profit/(loss) before income taxes and discontinued operations		**867,906,667**		**679,325,796**	
Income taxes	*32*	(84,209,553)		*(147,408,837)*	
Net profit/(loss) for the period		**783,697,114**		**531,916,959**	

Statement of comprehensive income

Euro	2023		2024	
Profit/(loss) for the year		**783,697,114**		**531,916,959**
Other comprehensive income (expense):				
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period:				
- Measurement of defined-benefit plans:		(7,872,236)		1,546,735
- *revaluation*	(7,872,236)		1,546,735	
- Tax effect		(148,050)		279,795
		(8,020,286)		1,826,530
Comprehensive income/expense which will or might be subsequently reclassified within the profit (loss) for the period:				
- Changes in cash flow hedges:		68,551,829		(69,064,421)
- *change generated in the period*	80,009,170		(95,781,141)	
- *transferred to the profit (loss) for the period*	(11,457,341)		26,716,720	
- Tax effect		(16,452,626)		16,295,624
		52,099,203		(52,768,797)
Total other comprehensive income (expense), net of tax:		**44,078,917**		**(50,942,267)**
Total comprehensive income		**827,776,031**		**480,974,692**

Statement of financial position

Euro	*Note*	31 December 2023	of which with related parties	31 December 2024	of which with related parties
Intangible assets	*8*	3,222,872,590		3,233,936,908	
Property, plant and equipment	*9*	979,915,861		1,019,718,063	
Right of use	*10*	590,293,507		489,053,805	
Equity investments	*11*	9,425,821,958		9,185,103,545	
Receivables	*12*	174,907,570	*130,364,282*	610,532,674	*583,143,635*
Deferred tax assets	*32*	865,019,279		751,285,206	
Other non current assets	*12*	30,886,092		26,519,976	
Non-current assets		**15,289,716,857**		**15,316,150,177**	
Inventories	*13*	4,187,309,822		4,649,720,083	
Assets from contracts	*14*	2,365,098,888		2,408,315,640	
Trade receivables	*15*	3,627,571,900	*1,437,953,019*	3,415,932,706	*1,402,810,530*
Income tax receivables	*16*	60,437,956		64,278,639	
Loans and receivables	*15*	520,504,815	*506,932,306*	356,697,550	*343,092,363*
Other assets	*17*	513,267,614	*25,193,752*	407,762,050	*23,683,179*
Cash and cash equivalents	*18*	1,791,014,433		1,596,966,013	
Current assets		**13,065,205,428**		**12,899,672,681**	
Non-current assets held for sale	*19*	-		263,486,708	
Total assets		**28,354,922,285**		**28,479,309,566**	
Share capital		2,499,097,262		2,509,462,051	
Other reserves		5,913,929,998		6,223,129,994	
Total equity	*20*	**8,413,027,260**		**8,732,592,045**	
Loans and borrowings (non current)	*21*	2,684,925,516	*534,730,772*	2,023,370,575	*435,310,446*
Employee benefits	*23*	232,261,636		216,063,462	
Provisions for risks and charges	*22*	706,206,212		575,559,849	
Deferred tax liabilities	*32*	96,412,778		89,649,632	
Other non-current liabilities	*24*	763,229,276	*152,072,430*	812,826,305	*166,751,632*
Non-current liabilities		**4,483,035,418**		**3,717,469,823**	
Liabilities from contracts	*14*	7,210,824,070		7,327,298,597	
Trade payables	*25*	2,802,038,994	*825,845,849*	3,002,873,460	*958,395,760*
Loans and borrowings (current)	*21*	3,287,847,106	*2,576,109,866*	3,506,698,929	*2,890,995,784*
Income tax payables	*16*	2,726,492		16,880,321	
Provisions for short-term risks and charges	*22*	803,645,627		735,720,645	
Other current liabilities	*24*	1,311,692,318	*128,138,734*	1,290,698,593	*64,089,233*
Current liabilities		**15,418,774,607**		**15,880,170,545**	
Liabilities associated with assets held for sale	*19*	40,085,000		149,077,153	
Total liabilities		**19,941,895,025**		**19,746,717,521**	
Total liabilities and equity		**28,354,922,285**		**28,479,309,566**	

Statement of cash flows

Euro	*Note*	2023	of which with related parties	2024	of which with related parties
Gross cash flows from operating activities	*33*	1,134,639,078		1,209,371,234	
Change trade receivables/payables, assets/liabilities from contracts and inventories	*33*	(45,426,972)	*(129,975,282)*	(283,961,721)	*149,338,418*
Change in other operating assets and liabilities and provisions for risks and charges	*33*	(277,754,070)	*(29,656,646)*	(131,684,201)	*(76,823,145)*
Interest received (paid)		(158,672,353)	*(85,553,072)*	(168,482,526)	*(93,081,761)*
Income taxes received (paid)		(96,332,813)		(13,229,802)	
Cash flows generated (used) from operating activities		**556,452,870**		**612,012,984**	
Investments in property, plant and equipment and intangible assets		(453,374,788)		(504,628,848)	
Sales of property, plant and equipment and intangible assets		2,409,461		2,497,364	
Dividends received		729,968,800		434,443,445	
Other investing activities	*33*	154,328,595	*(54,719,579)*	19,552,042	*(169,762,898)*
Cash flows generated (used) from investing activities		**433,332,068**		**(48,135,997)**	
Bond buy repayments		-		(600,000,000)	
Net change in other loans and borrowings		(153,282,803)	*(98,778,171)*	4,897,716	*93,926,667*
Dividends paid		(81,405,039)		(161,083,721)	
Cash flows generated (used) from financing activities		**(234,687,842)**		**(756,186,005)**	
Net increase (decrease) in cash and cash equivalents		**755,097,096**		**(192,309,018)**	
Exchange rate differences		(3,597,288)		(1,739,402)	
Cash and cash equivalents at 1 January		1,039,514,625		1,791,014,433	
Cash and cash equivalents at 31 December		**1,791,014,433**		**1,596,966,013**	

Statement of changes in equity

Euro	Share capital	Retained earnings	Cash flow hedge reserve	Revaluation reserve of defined-benefit plans	Merger surplus	Total equity
1 January 2023	**2,499,097,262**	**4,572,067,031**	**(58,385,677)**	**(59,869,872)**	**705,803,017**	**7,658,711,761**
Profit (loss) for the period	-	783,697,114	-	-	-	783,697,114
Other comprehensive income (expense)	-	-	52,099,203	(8,020,286)	-	44,078,917
Total comprehensive income (expense)	**-**	**783,697,114**	**52,099,203**	**(8,020,286)**	**-**	**827,776,031**
Dividends resolved	-	(80,543,019)	-	-	-	(80,543,019)
Repurchase of treasury shares less sold shares	-	-	-	-	-	-
Total transactions with owners of the parent, recognised directly in equity	**-**	**(80,543,019)**	**-**	**-**	**-**	**(80,543,019)**
Effect from Mergers/Demergers	-	-	-	-	-	-
Stock option/grant plans - performance's value	-	9,818,487	-	-	-	9,818,487
Other changes	-	(2,736,000)	-	-	-	(2,736,000)
31 December 2023	**2,499,097,262**	**5,282,303,613**	**(6,286,474)**	**(67,890,158)**	**705,803,017**	**8,413,027,260**
1 January 2024	**2,499,097,262**	**5,282,303,613**	**(6,286,474)**	**(67,890,158)**	**705,803,017**	**8,413,027,260**
Profit (loss) for the period	-	531,916,959	-	-	-	531,916,959
Other comprehensive income (expense)	-	-	(52,768,797)	1,826,530	-	(50,942,267)
Total comprehensive income (expense)	**-**	**531,916,959**	**(52,768,797)**	**1,826,530**	**-**	**480,974,692**
Repurchase of treasury shares less sold shares	10,364,789	-	-	-	-	10,364,789
Dividends resolved	-	(161,673,292)	-	-	-	(161,673,292)
Total transactions with owners of the parent, recognised directly in equity	**10,364,789**	**(161,673,292)**	**-**	**-**	**-**	**(151,308,503)**
Stock option/grant plans - performance's value	-	(10,101,404)	-	-	-	(10,101,404)
31 December 2024	**2,509,462,051**	**5,642,445,876**	**(59,055,271)**	**(66,063,628)**	**705,803,017**	**8,732,592,045**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2024

1. GENERAL INFORMATION

Leonardo SpA is a company limited by shares based in Rome (Italy), at Piazza Monte Grappa 4, and is listed on the Italian Stock Exchange (FTSE MIB).

The Company is a major Italian high technology organization operating in the Helicopters, Defense Electronics & Security, Cyber & Security Solutions, Aircraft and Aerostructures business sectors.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

In application of EU Regulation 1606/2002 of 19 July 2002, the financial statements at 31 December 2024 were prepared in accordance with the international accounting standards (IFRS) endorsed by the European Commission, supplemented by the relevant interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) issued by the International Accounting Standards Board (IASB) and in force at the year-end.

The general principle used in preparing these separate financial statements is the historical cost method, except for those items that, in accordance with IFRS, are obligatory recognised at fair value, as indicated in the valuation criteria of each item.

The separate financial statements are composed of the separate income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes to the financial statements.

In consideration of the significant values, the figures in these notes are shown in millions of euros unless otherwise indicated. Among the options permitted by IAS 1, the Company has chosen to present its balance sheet by separating current and non-current items and its income statement by the nature of the costs. Instead, the statement of cash flows was prepared using the indirect method.

The International Financial Reporting Standards (IFRS) used for preparing these separate financial statements, drawn up under the going-concern assumption, are the same that were used in the preparation of the separate financial statements at 31 December 2023 except for what indicated below (Note 4). Preparation of the separate financial statements required management to make certain valuations and estimates. The main areas affected by estimates or assumptions of particular importance or that have significant effects on the balances shown are described in Note 4 to the Consolidated Financial Statements, to which reference is made.

The Board of Directors of 11 March 2025 resolved to submit to shareholders the draft financial statements at 31 December 2024.

The separate financial statements were prepared in accordance with IFRS and are subject to a statutory audit by EY SpA.

3. ACCOUNTING POLICIES

The accounting policies and criteria are the same adopted, where applicable, for the annual consolidated financial statements, to which reference is made, except for the recognition and measurement of equity investment in subsidiaries, jointly controlled companies and associates recognised at their purchase or incorporation cost. In case of any impairment losses their recoverability is verified through the comparison between their carrying amount and the higher of their value in use that is determined by discounting prospective cash flows of the equity investment, where applicable, and the assumed sales value (fair value) which is determined on the basis of recent transactions or market multiples. The portion of losses (if any) exceeding the carrying amount is recognised through profit or loss in a specific provision under liabilities to the extent that the Company states the existence of legal or implicit obligations to cover such losses, which are in any case within the limits of the book equity. If the impaired investee shows a subsequent improvement in performance which leads to believe that the reasons for the impairment cease to exist, the equity investments are revalued to the extent of the impairment losses recognised in previous periods under "adjustments to equity investments". In order to define the reversals of the value of an equity investment, the Company monitors, on an annual basis, any equity investment whose value has been previously written down and analyses whether the conditions are fulfilled for its reversal. Specifically, the analysis covers business plans, profitability levels, and future cash flows approved by corporate bodies and the results of sensitivity analyses are evaluated against the basic assumptions used to determine the recoverable value. The results of write-backs (if any) performed in 2024 are reported in Note 5. Dividends from subsidiaries and associates are recognised in the income statement in the year in which they are resolved.

Finally, with reference to transactions between entities under joint control, which are not governed by IFRS, either from the point of view of the purchaser/assignee or from that of the seller/assignor, Leonardo recognizes such transactions recognising directly in equity any gain on the transfer or sale of its subsidiaries.

Investments available for sale, like those acquired with the sole purpose of being disposed within the subsequent twelve months, are classified separately within "assets held for sale".

4. EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED

No significant changes occurred in the period with reference to the application of the accounting policies on the part of the Company. It should be however noted that Amendments to IAS 1 "Presentation of Financial Statements", IFRS 16 "Leases", IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" became effective from 1 January 2024. These amendments did not have any significant effects on the Company's financial statements.

5. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

With reference to the significant events and transactions in the course of 2024, the following should be noted:

- On 16 April 2024, Leonardo finalised the acquisition of the remaining 30% of the quota capital of Alea Srl, with a total disbursement of about €mil. 1.5. Leonardo entered the quota capital in 2021, signing an agreement to acquire 70% with an option for a subsequent future acquisition of the remaining portion;
- In May 2024, Leonardo signed a binding agreement to sell the Underwater Armaments & Systems (UAS) line of business to Fincantieri for an amount based on an Enterprise Value comprising a fixed component of €mil. 300, subject to usual price adjustment mechanisms, plus a variable component of up to a maximum amount of €mil. 115, subject to the achievement of certain performance targets for the year 2024. Accordingly, the assets and liabilities related to the Underwater business line were classified as held for sale (for additional details see Note 19 regarding assets and liabilities held for sale);
- In November 2023 the subsidiary Leonardo International SpA collected from Leonardo US Holding LLC the amount of $mil. 165 by way of return of share premium reserve. Consequently, in April 2024,

Leonardo International SpA paid Leonardo an equivalent amount of €mil. 152 by way of return of capital reserves;

- 11 July 2024 saw the finalization of the definitive sale of the stake in Industria Italiana Autobus to Seri Industrial SpA. The liabilities arising out of the expected charges from the sale had been classified, as early as in the 2023 Financial Statements, among assets and liabilities held for sale; for further details see Note 19;
- On 23 September 2024 Leonardo acquired an additional 35% of GEM Elettronica Srl, for a consideration of about €mil. 16. Following the completion of the transaction, Leonardo SpA now holds 65% of the quota capital and has acquired control over the company. Leonardo will also be entitled to acquire an additional 35% within 3 years;

Furthermore, the following significant events are noted:

- With reference to the termination for default due to alleged delays and non-compliance formalised in June 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, a company whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties had commenced an extrajudicial mediation process in April 2023, which ended unsuccessfully in May 2024; on 24 May 2024, NDMA sued NHI and its parent companies before the Oslo Court. NHI submitted its defence arguments and counterclaim. The parties agreed to join a new mediation process led by the Oslo Court, the first phase of which ended in early 2025 and the second phase will continue to June 2025. The NHI position, confirmed by Leonardo, relating to the litigation as reported in the Financial Statements at 31 December 2023, remains unchanged, considering this request to be legally ungrounded and reasonably disputable in the appropriate forum;
- With reference to the arbitration proceedings that involved – on one hand - Leonardo SpA and PSC SpA (collectively referred to as “LP” unincorporated joint venture) and – on the other hand - Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai SpA (collectively referred to as “GSIC” unincorporated joint venture), after the double transaction occurred at the end of June 2024 related to both the arbitration proceedings against the general contractor GSIC and the dispute brought before the Court of Rome against PSC, Leonardo obtained a considerable part of the sum recognised in the arbitration award, in exchange for the waiver of any further action and/or claim between the parties relating to the award itself, recognising charges for the remainder and for legal and accessory expenses;
- With reference to the agreement entered into with Nav Canada on 21 July 2015, amended in 2019, for the supply of goods and services related to the replacement of 12 radar systems in as many sites (“Terminal Surveillance Radar (TSR) Replacement Project”), following the notice of termination sent by the customer in March 2024, on 2 August 2024 the parties reached a settlement agreement based on which Leonardo accounted for charges in respect of the remaining values in the net working capital.

It should be also noted that, following the amendments to the arrangements originally provided for in the “Space Alliance” with Thales signed at the start of 2024, Leonardo actually acquired control over the Group.

Other significant industrial transactions are reported in paragraph “Industrial and financial transactions” of the Report on operations, to which reference is made for further details.

With regard to financial transactions, no new transaction was carried out on the capital markets during 2024. However, in June 2024 Leonardo SpA repaid €mil. 600 of the bond issued in June 2017, which had reached its natural maturity.

In May 2024 the EMTN (Euro Medium Term Note) programme was renewed for further 12 months, which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4. At the date of this report, the Programme could be still used for €bil. 3.

6. SIGNIFICANT POST-BALANCE SHEET EVENTS

With reference to the binding agreement for the disposal of the Underwater Armaments & Systems (UAS) business, signed In May 2024, the closing of the transaction took place on 14 January 2025, with the payment of the first tranche of the acquisition price, equal to €mil. 287.

As part of the agreement between Leonardo and Rheinmetall with the aim of forming a new European nucleus for the development and production of military combat vehicles in Europe, on 24 February 2025 the parties incorporated Leonardo Rheinmetall Military Vehicles S.r.l., equally held by the two quotaholders.

In relation to the AW169 helicopter crash that occurred near King Power Stadium in Leicester City on 27 October 2018, as a result of which the five people on board died, including the then President of Leicester City Football Club, on 10 January 2025 the law firm assisting the latter's family publicly announced the filing of a writ of summons with the “Technology and Construction Court,” a specialist division of the High Court of England and Wales, for compensation for the damage suffered as a result of the alleged defectiveness of the helicopter in the amount of GBPbil. 2.15 (€bil. 2.6). To date, Leonardo has not yet been served with any writ of summons. On the basis of information that is available to date, supported by the appointed legal counsels and in close collaboration with the insurance companies involved, Leonardo does not believe that a liability may arise against it.

Finally, on 1 January 2025, the merger by incorporation of UTM Systems & Services Srl became effective in terms of legal, accounting and tax effects. This transaction was carried out in order to rationalise and simplify the corporate chain as part of the programme related to the provision of UTM Services.

7. SEGMENT INFORMATION

In accordance with the compliance model followed, management has adopted operating segments that correspond to the business sectors in which the Company operates: Helicopters, Defense Electronics & Security, Cyber & Security Solutions, Aircraft and Aerostructures.

For a more detailed analysis of the main programmes, outlooks and operating indicators for each segment, reference should be made to the Report on Operations.

8. INTANGIBLE ASSETS

	Intangible assets						
	Goodwill	Development costs	Non-recurring costs	Concessions, licenses and trademarks	Acquired through business combinations	Other intangible assets	Total
1 January 2023							
Cost	918	1,107	2,466	758	97	462	**5,808**
Amortisation, depreciation and write-offs	(210)	(701)	(787)	(521)	(59)	(342)	**(2,620)**
Carrying amount	**708**	**406**	**1,679**	**237**	**38**	**120**	**3,188**
Investments (net of grants)	-	56	86	7	-	51	**200**
Sales	-	(1)	-	-	-	-	**(1)**
Depreciation	-	(20)	(53)	(30)	(2)	(29)	**(134)**
Impairment losses	-	(5)	(26)	-	-	-	**(31)**
Other changes	-	(7)	5	26	-	(23)	**1**
31 December 2023	**708**	**429**	**1,691**	**240**	**36**	**119**	**3,223**
broken down as follows:							
Cost	918	1,153	2,556	788	97	487	**5,999**
Depreciation	-	(636)	(628)	(548)	(61)	(344)	**(2,217)**
Impairment losses	(210)	(88)	(237)	-	-	(24)	**(559)**
Carrying amount	**708**	**429**	**1,691**	**240**	**36**	**119**	**3,223**
Investments (net of grants)	-	45	141	9	-	59	**254**
Depreciation	-	(43)	(55)	(37)	(2)	(30)	**(167)**
Impairment losses	-	(7)	(43)	-	-	-	**(50)**
Other changes	(7)	(37)	19	25	-	(26)	**(26)**
31 December 2024	**701**	**387**	**1,753**	**237**	**34**	**122**	**3,234**
broken down as follows:							
Cost	911	1,123	2,715	816	97	520	**6,182**
Depreciation	-	(644)	(682)	(579)	(63)	(375)	**(2,343)**
Impairment losses	(210)	(92)	(280)	-	-	(23)	**(605)**
Carrying amount	**701**	**387**	**1,753**	**237**	**34**	**122**	**3,234**

31 December 2023							
Gross value			4,689				
Grants			2,998				
31 December 2024							
Gross value			4,732				
Grants			2,979				

The item increased by €mil. 18 as a result of new investments net of related grants and amortisation charges for the period, and, to a lesser extent, of impairment of assets recorded in the year.

Investments are mainly related to the Helicopters (€mil. 124), Defense Electronics & Security (€mil. 66) and Aerostructures (€mil. 46) businesses.

At 31 December 2024, commitments were in place for the purchase of intangible assets for €mil. 21 (€mil. 20 at 31 December 2023).

As set out in Note 4.1 of the consolidated financial statements, to which reference should be made, impairment tests on development costs and non-recurring costs are carried out – if conditions obtain- using the discounted cash flow method. The cash flows used are those of the product business plans, discounted on the basis of a WACC rate determined by applying the Capital Asset Pricing Model.

Goodwill

Goodwill is allocated to the Cash Generating Units (CGUs) or groups of CGUs concerned, which are determined with reference to the Group's organizational, management and control structure coinciding, as is known, with the Group's five business segments.

The breakdown of goodwill recognised by business sector at 31 December 2024 is as follows:

	31 December 2023	31 December 2024
Helicopters	459	459
Electronics for the Defence and Security	189	161
Cyber & Security Solutions	-	21
Aircraft	60	60
	708	**701**

Compared to 31 December 2023, the CGUs to which goodwill is allocated have been reshaped following the separation of the Defense Electronics & Security and Cyber & Security Solutions Sectors, which was carried out to provide a representation in strict compliance with the underlying corporate strategies and business trends. Goodwill previously allocated to Defence Electronics & Security was consequently allocated to the two CGUs based on the relative values. Finally, a portion of the goodwill previously allocated to the CGU Defence Electronics & Security, amounting to €mil. 7, was attributed to the *Underwater Armaments & Systems* (UAS) business, classified as held for sale in the separate financial statement as at 31 December 2024. (Note 5).

Goodwill is tested for impairment in order to determine any possible loss in value, making reference to the CGU as a whole, including, in accordance with the organizational and operational model, the equity investments falling within the scope of consolidation, which are then included and tested in the same year as the impairment. Therefore, only the equity investments that are not tested together with goodwill are subject to an impairment test separately, if required.

The test is done by individual CGU by comparing the carrying amount with the greater of the value in use of the CGU and amount recoverable by sale (fair value). In practice, the Company has established an operational hierarchy between calculating the fair value net of costs to sell and value in use, where the value in use is estimated first, and then only after, if it is lower than the carrying value, is the fair value net of costs to sell determined. In particular, the value in use is measured by the unlevered discounting of the cash flows resulting from the Group's five-year business plans prepared by the CGU's management and incorporated into the plan approved by Leonardo's Board of Directors, projected beyond the explicit time horizon covered by the plan according to the perpetuity growth method (terminal value), using growth rates ("g-rate") no greater than those forecast for the markets in which the given CGU operates. The cash flows used were those provided for in the plans adjusted to exclude the effects of any future business restructurings, not yet approved, or future investments for improving future performance. Specifically, these cash flows are those generated before financial expense and taxes – determined on a notional basis - and include investments in capital assets and monetary changes in working capital, while excluding cash flows from financial management, extraordinary events or the payment of dividends. The basic macro-economic assumptions were made on the basis of external information sources, where available, while the profitability and growth estimates used in the plans were calculated by management based on past experience and expected prospective developments in the markets in which the Company operates.

These cash flows are discounted on a weighted-average cost of capital (WACC) basis calculated using the Capital Asset Pricing Model method. The following factors were taken into account in calculating WACCs, which were also determined using the data referable to the main competitors operating in each sector:

- the risk-free rate was determined using the 10-year gross yield of government bonds of the geographic market of the CGU;
- the market premium determined using the computations of external providers;
- the sector beta;
- the cost of debt;
- the debt/equity ratio.

On the contrary, the growth rates used to project the CGU's cash flows beyond the explicit term of the plan were estimated by making reference to the growth assumptions of the individual sectors in which said CGUs operate. These assumptions are based on the internal processing of external sources, making reference to a period of time that is usually ten years. The g-rates used for the purposes of the impairment test were equal to 2%, consistently with the actions taken in previous financial years, even in the presence of higher expected growth rates in some sectors.

Below are mostly important assumptions for the purposes of estimating the cash flows used in determining the value in use:

- WACC;
- g-rate;
- ROS;
- trend in Defence budgets.

In estimating these assumptions, the management made reference, in the case of external variables, to internal information processed on the basis of external surveys, as well as on its knowledge of the markets and of the specific contractual situations.

The following WACCs and (nominal) growth rates were used at 31 December 2024 and 2023:

	31 December 2023		31 December 2024	
	Wacc	g-rate	Wacc	g-rate
Helicopters	9.3%	2.0%	8.9%	2.0%
Electronics for the Defence and Security	8.2%	2.0%	7.8%	2.0%
Cyber & Security Solutions	n.a.	n.a.	8.6%	2.0%
Aircraft	9.2%	2.0%	8.6%	2.0%

Testing conducted on the CGUs to which goodwill was allocated revealed no signs of impairment but showed, on the contrary, significant positive margins (Headroom). Sensitivity analysis was conducted on the results of the tests, making reference to the assumptions for which it is reasonable to believe that a change in the same may significantly modify the results of the test. It should be noted that in all the CGUs to which goodwill was allocated the wide positive margins recorded are such that they may not be significantly modified by any changes in the assumptions described above. In any case, the results for all CGUs are reported below for information purposes. The table below shows, for the 2024 and 2023 financial years, the headroom relating to the base scenario, compared with the results of the following sensitivity analyses: (i) increase by 50 basis points in the WACC rate used to discount cash flows across all the CGUs, other conditions being equal; (ii) reduction by 50 basis points in the growth rate used in calculating the terminal value, other conditions being equal; (iii) reduction by half point in the operating profitability applied to the terminal value, other conditions being equal.

31 December 2023	Margin (base case)	Margin post sensitivity		
		Wacc	g-rate	ROS TV
Helicopters	1,158	833	908	976
Electronics for the Defence and Security	9,004	8,077	8,267	8,703
Cyber & Security Solutions	n.a.	n.a.	n.a.	n.a.
Aircraft	5,817	5,510	5,581	5,682

31 December 2024	Margin (base case)	Margin post sensitivity		
		Wacc	g-rate	ROS TV
Helicopters	2,363	1,935	2,030	2,132
Electronics for the Defence and Security	6,876	6,107	6,255	6,583
Cyber & Security Solutions	1,115	1,019	1,039	1,067
Aircraft	7,027	6,594	6,689	6,865

The margin related to the Defence Electronics & Security CGU, compared to the result of the test performed in 2023, was affected by the spin-off of the Cyber Security & Solutions business included in the CGU in 2023 and recognised separately starting from 2024, and UAS business, classified as held for sale as at 31 December 2024.

Development costs and non-recurring charges

Investments of the item “Development costs” chiefly related to the Helicopters and Defense Electronics & Security sectors for €mil. 24 and €mil. 21, respectively. The investments of “Non-recurring costs” refer to the Helicopters sector for €mil. 76, the Aircraft sector for €mil. 37 and the Defense Electronics & Security sector for €mil. 28.

The changes in the period also took account of the reclassification of €mil. 31 relating to development costs as assets held for sale as part of the transaction aimed at the sale of the Underwater Armaments & Systems line of business (Note 5).

As regards programmes that benefit from the provisions of Law 808/85 and that are classified as functional to national security, the portion of capitalised non-recurring costs, pending the fulfilment of the legal requirements for the classification under receivables, is separately classified among “other non-current assets” (Note 12). Receivables for grants assessed by the grantor in relation to capitalised costs (shown here net of the related grants) are illustrated in Note 28.

The impairment for the year mainly refers to write-downs linked to programmes in the Defense Electronics & Security and Aircraft sectors. Impairment tests of non-recurring costs and development costs are performed on the most significant programmes in terms of capitalisation or risk or when impairment indicators emerge. They are carried out – if conditions obtain- using the discounted cash flow method. The cash flows used are those of the product business plans, discounted on the basis of a WACC rate determined by applying the Capital Asset Pricing Model. As stated in the Consolidated Financial Statements section relating to accounting principles, product business plans include the investments related to climate change issues.

At 31 December 2024, total research and development costs, including also the “development costs” and “non-recurring costs” just mentioned, amount to €mil. 1,506 (€mil. 1,362 at 31 December 2023), of which €mil. 220 expensed (€mil. 177 at 31 December 2023).

Concessions Licenses and Trademarks

The item "Concessions, licenses and trademarks" especially includes the value of licenses acquired in the Helicopters sector.

Other intangible assets

"Other assets" mainly include software, intangible assets in progress and advances.

9. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment				
	Land and buildings	Plant and machinery	Equipment	Other tangible assets	Total
1 January 2023					
Cost	28	1,316	1,995	1,024	**4,363**
Amortisation, depreciation and write-offs	(22)	(1,079)	(1,755)	(591)	**(3,447)**
Carrying amount	**6**	**237**	**240**	**433**	**916**
Investments	-	10	51	196	**257**
Sales	-	(1)	-	(15)	**(16)**
Depreciation	(2)	(56)	(52)	(31)	**(141)**
Impairment losses	-	(3)	(10)	(1)	**(14)**
Other changes	49	74	31	(176)	**(22)**
31 December 2023	**53**	**261**	**260**	**406**	**980**
broken down as follows:					
Cost	78	1,392	2,072	1,010	**4,552**
Amortisation, depreciation and write-offs	(25)	(1,131)	(1,812)	(604)	**(3,572)**
Carrying amount	**53**	**261**	**260**	**406**	**980**
Investments	-	23	41	177	**241**
Sales	-	-	(1)	-	**(1)**
Depreciation	(2)	(49)	(55)	(33)	**(139)**
Impairment losses	-	-	(5)	(5)	**(10)**
Other changes	8	64	7	(130)	**(51)**
31 December 2024	**59**	**299**	**247**	**415**	**1,020**
broken down as follows:					
Cost	86	1,457	2,091	1,036	**4,670**
Amortisation, depreciation and write-offs	(27)	(1,158)	(1,844)	(621)	**(3,650)**
Carrying amount	**59**	**299**	**247**	**415**	**1,020**

The item showed an increase of €mil. 40 due to the new investments, net of the depreciation charges for the period, and as a result of investments in tangible assets under construction.

The changes in the period also took account of the reclassification of a net amount of €mil. 12 as assets held for sale as part of the transaction aimed at the abovementioned sale of the Underwater Armaments & Systems line of business (Note 5).

Investments in 2024 are mainly related to the Defense Electronics & Security division for €mil. 112, Aerostructures for €mil. 47, Helicopters for €mil. 41 and Aircraft for €mil. 29.

The item "Other property, plant and equipment" includes also the amount of property, plant and equipment under completion (€mil. 276 at 31 December 2024 and €mil. 263 at 31 December 2023).

Commitments for the acquisition of tangible assets were in place for €mil. 151 at 31 December 2024 (€mil. 146 at 31 December 2023).

10. RIGHTS OF USE

	Right of use		
	Right of use of land and buildings	Right of use of other tangible assets	Total
1 January 2023			
Cost	892	61	**953**
Amortisation, depreciation and write-offs	(244)	(41)	**(285)**
Carrying amount	648	20	**668**
New Contract submission	12	6	**18**
Closing and contract modifications	21	4	**25**
Depreciation	(110)	(11)	**(121)**
31 December 2023	**571**	**19**	**590**
broken down as follows:			
Cost	922	47	**969**
Amortisation, depreciation and write-offs	(351)	(28)	**(379)**
Carrying amount	**571**	**19**	**590**
New Contract submission	1	10	**11**
Closing and contract modifications	10	-	**10**
Depreciation	(105)	(9)	**(114)**
Other changes	(8)	-	**(8)**
31 December 2024	**469**	**20**	**489**
broken down as follows:			
Cost	912	54	**966**
Amortisation, depreciation and write-offs	(443)	(34)	**(477)**
Carrying amount	**469**	**20**	**489**

During 2024 this item decreased by €mil. 101 mainly due to amortisation for the period net of the signature of new contracts and contractual changes, as well as of other changes which were mainly attributable to the reclassification of the net amount of € 9 million as assets held for sale as part of the transaction aimed at the aforementioned sale of the Underwater Armaments & Systems business (Note 5).

The leases with a term of less than 12 months and those concerning assets of modest value were recognised among “costs for purchases” (Note 29).

At 31 December 2024 acquisition commitments were in place for short-term leases for €mil. 3 (€mil. 3 at 31 December 2023).

11. EQUITY INVESTMENTS

	31 December 2023			31 December 2024		
	Equity investments	Risk provisions	Total	Equity investments	Risk provisions	Total
1 January	**9,638**	**(5)**	**9,633**	**9,426**	**(4)**	**9,422**
Acquisitions/subscriptions	64	1	**65**	92	-	**92**
Repayment of capital	(171)		**(171)**	(295)	-	**(295)**
Write-back/Write-down	(32)	-	**(32)**	(8)	-	**(8)**
Disposals	(73)	-	**(73)**	(30)	-	**(30)**
31 December	**9,426**	**(4)**	**9,422**	**9,185**	**(4)**	**9,181**

Appendices no. 1 and 2 to these Notes provide, respectively, the changes that occurred in the year and detailed information on equity investments required by IFRS 12 and the Italian Civil Code.

The carrying amount of equity investments, if conditions obtain, is tested for impairment in order to determine any possible loss in value. The carrying amount of individual equity investments is tested alternatively either directly or by making reference to the relevant divisions; for any information on the procedures for the performance of tests and any related information, reference should be made to Note 4.6 of the Consolidated Financial Statements.

Among the changes that occurred during the period were the following transactions:

- the acquisition from Leonardo UK Ltd, through the latter's distribution of dividends in kind, involving the stake in Leonardo Electronics US Inc., for an equivalent amount of € mil. 30, and the simultaneous sale of the same stake to Leonardo US Holding Inc., at the same value. Specifically, the transaction determined:
  - the increase in the carrying amount of the stake in Leonardo US Holding Inc., with the Company's interest increasing from 53.11% to 53.53%;
  - the decrease in the carrying amount of the stake in Leonardo UK Ltd for € mil. 30;
- additional acquisitions and new subscriptions for €mil. 33, mainly relating to the following transactions:
  - the acquisition by the Company, which already holds 30% of company quotas, involving additional quotas equal to 35% of the capital of G.E.M. Elettronica Srl, for an equivalent amount of €mil. 16. As a result of said increase, the investment, previously classified as associate, is now recognised as subsidiary;
  - capital payments made to the benefit of Leonardo International SpA and Polo Strategico Nazionale SpA for €mil. 9 and €mil. 4, respectively;
  - other minor increases totalling €mil. 3;
- additional capital repayments of €mil. 265, consisting of:
  - the redistribution of capital reserves resolved upon by Leonardo International SpA for €mil. 152;
  - the distribution of extraordinary reserve on the part of Leonardo Global Solutions SpA for €mil.
- the write-down of the carrying amount of associated company CNBN Leonardo (Shanghai) Aereostrutture co. Ltd. for €mil. 8.

Ad already stated, the recoverability of the carrying amount of equity investments is verified, where the prerequisites are met, including through impairment tests, from which no critical issues have emerged.

Finally, below is reported a comparison of the carrying amounts and the average market price of the listed shares of Avio SpA and Hensoldt AG in December 2024:

Listed company	N° of shares held	Stock price		Book value		Unit Difference in €	Total Difference in €mil.
		Unit €	Total €mil.	Unit €	Total €mil.		
Avio SpA	7,809,307	13.63	106.4	10.84	84.7	2.8	21.8
Hensoldt AG	26,355,000	35.28	929.8	23.45	618.0	11.8	311.8

A breakdown of the changes in equity investments in 2024 is provided below:

Company	Event	Month
NATIONAL QUANTUM SCIENCE AND TECHNOLOGY INSTITUTE S.C. A R.L.	acquisition	January 2024
CONSORZIO CALEF	acquisition	January 2024
LEONARDO ELECTRONICS US INC.	acquisition/disposal	March 2024
CAF ITALIA 2000 S.R.L.	acquisition	May 2024
SPACE IT UP S.C.A.R.L.	acquisition	June 2024
WASS SUBMARINE SYSTEMS Srl (*)	acquisition	June 2024
INDUSTRIA ITALIANA AUTOBUS SPA (**)	disposal	July 2024
EUROPEAN ORGANISATION FOR SECURITY S.C.R.L.	disposal	December 2024

Companies which changed their corporate name:

Old name	New name	Month
SELEX ES LLC	LEONARDO US CYBER AND SECURITY SOLUTIONS, LLC	April 2024

(*) Classified as assets held for sale at the end of 2024

(**) Classified as assets held for sale at the end of 2023

12. RECEIVABLES AND OTHER NON-CURRENT ASSETS

	31 December 2023	31 December 2024
Financial receivables	-	14
Deferred grants under Law no. 808/85	6	6
Related parties receivables (Note 34)	130	583
Other non-current receivables	39	8
Non-current receivables	**175**	**611**
Prepayments - non-current portion	2	1
Non-recurring costs pending under Law no. 808/1985	29	26
Non-current assets	**31**	**27**

The increase of €mil. 436, in non-current receivables was mainly attributable to receivables from related parties, in particular for loans disbursed to Kopter AG for €mil. 399 (at 31 December 2023 €mil. 294 classified as non-current financial receivables - Note 34).

The changes during the year and the composition of assets by maturity, currency and geographical area are shown in Appendices nos. 3, 4, 5 and 6 to these Notes.

13. INVENTORIES

	31 December 2023	31 December 2024
Raw materials, supplies and consumables	1,810	1,961
Work in progress and semi-finished goods	1,152	1,527
Finished goods and merchandise	47	53
Assets from contracts point in time	233	327
Advances to suppliers	945	782
	4,187	**4,650**

Inventories showed an increase in the period equal to €mil. 463.

Provisions for write-down are entered against the inventories to cover any obsolescence, slow-moving items or if the entry value is higher than the net realizable value, for a total amount of €mil. 631 (€mil. 591 al 31 December 2023).

"Point-in-time contract assets" include production progress recorded on contracts that do not meet the requirements for the recognition of revenues on an over time basis.

The changes in the period also took account of the reclassification of a net amount of €mil. 42 as assets held for sale as part of the transaction aimed at the abovementioned sale of the Underwater Armaments & Systems line of business (Note 5).

14. CONTRACT ASSETS AND LIABILITIES

	31 December 2023	31 December 2024
Contract assets (gross)	4,404	4,197
Liabilities from contracts	(2,039)	(1,789)
Contract assets (net)	**2,365**	**2,408**
Contract liabilities (gross)	7,419	7,462
Assets from contracts	(208)	(135)
Contract liabilities (net)	**7,211**	**7,327**

Contract assets, equal to €mil. 2,408 (€mil. 2,365 in 2023), included the net amount of work executed that exceeded the advances received from customers. Similarly, contract liabilities, equal to €mil. 7,327 (€mil. 7,211 in 2023), included the opposite case.

This offsetting is performed only with regard to contract assets and liabilities and not to point-in-time contract assets classified among inventories. If the progress payments and advances from customers have not been collected at the reporting date, the corresponding amount is recognised as a receivable from customers.

In 2024, the portion of Revenues deriving from those exposures classified at the start of the period within contract liabilities amounted to €bil. 2.7.

The table below reports the reclassification to assets and liabilities held for sale in relation to the transaction concerning the abovementioned sale of the "Underwater Armaments & Systems" line of business (Note 5).

	31 December 2024
Contract assets (gross)	264
Liabilities from contracts	(145)
Contract assets (net)	**119**
Contract liabilities (gross)	145
Assets from contracts	(72)
Contract liabilities (net)	**73**

15. TRADE AND FINANCIAL RECEIVABLES

	31 December 2023		31 December 2024	
	Trade	Financial	Trade	Financial
Receivables	2,602	33	2,398	34
Allowance for doubtful accounts	(412)	(19)	(385)	(20)
Related parties current receivables (Note 34)	1,438	507	1,403	343
	3,628	**521**	**3,416**	**357**

Changes in trade receivables for the period showed a decrease of €mil. 212 attributable, in the presence of a significant increase in revenues for the year, to the volumes of receipts recorded during 2024. The change also takes account of the reclassification of a portion of the balance, for €mil. 31, as assets held for sale as part of the transaction aimed at the sale of the Underwater Armaments & Systems line of business (Note 5).

The “Provision for bad debts” mainly includes the effects of the application of IFRS 9.

The composition of assets by currency and geographical area is shown in Appendices nos. 5 and 6 to these Notes. The ageing of receivables together with an analysis of how the Company manages credit risk is reported under Note 35.

16. RECEIVABLES AND PAYABLES FOR INCOME TAXES

At 31 December 2024, income tax receivables and payables amounted to €mil. 64 (€mil. 60 at 31 December 2023) and €mil. 17 (€mil. 3 at 31 December 2023), respectively.

The direct taxes for the period are entered net of advances paid in the year.

The changes during the year and the composition of assets and liabilities by currency and geographical area are shown in Appendices nos. 5, 6, 8 and 9 to these Notes.

17. OTHER CURRENT ASSETS

	31 December 2023	31 December 2024
Derivatives	189	81
Prepaid expenses - current portion	80	84
Receivables for grants	61	73
Receivables from employees and social security	35	34
Indirect tax receivables	49	35
Other related parties receivables (Note 34)	25	24
Other assets	74	77
	513	**408**

The breakdown of current assets from related parties is commented on in Note 34 .

The changes during the year and the composition of assets by currency and geographical area are shown in Appendices nos. 5 and 6 to these Notes.

The item showed a decrease of €mil. 105 compared to 2023, mainly against a reduction in derivative assets, equal to €mil. 108 , mainly due to a decrease in volumes of financial instruments.

The table below shows the trend in the fair value of the derivative portfolio:

	Fair value at					
	31 December 2023			31 December 2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps						
Trading	-	(1)	**(1)**	-	-	**-**
Cash flow hedge	18	-	**18**	12	-	**12**
Currency forward/swap/option						
Trading	3	(3)	**-**	4	(4)	**-**
Cash flow hedge	168	(152)	**16**	65	(154)	**(89)**

The cash flow hedge is the forward instrument hedging trade items denominated in foreign currency.

18. CASH AND CASH EQUIVALENTS

At 31 December 2024, the balance of "Cash and cash equivalents" amounted to €mil. 1,597 (€mil. 1,791 at 31 December 2023). The change for the period is reported in the cash flow statements. Cash and cash equivalents at 31 December 2024 included €mil. 0.8 of term deposits (€mil. 0.6 at 31 December 2023).

19. ASSETS AND LIABILITIES HELD FOR SALE

	31 December 2023	of which with related parties	31 December 2024	of which with related parties
Intangible assets	-		40	
Property, plant and equipment	-		12	
Right of use	-		9	
Income tax assets and other non-current assets	-		8	
Non-current assets	**-**		**69**	
Inventories	-		42	
Assets from contracts	-		119	
Trade receivables and other current assets	-		33	*6*
Current assets	**-**		**194**	
Assets held for sale	**-**		**263**	
Loans and borrowings (non current)	-		8	5
Employee benefits and other non-current liabilities	-		3	
Non-current liabilities	-		11	
Liabilities from contracts	-		73	
Trade payables and loans and borrowings (current)	-		41	2
Provisions for risks and charges and other current liabilities	40		24	
Current liabilities	40		138	
Liabilities associated with assets held for sale	**40**		**149**	
	40		**114**	

Assets and liabilities classified as held for sale at 31 December 2024 were attributable to the Underwater Armaments and Systems line of business, the sale of which was finalised at the beginning of 2025, as further detailed in Note 5.

The balance at 31 December 2023 included the charges expected from the sale of Industria Italiana Autobus SpA, which was finalised on 11 July 2024.

20. EQUITY

	31 December 2023	31 December 2024
Capital	2,499	2,509
Legal reserve	412	451
Extraordinary reserve	392	392
Reserve for actuarial gains/(losses) in equity	(68)	(66)
Cash flow hedge reserve	(6)	(58)
Stock grant reserve	54	44
Merger/demerger surplus reserve	706	706
Retained earnings and other reserves	3,640	4,223
Net profit/(loss) for the period	784	532
Equity	**8,413**	**8,733**

The composition of the share capital is as follows and is unchanged compared to the prior period, except for the increase of € mil. 10 linked to the reduction in treasury shares held:

	Number of ordinary shares	Par value	Treasury shares value	Costs incurred (net of tax effect)	Total
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)
31 December 2023	**575,307,275**	**2,544**	**(26)**	**(19)**	**2,499**
Repurchase of treasury shares net of the portion sold	1,130,170	-	10	-	10
31 December 2024	**576,437,445**	**2,544**	**(16)**	**(19)**	**2,509**
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(1,712,950)	-	(16)	-	(16)

The share capital, fully subscribed and paid-up, is divided into 578,150,395 ordinary shares with a par value of € 4.40 each, including no. 1,712,950 treasury shares.

At 31 December 2024 the Ministry of Economy and Finance owned around 30.204% of the share capital. Moreover, during the period the Company received a notice from Capital Research and Management Company which declared that it held 5.03% of the shares. No other notices were received, pursuant to art. 120 of the D.Lgs. n. 58/98 (Testo Unico della Finanza), relating to the threshold of shareholding having been exceeded provided for by the aforementioned legislation.

The cash flow hedge reserve includes changes in fair value of derivatives used by the Company to hedge its exposure to currency net of the effect of deferred taxes until the moment in which the "underlying position" is recognised. When this condition is met, the reserve is recognised in the income statement to offset the economic effects of the hedged transaction. In accordance with the provisions of IFRS 9 governing hedge accounting, the reserve also includes the fair value change in the forward component of forward contracts (premium points), taken to the income statement when the hedged item affects profit or loss.

The reserve for actuarial gains (losses) includes the effects of the valuation of actuarial gains and losses with reference to severance pay.

The stock grant reserve includes the theoretical benefit attributed to persons involved in share incentive plans.

The breakdown of the equity items according to their origin, possible use and distributable portion, is shown in the following table:

Nature/descriptiom	Amount	Possible use	Available portion	Reserve subject to deferred taxation under Article 110 of Legislative Decree 104/2020
Share capital (*)	2,509			
Profit reserve:				
Legal reserve	451	B		318
Extraordinary reserve	392	A,B,C	392	136
Reserve for actuarial gains/(losses) in equity	(66)	B		
Cash flow hedge reserve	(59)	B		
Stock grant reserve	45	B		
Reserve for merger and demerger surplus	706	A,B,C	706	
Retained earnings and other reserve	4,223	A,B,C	4,078	141
Total	8,201		5,176	595
Net profit/(loss) for the period	532	A,B,C	505	
Constraint ex art. 2426 paragraph 1 no. 5 Civil Code			(2,140)	
Total equity	8,733		3,541	

(*) less treasury shares for € mil. 16 and costs for capital increase for € mil. 19
(**) The tied-up amount of €mil. 141 as per tax requirement (Article 110 of Legislative Decree 104/2020) is allocated to the reserve for "Capital gains from transactions under common control"
Keys:
A: for capital increase
B: for loss coverage
C: for distribution to shareholders

21. LOANS AND BORROWINGS

	31 December 2023			31 December 2024		
	Non current	Current	Total	Non current	Current	Total
Bonds	996	635	**1,631**	499	530	**1,029**
Bank loans and borrowings	1,043	41	**1,084**	993	53	**1,046**
Lease liabilities	78	19	**97**	68	16	**84**
Lease liabilities from related parties (Note 34)	381	117	**498**	275	130	**405**
Other related parties loans and borrowings (Note 34)	154	2,459	**2,613**	160	2,761	**2,921**
Other financial debts	33	17	**50**	28	17	**45**
	2,685	**3,288**	**5,973**	**2,023**	**3,507**	**5,530**

The item decreased by €mil. 443 mainly as a net result of a lower debt linked to the subsequent repayment of the bond issued in June 2017 for €mil. 600, which had reached its natural maturity, and an increase in the balance of other related parties' loans and borrowings, the breakdown of which is shown in Note 34.

The main clauses that regulate the Company's loans and borrowings are provided in the section on "Financial Transactions" of the Report on Operations.

Below is the breakdown of loans and borrowings:

	1 January 2023	New borrowings	Repayments/Payment of coupons	Other net increase (decrease)	Exchange differences	31 December 2023
Bonds	1,628	-	(45)	48	-	**1,631**
Bank loans and borrowings	1,103	-	(19)	(1)	1	**1,084**
Lease liabilities	81	-	-	16	-	**97**
Lease liabilities from related parties (Note 34)	580	-	-	(82)	-	**498**
Other related parties loans and borrowings (Note 34)	2,387	-	-	233	(7)	**2,613**
Other financial debts	85	-	-	(35)	-	**50**
	5,864	**-**	**(64)**	**179**	**(6)**	**5,973**

	1 January 2024	New borrowings	Repayments/Payment of coupons	Other net increase (decrease)	Exchange differences	31 December 2024
Bonds	1,631	-	(645)	43	-	**1,029**
Bank loans and borrowings	1,084	-	(37)	(1)	-	**1,046**
Lease liabilities	97	-	-	(13)	-	**84**
Lease liabilities from related parties (Note 34)	498	-	-	(93)	-	**405**
Other related parties loans and borrowings (Note 34)	2,613	-	-	305	3	**2,921**
Other financial debts	50	-	-	(5)	-	**45**
	5,973	**-**	**(682)**	**236**	**3**	**5,530**

Below is the reconciliation of the financial liabilities with the cash flows from financing activities in 2024:

	31 December 2023	31 December 2024
Balance at 1 January	**5,864**	**5,973**
Changes included in cash flows from financing activities	**69**	**(474)**
- Bond issue (Repayments)	*-*	*(600)*
- Repayment of EIB loans	*(19)*	*(38)*
- Net change in other borrowings	*88*	*164*
Non-monetary movements:	**40**	**31**
- Non-monetary items of lease liabilities	*44*	*21*
- Exchange rate effects	*(7)*	*5*
- Accrued interest	*3*	*5*
Balance at 31 December	**5,973**	**5,530**

Bonds

Below are the bonded loans in place and listed on the Luxembourg Stock Exchange:

Year of issue	Maturity	Currency	Outstanding nominal amount (mil.)(*)	Annual coupon	Type of offer
2005	2025	€	500	4.88%	European institutional
2020	2026	€	500	2.38%	European institutional

(*)Residual nominal amounts in case of issues subject to the buy-back transactions

The item showed a decrease due to the repayment of the bond issued in June 2017 for €mil. 600, which had reached its natural maturity.

The Company's issues are governed by rules with standard legal clauses for these types of corporate transactions on institutional markets that do not require any undertaking with regard to compliance with specific financial parameters (financial covenants), but they do require negative pledge and cross-default clauses. Based on negative pledge clauses, the Company is expressly prohibited from pledging collateral security or other obligations to secure its debt in the form of bonds or listed financial instruments or financial instruments that qualify for listing, unless these guarantees are extended to all bondholders. Exceptions to this prohibition are securitization and, as from July 2006, the establishment of assets for the use indicated in Article 2447-bis et seq. of the Italian Civil Code. On the contrary, the cross-default clauses give the bondholders the right to request early redemption of the bonds in their possession in the event of default by the Company that results in a failure to make payment beyond pre-set limits.

Bank loans and borrowings

Bank loans and borrowings amounted to €mil. 1,046 and decreased by €mil. 38 in relation to the repayments for the period.

The item includes loan agreements entered into with the European Investment Bank (EIB) amounting to:

- €mil. 200 subscribed in December 2020 and used in January 2021, maturity date 2033;
- €mil. 300 subscribed in 2018, maturity date 2031.

The balance of these loans was €mil. 444 at the end of 2024, plus €mil. 2 of accrued interest, of which €mil. 52 due in 2025.

Both loans have been raised to finance investment projects provided for in the Group's Industrial Plan.

The item also includes the ESG-linked Term Loan facility raised and used in December 2021 equal to €mil. 600, with a duration of 5 years and maturity date at the beginning of 2027.

This loan, like the existing ESG-linked Credit Facility still unused as of today, is subject to financial covenants, which provide for compliance by Leonardo with two financial ratios (Group Net Debt, excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities/EBITDA, including amortisation of the rights of use) of not more than 3.75 and an EBITDA, including amortisation of the rights of use/Net interest ratio of not less than 3.25), which are tested on an annual basis on consolidated data. These covenants, always tested on an annual basis, are included in all existing EIB loans as well as in the loan agreement with CDP described in paragraph below "Related parties loans and borrowings". In relation to this Annual Financial Report financial covenants have been complied with in full: the two indicators amount to -0.1 and 36.6, respectively.

Related parties loans and borrowings

Related parties loans and borrowings included lease liabilities equal to €mil. 405 (€mil. 498 at 31 December 2023) and other financial debts for €mil. 2,921 (€mil. 2,613 at 31 December 2023). The item comprised, among others, the loan agreement of €mil. 100 entered into in 2020 with Cassa Depositi e Prestiti (CDP) aimed at co-financing some investment projects provided for in the Industrial Plan.

For a more detailed breakdown of related parties loans and borrowings, reference is made to Note 34 .

Other financial debts

The item includes the residual balance of subsidised loans, related to programmes and projects of the companies and business units merged.

Exposure to changes in interest rates of the financial liabilities is as follows:

	Bonds		Bank loans and borrowings		Other related parties loans and borrowings (Note 34)		Lease liabilities from related parties (Note 34)		Lease liabilities		Other financial debts		Total	
31 December 2023	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**
Within 1 year	-	635	40	1	2,459	-	-	117	-	19	17	-	**2,516**	**772**
2 to 5 years	-	996	748	88	154	-	-	333	-	47	33	-	**935**	**1,464**
Beyond 5 years	-	-	94	113	-	-	-	48	-	31	-	-	**94**	**192**
Total	**-**	**1,631**	**882**	**202**	**2,613**	**-**	**-**	**498**	**-**	**97**	**50**	**-**	**3,545**	**2,428**

	Bonds		Bank loans and borrowings		Other related parties loans and borrowings (Note 34)		Lease liabilities from related parties (Note 34)		Lease liabilities		Other financial debts		Total	
31 December 2024	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**	**floating**	**fixed**
Within 1 year	-	530	40	13	2,761	-	-	130	-	16	17	-	**2,818**	**689**
2 to 5 years	-	499	749	100	160	-	-	255	-	52	28	-	**937**	**906**
Beyond 5 years	-	-	56	88	-	-	-	20	-	16	-	-	**56**	**124**
Total	**-**	**1,029**	**845**	**201**	**2,921**	**-**	**-**	**405**	**-**	**84**	**45**	**-**	**3,811**	**1,719**

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Below is the financial information prepared in accordance with the scheme required under CONSOB communication DEM/6064293 of 28 July 2006 and updated in accordance with the ESMA guidelines 32-382-1138 of 4 March 2021 as implemented in the CONSOB warning notice no. 5/21 of 29 April 2021.

	31 December 2023	31 December 2024
A - Cash	**(1,791)**	**(1,597)**
D - Liquidity	**(1,791)**	**(1,597)**
E - Current financial debt (*)	2,133	2,620
F - Current portion of non-current financial debt	635	530
G - Current financial debt	**2,768**	**3,150**
H - Net current financial debt (funds)	**977**	**1,553**
I - Non-current financial debt (*)	2,685	2,023
J - Debt instruments (**)	6	3
K - Trade payables and other non-current liabilities	212	233
L - Non-current financial debt	**2,903**	**2,259**
M - Total financial debt	**3,880**	**3,812**

(*) Includes leasing payables for € mil. 489, of which € mil. 146 current (€ mil. 595 at 31 December 2023, of which € mil. 136 current)
(**) Includes the fair value of foreign exchange derivatives hedging debt items

Based on current interpretations, the item "Trade payables and other non-current payables" of the abovesaid scheme includes the value of payables for grants received from MEMIT for the development of programmes not related to national security eligible for benefits under Law 808/1985, even though such value is not, by its very nature, a financial caption.

The reconciliation between Net Financial Debt and Group Net Debt, used as KPI, is as follows:

	Note	31 December 2023	31 December 2024
Net financial debt com. CONSOB no. DEM/6064293		**3,880**	**3,812**
Non-current payables to MEMIT (Law 808/1985)	*24*	(212)	(233)
Non current financial receivables from Group's consolidated entities		(113)	(583)
Net debt (KPI)		**3,555**	**2,996**

22. PROVISIONS FOR RISKS AND CHARGES AND CONTINGENT LIABILITIES

	Guarantees given	Restructuring	Penalties	Product guarantees	Contracts (final losses)	Other provisions	Total
1 January 2023							
Current	21	39	7	161	259	299	**786**
Non current	-	129	4	80	-	465	**678**
	21	**168**	**11**	**241**	**259**	**764**	**1,464**
Effect from Mergers/Demergers	-	-	-	-	-	-	**-**
Allocations	-	38	3	59	58	228	**386**
Uses	(1)	(33)	-	(17)	-	(19)	**(70)**
Reversals	-	(4)	(1)	(36)	(115)	(43)	**(199)**
Other changes	1	2	1	(1)	22	(96)	**(71)**
31 December 2023	**21**	**171**	**14**	**246**	**224**	**834**	**1,510**
Broken down as follows:							
Current	21	64	9	182	224	304	**804**
Non current	-	107	5	64	-	530	**706**
	21	**171**	**14**	**246**	**224**	**834**	**1,510**
Allocations	2	11	5	67	93	149	**327**
Uses	(2)	(56)	(1)	(13)	-	(94)	**(166)**
Reversals	-	(17)	(5)	(38)	(96)	(128)	**(284)**
Other changes	-	4	(3)	(6)	(4)	(66)	**(75)**
31 December 2024	**21**	**113**	**10**	**256**	**217**	**695**	**1,312**
Broken down as follows:							
Current	21	44	8	190	217	256	**736**
Non current	-	69	2	66	-	439	**576**
	21	**113**	**10**	**256**	**217**	**695**	**1,312**

The amount of the provisions for risks showed a decrease of €mil.198 compared to the previous year.

"Other provisions for risks and charges" showed a reduction of €mil. 139, and mainly included:

- the provision for critical issues on contracts equal to €mil. 368 (€mil. 404 at 31 December 2023), of which new accruals to provisions for €mil. 76;
- provisions relating to offset obligations for €mil. 46, of which new accruals of €mil. 6;
- the provision for litigation with employees and former employees of €mil. 15 (€mil. 14 at 31 December 2023) of which new accruals to provisions for €mil. 8.

The provision for "restructuring" showed an increase of €mil. 58 and includes the effects of the early retirement schemes under Article 4 of Law 92/2012 (Fornero Act), provided for in the agreement signed with the national trade unions in previous years.

Given their complexity, their cutting-edge technological content and the nature of the customers, the Company's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Company adjusts the estimated contract costs for foreseeable issues, also taking into account the possible developments in the relevant disputes. With regard to contracts in progress affected by uncertainties and issues under discussion with customers, the following should be noted.

With reference to the termination for default due to alleged delays and non-compliance formalised in June 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI), a company whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties had commenced an extrajudicial mediation process in April 2023, which ended unsuccessfully in May 2024; on 24 May 2024, NDMA sued NHI and its parent companies before the Oslo Court. NHI submitted its defence arguments and counterclaim. The parties agreed to join a new mediation process led by the Oslo Court, the first phase of which has just ended and the second phase will continue to June 2025. The NHI position, confirmed by Leonardo, relating to the litigation as reported in the Financial Statements at 31 December 2023, remains unchanged, considering this request to be legally ungrounded and reasonably disputable in the appropriate forum.

Moreover, it should be noted that during 2024 Leonardo S.p.a. signed settlement agreements which led to the definitive conclusion of the arbitration proceedings brought by the same and PSC S.p.A. against Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. and to the termination of the contract entered into with Nav Canada on 21 July 2015. For further details reference is made to Note 5 concerning significant events and transactions during the year.

* * * * * * * *

With regard to risks, below is a summary of the criminal proceedings that are currently underway against Leonardo SpA, and certain former directors and executives, concerning acts committed during the performance of their duties at the Company, with specific reference to the events that occurred in 2024 and until the date of 2025 when these financial statements were published:

- in relation to the same events relating to the supply of 12 AW 101 VIP/VVIP helicopters to the Indian government for which criminal proceedings had been initiated in Italy, which ended with the final acquittal of the former Chairman and CEO of Leonardo SpA, the former CEO of AgustaWestland SpA and the companies AgustaWestland SpA and AgustaWestland Ltd, as well as with the dismissal of Leonardo SpA, on 2 February 2018, AgustaWestland International Ltd was served with an invitation to appear before the Patiala House Court in New Delhi as part of criminal proceedings brought therein against the aforementioned company and other parties, including Leonardo SpA as a result of an investigation initiated for the crime of bribery by the Indian Judicial Authority (Central Bureau of Investigation) in February 2013.

  The same notice was served, through the Public Prosecutor's Office at the Court of Milan, on Leonardo SpA. Consequently, the Company filed an enforcement incident before the Judge of Preliminary Investigations of the Court of Milan, as well as an appeal before the Lazio Regional Administrative Court, taking the same judicial actions also with regard to the notices received in relation to the subsequent hearings. Furthermore, on 28 August 2019, the Milan Public Prosecutor's Office notified Leonardo SpA of an invitation to appear at a hearing as part of further proceedings initiated, in relation to the same events, for the crime of money laundering by another Indian Judicial Authority (Directorate of Enforcement). Against this notification, the Company also took the same actions.

  On 11 February 2020, AgustaWestland International Ltd was also served with an invitation to appear in the proceedings initiated by the Directorate of Enforcement.

  By rulings handed down by the Council of State (on 7 May 2020 and 6 December 2022), granting the appeals filed by Leonardo, the orders issued by the Ministry of Justice were annulled, whereby the request for judicial assistance for the purpose of enforcement of the aforementioned requests for notification had been granted. As for the enforcement incident, the Judge of Preliminary

Investigations of the Court of Milan granted, by order filed on 22 March 2022, the petitions filed by Leonardo, revoking the decrees by which the notifications had been ordered by the Milan Public Prosecutor's Office.

AgustaWestland International Ltd has, however, appeared at hearings set as part of the proceedings initiated by the Central Bureau of Investigation (CBI) and the Directorate of Enforcement, and the proceedings are currently pending before the Rouse Avenue Court in New Delhi;

- on 6 June 2023 a search and seizure warrant was executed against the former Chief Executive Officer of Leonardo SpA, who terminated his office on 9 May 2023. The warrant was issued as part of the proceedings, conducted by the Public Prosecutor’s Office with the Court of Naples, where the former Chief Executive Officer is under investigation for the crime under articles 110, 61 bis, 322 bis para. I and II, no. 2 of the Italian Criminal Code in relation to the supply of the Company’s products to Colombia;
- on 20 September 2023 Leonardo SpA, during the preliminary hearing, entered an appearance in the civil action within the criminal proceedings pending before the Court of Gorizia, in which are involved, *inter alia*, certain former directors of the then Ansaldo Componenti SpA, the then Ansaldo SpA and the then Ansaldo Industria SpA, in office in the period between 1979 and 1991, charged with having committed the crimes under Articles 589, paragraphs 1, 2 and 4, 40 and 41 of the Italian Criminal Code for violation of the rules governing the prevention of occupational diseases, and in particular Article 2087 of the Italian Civil Code, Presidential Decree 547/55 and Presidential Decree 303/56. The proceedings are at a trial stage still pending before the Court of Gorizia;
- on 13 January 2025, following the notification to Leonardo SpA of a request for a probationary incident submitted by the Public Prosecutor's Office at the Court of Lecco to the Judge for Preliminary Investigations, it was learned that the Company was entered in the register of crime reports in relation to the violation of Article 25-*septies* of Legislative Decree 231/2001 (“Manslaughter or serious or very serious injury committed in violation of the rules on the protection of occupational health and safety”). Specifically, criminal proceedings were initiated for the cases of offenses under Article 449, paragraph 1, of the Italian Criminal Code (“Culpable crimes of harm”) in relation to Article 428 of the Italian Criminal Code (“Shipwreck, submergence or aviation disaster”) and Article 589 of the Italian Criminal Code (“Manslaughter”) following the accident that occurred to the M-346FA (Fighter Attack) aircraft over Mount Legnone in the Municipality of Colico (Lecco) on 16 March 2022, as a result of which one of the two pilots of the crew died. Eight employees of the Company are also under investigation as part of the aforementioned criminal proceedings, which are currently pending in the preliminary investigation phase;
- on 20 December 2024, a notice of conclusion of preliminary investigations was served pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure on the Manager responsible for the Turin Caselle Plant, as well as delegate of the Employer of the Aircraft Division of Leonardo SpA, as a suspect for the crime under Article 590, paragraphs I, II and III of the Italian Criminal Code (“culpable personal injury”) in connection with an accident that occurred to an employee of a third-party firm during the performance of a contract awarded by the Aircraft Division in September 2022. From this measure it was learned that criminal proceedings were pending, which had been initiated by the Public Prosecutor's Office at the Ivrea Court against, *inter alia*, Leonardo SpA, for the administrative offence referred to in Article 25-*septies*, paragraph 3, of Legislative Decree 231/2001 (“culpable injuries committed in violation of the rules on the protection of occupational health and safety”) in relation to the predicate offence referred to in Article 590, paragraphs I, II and III of the Italian Criminal Code. On 21 January 2025, the same notice of conclusion of preliminary investigations was served on Leonardo SpA.

Based upon the information gathered and the results of the analysis carried out so far, the Directors of Leonardo did not allocate any specific provisions in relation to these cases. Any negative developments - which cannot be foreseen, nor determined to date - arising from any internal investigations or judicial investigations being conducted, will be subject to consistent assessment for the purposes of provisions (if any).

* * * * * * * *

With regard to the provisions for civil, tax and administrative disputes, it is underlined that the Company's operations regard industries and markets where many disputes, both as petitioner and plaintiff, are settled only after a considerable period of time, especially in cases where the customer is a government entity. Pursuant to the IFRSs, provisions have been set aside for risks whose occurrence is deemed probable and reliably quantifiable. No specific provisions have been set aside for certain disputes in which the Company is defendant as these disputes are reasonably expected to be settled, based on current knowledge, satisfactorily and without significantly impacting the Company. Among the following disputes are:

- the proceedings brought by Firema under extraordinary management before the Court of Naples against the directors, and statutory and independent auditors of Firema Trasporti (General Register 32257/13) in order to have them declared responsible for the financial collapse caused to the company, which then summoned Leonardo and AnsaldoBreda requesting for direct compensation in favour of the plaintiff for the damages that should be ascertained (presumptively €mil. 262, equal to Firema's statement of liabilities).

  As to the action brought by GMR against Leonardo and AnsaldoBreda due to abuse of economic dependence before the Court of Naples (General Register 16312/15), at the hearing held on 1 October 2020 the President of the Division first pointed out some issues connecting the two proceedings and then referred the present case before the judge of the proceedings under General Register 32257/13 in order for the proceedings to be possibly joined. The Court of Naples then decided to joinder of the proceedings;

  In both proceedings Leonardo and AnsaldoBreda appeared before the court requesting that, on the merits, the claims submitted against them be dismissed as clearly groundless as of fact and as of right.

  After several interlocutory hearings, at the hearing held on 17 December 2024, all parties, with the exception of Roberto Fiore (Engineer), CREDEM and PwC who will conciliate out of court, agreed to the proposal made by the Court and conciliated the dispute. As shown in the settlement proceedings transcript, Leonardo and AnsaldoBreda paid to Firema the total amount of €th. 500 plus accessory expenses;

- the proceedings brought by Mr. Pio Deiana (to have a deed of settlement entered into with former Ansaldo Industria declared null and void) before the Rome Court of Appeal, which had been suspended following Mr. Deiana's death and then resumed by his sister. During the proceedings, the existence of another heir of the deceased person was ascertained; accordingly, at the last hearing held on 26 October 2022, the Court declared the latter's contumacy and set the hearing on 18 December 2024 for the specification of conclusions. At the hearing held on 7 January 2025, the Court adjourned the case for decision, granting the parties time limits under Article 190 of the Italian Code of Civil Procedure;

- the proceedings brought by writ of summons served on 24 September 2024 by the Bankruptcy bodies of Fallimento della Moreggia & C. SpA, a company supplying mechanical components, including a claim for damages allegedly caused by Leonardo SpA, for abuse of management and coordination powers under Article 2497 of the Italian Civil Code. Leonardo intends to enter an appearance in court, believing the allegations made to be groundless. The first summons hearing is set for 19 May 2025;

- on 10 January 2025, in relation to the AW169 helicopter crash that occurred near King Power Stadium in Leicester City on 27 October 2018, as a result of which the five people on board died, including the then President of Leicester City Football Club, the law firm assisting the latter's family publicly announced the filing of a writ of summons with the "Technology and Construction Court," a specialist division of the High Court of England and Wales, for compensation for the damage suffered as a result of the alleged defectiveness of the helicopter in the amount of GBPbil. 2.15 (€bil. 2.6). To date, Leonardo has not yet been served with any writ of summons. On the basis of information that is available to date, supported by the appointed legal counsels and in close collaboration with the insurance companies involved, Leonardo does not believe that a liability may arise against it.

23. EMPLOYEE BENEFITS

	31 December 2023	31 December 2024
Severance pay provision	191	170
Defined contribution plans	41	46
	232	**216**

The severance pay provision showed a reduction essentially due to early retirements under art. 4 of Law 92/2012 (Fornero Act).

The amount of the costs related to employee benefit obligations, which was recognised during the year under financial expense, is equal to €mil. 6 (€mil. 7 at 31 December 2023).

Below are the changes in the severance pay:

	31 December 2023	31 December 2024
Opening balance	208	191
Net interest expense	7	6
Remeasurement	7	(1)
Actuarial losses (gains) through equity - financial assumptions	*3*	*1*
Actuarial losses (gains) through equity resulting from adjustments based on the experience	*4*	*(2)*
Benefits paid	(31)	(23)
Other changes	-	(3)
Closing balance	**191**	**170**

It should be noted that the portion of cost for the year relating to amounts transferred to pension funds or to a treasury fund managed by INPS is recognised according to the rules for defined-contribution plans, without any actuarial assessment.

The main actuarial assumptions used in the valuation of defined-benefit plans and of the portion of the severance pay that has maintained the nature of defined-benefit plan are as follows:

	31 December 2023	31 December 2024
Discount rate (annual)	3.3%	3.3%
Inflation rate	2.0%	1.6%

The sensitivity analysis for each significant actuarial assumption, which shows the effects on bonds in absolute value, is as follows:

	31 December 2023		31 December 2024	
	-0.25%	+0.25%	-0.25%	+0.25%
Discount rate (annual)	2	(2)	2	(2)
Inflation rate	(1)	1	(1)	1

The average duration of the severance pay is four years.

24. OTHER NON-CURRENT AND CURRENT LIABILITIES

	31 December 2023		31 December 2024	
	Non current	Current	Non current	Current
Employee obligations (*)	39	386	36	396
Deferred income	132	133	140	139
Amounts due to social security institutions	-	192	-	213
Payables to MEMIT (Law no. 808/85)	212	1	233	3
Payables to MEMIT for monopoly costs (Law no. 808/85)	209	21	216	11
Indirect tax liabilities	-	83	-	89
Derivatives	-	156	-	158
Other payables to related parties (Note 34)	152	128	167	64
Other liabilities	19	212	21	218
	763	**1,312**	**813**	**1,291**

(*) Non-current item includes other employee benefits related to seniority bonuses

The item, equal to €mil. 2,104 (€mil. 2,075 at 31 December 2023) takes into account the reclassification of other current liabilities of €mil. 14 as assets held for sale as part of the transaction aimed at the aforementioned sale of the Underwater Armaments & Systems business (Note 5).

Changes in other payables to related parties benefitted from the reduction in the debt balance arising from the Group's tax consolidation scheme and recognised by the Company, equal to €mil. 30 at the reporting date of the current financial year (€mil. 83 at 31 December 2023), the breakdown of which is reported in Note 34 .

"Deferred income" includes subsequent years rentals already collected in past years in relation to the agreements for the sale of "Ansaldo" trademark, royalties and grants collected.

The payables to the Ministry of Enterprises and Made in Italy (MEMiT) under Law 808/1985 relate to monopoly costs accrued on national security and similar projects, as well as payables for grants received from MEMiT for the development of programmes not related to national security and similar projects eligible for benefits under Law 808/1985.

"Other liabilities" mainly refer to contractual agreements and penalties for €mil. 30, deposits from customers for €mil. 19 and commissions payable and royalties for €mil. 43.

The changes recorded during the year and the composition of liabilities by maturity, currency and geographical area are shown in Appendices nos. 7, 8 and 9 to these Notes.

25. TRADE PAYABLES

	31 December 2023	31 December 2024
Suppliers	1,976	2,045
Trade payables to related parties (Note 34)	826	958
	2,802	**3,003**

The changes for the period take account of the reclassification of €mil. 40 as assets held for sale as part of the transaction aimed at the sale of the Underwater Armaments & Systems line of business (Note 5).

The composition of trade payables by currency and geographical area is shown in Appendices nos. 8 and 9 attached to these Notes.

26. GUARANTEES AND OTHER COMMITMENTS

At 31 December 2024 the Company had in place the following guarantees:

	31 December 2023	31 December 2024
Guarantees in favour of related parties (Note 34)	4,211	4,206
Guarantees in favour of third parties	8,467	8,880
Other guarantees given to third parties	1,827	1,485
Unsecured guarantees given	**14,505**	**14,571**

Specifically, the main guarantees issued consist of:

- bank and insurance sureties in favour of third-party companies for an amount of €mil. 8,880 (€mil. 8,467 at 31 December 2023);
- bank and insurance counter-guarantees issued in the interest of related parties for €mil. 1,720 (€mil. 1,797 at 31 December 2023);
- direct commitments issued by the Company in favour of tax authorities, customers and co-suppliers (Parent Company Guarantee) for €mil. 1,479 (€mil. 1,825 at 31 December 2023), in favour of related parties for €mil. 2,486 (€mil. 2,414 at 31 December 2023) and in favour of other companies for €mil. 6 (€mil. 2 at 31 December 2023).

In addition to the above commitments, the Company issued non-binding letters of patronage on behalf of subsidiaries and certain associates in support for their commercial activities.

27. REVENUES

	2023	2024
Revenue from contracts with customers	8,075	7,675
Change in contract assets	(1,012)	75
Revenue and change in contract assets from related parties (Note 34)	2,874	3,215
Total revenues	**9,937**	**10,965**

The performance in terms of revenues by business sector at Group level is commented on in the Report on Operations.

Below is the breakdown of revenue by timing of reporting:

	2023	2024
Revenues recognized at point in time	1,639	1,997
Revenues recognized over time	8,298	8,968
Total	**9,937**	**10,965**

Revenues were realized in the following geographical areas:

	2023	2024
Italy	2,649	2,776
United Kingdom	297	554
Rest of Europe	3,239	3,596
United states of America	1,194	1,280
Rest of the world	2,558	2,759
	9,937	**10,965**

The order backlog at 31 December 2024 was equal to about €bil. 30 and reported an increase over the previous year of €bil. 3 (balance at 31 December 2023 equal to €bil. 27), mainly due to the net effect of new orders acquired during 2024, amounting to €bil. 14, and revenues accrued in the year (€bil. 11).

28. OTHER OPERATING INCOME (EXPENSES)

	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs (*)	35	-	35	59	-	59
Other operating grants	14	-	14	11	-	11
Reversals/accruals to provisions for risks	185	(280)	(95)	258	(301)	(43)
Exchange rate difference on operating items	133	(123)	10	186	(219)	(33)
Insurance reimbursements	40	-	40	6	-	6
Indirect taxes	-	(9)	(9)	-	(19)	(19)
Other operating income (expenses)	41	(50)	(9)	21	(42)	(21)
Other operating income (expenses) from related parties (Note 34)	21	(1)	20	19	(1)	18
	469	**(463)**	**6**	**560**	**(582)**	**(22)**

(*) To which must be added "Deferred non-current and current receivables for measures under Law 808/1985" (Note 12 and Note 17 respectively) equal to €mil. 2 (€mil. 17 at 31 December 2023) and "Non-recurring costs for measures pending under Law 808/85" (Note 12) equal to €mil. 10 (no increase at 31 December 2023).

Other costs, net of operating income, recorded a balance of €mil. 22 at 31 December 2024 (net operating income of €mil. 6 at 31 December 2023); the main changes concerned foreign exchange differences on operating items and changes in the use of and accruals to provisions for risks. In particular:

- the product warranty provision for an accrual of €mil. 67 and reversals of €mil. 38;
- the provision for onerous contracts (final losses) for an accrual of €mil. 93 and reversals of €mil. 96;
- the provision for critical issues on contracts for an accrual of €mil. 76 and reversals of €mil. 79.

29. PURCHASE AND PERSONNEL EXPENSES

	2023	2024
Purchase of materials from third parties	2,826	3,276
Change in inventories of raw materials	(176)	(169)
Costs for purchases from related parties (Note 34)	1,181	1,184
Purchases	***3,831***	***4,291***
Services rendered by third parties	2,290	2,718
Costs of leases of low value and short term	55	56
Royalties	12	8
Services rendered by related parties (Note 34)	932	1,064
Services	***3,289***	***3,846***
Wages and salaries	1,665	1,823
Social security contributions	483	518
Costs related to defined-contribution plans	116	127
Employee disputes	(3)	2
Restructuring costs - net	48	14
Other personnel expenses net of cost recovery	5	25
Personnel expenses	***2,314***	***2,509***
Change in finished goods, work in progress and semi-finished products	***(181)***	***(480)***
Internal work capitalised	***(187)***	***(220)***
Total purchases and personnel expenses	**9,066**	**9,946**

The item increased by €mil. 880 essentially for the acquisition of materials and services related to the increase in revenues.

Personnel expenses showed an increase by €mil. 195 related to the higher average workforce operating during 2024, equal to 31,517 units, which showed an increase of 1,164 units compared to 2023.

The figure related to the average workforce is affected by the presence of part-time employees and personnel that took extended leave.

The figure of total workforce at 31 December 2024, equal to 32,981 units, showed an increase of 1,726 units compared to 2023.

Below is the breakdown of workforce by category:

	Average Workforce			Total Workforce		
	31 December 2023	31 December 2024	Change	31 December 2023	31 December 2024	Change
Senior managers (*)	848	820	(28)	829	847	18
Middle managers	3,526	3,633	107	3,469	3,581	112
Clerical employees	18,792	19,977	1,185	19,779	21,365	1,586
Manual labourers (**)	7,187	7,087	(100)	7,178	7,188	10
Total	**30,353**	**31,517**	**1,164**	**31,255**	**32,981**	**1,726**

(*) Includes pilots

(**) Includes senior manual labours

30. AMORTISATION, DEPRECIATION AND FINANCIAL ASSETS VALUE ADJUSTMENTS

	2023		2024	
Amortisation of intangible assets		134		167
Development costs	20		43	
Non-recurring costs	53		55	
Acquired through business combinations	2		2	
Concessions, licenses and trademarks	30		37	
Other intangible assets	29		30	
Depreciation of property, plant and equipment and investment properties		141		139
Depreciation of right of use		121		114
Impairment of other assets		45		59
Financial assets value adjustments		25		39
Contract assets and liabilities	4		13	
Operating receivables	(1)		(1)	
Other financial assets	22		27	
		466		**518**

Amortisation, depreciation and financial assets value adjustments showed an increase of €mil. 52 compared to 2023, mainly due to higher amortisation of intangible assets for €mil. 33, compared to 31 December 2023, including in consideration of the investments for the period. Financial assets value adjustments refer to evaluations periodically carried out in order to assess the recoverability of the financial assets recognised in the separate financial statements, in compliance with the provisions of IFRS 9 on impairment.

31. FINANCIAL INCOME AND EXPENSE

	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Interest to/from banks	27	(39)	(12)	38	(42)	(4)
Interest on lease liabilities	-	(3)	(3)	-	(3)	(3)
Interest and other charges on bonds	-	(49)	(49)	-	(43)	(43)
Commissions	-	(10)	(10)	-	(8)	(8)
Dividends	730	-	730	434	-	434
Premiums (paid) received on IRS	6	-	6	9	-	9
Premiums (paid) received on forwards	39	(45)	(6)	45	(65)	(20)
Value adjustments on equity investments	2	(91)	(89)	-	(8)	(8)
Fair value gains (losses) through profit or loss	19	(12)	7	1	(7)	(6)
Exchange rate differences	29	(33)	(4)	26	(29)	(3)
Financial income (expense) - related parties (Note 34)	19	(104)	(85)	32	(125)	(93)
Other financial income and expense	11	(39)	(28)	7	(61)	(54)
	882	**(425)**	**457**	**592**	**(391)**	**201**

Financial income, net of financial expenses, amounted to €mil. 201 (€mil. 457 at 31 December 2023) and decreased by €mil. 256 compared to 2023.

The change was mainly attributable to lower dividends distributed by investee companies, which stood at €mil. 434 in 2024 (€mil. 730 at 31 December 2023), showing a decrease of €mil. 296.

The aforementioned effect was partially offset by lower value adjustments of equity investments, which decreased by €mil. 81 in 2024 compared to the comparative period. This change was mainly attributable to value adjustments included in the balance of charges for 2023, related to the negotiations underway for the sale of the equity investment in Industria Italiana Autobus SpA, which was completed in July 2024, for an amount of €mil. 57.

The breakdown of income and expense from/to related parties is shown in Note 34.

Fair value results through profit or loss are as follows:

	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Ineffective portion of hedging swap	19	(12)	7	1	(7)	(6)

32. INCOME TAXES

Income taxes can be broken down as follows:

	2023	2024
IRES (corporate income tax)	(83)	(24)
IRAP (reg. tax on production)	(23)	(20)
Tax related to previous periods	1	21
Provisions for tax disputes	(6)	(2)
Deferred tax - net	31	(116)
Other taxes	(4)	(6)
Total income taxes	**(84)**	**(147)**

Below is an analysis of the composition of the theoretical and effective tax rates for 2024 and 2023:

	2023	2024
Profit (loss) before income taxes	**868**	**679**
Tax rate	**9.7%**	**21.6%**
Theoretical tax	(208)	(163)
Permanent differences	(2)	(36)
Dividends	163	96
Reversal (Impairment) of equity investments	(22)	(2)
IRAP tax	(23)	(20)
Net deferred tax assets	1	(7)
Registration of deferred tax assets on tax losses	19	-
Tax provision	(6)	(2)
Other taxes	(6)	(13)
Total tax through profit or loss	**(84)**	**(147)**
Theoretical tax	**24.0%**	**24.0%**
Permanent differences	(0.2%)	(5.3%)
Timing differences	n.a.	n.a.
Unrecognised tax consolidation benefit	n.a.	n.a.
Dividends	18.8%	14.1%
Revaluations of equity investments	n.a.	n.a.
Reversal (Impairment) of equity investments	(2.5%)	(0.3%)
IRAP tax	(2.6%)	(2.9%)
Net deferred tax assets	0.1%	(1.0%)
Registration of deferred tax assets on tax losses	0.3%	0.3%
Tax provision	(0.7%)	(0.3%)
Other taxes	(0.7%)	(1.9%)
Total tax	**(9.7%)**	**(21.6%)**

The effective tax rate went from 9.7% in 2023 to 21.6% in 2024.

It should be noted that a portion of deferred tax assets related to tax losses. In this regard, during the year they were used through profit or loss for €mil. 19 and were reinstated for €mil. 35 following the submission of supplementary tax returns for the previous years. Deferred tax assets were recognised on the basis of the prospective recoverability vis-à-vis the taxable profits envisaged by the business plans, in the context of the national tax consolidation scheme. At the end of the year, there were no losses which had not been measured for the Company.

Deferred taxes and related receivables and payables at 31 December 2024 were the result of the following differences:

	2023	2024
Deferred tax assets on tax losses	14	16
Property, plant and equipment and intangible assets	(4)	(5)
Provision for risks and impairment	13	(28)
Other	8	(99)
Deferred taxes recognised through profit or loss	**31**	**(116)**

	31 December 2023			31 December 2024		
	Financial statement			Financial statement		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax assets on tax losses	19	-	19	35	-	35
Property, plant and equipment and intangible assets	22	(30)	(8)	19	(36)	(17)
Provision for risks and impairment	601	-	601	569	-	569
Other	184	(37)	147	88	(40)	48
Deferred taxes recognised through balance sheet	**826**	**(67)**	**759**	**711**	**(76)**	**635**
Cash-flow hedge derivatives	28	(25)	3	29	(10)	19
On actuarial gains and losses	11	(4)	7	11	(4)	7
Deferred taxes recognised through equity	**39**	**(29)**	**10**	**40**	**(14)**	**26**
	865	**(96)**	**769**	**751**	**(90)**	**661**

33. CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

	2023	2024
Net result	784	532
Amortisation, depreciation and financial assets value adjustments	466	518
Income taxes	84	147
Net allocations to the provisions for risks and inventory write-downs	227	183
Net financial expense /(income)	(457)	(202)
Other non-monetary items	31	31
	1,135	**1,209**

The changes in working capital are as follows:

	2023	2024
Inventories	(227)	(581)
Contract assets and liabilities	377	(116)
Trade receivables and payables	(196)	413
	(46)	**(284)**

The changes in other operating assets and liabilities are as follows:

	2023	2024
Payment of pension plans	(31)	(23)
Changes in provisions for risks and other operating items	(247)	(109)
	(278)	**(132)**

Changes in other investing activities in 2024 mainly included the effects of acquisitions and sales of equity investments, and investments in current financial assets. Below is a breakdown:

	2023	2024
Strategic transactions	-	(22)
Transactions on equity investments	177	209
Other transactions on non-current financial assets	(55)	(183)
Changes in other investment and divestment activities	32	16
	154	**20**

34. FINANCIAL TRANSACTIONS WITH RELATED PARTIES

Related party transactions are carried out at arm's length, as is settlement of the interest-bearing receivables and payables when not governed by specific contractual conditions. The relevant financial statements amounts are shown below. The statement of cash flows presents the impact of related party transactions on cash flows:

Receivables at 31 December 2023	Non-current loans and receivables	Current loans and receivables	Trade receivables	Other current and non-current receivables	Total
Subsidiaries					
Agustawestland Philadelphia Corporation			198	1	199
W.S.K. PZL-Swidnik S.A.			86		86
Kopter Group AG		297	9		306
Leonardo UK Ltd			196		196
Leonardo Global Solutions SpA	113		3	9	125
Leonardo CAE Advanced Jet Training Srl			28	3	31
Leonardo DRS INC		1	1		2
Leonardo Belgium S.A.			22		22
Leonardo Australia PTY Ltd			22		22
Leonardo Malaysia SDN BHD			39		39
Leonardo Logistics SpA		30	5		35
Leonardo do Brasil LTDA			11		11
Leonardo South Africa (PTY) Ltd			11		11
Other with unit amount lower than €mil. 10			16	4	20
Associates					
Advanced Air Traffic System SDH BHD			4		4
Nhindustries (S.A.S)			339		339
Eurofighter Jagdflugzeug Gmbh			65		65
Euromids S.A.S.			8		8
Industria Italiana Autobus SpA			1		1
Iveco - Oto Melara S.c.a.r.l.			18		18
Agustawestland Aviation Services LLC			21		21
Other with unit amount lower than €mil. 10			13		13
Joint Venture					
Avions De Transport Regional - ATR GIE			33		33
Gruppo MBDA S.A.S			17		17
Gruppo Thales Alenia Space S.A.S		175	22		197
Orizzonte - Sistemi Navali SpA			34	1	35
Gruppo Telespazio SpA	17	2	10	4	33
Polo Strategico Nazionale SpA			17		17
Other companies and consortiums					
Other with unit amount lower than €mil. 10		2	9	2	13
Companies subject to the control or considerable influence of the MEF					
CDP Cassa Depositi e Prestiti SPA			47		47
Ministero dell'Economia e delle Finanze			101		101
Poste Italiane SpA			12		12
Other with unit amount lower than €mil. 10			20	1	21
Total	**130**	**507**	**1,438**	**25**	**2,100**
% against total for the period	*74.3%*	*97.3%*	*39.6%*	*4.9%*	

Receivables at 31 December 2024	Non-current loans and receivables	Current loans and receivables	Trade receivables	Other current and non-current receivables	Total
Subsidiaries					
Agustawestland Philadelphia Corporation			194	1	195
Kopter Group AG	399	2	7		408
Larimart SpA			1	7	8
Leonardo Australia PTY Ltd			24		24
Leonardo Belgium S.A.			32		32
Leonardo CAE Advanced Jet Training Srl			29	2	31
Leonardo do Brasil LTDA			12		12
Leonardo (China) co., LTD			7		7
Leonardo Global Solutions SpA	167		5	8	180
Leonardo Logistics SpA		13	4	1	18
Leonardo Malaysia SDN BHD			40		40
Leonardo South Africa (PTY) Ltd			14		14
Leonardo UK Ltd			231		231
Leonardo Germany GMBH			4		4
Leonardo US Automation, Inc			5		5
Gruppo Telespazio SpA	17	1	8	1	27
W.S.K. PZL-Swidnik S.A.			18		18
Other with unit amount lower than €mil. 10			14	2	16
Associates					
Agustawestland Aviation Services LLC			24		24
Eurofighter Jagdflugzeug Gmbh			50		50
Iveco - Oto Melara S.c.a.r.l.			81		81
Nhindustries (S.A.S)			332		332
Macchi Hurel Dubois SAS			14		14
Other with unit amount lower than €mil. 10			12		12
Joint Venture					
Avions De Transport Regional - ATR GIE			41		41
Gruppo MBDA S.A.S			18		18
Gruppo Thales Alenia Space S.A.S		325	10		335
Orizzonte - Sistemi Navali SpA			26		26
Polo Strategico Nazionale SpA			43		43
Other with unit amount lower than €mil. 10			6		6
Other companies and consortiums					
Cons. G.e.i.e. Eurotorp			3		3
Other with unit amount lower than €mil. 10		2	2		4
Companies subject to the control or considerable influence of the MEF					
ENAV SpA			10		10
CDP Cassa Depositi e Prestiti SPA			49		49
Ministero dell'Economia e delle Finanze			14		14
Poste Italiane SpA			9		9
Other with unit amount lower than €mil. 10			10		10
Other related parties					
Other				2	2
Total	**583**	**343**	**1,403**	**24**	**2,353**
% against total for the period	*95.4%*	*96.1%*	*41.1%*	*5.9%*	
reclassified within held-for-sale assets			*6*		

As regards the most important loans and receivables we note that:

- Non-current loans and receivables equal to €mil. 583 (€mil. 130 at 31 December 2023) showed an increase of €mil. 453 mainly relating to the new credit facility granted to Kopter Group AG for €mil. 399, of which €mil. 294 used for the repayment of the financial receivables recorded in the previous year under current financial receivables. Furthermore, we must note the increase in financial receivables linked to lease transactions in compliance with IFRS16;
- Current loans and receivables equal to €mil. 343 (€mil. 507 at 31 December 2023) showed a decrease of €mil. 164 due, as mentioned, to both the repayment of the loan from Kopter Group AG (€mil. 294

at 31 December 2023), and the increase of €mil. 150 in receivables from Thales Alenia Space SpA. These changes incorporate the financing activities conducted by Leonardo in favour of the Group companies, with the abovementioned centralisation of treasury resources;

- Other current receivables equal to €mil. 24 (€mil. 25 at 31 December 2023) included amounts deriving from the Group tax consolidation mechanism, recognised by Leonardo, the party having a legal relationship with the Tax Authority;

- Trade receivables equal to €mil. 1,403 (€mil. 1,438 at 31 December 2023) include receivables related to services rendered in the interest and in favour of the Group's companies.

Payables at 31 December 2023	Other current and non-current loans and borrowings	Trade payables	Current and non-current lease loans and borrowings	Other current payables	Total	Guarantees
Subsidiaries						
Ansaldobreda SpA				50	**50**	206
Agustawestland Philadelphia Corporation	54	71		152	**277**	669
Agustawestland SpA				24	**24**	
Leonardo UK Ltd	760	74			**834**	1,648
Larimart SpA		16		1	**17**	
Gruppo Leonardo DRS INC		7			**7**	52
Leonardo Logistics SpA		56		1	**57**	1
Leonardo Global Solutions SpA	175	38	498	4	**715**	2
Leonardo US Aircraft, Inc		14			**14**	
Leonardo US Corporation					**-**	211
W.S.K. PZL-Swidnik S.A.	90	33			**123**	984
Leonardo Australia PTY Ltd		12			**12**	
Leonardo Malaysia SDN BHD		14			**14**	
Leonardo Saudi Limited					**-**	13
Leonardo for Aviation Services (SPC)		12			**12**	
Leonardo International SpA	211				**211**	99
Leonardo Partecipazioni SpA	33			7	**40**	17
Leonardo CAE Advanced Jet Training Srl		24			**24**	
Other with unit amount lower than €mil. 10	1	33			**34**	
Associates						
Eurofighter Jagdflugzeug Gmbh	75	136			**211**	
Gruppo Elettronica SpA		13			**13**	
Gruppo HENSOLDT AG		9			**9**	
Gulf System Logistic Services Company WLL		37			**37**	
Nhindustries (S.A.S)		144			**144**	
Industria Italiana Autobus SpA					**-**	47
Leonardo Hélicoptères Algérie SpA	16				**16**	
Other with unit amount lower than €mil. 10		16		3	**19**	
Joint Venture						
Avions De Transport Regional - ATR GIE		3		35	**38**	
Gruppo MBDA S.A.S	1,070	14			**1,084**	8
Gruppo Telespazio SpA	26	2		2	**30**	93
Other with unit amount lower than €mil. 10		12			**12**	
Other companies and consortiums						
Other with unit amount lower than €mil. 10	2	9			**11**	
Companies subject to the control or considerable influence of the MEF						
Cassa Depositi e Prestiti Spa	100	1		1	**102**	161
Enel Spa		26			**26**	
Total	**2,613**	**826**	**498**	**280**	**4,217**	**4,211**
% against total for the period	*43.7%*	*29.5%*	*8.3%*	*13.5%*		*29.0%*

Payables at 31 December 2024	Other current and non-current loans and borrowings	Trade payables	Current and non-current lease loans and borrowings	Other current payables	Total	Guarantees
Subsidiaries						
Agustawestland Philadelphia Corporation	60	65		167	**292**	655
Gruppo Leonardo DRS INC		8			**8**	55
Gruppo Telespazio SpA	36	2		4	**42**	89
Larimart SpA	6	13			**19**	
Leonardo Australia PTY Ltd		7			**7**	6
Leonardo Belgium S.A.		8			**8**	
Leonardo CAE Advanced Jet Training Srl		27			**27**	
Leonardo do Brasil LTDA		7			**7**	
Leonardo for Aviation Services (SPC)		10			**10**	
Leonardo Germany GmbH					**-**	17
Leonardo Global Solutions SpA	70	41	405		**516**	3
Leonardo Hispania S.A.U. (in liquid.)					**-**	1
Leonardo International SpA	81			1	**82**	54
Leonardo Logistics SpA		50		2	**52**	2
Leonardo Malaysia SDN BHD		18			**18**	
Leonardo Partecipazioni SpA	97	1		27	**125**	147
Leonardo Saudi Ltd					**-**	13
Leonardo Technologies & Services Limited					**-**	2
Leonardo UK Ltd	755	108			**863**	1,788
Leonardo US Aircraft, Inc		12			**12**	
Leonardo US Automation, Inc					**-**	56
Leonardo US Corporation, LLC					**-**	225
Leonardo US Cyber and Security Solutions, LLC					**-**	6
Leonardo US Holding, LLC					**-**	5
Selex Es Malaysia Snd Bhd					**-**	26
W.S.K. PZL-Swidnik S.A.	95	48			**143**	884
Other with unit amount lower than €mil. 10	1	23			**24**	
Associates						
Agusta Westland Aviation Services LLC		6			**6**	
Eurofighter Jagdflugzeug GmbH	144	79			**223**	
Gruppo Elettronica SpA		18			**18**	
Gruppo HENSOLDT AG		9			**9**	
Gulf System Logistic Services Company WLL		27			**27**	
Leonardo Hélicoptères Algérie SpA	16				**16**	
Nhindustries (S.A.S)		282			**282**	
Other with unit amount lower than €mil. 10		2		4	**6**	
Joint Venture					**-**	
Avions De Transport Regional - ATR GIE		4		24	**28**	
Gruppo MBDA S.A.S	1,457	38			**1,495**	8
Rotorsim Srl		8			**8**	
Other with unit amount lower than €mil. 10		4			**4**	
Other companies and consortiums						
Other with unit amount lower than €mil. 10		2			**2**	
Companies subject to the control or considerable influence of the MEF						
CDP Cassa Depositi e Prestiti SPA	100	1		1	**102**	164
Enel SpA		26			**26**	
Other with unit amount lower than €mil. 10		3			**3**	
Other related parties						
Other	3	1		1	**5**	
Total	**2,921**	**958**	**405**	**231**	**4,515**	**4,206**
% against total for the period	*52.8%*	*31.9%*	*82.7%*	*11.0%*		*28.9%*
reclassified within held-for-sale liabilities		*2*	*5*			

As regards the most important loans and receivables we note that:

- Loans and borrowings equal to €mil. 2,921 (€mil. 2,613 at 31 December 2023) include current financial debt relationships arising from net cash inflows achieved by the Group companies during the year, which were contributed to Leonardo as a result of the Group's cash pooling system; among these, the item includes a payable of €mil. 1,457 (€mil. 1,070 at 31 December 2023) to the joint ventures of the MBDA group and the loan of €mil. 100 taken out with Cassa Depositi e Prestiti (CDP) which is aimed at co-financing some investment projects envisaged in the Industrial Plan;

- Loans and borrowings for leases include a fixed amount of €mil. 405 (€mil. 498 at 31 December 2023) linked to lease transactions in accordance with IFRS16;
- Other payables equal to €mil. 231 (€mil. 280 at 31 December 2023), decreased by €mil. 49, and include for €mil. 30 the values deriving from the Group tax consolidation mechanism recognised by the Company.

The changes during the year and the composition of assets and liabilities by maturity, currency and geographical area are shown in Appendices nos. 3, 4, 5, 6, 7, 8 and 9 to these Notes.

Below are all income statement transactions with the Leonardo's related parties for the years 2024 and 2023:

Income statement transactions at 31 December 2023	Revenue	Other operating revenues	Purchase and Service expenses	Other operating expenses	Financial income	Financial expenses
Subsidiaries						
Agustawestland Philadelphia Corporation	176		86		1	
Agustawestland Australia Pty Ltd						
Agusta Aerospace Services SA						
Agustawestland Malaysia SDN BHD						
Leonardo Logistics SpA	1		156		1	
Leonardo Global Solutions SpA			136			24
Leonardo CAE Advanced Jet Training Srl	11	11	42			
Leonardo do Brasil LTDA	10		3			
Leonardo for Aviation Services (SPC)			33			
Leonardo UK Ltd	166	3	164		1	32
Larimart SpA			24			
Leonardo Belgium S.A.	35		11			
Leonardo Australia (PTY) Ltd	31		17			
Leonardo Malaysia SDN BHD	68		30			
Leonardo Electronics US Inc.			15			
Leonardo Saudi Limited			17			
Gruppo Leonardo DRS INC			12			
Kopter Group AG	10		4		7	
W.S.K. PZL-Swidnik S.A.	181	3	211		1	1
Other with unit amount lower than €mil. 10	20		31			1
Associates						
Eurofighter Jagdflugzeug GmbH	940		306			2
Gruppo Elettronica SpA	1		64			
Euromids S.A.S.	9		3			
G.E.M. Elettronica Srl			18			
Gulf System Logistic Services Company WLL			14			
Gruppo HENSOLDT AG	18		28			
Nhindustries (S.A.S)	317		470			
Iveco-Oto Melara Scarl	113					
Macchi Hurel Dubois SAS	28					
Agustawestland Aviation Services LLC	29		3			
Other with unit amount lower than €mil. 10	16		5		1	
Joint Venture						
Avions De Transport Regional - ATR GIE	143		8			
Orizzonte - Sistemi Navali S.p.A.	134		2			
Gruppo MBDA S.A.S	57		49			39
Gruppo Thales Alenia Space Sas	44		2		4	
Rotorsim Srl	1	2	19			
Polo Strategico Nazionale SpA	16					
Other with unit amount lower than €mil. 10	5	1	5		1	
Other companies and consortiums						
Cons. G.e.i.e. Eurotorp	11					
Panavia Aircraft GMBH	29					
Other with unit amount lower than €mil. 10	6	1	3	1	2	
Companies subject to the control or considerable influence of the MEF						
Enel SpA	8		118			
CDP Cassa Depositi e Prestiti SPA	128		2			5
Ministero dell'Economia e delle Finanze	25					
Enav SpA	19		1			
Poste Italiane SpA	37					
Sogei SpA	18					
Other with unit amount lower than €mil. 10	13		1			
Total	**2,874**	**21**	**2,113**	**1**	**19**	**104**
% against total for the period	*28.9%*	*4.5%*	*23.3%*	*0.2%*	*2.2%*	*24.5%*

Income statement transactions at 31 December 2024	Revenue	Other operating revenues	Purchase and Service expenses	Other operating expenses	Financial income	Financial expenses
Subsidiaries						
Agustawestland Philadelphia Corporation	202	2	88			
G.E.M. Elettronica srl			10			
Gruppo Telespazio SpA	6		5		2	
Larimart SpA			34			
Leonardo Australia PTY Ltd	49		14			
Leonardo Belgium S.A.	43		20			
Leonardo CAE Advanced Jet Training Srl	8	11	56			
Leonardo do Brasil LTDA	11		5			
Leonardo Electronics US Inc.			10			
Leonardo for Aviation Services (SPC)			40			
Leonardo Global Solutions SpA			137			21
Leonardo International SpA						
Leonardo Logistics SpA			171		1	
Leonardo Malaysia SDN BHD	79		40			
Leonardo Saudi Limited			16			
Leonardo South Africa (PTY) Ltd	14		3			
Leonardo US Aircraft INC	2		8			
Leonardo US Cyber and security solutions, LLC	5					
Leonardo UK Ltd	189	4	222		1	30
Kopter Group AG	15		12		12	
W.S.K. PZL-Swidnik S.A.	227		251		1	1
Other with unit amount lower than €mil. 10	14		25			4
Associates						
Advanced Air Traffic Syst. SHD BHD						
Agustawestland Aviation Services LLC	41		5			
Eurofighter Jagdflugzeug GmbH	1,017		118			2
Euromids S.A.S.	8					
Gruppo Elettronica SpA	1		96			
Gruppo HENSOLDT AG	12		22			
Iveco-Oto Melara Scarl	195		3			1
Macchi Hurel Dubois SAS	39					
Nhindustries (S.A.S)	311		500			
Other with unit amount lower than €mil. 10	16		6		1	
Joint Venture						
Avions De Transport Regional - ATR GIE	168		70			
Gruppo MBDA S.A.S	71		67			60
Gruppo Thales Alenia Space S.A.S	23		3		13	
Orizzonte - Sistemi Navali S.p.A.	156		1			
Polo Strategico Nazionale SpA	65					
Rotorsim Srl	1	2	21			
Other companies and consortiums						
Cons. G.e.i.e. Eurotorp	14					
Other with unit amount lower than €mil. 10	2		4			
Companies subject to the control or considerable influence of the MEF						
CDP Cassa Depositi e Prestiti SPA	85		1			5
Enav SpA	27					
Enel SpA	7		143			
Eni SpA	2		15			
Poste Italiane SpA	41					
Sogei SpA	10					
Panavia Aircraft GMBH	26		1			
Other with unit amount lower than €mil. 10	9					
Other related parties						
Other	4		5	1	1	1
Total	**3,215**	**19**	**2,248**	**1**	**32**	**125**
% against total for the period	*29.3%*	*3.4%*	*22.6%*	*0.2%*	*5.4%*	*32.0%*

"Financial income (expense)" relates to interest on loans and receivables and loans and borrowings and commissions which mainly arise from the centralisation of the management of Group treasury resources within Leonardo. In carrying out its treasury management functions, the Company acts as the main counterparty, always at arm's length, for the financial assets and liabilities of the subsidiaries within the scope of such centralisation.

35. FINANCIAL RISK MANAGEMENT

Leonardo SpA is exposed to financial risks associated with its operations, specifically related to these types of risks:

- interest-rate risks, related to the Company's financial exposure;
- exchange-rate risks, related to operations in currencies other than the reporting currency;
- liquidity risks, relating to the availability of financial resources and access to the credit market;
- credit risks, resulting from normal commercial transactions or financing activities.

The Company carefully and specifically follows each of these financial risks, with the objective of promptly minimizing them, even using hedging derivatives.

The sections below provide an analysis, conducted through sensitivity analysis, of the potential impact on the final results deriving from assumed fluctuations in reference parameters. As required by IFRS 7, these analyses are based on simplified scenarios applied to the final results of the reference periods and, by their own nature, they cannot be considered as indicators of the actual effects of future changes in reference parameters with different financial statements and market conditions, and cannot reflect the inter-relations and the complexity of reference markets.

Below is the main information related to the abovementioned risks. However, for further details reference is made to the section on "Financial risk management" of the consolidated financial statements.

Interest rate risk

The Company is exposed to interest rate risk on borrowings. The management of interest rate risk is consistent with the long-standing practice of reducing the risk of fluctuations in trends in interest rates while seeking to minimize related borrowing costs.

In this regard, it should be noted that loans and borrowings at 31 December 2024, equal to €mil. 5,530, included lease liabilities of €mil. 489 and other payables to related parties. The amount of fixed-rate loans and borrowings from banks and financing institutions (excluding lease liabilities and loans and receivables/borrowings from related parties) – including by using hedging instruments – was equal to about 58% and the amount at floating rate was equal to about 42%.

At 31 December 2024, the transactions were the following:

- options for €mil. 200 (CAP at 4.20% and Knock-out at 5.60% in relation to the 6-month Euribor interest rate), originally purchased in order to partially cover the bond issue due March 2025;
- floating/fixed interest rate swap for €mil. 300 relating to the EIB loan in the same amount, which guarantees a fixed rate of 1.82% on the loan.

The detail of the main interest-rate swaps at 31 December 2024 is as follows:

	Notional 2021	Notional 2023	Underlying (maturity)	Fair value 01.01.2023	Changes: Income	Changes: Expense	Changes: CFH Reserve		Fair value 31.12.2023
Options	200	200	Bond 2025	(1)	-	-	-		(1)
IRS fixed/floating	300	300	BEI 2031	30	-	-	(12)		18
Total notional	**500**	**500**		**29**	**-**	**-**	**(12)**		**17**

	Notional 2023	Notional 2024	Underlying (maturity)	Fair value 01.01.2024	Changes: Income	Changes: Expense	Changes: CFH Reserve	Fair value 31.12.2024
Options	200	200	Bond 2025	(1)	1	-	-	-
IRS fixed/floating	300	300	BEI 2031	18	-	-	(6)	12
Total notional	**500**	**500**		**17**	**1**	**-**	**(6)**	**12**

The table below shows the effects of the sensitivity analysis for 2024 and 2023 on interest rates at the reporting dates deriving from the 50-basis-point shift in the interest rate curve (bps):

Effect of shift of interest rate curve	31 December 2023		31 December 2024	
	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
Net result	(6)	6	(7)	7
Equity (*)	(6)	6	(3)	3

(*): Defined as sum of earnings and cash-flow hedge reserve

Exchange rate risk

Due to its commercial operations, the Company is exposed to the risk of fluctuations in the currencies related to those cases in which orders, revenue and costs are expressed in currencies other than the functional one used in the financial statements (specifically, US dollars and, to a lesser extent, the pound sterling).

Exchange-rate risk management for the Group is governed by the Directive issued by Leonardo SpA, the purpose of which is to standardize management criteria based on industrial-not-speculative strategies so as to contain risks within specific limits by carefully and constantly assessing all foreign currency transaction positions. The methodology adopted calls for the systematic hedging of commercial cash flows resulting from the assumption of contractual commitments that are certain or highly probable as either buyer or seller, thereby ensuring current exchange rates at the date of acquisition of multi-year contracts and neutralizing the effects of exchange-rate fluctuations. As a result, contracts for purchases or sales denominated in a currency different from the functional currency are hedged using forward contracts of amounts, maturities, and key parameters that are similar to the underlying position. The Company defines the existence of an economic relationship between the hedging instrument and the hedged item on the basis of the currency, amounts and respective cash flows and assesses whether the derivative designated in each hedging relationship will be and has been effective in offsetting changes in the cash flows of the hedged item. In the event that, due to their nature or following events that entail their ineffectiveness, derivative instruments held in the portfolio should be found to no longer be a hedge, the fair value of the instrument is recognised through profit and loss according to accounting principles. In the event the designation of the instrument as a hedge should continue to be supported, the cash-flow hedge accounting method of recognition is adopted (see Note 4.3 of the Consolidated Financial Statements).

Leonardo carries out these transactions with banks in its own interest and of Group companies.

The Company hedges the risks related to short-term financial payables and receivables denominated in currencies other than the euro and had entered into foreign exchange transactions at 31 December 2024, totalling €mil. 5,749 (notional amount), as detailed in the following table:

	Notional 2023			Notional 2024		
	Sales	Purchases	Total	Sales	Purchases	Total
Swap and forward transactions	4,009	2,610	6,619	3,344	2,405	5,749

As a result of the financial centralization, the cash flows of the Group's foreign companies were transferred to Leonardo through intercompany transactions mainly denominated in GBP and USD. This risk is hedged using mirror transactions of payables/receivables to/from third parties in the currency of intercompany operations or through specific exchange-rate derivatives, classified as fair-value hedges. The table below shows the expected due dates of receipts and payments related to derivative instruments broken down by main currencies:

	31 December 2023				31 December 2024			
	Notional Receipts		Notional Payments		Notional Receipts		Notional Payments	
Cash-flow and fair-value hedges	USD	GBP	USD	GBP	USD	GBP	USD	GBP
Within 1 year	1,608	40	998	1,157	1,540	28	854	1,217
2 to 3 years	1,282	-	214	27	887	-	151	22
4 to 9 years	174	-	6	5	32	-	1	1
Total	3,064	40	1,218	1,189	2,459	28	1,006	1,240
Total transactions	**3,064**	**40**	**1,218**	**1,189**	**2,459**	**28**	**1,006**	**1,240**

The table below shows the effects of the sensitivity analysis carried out on the change in the exchange rates of the euro against the US dollar (USD) and the pound sterling (GBP) and, assuming a +/-5% change in the euro/pound sterling exchange rate and in the euro/US dollar exchange rate compared with the reference rates at 31 December 2024 and 31 December 2023.

	31 December 2023				31 December 2024			
	Effect of change in the €/GBP rate		Effect of change in the €/USD rate		Effect of change in the €/GBP rate		Effect of change in the €/USD rate	
	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
Net result	2	(1)	13	(12)	4	(3)	-	-
Equity (*)	(3)	5	91	(99)	2	-	67	(78)

(*): Defined as sum of earnings and cash-flow hedge reserve

Liquidity risk

Leonardo is exposed to liquidity risk, i.e. the risk of not being able to finance the prospective requirements arising from usual business and investment operations, as well as those connected with the volatility of the relevant markets in relation to commercial contracts at risk of renegotiation or cancellation. Moreover, there is the risk of not being able to repay or finance debts at the expiry dates.

In order to face the series of above-mentioned risks, the Company has adopted a series of instruments aimed at optimizing the management of financial resources by resorting to bank and bond transactions.

In order to finance its operations, Leonardo had at its disposal at 31 December 2024:

- the cash and cash equivalents of €mil. 1,597 generated at 31 December 2024 by amounts temporarily remaining at the disposal of the companies falling under, directly or indirectly, the scope of the centralization of treasury resources, as well as by deposits made for various reasons;
- an ESG-linked Revolving Credit Facility (RCF), amounting to €bil. 1.8, expiring in October 2026, initially equal to €bil. 2.4, and comprising two tranches, the first of which, equal to €mil. 600, expired in October 2024. Both the RCF tranches had been entirely unused at 31 December 2024;
- a sustainability-linked loan for an amount of €mil. 260 with the European Investment Bank (EIB) entirely unused at 31 December 2024);
- uncommitted bank credit lines totalling €mil. 820, entirely unused at 31 December 2024);
- the EMTN (*Euro Medium Term Note*) Programme, which was renewed in May 2024 for a further period of 12 months, which regulates possible bond issues on the European market with a maximum nominal value of €mil. 4,000, which was still usable for €mil. 3,000 at the reporting date of these Notes;
- a Framework Programme for the issuance of Multi-Currency Commercial Papers on the European market, for a maximum amount of €bil. 1, expiring in August 2025, which had been entirely unused at 31 December 2024;
- unconfirmed lines of credit for guarantees for a total amount of €mil. 10,997, of which an amount of €mil. 3,437 was available at 31 December 2024.

Credit risk

The Company is exposed to credit risk, which is defined as the probability of an insolvency with respect to a credit position with commercial and financial counterparties.

Regarding commercial transactions, the most significant programmes are made with public sector contractors or contractors belonging to public institutions, mainly in the Euro area, in the UK, the US and the Middle East. The risks associated with the counterparty, for contracts with countries for which there are no usual commercial relations, are analysed and valued at the time of the offer in order to mitigate insolvency risks, if any. While solvency is guaranteed with public-entity customers, collection times are longer (in some countries they are significantly longer) than for other business sectors, creating significant outstanding credit positions and the subsequent need for transactions to convert the receivables into cash. On the other hand, the Company hedges, when deemed appropriate, against potential defaults in the payment of its receivables by entering into insurance policies with leading Export Credit Agencies (ECAs) internationally and with major Italian agencies.

The types of contracts entered into by the Group provide for the possibility of sizeable retention money withheld by customers, as well as back-to-back clauses in case of sub-supplies. Such cases may inherently extend the times for collection of outstanding receivables.

Furthermore, the Company operates in markets which are or have been recently affected by geopolitical or financial tensions. In particular, with reference to the situation at 31 December 2024, we note the following relations with countries exposed to credit risk according to the international institutions (SACE):

(€ millions)	Angola	Nigeria	Turkey	Turkmenistan	Egypt	Pakistan	Other	Total
Assets	4	48	85	10	24	8	2	**181**
Liabilities	(25)	(46)	(98)	(1)	(64)	(6)	(5)	**(245)**
Net exposure	**(21)**	**2**	**(13)**	**9**	**(40)**	**2**	**(3)**	**(64)**

The Company's exposure is moderate in the areas affected by wars. In drawing up the separate financial statements account was taken of the impact that might arise from the conflicts, essentially in relation to the recoverability of amounts receivable and investments, without however recognizing any impairment loss.

Finally, the receivables related to these agreements might not be paid, renegotiated or written off.

The table below summarizes trade receivables at 31 December 2024 and 2023 (values in €bil.).

	31 December 2023	31 December 2024
Portion due	1.5	1.8
- of which: for more than 12 months	*0.5*	*0.6*
Portion not yet due	2.1	1.6
Total trade receivables	**3.6**	**3.4**

A part of the portion due is offset by a liability, in relation to payable items or provisions for risks on any net excesses.

Loans and receivables, equal to €mil. 940 (€mil. 651 at 31 December 2023) are reported in the table below:

	31 December 2023	31 December 2024
Loans and receivables from related parties	130	583
Other loans and receivables	-	14
Non-current loans and receivables	**130**	**597**
Loans and receivables from related parties	507	343
Other loans and receivables	14	14
Current loans and receivables	**521**	**357**
Total loans and receivables	**651**	**954**

Both the main trade and financial receivables are impaired based on their probability of default or individually in case of particular situations. Vice versa, for receivables that are not impaired individually, impairment provisions are accrued, using historical series, statistical data and probability of default on an aggregate basis also supported by qualitative analyses.

During the year, receivables were assigned without recourse for a total volume of €mil. 25 (€mil. 25 in 2023). The amount of the assignments, in line with the previous year, is not material due to the effects of recent actions to make the processes to manage working capital more efficient, which has allowed a further improvement in the dynamics underlying the realization of collection flows, despite the continuation of emergency situations of various kinds.

Classification of financial assets and liabilities

The table below shows the fair value hierarchy for the financial assets and liabilities of Leonardo SpA measured at fair value. The fair value of derivatives (classified under other current assets and liabilities) and of current securities is determined on the basis of measurement techniques which consider directly observable market inputs (the so-called "Level 2").

	31 December 2023			31 December 2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Other non current assets	-	-	-	-	-	-
Other assets	156	-	156	158	-	158
Other non-current liabilities	-	-	-	-	-	-
Other current liabilities	189	-	189	81	-	81

36. REMUNERATION TO KEY MANAGEMENT PERSONNEL

Remuneration paid to persons who have strategic power and responsibility of Leonardo SpA amounted to €mil. 17 (€mil. 15 at 31 December 2023).

Remuneration paid to Directors, excluding managers with strategic responsibility, amounted to €mil. 2 (€mil. 2 in 2023). This figure includes fees and other compensation, pensions and other benefits, including the portion borne by the Company.

37. SHARE-BASED PAYMENTS

In order to implement an incentive and retention system for the Group's employees and associates, starting from 2015 Leonardo adopted incentive plans which provide for the assignment of Leonardo shares, subject to assessing the attainment of pre-set business targets. These shares will be awarded to the beneficiaries at the end of the vesting period, provided that they have met the condition of being still employed with the company. The cost recognised in the income statement for the share incentive plans amounted in 2024 to €mil. 17 (€mil. 11 in 2023).

During 2024, the prerequisites were fulfilled for the granting of 1,990,079 shares under the Long-Term Incentive Plan, cycle 2021-2023. In accordance with the provisions of Leonardo S.p.a.'s Rules on incentive plans, part of the shares awarded were withheld by the Company in order to settle, in its capacity as withholding agent, withholding and tax deductions on behalf of the beneficiaries. The shares withheld amounted to 859,909 and as a result the shares actually delivered amounted to 1,130,170.

With specific regard to the Long-Term Incentive Plans currently in force, the fair value used to measure the portion linked to the performance indicators (Group Net Debt, ROIC, Sustainability Indicators and, starting from the three-year cycle 2024-2026, Group Revenues) is equal to € 6.788 (the value of Leonardo shares at the grant date of 31 July 2021) with reference to the three-year cycle 2021-2023 and to € 9.15 (the value of Leonardo shares at the grant date of 31 July 2022) with reference to the three-year cycle 2022-2024, to € 13.66 (the value of Leonardo shares at the grant date of 1 October 2023) with reference to the three-year cycle 2023-2025 and to €21.60 (the value of Leonardo shares at the grant date of 31 August 2024) with reference to the three-year cycle 2024-2026 .

Vice versa, the award of the remaining amount of the shares depends upon market conditions which affect the determination of the fair value ("adjusted fair value"). The adjusted fair value, calculated using the "Monte Carlo" method in order to simulate the possible performance of the stock and of the other companies within the basket, was equal to € 3.7 with reference to the three-year cycle 2021-2023, € 6.4 with reference to the three-year cycle 2022-2024, €12.1 with reference to the three-year cycle 2023-2025 and €15.87 with reference to the three-year cycle 2024-2026.

The input data used to calculate the adjusted fair value were:

- the stock price at the grant date;
- the average share price in the three months preceding the performance period;
- the risk-free interest rate based on the zero-coupon yield curve in 36 months;
- the expected volatility of the price of Leonardo shares and of the shares of the other companies within the basket based on time series in the 36 months prior to the grant date;
- correlation coefficients between Leonardo and the other companies within the basket on the basis of logarithms of the daily performance of the stocks in the 36 months prior to the grant date;
- dividend distribution forecasts on a historical basis.

PROPOSAL TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

The 2024 financial statements, which we submit for your approval, close with a net profit of Euro 531,916,959.39 :

In light of the foregoing, we submit the following proposed resolution for your approval:

"The Ordinary Shareholders' Meeting of LEONARDO - Società per azioni:

- considering the Report of the Board of Directors;
- considering the Report of the Board of Statutory Auditors;
- having examined the financial statements at 31 December 2024;
- having acknowledged the report of EY S.p.A.

resolves

- to approve the Directors' Report on operations and the financial statements at 31 December 2024;
- to approve the proposal posed by the Board of Directors of allocating the profit of € 531,916,959.39 for the 2024 financial year as follows:
    - as to € 26,595,847.97, equal to 5% of the profit, to legal reserve
    - as to € 0.52, on account of dividend, by paying it, including any withholding prescribed by law, as from 25 June 2025, with "detachment date" of coupon no. 15 falling on 23 June 2025 and "record date" (i.e. date on which the dividend is payable, pursuant to Art.83-*terdecies* of Legislative Decree no. 58 of 24 February 1998 and Art. 2.6.6, paragraph 2, of the Regulations for the Markets organized and managed by Borsa Italiana SpA) falling on 24 June 2025; the above provisions refer to each ordinary share that will be outstanding at the detachment date of the coupon, excluding treasury shares in portfolio at that date, without prejudice to the regime of those that will be actually awarded, under the current incentive plans, during the current financial year.
    - with regard to the remaining amount, to retained earnings."

For the Board of Directors

The Chairman

(Stefano Pontecorvo)

ATTACHMENT: DISCLOSURE EX-LEGE 124/2017

In accordance with the provisions of Article 1, paragraphs 125-126, of Law 124 of 4 August 2017, information is provided below on grants received from public administrations and granted to Leonardo SpA.

Grants received

Worth noting are the provisions of Law no. 124/2017 imposing disclosure obligations on those entities carrying out the activity referred to in article 2195 of the Italian Civil Code in relation to sums which are not of a general nature and do not consist of fees, remuneration or compensation received from public administrations or similar entities.

Excluded from such scope are any grant consisting of a consideration for Company's services and any grant deriving from bilateral financial relationships, which are peculiar to the Company's business, as well as any general measure that falls within the broader general structure of the reference system defined by the State (among others, Law 237/1993, Law 297/1999, Development Contracts and Regional Operational Programme, Law 808/1985, Regional Laws and National Operational Programmes), the effects of which are described in the notes to the Separate Financial Statements, based on the accounting standards adopted in the preparation of said accounts that can be used by all sector businesses, as well as grants received for continuing professional development from interprofessional funds.

The Company has not received grants falling within the framework of those referred to in article 1, para. 125, of Law 124/2017.

It should also be noted that the transparency of State aid for which there is a publication obligation is protected by their publication in the National Register of State Aids referred to in Article no. 52 of Law 234 of 24 December 2012.

Grants disbursed

As a publicly traded company, Leonardo SpA, is not subject to the obligations under article 1, para. 126 pursuant to art. 2-bis, para. 2, letter b) of Legislative Decree 33/2013.

There are no grants disbursed by Leonardo SpA in the form of donations or disbursements that do not consist of a consideration for services received, not even in the form of a return in terms of image.

APPENDICES

Appendix no.1 (€ mil) - EQUITY INVESTMENTS 1/3

%	Equity investments in subsidiaries	31 December 2023	Movements of the year				31 December 2024
		Carrying amount	Acquis./Subscriptions/payments of capital	Disposal / Repayment of capital	Reversals/Impairment	Other changes	Carrying amount
100	ALEA SRL	3	2	-	-	-	5
100	KOPTER GROUP AG	258	-	-	-	-	258
65	G.E.M. ELETTRONICA SRL (*)	-	16	-	-	5	21
60	LARIMART SPA	14	-	-	-	-	14
100	LEONARDO FOR AVIATION SERVICES (SPC)	1	-	-	-	-	1
-	LEONARDO ELECTRONICS US INC	-	30	(30)	-	-	-
100	LEONARDO GLOBAL SOLUTIONS SPA	850	-	(113)	-	-	737
100	LEONARDO INTERNATIONAL SPA	1,612	9	(152)	-	-	1,469
100	LEONARDO PARTECIPAZIONI SPA	29	-	-	-	-	29
100	LEONARDO UK LTD	2,805	-	(30)	-	-	2,775
54	LEONARDO US HOLDING, LLC	1,528	30	-	-	-	1,558
67	TELESPAZIO SPA	190	-	-	-	-	190
100	UTM SYSTEMS & SERVICES SRL	4	1	-	-	-	5
100	W.S.K. PZL-SWIDNIK S.A.	143	-	-	-	-	143
TOTAL EQUITY INVESTMENTS IN SUBSIDIARIES		**7,437**	**88**	**(325)**	**-**	**5**	**7,205**
	of which						
	Cost	7,458	88	(325)	-	5	7,226
	Write-back/Write-down	(21)	-	-	-	-	(21)

(*): investment reclassified from associated to subsidiary company in 2024 following the acquisition of an additional stake

Appendix no.1 (€ mil) - EQUITY INVESTMENTS 2/3

%	Equity investments in associates		31 December 2023	Movements of the year				31 December 2024
			Carrying amount	Acquis./Subscriptions/payments of capital	Disposal / Repayment of capital	Reversals/Impairment	Other changes	Carrying amount
30	AGUSTAWESTLAND AVIATION SERVICES LLC		4	-	-	-	-	4
50	AMSH B.V.	(**)	481	-	-	-	-	481
30	AVIO SPA		85	-	-	-	-	85
50	AVIONS DE TRANSPORT REG. - GIE ATR		232	-	-	-	-	232
30	CNBM LEONARDO (SHANGAI) AEROSTRUCTURES CO,. LTD		28	-	-	(8)	-	20
31	ELETTRONICA SPA		7	-	-	-	-	7
21	EUROFIGHTER JAGDFLUGZEUG GMBH		9	-	-	-	-	9
24	EUROFIGHTER SIMULATION SYSTEMS GMBH		2	-	-	-	-	2
30	G.E.M. ELETTRONICA SRL	(*)	5	-	-	-	(5)	-
23	HENSOLDT AG		618	-	-	-	-	618
32	NHINDUSTRIES SAS		1	-	-	-	-	1
40	JIANGXI CHANGHE AGUSTA HELICOPTERS CO. LTD		2	-	-	-	-	2
50	LEONARDO CAE ADVANCED JET TRAINING SRL	(***)	25	-	-	-	-	25
39	LEONARDO HELICOPTERES ALGERIE SPA		22	-	-	-	-	22
49	ORIZZONTE - SISTEMI NAVALI SPA		16	-	-	-	-	16
25	POLO STRATEGICO NAZIONALE SPA	(**)	14	4	-	-	-	18
50	ROTORSIM SRL		28	-	-	-	-	28
33	THALES ALENIA SPACE S.A.S	(**)	401	-	-	-	-	401
Other with unit amount lower than €mil. 1			1	-	-	-	-	1
TOTAL EQUITY INVESTMENTS IN ASSOCIATES			**1,981**	**4**	**-**	**(8)**	**(5)**	**1,972**
of which								
	Cost		2,597	4	-	-	(5)	2,596
	Write-back/Write-down		(616)	-	-	(8)	-	(624)

(*): investment reclassified from associated to subsidiary company in 2024 following the acquisition of an additional stake
(**): joint control
(***): entity consolidated on a line-by-line basis in the consolidated financial statements of the Group

Appendix no.1 (€ mil) - EQUITY INVESTMENTS 3/3

%	Other companies	31 December 2023	Movements of the year				31 December 2024
		Carrying amount	Acquis./Subscriptions/payments of capital	Disposal / Repayment of capital	Reversals/Impairment	Other changes	Carrying amount
3	ISTITUTO TRECCANI SPA	2	-	-	-	-	2
15	PANAVIA AIRCRAFT GMBH	3	-	-	-	-	3
19	VOLTA STRUCTURAL ENERGY SRL	1		-	-	-	1
Other with unit amount lower than €mil. 1		2	-	-	-	-	2
TOTAL EQUITY INVESTMENTS IN OTHER COMPANIES		**8**	**-**	**-**	**-**	**-**	**8**
of which							
	Cost	19	-	-	-	-	19
	Write-back/Write-down	(11)	-	-	-	-	(11)

TOTAL EQUITY INVESTMENTS	**9,426**	**92**	**(325)**	**(8)**	**-**	**9,185**
of which						
Cost	10,074	92	(325)	-	-	9,841
Write-back/Write-down	(648)	-	-	(8)	-	(656)

Appendix no.2 (€mil.) - LIST OF EQUITY INVESTMENTS 1/4

Equity investments in subsidiaries

Name		Office	Reporting date	Currency	Share capital (total)	Net Equity (€mil.)	Profit (loss) (€mil.)	Ownership %	Equity attributable to the Company (€mil.)	Carrying amount (€mil.)
ALEA SRL		Polcenigo (Italy)	31/12/2024	EUR	129,383	5	(1)	100	5	5
KOPTER GROUP AG		Wetzikon (Switzerland)	31/12/2024	CHF	32,000,000	183	(22)	100	183	258
G.E.M. ELETTRONICA SRL	(*)	Ascoli Piceno (Italy)	31/12/2024	EUR	4,500,000	33	4	65	21	21
LARIMART SPA		Rome (Italy)	31/12/2024	EUR	2,500,000	42	11	60	25	14
LEONARDO FOR AVIATION SERVICES (SPC)		Kuwait	31/12/2023	KWD	300,000	1	1	100	1	1
LEONARDO GLOBAL SOLUTIONS SPA		Rome (Italy)	31/12/2024	EUR	51,000,000	785	18	100	785	737
LEONARDO INTERNATIONAL SPA		Rome (Italy)	31/12/2024	EUR	1,000,000	1,747	-	100	1,747	1,469
LEONARDO LOGISTICS SPA		Rome (Italy)	31/12/2024	EUR	1,000,000	6	3	100	6	-
LEONARDO PARTECIPAZIONI SPA		Rome (Italy)	31/12/2024	EUR	100,000	158	15	100	158	29
LEONARDO UK LTD		Basildon (UK)	31/12/2024	GBP	314,500,100	2,525	247	100	2,525	2,775
LEONARDO US HOLDING, LLC		Wilmington (USA)	31/12/2024	USD	100	4,651	1,461	53.53	2,490	1,558
TELESPAZIO SPA		Rome (Italy)	31/12/2024	EUR	50,000,000	277	44	67	186	190
UTM SYSTEMS & SERVICES SRL		Rome (Italy)	31/12/2024	EUR	6,620,000	3	-	100	3	5
W.S.K. PZL-SWIDNIK S.A.		Świdnik (Poland)	31/12/2024	PLN	307,642,000	262	50	100	262	143
WASS SUBMARINE SYSTEMS Srl		Livorno (Italy)	31/12/2024	EUR	100,000	-	-	100	-	-
									TOTAL EQUITY INVESTMENTS IN SUBSIDIARIES	**7,205**

(*): investment reclassified from associated to subsidiary company in 2024 following the acquisition of an additional stake

Appendix no.2 (€mil.) - LIST OF EQUITY INVESTMENTS 2/4

Equity investments in associates

Name		Office	Reporting date	Currency	Share capital (total)	Net Equity (€mil.)	Profit (loss) (€mil.)	Ownership %	Equity attributable to the Company (€mil.)	Carrying amount (€mil.)
ADVANCED MALE AIRCRAFT LLC		Al Ain (United Arab Emirates)	n.d.	AED	200,000	-	-	49	-	-
AGUSTAWESTLAND AVIATION SERVICES LLC		Abu Dhabi City (United Arab Emirates)	31/12/2024	AED	58,010,000	33	5	30	10	4
AMSH B.V.	(**)	Rotterdam (Netherlands)	31/12/2023	EUR	36,296,316	1,508	249	50	754	481
AVIO SPA		Rome (Italy)	31/12/2023	EUR	90,964,212	287	6	29.63	85	85
CNBM (SHANGHAI) AVIATION TECHNOLOGY CO. LTD.		Shanghai (China)	n.d.	CNY	200,000,000	-	-	30	-	20
AVIONS DE TRANSPORT REGIONAL - GIE ATR		Blagnac Cedex (France)	31/12/2023	USD	n.d.	25	25	50	13	232
ELETTRONICA SPA		Rome (Italy)	31/12/2023	EUR	9,000,000	136	17	31.33	43	7
EUROFIGHTER JAGDFLUGZEUG GMBH		Hallbergmoos (Germany)	31/12/2023	EUR	639,114	46	23	21	10	9
EUROFIGHTER SIMULATION SYSTEMS GMBH		Hallbergmoos (Germany)	31/12/2023	EUR	260,000	2	(1)	24	-	2
EUROMIDS S.A.S		Paris (France)	31/12/2023	EUR	40,500	4	-	25	1	1
HELIVERT JOINT STOCK COMPANY		Moscow (Russia)	31/12/2024	RUB	325,010,000	(13)	1	50	(7)	-
HENSOLDT AG		Taufkirchen (Germany)	31/12/2023	EUR	115,500,000	1,898	57	22.80	433	618
IAMCO-INT. AEROSPACE MANAG. COMPANY SCRL		Venice (Italy)	31/12/2023	EUR	208,000	2	1	25	1	-
IVECO - OTO MELARA S.C. A. RL		Rome (Italy)	31/12/2023	EUR	40,000	-	-	50	-	-
JIANGXI CHANGHE AGUSTA HELICOPTERS CO. LTD		Jingdezhen (China)	31/12/2024	CNY	48,403,000	7	1	40	3	2
LEONARDO CAE ADVANCED JET TRAINING SRL	(***)	Decimomannu (Italy)	31/12/2023	EUR	29,040,000	40	-	50	20	25
LEONARDO HELICOPTERES ALGERIE SPA		Ain Arnat (Algeria)	31/12/2024	DZD	7,420,165	53	-	39	21	22
LIBYAN ITALIAN ADVANCED TECHNOLOGY COMPANY		Tripoli (Lybia)	31/12/2011	LYD	8,000,000	1	(1)	25	-	-
MACCHI HUREL DUBOIS S.A.S		Versailles (France)	31/12/2023	EUR	100,000	1	-	50	1	-
NHINDUSTRIES (S.A.S)		Aix-en-Provence (France)	31/12/2024	EUR	306,000	14	3	32	4	1
ORIZZONTE - SISTEMI NAVALI SPA		Genoa (Italy)	31/12/2023	EUR	20,000,000	36	1	49	18	16
POLO STRATEGICO NAZIONALE SPA	(**)	Rome (Italy)	31/03/2023	EUR	3,000,000	35	(13)	25	9	18
ROTORSIM SRL		Sesto Calende (Italy)	31/12/2024	EUR	9,800,000	77	5	50	39	28
THALES ALENIA SPACE S.A.S	(**)	Cannes (France)	31/12/2023	EUR	918,037,500	1,120	(14)	33	370	401
									TOTAL EQUITY INVESTMENTS IN ASSOCIATES	**1,972**

(**): joint control

(***): entity consolidated on a line-by-line basis in the consolidated financial statements of the Group

Appendix no.2 (€mil.) - LIST OF EQUITY INVESTMENTS 3/4

Consortiums

Name	Office	Reporting date	Currency	Share capital (total)	Net Equity (€mil.)	Profit (loss) (€mil.)	Ownership %	Equity attributable to the Company (€mil.)	Carrying amount (€mil.)
CONS. ELIS PER LA FORMAZIONE PROFESSIOALE SUPERIORE SCRL	Rome (Italy)	31/12/2023	EUR	51,000	-	-	0.10	-	-
CONAI - CONSORZIO NAZIONALE IMBALLAGGI	Rome (Italy)	31/12/2023	EUR	15,073,170	24	(2)	0.02	-	-
CONSORZIO BI-REX	Bologna (Italy)	31/12/2023	EUR	235,000	-	-	0.45	-	-
CONSORZIO CALEF	Rotondella (Italy)	31/12/2023	EUR	111,529	1	-	5.25	-	-
CONSORZIO CREO - CENTRO RICERCHE ELETTRONICHE	L'Aquila (Italy)	31/12/2023	EUR	774,685	-	-	99	-	1
CONS. ERION PROFESSIONAL	Milan (Italy)	31/12/2023	EUR	86,290	2	1	0.12	-	-
CONSORZIO IANUA	Genoa (Italy)	31/12/2023	EUR	49,716	-	-	16.67	-	-
CONS. IMPRENDITORI GIUGLIANO - ASI	Giugliano (Italy)	31/12/2022	EUR	50,000	-	-	15.15	-	-
CONSORZIO KIDS	Rome (Italy)	31/12/2023	EUR	100,000	-	-	90	-	-
CONS. PER L'ENERGIA VARESE - ENERGI.VA	Varese (Italy)	31/12/2023	EUR	80,242	-	-	0.68	-	-
CONS. LEONARDO TECHNICAL TRAINING	Naples (Italy)	31/12/2023	EUR	211,123	1	-	64.81	1	-
CONSORZIO HYPERBUILDERS	Rome (Italy)	31/12/2023	EUR	n.d.	-	-	3.78	-	-
CONS. SISTEMA SOLDATO SICURO	Rome (Italy)	31/12/2023	EUR	40,000	-	-	65	-	-
CONSORZIO TESSERA	Venice (Italy)	31/12/2023	EUR	40,000	-	-	90	-	-
E-NET SERVIZI DI PRESIDIO E ASSISTENZA TECNICA (E-SPAT)	Rome (Italy)	31/12/2023	EUR	10,000	-	-	92	-	-
G.E.I.E EUROTORP	Vallauris (France)	n.d.	EUR	n.d.	-	-	50	-	-
TICOM - CONS. PER LE TECNOL. DELL'INFORMAZ.E COMUNICAZ.	Campi Bisenzio (Italy)	31/12/2023	EUR	10,000	-	-	100	-	-
TOTAL EQUITY INVESTMENTS IN CONSORTIUMS									**1**

Appendix no.2 (€mil.) - LIST OF EQUITY INVESTMENTS **4/4**

Other companies

Name	Office	Reporting date	Currency	Share capital (total)	Net Equity (€mil.)	Profit (loss) (€mil.)	Ownership %	Equity attributable to the Company (€mil.)	Carrying amount (€mil.)
A4ESSOR S.A.S	Gennevilliers (France)	31/12/2022	EUR	123,100	1	-	18.77	-	-
AGGREG. PUBL-PRIV. SULLA LOGISTICA MARE-TERRA SCARL	Naples (Italy)	31/12/2022	EUR	81,000	-	-	7.69	-	-
CAF ITALIA 2000 S.R.L.	Rome (Italy)	31/12/2023	EUR	52,000	1	-	3	-	-
CANARY BIT AB	Sollentuna (Sweden)	31/12/2023	SEK	29,412	6	-	15	-	1
C.I.R.A. (CENTRO ITALIANO DI RICERCHE AEROSPAZIALI) - SCPA	Capua (Italy)	31/12/2023	EUR	985,224	111	3	12.05	13	-
CENTRO PER GLI STUDI DI TECNICA NAVALE CETENA SPA	Genoa (Italy)	31/12/2023	EUR	1,000,000	11	1	2.60	-	-
COMPAGNIA AEREA ITALIANA SPA	Rome (Italy)	31/12/2023	EUR	3,526,846	10	-	0.01	-	-
COMPETENCE INDUSTRY MANUFACTURING 4.0 S.C. A R.L.	Turin (Italy)	31/12/2023	EUR	3,460,000	5	-	4.31	-	-
DISTRETTO AEREOSPAZIALE DELLA SARDEGNA S.C.A R.L.	Cagliari (Italy)	31/12/2023	EUR	97,112	-	-	5.44	-	-
DISTRETTO LIGURE DELLE TECNOLOGIE MARINE S.C.A R.L.	La Spezia (Italy)	31/12/2023	EUR	1,140,000	1	-	9.80	-	-
DISTRETTO TECNOLOGICO AEROSPAZIALE DELLA CAMPANIA S.C.A R.L.	Capua (Italy)	31/12/2023	EUR	827,500	1	-	3.69	-	-
DISTRETTO TECNOLOGICO AEROSPAZIALE S.C.A R.L.	Brindisi (Italy)	31/12/2023	EUR	150,000	1	-	18.74	-	-
EUROPEAN SATELLITE NAVIGATION INDUSTRIES GMBH (IN LIQ.)	Ottobrunn (Germany)	12/11/2023	EUR	264,000	-	-	18.94	-	-
FLYINGBASKET SRL	Bolzano (Italy)	31/12/2023	EUR	14,426	1	(1)	11.40	-	-
I.M.A.S.T. S.C. A R.L.	Naples (Italy)	31/12/2023	EUR	689,000	2	-	7.54	-	-
ISTITUTO DELLA ENCICL. ITALIANA TRECCANI SPA	Rome (Italy)	31/12/2023	EUR	84,852,121	91	-	2.72	2	2
NATIONAL QUANTUM SCIENCE AND TECHNOLOGY INSTITUTE S.C. A R.L.	Rome (Italy)	31/12/2023	EUR	190,000	-	-	5.26	-	-
PANAVIA AIRCRAFT GMBH	Hallbergmoos (Germany)	31/12/2023	EUR	10,225,838	41	4	15	6	3
S.E.C.B.A.T. SARL	Saint - Cloud (France)	31/12/2022	EUR	32,000	1	-	13.55	-	-
SIIT SCPA	Genoa (Italy)	31/12/2023	EUR	600,000	1	-	12.10	-	-
SPACE IT UP S.C.A.R.L.	Turin (Italy)	n.d.	EUR	165,000	-	-	3.03	-	-
SKYDWELLER AERO INC	Delaware (USA)	31/12/2022	USD	474,004	37	2	16.53	6	-
SUPERJET INTERNATIONAL SPA	Tessera (Italy)	n.d.	EUR	32,984,147	-	-	10	-	-
TEC DATABENC S.C.A R.L.	Naples (Italy)	31/12/2023	EUR	30,000	-	-	3.33	-	-
VITROCISET JADWALEAN LTD	Riyadh (Saudi Aradia)	n.d.	RIAL SAUDITA	2,000,000	-	-	45	-	-
VOLTA STRUCTURAL ENERGY SRL	Milan (Italy)	31/12/2023	EUR	15,309	-	-	19.05	-	1
TOTAL EQUITY INVESTMENTS IN OTHER COMPANIES									**7**
TOTAL EQUITY INVESTMENTS									**9,185**

Appendix no.3 (€ mil.)- NON-CURRENT RECEIVABLES

	31 December 2023			Movements of the year			31 December 2024		
	Residual nominal amount	Impairment	Carrying amount	Disbursement	Reclass.	Reimbursements	Residual nominal amount	Impairment	Carrying amount
Receivables	45	-	45	15	(30)	(3)	28	-	28
- Receivables from subsidiaries	130	-	130	458	(5)	-	583	-	583
Total receivables	**175**	**-**	**175**	**473**	**(35)**	**(3)**	**611**	**-**	**611**

Appendix no. 4 (€ mil.) - ASSETS BROKEN DOWN BY MATURITY

	31 December 2023			31 December 2024		
	Amounts due			Amounts due		
	from 2nd to 5th subsequent year	beyond 5th year	**Total**	from 2nd to 5th subsequent year	beyond 5th year	**Total**
Receivables	42	3	45	26	2	28
Non-current loans and receivables from relates parties	50	80	130	456	127	583
Other non current assets	31	-	31	27	-	27
Total receivables and non-current assets	**123**	**83**	**206**	**509**	**129**	**638**

Appendix no.5 (€ mil.) - FOREIGN CURRENCY ASSETS

	31 December 2023			31 December 2024		
	In foreign currency	in Euro	Total	In foreign currency	in Euro	Total
Receivables	-	45	45	-	28	28
Non-current loans and receivables from relates parties	-	130	130	399	184	583
Other non current assets	-	31	31	-	27	27
Total receivables and other non-current assets	**-**	**206**	**206**	**399**	**239**	**638**
Deferred tax assets	-	865	865	-	751	751
Total non-current assets	**-**	**1,071**	**1,071**	**399**	**990**	**1,389**
Loans and receivables	-	14	14	-	14	14
Loans and receivables form related parties	298	209	507	3	340	343
	298	**223**	**521**	**3**	**354**	**357**
Trade receivables	688	1,502	2,190	391	1,622	2,013
Trade receivables from related parties	383	1,055	1,438	389	1,014	1,403
	1,071	**2,557**	**3,628**	**780**	**2,636**	**3,416**
Other assets	23	465	488	12	372	384
Other receivables from related parties	1	24	25	1	23	24
	24	**489**	**513**	**13**	**395**	**408**
Income tax receivables	8	52	60	7	57	64
Cash and cash equivalents	106	1,685	1,791	208	1,389	1,597
Total current assets	**1,507**	**5,006**	**6,513**	**1,011**	**4,831**	**5,842**

Appendix no.6 (€ mil.) - ASSETS BY GEOGRAPHICAL AREA

	31 December 2023					31 December 2024				
	Italy	Rest of Europe	North America	Rest of the world	Total	Italy	Rest of Europe	North America	Rest of the world	Total
Receivables	16	29	-	-	45		28	-	-	28
Non-current loans and receivables from relates parties	130	-	-	-	130	184	399	-	-	583
Other non current assets	31	-	-	-	31	27	-	-	-	27
Total receivables and other non-current assets	**177**	**29**	**-**	**-**	**206**	**211**	**427**	**-**	**-**	**638**
Deferred tax assets	865	-	-	-	865	751	-	-	-	751
Total non-current assets	**1,042**	**29**	**-**	**-**	**1,071**	**962**	**427**	**-**	**-**	**1,389**
Loans and receivables	3	2	-	9	14	14	-	-	-	14
Loans and receivables form related parties	35	471	1	-	507	16	326	1	-	343
	38	**473**	**1**	**9**	**521**	**30**	**326**	**1**	**-**	**357**
Trade receivables	414	440	173	1,163	2,190	503	404	197	909	2,013
Trade receivables from related parties	327	750	200	161	1,438	327	687	185	204	1,403
	741	**1,190**	**373**	**1,324**	**3,628**	**830**	**1,091**	**382**	**1,113**	**3,416**
Other assets	397	49	2	40	488	268	77	2	37	384
Other receivables from related parties	24	-	1	-	25	22	-	1	1	24
	421	**49**	**3**	**40**	**513**	**290**	**77**	**3**	**38**	**408**
Income tax receivables	53	1	1	5	60	57	-	-	7	64
Cash and cash equivalents	1,764	3	-	24	1,791	1,412	135	-	50	1,597
Total current assets	**3,017**	**1,716**	**378**	**1,402**	**6,513**	**2,619**	**1,629**	**386**	**1,208**	**5,842**

Appendix no.7 (€ mil.) - LIABILITIES BROKEN DOWN BY MATURITY

	31 December 2023			31 December 2024		
	Amounts due			Amounts due		
	from 2nd to 5th subsequent year	beyond 5th year	Total	from 2nd to 5th subsequent year	beyond 5th year	Total
Other non-current liabilities	237	374	611	304	342	646
Other non-current liabilities to related parties	66	86	152	79	88	167
Loans and borrowings (non current)	1,896	254	2,150	1,424	164	1,588
Non-current loans and borrowings to related parties	415	120	535	342	93	435
Total non-current liabilities	**2,614**	**834**	**3,448**	**2,070**	**599**	**2,669**

Appendix no.8 (€ mil.) - FOREIGN CURRENCY LIABILITIES

	31 December 2023			31 December 2024		
	In foreign currency	in Euro	Total	In foreign currency	in Euro	Total
Loans and borrowings (non current)	-	2,150	2,150	-	1,588	1,588
Non-current loans and borrowings to related parties	54	481	535	59	376	435
	54	2,631	2,685	59	1,964	2,023
Deferred tax assets	-	96	96	-	90	90
Other non-current liabilities	20	591	611	-	646	646
Other non-current liabilities to related parties	152	-	152	167	-	167
Total non-current liabilities	**226**	**3,318**	**3,544**	**226**	**2,700**	**2,926**
Loans and Borrowings	1	711	712	-	616	616
Related-parties loans and borrowings	1,122	1,454	2,576	1,315	1,576	2,891
	1,123	2,165	3,288	1,315	2,192	3,507
Trade payables	204	1,772	1,976	527	1,518	2,045
Trade payables to related parties	256	570	826	237	721	958
	460	2,342	2,802	764	2,239	3,003
Other liabilities	13	1,171	1,184	16	1,211	1,227
Other payables to related parties	35	93	128	24	40	64
	48	1,264	1,312	40	1,251	1,291
Income tax payables	3	-	3	1	16	17
Total current liabilities	**1,634**	**5,771**	**7,405**	**2,120**	**5,698**	**7,818**

Appendix no. 9 (€ mil) - LIABILITIES BY GEOGRAPHICAL AREA

	31 December 2023					31 December 2024				
	Italy	Rest of Europe	North America	Rest of the world	Total	Italy	Rest of Europe	North America	Rest of the world	Total
Loans and borrowings (non current)	1,089	1,061	-	-	2,150	578	1,010	-	-	1,588
Non-current loans and borrowings to related parties	481	-	54	-	535	376	-	59	-	435
	1,570	1,061	54	-	2,685	954	1,010	59	-	2,023
Deferred tax assets	96	-	-	-	96	90	-	-	-	90
Other non-current liabilities	591	-	20	-	611	626	-	20	-	646
Other non-current liabilities to related parties	-	-	152	-	152	-	-	167	-	167
Total non-current liabilities	**2,257**	**1,061**	**226**	**-**	**3,544**	**1,670**	**1,010**	**246**	**-**	**2,926**
Loans and Borrowings	671	41	-	-	712	563	53	-	-	616
Related-parties loans and borrowings	564	1,996	-	16	2,576	422	2,453	-	16	2,891
	1,235	2,037	-	16	3,288	985	2,506	-	16	3,507
Trade payables	1,398	340	122	116	1,976	1,446	260	162	177	2,045
Trade payables to related parties	213	401	100	112	826	233	537	80	108	958
	1,611	741	222	228	2,802	1,679	797	242	285	3,003
Other liabilities	1,123	6	23	32	1,184	1,182	5	35	5	1,227
Other payables to related parties	93	35	-	-	128	40	24	-	-	64
	1,216	41	23	32	1,312	1,222	29	35	5	1,291
Income tax payables	-	1	-	2	3	16	-	-	1	17
Total current liabilities	**4,062**	**2,820**	**245**	**278**	**7,405**	**3,902**	**3,332**	**277**	**307**	**7,818**

For the Board of Directors

The Chairman

(Stefano Pontecorvo)

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE 58/98 AS AMENDED

1. The undersigned Roberto Cingolani as the Chief Executive Officer and General Manager and Alessandra Genco as the Officer in charge of Financial Reporting for Leonardo SpA, certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- the appropriateness of the financial statements with regard to the nature of the business and
- the effective application of administrative and accounting procedures in preparing the separate financial statements at 31 December 2024.

2. In this respect it is noted that no significant matters arose.
3. It is also certified that:

3.1 The separate financial statements:

- were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to EU Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the entries in the books and accounting records;
- were prepared in compliance with Article 154-ter of the mentioned Legislative Decree no. 58/98 as amended and supplemented, and provide a true and fair view of the financial position and results of operations of the issuer.

3.2 The Report on Operations includes a reliable analysis of the performance and the operating result, as well as the position of the issuer, together with a description of the main risks and uncertainties it is exposed to.

This statement is also made pursuant to and for the purposes of Article 154-bis, paragraph 2, of Legislative Decree 58 of 24 February 1998.

Rome, 11 March 2025

Chief Executive Officer and General Manager	Officer in charge of financial reporting
(Roberto Cingolani)	(Alessandra Genco)

Independent Auditor’s report on the separate financial statements as at 31 December 2024

Leonardo S.p.A.

Financial statements as at 31 December 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholders of
Leonardo S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leonardo S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2024, the separate income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit response
Recognition of revenues and losses from long-term contracts with customers	
Revenues from long-term contracts with customers are recognized "over-time" using an input method for measuring progress towards complete satisfaction of performance obligations based on the percentage of completion obtained from the ratio of incurred costs on the total expected costs for the contract over the life of the project (cost to cost method). The estimation of the total expected project costs is, by its nature, complex and characterized by significant uncertainties as it may be impacted by many factors, including the ability to fulfill the obligations assumed towards customers, which may also result in penalties and additional expenses for significant amounts. Therefore, the estimate involves a high degree of judgment by Directors that may significantly affect the contract revenues recognition and any loss at completion in cases of negative margin expectation. Accordingly, we identified this area as a key audit matter. The disclosures related to the criteria applied for the recognition and measurement of revenues and margins on long-term contracts with customers are included in notes "3. Accounting policies", "14. Contract assets and liabilities", "22. Provisions for risks and charges and contingent liabilities" and "27. Revenues".	Our audit procedures in response to the key audit matter included, among others: • the understanding of the criteria applied for the recognition of revenues from long-term contracts with customers; • the assessment of the process and key controls over the recognition of revenues from long-term contracts with customers; • for a sample of contracts we performed: (i) testing of relevant contractual terms and conditions in order to verify whether those were adequately considered in management estimates; (ii) testing of the reasonableness of key assumptions underlying the estimation of the life-of-project costs based on inquiries, analysis of any communications with customers and comparative analysis; (iii) comparative analysis between actual figures and estimates made in previous periods in order to assess the accuracy of management's forecasting; (iv) testing of incurred costs and their allocation to proper on-going contracts. Lastly, we have reviewed the disclosures provided in the notes to the financial statements regarding this key audit matter.
Test of the recoverability of goodwill and equity investments	
Goodwill as at 31 December 2024 amounts to Euro 701 million; Equity investments amount to Euro 9.185 million.	Our audit procedures in response to the key audit matter included, among others: • the assessment of the procedure applied in the performance of the impairment

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Directors tested for impairment the Cash Generating Units (CGUs) to which goodwill and equity investments have been allocated in order to identify any impairment loss in respect of their recoverable amount.

The recoverable amount of each CGU is determined using the value in use method and it is based on complex assumptions that inherently involve a degree of judgment by Directors, with reference to the expected cash flows over the period considered in the Business Plan 2025-2029, to the estimate of the terminal value and the determination of the long-term growth and discount rates.

Because of the judgement involved and the complexity of the assumptions underlying the estimation of the recoverable amount of goodwill and equity investments, we identified this area as a key audit matter.

Disclosures on the assumptions and the estimations adopted when performing the impairment test are included in the notes "3. Accounting policies", "8. Intangible Assets" and "11. Equity investments".

test as approved by Directors;

- testing of the criteria applied for identifying the CGUs and allocating relevant assets and liabilities to them;
- the assessment of the presence of any impairment indicator on the recoverability of equity investments;
- the analysis of the expected cash flows of each CGU and testing of their consistency with the expected cash flows resulting from the Business Plan 2025-2029;
- the assessment of the reasonableness of the estimates made by Directors, also by comparing actual figures and estimates made in previous periods;
- the assessment of the long-term growth and discount rates;
- the assessment of the sensitivity analysis performed by Directors on key assumptions underlying the impairment test.

In performing our procedures we involved our experts in valuation techniques.

Lastly, we have reviewed the disclosures provided in the notes to the financial statements regarding this key audit matter.

Recognition and subsequent measurement of non-recurring costs and development costs

Non-recurring costs and developments costs capitalized as intangible assets as at 31 December 2024 amount to an aggregate of Euro 2.140 million.

The initial recognition of these assets and the subsequent assessment of their recoverability are based on complex assumptions that inherently involve a degree of judgment by Directors as influenced by many factors including the time horizon of the product business plans and management's ability to forecast the commercial success of the underlying technologies.

Because of the judgement involved and the complexity of the underlying assumptions, we

Our audit procedures in response to the key audit matter included, among others:

- understanding of the processes applied in recognizing for non-recurring costs and development costs and the process related to the assessment of their recoverability;
- for a sample of development programs we performed:
  - (i) substantive procedures aimed at verifying internal and external costs recognized during the period;
  - (ii) assessment of the reasonableness of key assumptions underlying the product business plans;

identified this area as a key audit matter.

Disclosures on the assumptions and the estimations adopted in the recognition and subsequent measurement of non-recurring costs and development costs are included in the notes "3. Accounting policies" and "8. Intangible Assets".

(iii) testing of the discount rates;
(iv) assessment of the sensitivity analysis performed by Directors on the key assumptions underlying the impairment test

In performing our procedures we involved our experts in valuation techniques.

Lastly, we have reviewed the disclosures provided in the notes to the financial statements regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (Collegio Sindacale) is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The Shareholders of Leonardo S.p.A., in the general meeting held on 20 May 2020, engaged us to perform the audits of the financial statements and consolidated financial statements for each of the years ending 31 December 2021 to 31 December 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Leonardo S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements as at 31 December 2024, to be included in the annual financial report.

We have performed the procedures under the audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at 31 December 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Leonardo S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Leonardo S.p.A. as at 31 December 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the financial statements of Leonardo S.p.A. as at 31 December 2024.

Furthermore, in our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-*bis*, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Rome, 14 March 2025

EY S.p.A.
Signed by: Riccardo Rossi, Auditor

As disclosed by the Directors on cover page, the accompanying financial statements of Leonardo S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Report of the Board of statutory Auditors to the Shareholders' Meeting

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF LEONARDO S.P.A. CALLED TO APPROVE THE 2024 FINANCIAL STATEMENTS (PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998)

To the Shareholders' Meeting of the company Leonardo S.p.a.

Dear Shareholders,

the Board of Statutory Auditors of the company Leonardo S.p.a. (hereinafter also "the Company") hereby submits its report pursuant to Article 153 of Legislative Decree No. 58/1998 (T.U.F. - *Testo Unico della Finanza*, Consolidated Law on Financial Intermediation) to report on the activity performed.

The Board of Statutory Auditors serving at present was appointed by the Shareholders' Meeting on 24 May 2024 and will terminate its mandate with the Shareholders' Meeting to approve the Financial Statements as at 31 December 2026.

The Board of Statutory Auditors consists of the following members: Mr Luca Rossi, Chairman, Prof. Marco Fazzini, Ms Giulia Pusterla, Ms Paola Simonelli, and Prof. Alessandro Zavaglia, Regular Auditors.

Previously and until 24 May 2024, the Board of Statutory Auditors consisted of the following members: Mr Luca Rossi, Chairman, Ms Anna Rita de Mauro, Ms Sara Fornasiero, Mr Leonardo Quagliata and Mr Amedeo Sacrestano, Regular Auditors.

The Shareholders' Meeting held on 20 May 2020 appointed the independent auditing firm EY S.p.A. (hereinafter also the "Auditing Firm"), to carry out the statutory audit of accounts starting from 2021 and for the period from 2021 to 2029.

During the year ended on 31 December 2024 the Board of Statutory Auditors, also in its capacity as Internal Control and Auditing Committee, carried out the checks and other supervisory activities in compliance with the relevant laws and regulations in force, as well as the Corporate Governance Code, the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts and the Communications issued by CONSOB regarding corporate checks and the activities of the Board of Statutory Auditors.

With effect from 1 June 2022, Leonardo S.p.a. is subject to the audit of the Court of Auditors pursuant to Art. 12 of Law No. 259 of 21 March 1958. We point out that, by virtue of the provisions of Art. 12 of Law No. 259/1958, the Delegated Judge for the audit of the financial transactions attends the meetings of the Board of Directors and of the Board of Statutory Auditors of Leonardo S.p.a..

This Report has been prepared in accordance with the instructions provided by CONSOB with Communication DEM/1025564 of 6 April 2001 as amended and supplemented.

* * *

The Board of Statutory Auditors has adopted its own Rules of Procedure which govern the role, organization and the methods of functioning of the body, in line with the main organizational aspects of Leonardo's corporate governance model, in the light of the principles and rules laid down by the Corporate Governance Code and by the Rules of conduct of the boards of statutory auditors of listed companies. These Rules of Procedure were lastly updated during the meeting of the Board of Statutory Auditors of 29 January 2025.

During the year the Board of Statutory Auditors – after having taken office and in the meeting held on 18 February 2025 – provided for the self-evaluation of the independence of its members, whose outcome confirmed the existence of the independence requirements for all its members. It is hereby acknowledged that no Statutory Auditor has had any interests, on his/her own behalf or on behalf of third parties, in any transaction of the Company during the financial year and that the members of the Board of Statutory Auditors have complied with the cumulation of offices required by Art. 144-*terdecies* of the Issuers' Regulation.

As required by the Corporate Governance Code, the Board of Statutory Auditors, within the scope of the tasks assigned to it by law, verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

As in previous years, the Board carried out a self-evaluation process relating to the 2024 financial year, thus making use of the support of the external consultant Egon Zehnder International S.p.A.. This self-evaluation process was aimed at gathering the opinions of the members of the Board of Statutory Auditors regarding both the work and the composition of the Board itself, in line with the provisions of the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts. The results, the assessments carried out and the conclusive guidelines of the Board of Statutory Auditors were discussed collectively and subsequently collected in the document called "*Summary of the results for the Board of Statutory Auditors of Leonardo*", on the basis of which an executive summary was prepared, sent to the Board of Directors and whose content was incorporated in the Report on Corporate Governance and Shareholder Structure.

* * *

The Board of Statutory Auditors regularly met during the year, minuting the control activities carried out. As part of the activities and tasks assigned to the Board of Statutory Auditors while implementing the relevant regulations, the Board of Statutory Auditors:

a) held twenty-eight meetings in 2024 and eight meetings from the beginning of 2025 to the date of this Report and carried out audits and gathered information from the heads of the different corporate functions, periodically meeting the top positions for an exchange of information on the performance of the corporate transactions, thus acquiring the knowledge necessary to monitor, pursuant to Art. 149 of T.U.F., the compliance with the law and the memorandum of association, the compliance with the principles of correct management and the adequacy of the organizational structure, the internal control system, the administrative-accounting system, also pursuant to Art. 2086 of the Italian Civil Code and of Legislative Decree No. 14 of 12 January 2019 (Business Crisis and Insolvency Code), as well as the implementation of the corporate governance rules from the codes of conduct and the adequacy of the instructions given to the subsidiaries pursuant to para. 2 of Article 114, without any remark; relations with the Company's personnel were inspired by mutual collaboration in compliance with the subjective roles and areas of competence and each body or function of the Company has fulfilled the reporting obligations provided for by the applicable regulation;

b) attended the Shareholders' Meeting held on 24 May 2024 in its ordinary session, to which the Shareholders were able to intervene exclusively through the designated representative, pursuant to Art. 106 of Law Decree No. 18/2020, subsequently converted into Law No. 27/2020, whose efficacy was extended until 31 December 2024 by Law No. 21 of 5 March 2024;

c) attended the twelve meetings held by the Board of Directors during 2024 and the three meetings held from the beginning of 2025 to the date of this Report, during which it was informed of the work done and of the financial transactions which are materially important in terms of the Company's assets and financial position carried out by the Company and its subsidiaries, thus obtaining adequate and timely information on their performance;

d) attended the eighteen meetings of the Control and Risks Committee, the ten meetings of the Remuneration Committee, the ten meetings of the Nomination and Governance Committee, the thirteen meetings of the Sustainability and Innovation Committee held in 2024 and the four meetings of the Control and Risks Committee, the two meetings of the Remuneration Committee, the three meetings of the Nomination and Governance Committee, the four meetings of the Sustainability and Innovation Committee held from the beginning of 2025 to the date of this Report, thus acknowledging that the above-mentioned Committees have worked in compliance with the provisions of the Corporate Governance Code and their own Rules of Procedure.

An effective flow of information is in place between the Board of Statutory Auditors, the Board of Directors, the internal Committees and the Company’s offices.

The collaboration and discussions with the Control and Risks Committee, also through the organization of joint meetings on topics of common interest, have been fruitful and effective and have, among other things, allowed to complete the analysis process of the Board of Statutory Auditors on risk control and management, thus acquiring further information with respect to that obtained through the constant contacts and meetings with the Chief Audit Executive (“CAE”) and the Head of the Risk Management O.U. of the Company, as well as with the other persons involved in any capacity in the internal control and risk management system including the Heads of the Compliance O.U. and Legal Affairs O.U..

The Board of Statutory Auditors, in particular, acknowledges that during the meetings of the Control and Risks Committee, checks were carried out, as established by the Corporate Governance Code and the Committee's Rules of Procedure, regularly presented to the Board of Statutory Auditors also as Internal Control and Auditing Committee, in particular monitoring the adequacy and effectiveness of the Internal Control and Risks Management System, with respect to the Company’s characteristics and the risk factor accepted by the Company and of the Work Plan prepared by the CAE and referred to the audits of Leonardo planned for 2024 and carried out by the Group Internal Audit O.U. (“GIA”) in the relevant period (April 2024 – February 2025) after submission of the Plan to the Control and Risks Committee and then to the Board of Directors. Furthermore, the Board of Statutory Auditors acknowledged that the Control and Risks Committee expressed its favourable opinion on 6 March 2025 on the annual assessment of the adequacy of the Internal Control and Risks Management System on the basis of the relevant results provided by the CAE in relation to what is provided for in the Guidelines regarding the assessment process of the Internal Control and Risk Management System adopted by the Board of Directors in February 2022.

Furthermore, the Board of Statutory Auditors acknowledged that the Board of Directors, on 11 March 2025, assessed, also in light of Art. 2086 of the Italian Civil Code, the adequacy of the organizational, administrative and accounting structure of the Company and strategic subsidiaries, also for the purpose of timely detection of the company's crisis and loss of business continuity, after having obtained the opinion of the Control and Risks Committee with specific reference to the Internal Control and Risk Management System;

e) during the reporting period it received detailed audit reports made by the GIA O.U., also as part of the periodic meetings with the CAE, acknowledging the results of the control activities carried out in 2024 and concluded in the first months of 2025, in line with the audit plan and the special audits carried out from time to time, following reports received from the Company or requested by management. From the recurring audit activities, the opportunity sometimes emerged to implement improvement actions on the processes examined that, after being shared with the corporate management, were reflected in Action Plans whose implementation was monitored by the GIA O.U. on a quarterly basis and whose results were transmitted to the Top management. As for the Special Audits required to the GIA O.U. by management or the Whistleblowing Committee, the Board acknowledged that the results of some audits, in a few cases, led to the Leonardo management taking management initiatives in order also to strengthen the Internal Control and Risk Management System with particular reference to corporate procedures. The Board also acknowledged the results of the "Quality Assurance and Improvement Plan" (QAIP) of the GIA O.U. prepared in order to monitor and improve the effectiveness, efficiency and quality of its activities; the results revealed, for all the audits sampled, a General Compliance with international standards and best practices that is the "highest compliance degree" required by the Institute of Internal Auditors. Furthermore, the Board was informed that the GIA O.U. intends to develop, also for 2025, internal audit activities on the quality of its work, through a new Quality Assurance & Improvement Plan. The results of the 2024 Plan and the activities envisaged by the new 2025 QAIP were analyzed by the Control and Risks Committee in the meeting of 18 February 2025 and explained to the Board of Directors on 20 February 2025. Considering that the Global Internal Audit Standards became effective, in 2025 the GIA O.U. is planning to avail itself of the support of an external expert for a gap-analysis activity preliminary to the renewal of the certification expected for 2027;

f) received information about the activities carried out by the GIA O.U. in order to evaluate the operations of the Internal Control over Financial Reporting (hereinafter ICFR) system at Leonardo S.p.a. and the companies falling under the scope of Law 262/2005. In addition to the Test 262 activities for 2024, the Board was informed by the GIA O.U. about the specific monitoring (the so-called "Detection Audit"), as an anti-fraud component of the ICFR Model; for 2024 the "HR management – Expense report and Business trips" process was analysed. Following the performance of these activities, the GIA O.U. informed the Board of Statutory Auditors that no critical issues emerged such as to affect the reliability of the Internal Control System with regard to the Accounting and Financial Information;

g) received information about the Control Model on the Leonardo sustainability reporting, designed also to allow the issue of a "reasonable assurance" opinion by the independent auditing firm in relation to a set of indicators within the Consolidated Sustainability Statement;

h) periodically met with the Officer in charge of financial reporting, identified by the Company as the person in charge of certifying the Sustainability Statement pursuant to Article 154-*bis*, para. 5-*ter* of T.U.F.;

i) periodically met the Surveillance Body pursuant to Legislative Decree No. 231/2001;

j) received regular reports prepared by the Whistleblowing Committee based on the "Whistleblowing Management Guidelines" related to evidence taken from the activities carried out every six months by the GIA O.U. or by other competent functions, assigned by the Whistleblowing Committee. As part of this, we note that the statutory auditors are informed by the Surveillance Body at the same time as the members of the Whistleblowing Committee about the reports received by the Company and of the relevant decisions;

k) also participated, in the person of the Chairman, in the meetings of the Coordinating and Consultative Body for the prevention of corruption, chaired by the Chairman of the Board of Directors as coordinator and composed of the Chairman of the Control and Risks Committee, the Chairman of the Surveillance Body and the Chairman of the Board of Statutory Auditors; it was also informed of the activity carried out by the same Body within the framework of the reports that it periodically provides to the Board;

l) was informed of the activities carried out by the Compliance organizational unit on anti-corruption, acknowledging the annual audit, by the Certification Body, of the ISO 37001:2016 ("Anti-bribery Management System") certification;

m) was periodically updated regarding the main disputes of the Company and the Group, thus monitoring their progress during the financial year;

n) during 2024 and from the beginning of 2025 to the date of this Report, received from the independent auditing firm information on the audit strategy, the areas of attention, the checks performed and the related outcomes, as well as the essential issues encountered in carrying out the statutory audit and independent assurance activities on the sustainability statement pursuant to the provisions of Art. 19 of Legislative Decree No. 39/2010 and Art. 11 of Regulation (EU) No. 537/2014;

o) verified the full compliance with the obligations regarding regulated, privileged information or otherwise required by the Supervisory Authorities;

p) verified the adequacy of the instructions given to the subsidiaries in order to ensure prompt compliance with reporting obligations pursuant to Art. 114, paragraph 2, of T.U.F.;

q) received every six months from the Company, through the Legal Affairs O.U., information on Transactions with Related Parties initiated or concluded during the period, including those exempt transactions under CONSOB Regulation No. 17221/2010 as amended and supplemented and the Leonardo S.p.A. procedure, as well as the information on the distribution of the powers to represent the Company;

r) received, on 6 March 2025, adequate information from the CAE, in accordance with the provisions of Articles 15 et seq. of the Market Regulation, on the subsidiaries established and regulated by the laws of non-EU countries; such information was also brought to the attention of the Control and Risks Committee and showed that the companies that are significant according to the criteria set by the Issuers' Regulation present a control environment substantially adequate to the requirements referred to in the above-mentioned Art. 15. Therefore, the preparation of a specific adjustment plan is not required;

s) verified that the Report on Corporate Governance and Shareholder Structure contains all the information required by Art. 123-bis of T.U.F. as well as other information provided in compliance with the regulation governing issuers listed on regulated markets;

t) received, every six months, information from the Company on the signs referred to in Article 3, para. 4 of the Italian Business Crisis and Insolvency Code, noticing that the thresholds provided for in such Code were not exceeded;

u) was informed of changes in the organizational structure, thus supervising the existence, updating and effective dissemination of the corporate directives and procedures and the general adequacy of the organizational structure;

v) supervised the adequacy of the internal control system and the administrative and accounting system and the reliability of the latter as a means of accurately reporting business operations;

w) met with the Boards of Statutory Auditors of the main subsidiaries in order to acquire information in particular regarding the operation of the company business, the reliability of the internal control system and the company organization, the relevant disputes - as required by Art. 151 of T.U.F. - and compliance with internal procedures issued by the Parent Company, also with specific reference to the procedure for the management of inside information. In particular, the checks were aimed at acquiring information and assessments regarding the management and control systems of the subsidiaries: on these profiles the Boards of Statutory Auditors of the Group companies did not represent critical issues worthy of mention. All the Boards of Statutory Auditors involved also expressed a positive opinion regarding the adequacy of the organizational, administrative and accounting system of the respective companies; no breach of procedures qualifying as material or significant emerged, nor any gaps or inadequacies in the internal control systems; for foreign companies controlled directly by Leonardo S.p.a. the supervisory activity of the Board developed with the collaboration of the Group Internal Audit organizational unit. Specifically, in relation to the 2023 Aggregate Audit Plan and the 2024 Aggregate Audit Plan, the Board was periodically informed about the results of the audits carried out at the said Leonardo Group foreign companies and about the related results expressed in the audit reports;

x) actively participated in all the meetings organized by the Company as part of the "Induction" program proposed to the Corporate Bodies, in compliance with the Corporate Governance Code, in order to increase the skills and knowledge of the business sectors in which the Company operates and to investigate any changes introduced by the legislation and regulations that have a direct impact on the supervisory role of the Board of Statutory Auditors;

y) received, on a quarterly basis, an update by the Chief Executive Officer regarding the exercise of the delegated powers granted by the Board of Directors and the implementation of the Board's resolutions.

The Board of Statutory Auditors, also in compliance with the recommendations of CONSOB Resolution DEM/1025564 of 6 April 2001, reports that it has not found any critical issues regarding the main transactions of greater financial and economic importance, carried out during the reporting period, including through subsidiaries, which are shown in the draft financial statements to which reference should be made.

With reference to significant transactions having an impact on the overall operating model of the Company, the Board of Statutory Auditors monitored the organizational changes that the Company has put in place during the year for the implementation and monitoring of the initiatives provided for in the Industrial Plan.

The Board of Statutory Auditors did not detect any atypical and/or unusual transactions that, due to their significance or relevance, nature of the counterparties, object of the transaction, methods for determining the transfer price and timing of the event, could give rise to doubts regarding the correctness/completeness of the information in the financial statements, conflict of interests, safeguarding of corporate assets, protection of minority shareholders.

* * *

Furthermore, the Board, in the course of the activities carried out:

a) found no omissions or reprehensible facts;

b) acknowledged that no reports were lodged by the Shareholders pursuant to Article 2408 of the Italian Civil Code;

c) acknowledged that no complaints were received;

d) acknowledged that no appeals were notified to the Company related to reports to a court pursuant to Art. 2409, first paragraph, of the Italian Civil Code, nor was the Board required to make reports pursuant to Art. 2409, paragraph 7, of the Italian Civil Code;

e) was not required to take action due to omissions by the Board of Directors pursuant to Art. 2406 of the Italian Civil Code;

f) made no reports to the Board of Directors pursuant to and for the purposes of Art. 25-octies of Legislative Decree No. 14/2019;

g) expressed its opinion in all the cases provided for by the law and by the Corporate Governance Code and, in particular, with regard to the correct application of the criteria for assessing the independence of directors;

h) verified the methods of actual implementation of the corporate governance rules;

i) also supervised the corporate documents and information to the market, in particular:

- noted that the Report on Operations to the financial statements for the financial year 2024 contains adequate information on transactions with related parties and has verified, pursuant to Art. 4, sixth paragraph, of the Regulation approved by CONSOB with resolution 17221 of 12 March 2010 as amended, the compliance of the "Procedure for Related Parties Transactions", implemented by the Company, with the principles listed in the same Regulation, as well as full compliance with this procedure for individual transactions with related parties entered into during the financial year;

- ascertained that the 2024 Integrated Annual Report had been drafted on the single electronic reporting format provided for by the European Commission Delegated Regulation No. 2019/815 of 17 December 2018;
- supervised communications to the market, thus monitoring the adequacy of the related procedures;

l) acknowledges that, in compliance with the recommendations of the joint Banca d'Italia-CONSOB-ISVAP document No. 4 of 3 March 2010, the Impairment Test procedure governed by IAS 36 received the favorable opinion of the Control and Risks Committee on 18 February 2025 and was approved by the Board of Directors on 20 February 2025; in this regard, the Board monitored the substantive and formal legitimacy of the impairment process;

m) verified that the Company complied with the requirements on sustainability reporting pursuant to Legislative Decree no. 125/2024, Legislative Decree no. 58/1998 and other applicable laws and in particular, that it included and marked in a specific section of the Report on Operations the information required by Articles 3 and 4 of Legislative Decree no. 125/2024, and the specific initiatives adopted pursuant to Article 8, para. 4, of the Regulation (EU) 2020/852 of the European Parliament and the Council, of 18 June 2020.

* * *

The responsibility for expressing an opinion on the financial statements pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010 lies with the auditing firm EY S.p.A., entrusted with the statutory audit of the accounts.

Since the Board of Statutory Auditors is not entrusted with the analytical control on the merits of the content of the financial statements, the Board supervised the Directors' compliance with the procedural rules relating to the preparation, approval and publication of the consolidated financial statements and draft financial statements, assessing their overall compliance with the law with regard to their formation and structure, and supervised the process of preparing and presenting the financial statement disclosures to the Shareholders' Meeting.

The Auditing Firm released the reports pursuant to Art. 14 of Legislative Decree No. 39 of 27 January 2010 and of articles 10 and 11 of Regulation (EU) No. 537/2014; the aforementioned reports show that there are no qualifications or emphasis of matters, nor statements issued pursuant to subparas. e) and f) of Art. 14, second paragraph of Legislative Decree No. 39/2010.

More specifically, the Board examined the Independent Auditors' Reports on the consolidated financial statements of the Group and on the separate financial statements of Leonardo S.p.a. for the year ended 31 December 2024 issued, pursuant to Art. 14 of Legislative Decree No. 39/2010 and Art. 10 of the Reg. (EU) No. 537/2014, on 14 March 2025 and from which it emerged that:

- the consolidated financial statements of the Group and the separate financial statements of the Company provide a true and fair view of the financial position as at 31 December 2024, the result of operations and the cash flows for the financial year then ended in compliance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of Art. 9 of Legislative Decree No. 38/2005 and are prepared in compliance with the European Commission Delegated Regulation (EU) 815/2019 of 17 December 2018;
- the Report on Operations and some specific information contained in the Report on Corporate Governance and Shareholder Structure indicated in Art. 123-bis, paragraph 4, of Legislative Decree No. 58/1998 are consistent with the financial statements of the Company and with the consolidated financial statements of the Group and drafted in compliance with the law;
- the opinion on the separate financial statements and consolidated financial statements expressed in the aforementioned Reports is in line with what is shown in the Additional Report prepared pursuant to Art. 11 of Regulation (EU) No. 537/2014.

The Board also examined the contents of the Additional Report pursuant to Art. 11 of Regulation (EU) No. 537/2014, which is sent to the Board of Directors, whose examination showed no aspects that need to be highlighted in this Report.

Pursuant to Article 14-bis of Legislative Decree no. 39/2010 the Auditing Firm is responsible for expressing its conclusions in an assurance report on the compliance of the sustainability statement with the provisions of Legislative Decree no. 125/2024 governing the criteria for its preparation, as well as with the disclosure requirements envisaged by Article 8 of Regulation (EU) no. 852/2020 of the European Parliament and the Council of 18 June 2020 .

Since the Board of Statutory Auditors was not entrusted with the analytical control on the merits of the contents of the Sustainability Statement, the Board supervised the Directors' compliance with the procedural rules relating to the preparation, approval and publication of the Sustainability Statement, assessing its overall compliance with the law with regard to its formation and structure, and supervised the process of preparing the document.

The Auditing Firm EY S.p.A. carried out independent assurance activities on the sustainability statement in accordance with Article 18 of Legislative Decree no. 125/2024, based on which the limited assurance engagement of the non-financial statement assigned by Leonardo to EY S.p.A. until 2029 has remained valid until it expires, for the purposes of the performance of the limited assurance engagement on the Sustainability Statement.

The new attestation obligations on the sustainability statement introduced by Legislative Decree no 125/2024 also entailed a higher effort on the part of the Auditing Firm compared to what they expected in 2020 for the limited assurance engagement on the non-financial statement. Given such circumstance, the Board of Directors resolved, in favour of EY S.p.A., an increase in their fees originally agreed for the limited assurance engagement on the non-financial statement.

On 14 March 2025, the Auditing Firm EY S.p.A. issued an unqualified report as a result of the limited assurance engagement performed in compliance with the Standard on Sustainability Assurance Engagement – SSAE (Italia), on the information related to Sustainability Statement pursuant to Article 4 of Legislative Decree no. 125/2024 and on that under Article 8 of Regulation (EU) no. 852/2020 of the European Parliament and the Council of 18 June 2020.

Moreover, by virtue of a separate engagement specifically assigned, the Auditing Firm issued an unqualified report as a result of a reasonable assurance engagement, performed in compliance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), on a set of indicators shown in the Sustainability Statement.

The Board, pursuant to Art. 19 of Legislative Decree No. 39/2010 and Art. 150, paragraph 3 of T.U.F., periodically met the Auditing Firm for a constant exchange of information useful to perform their respective tasks. During the meetings and from the exchange of information, no facts or situations emerged worthy of mention in this Report.

The Board monitored the observance of the Company's procedure and policy for the assignment of tasks to the Group Auditing Firm, which envisages specific information and authorization flows and procedures for the assignment of such appointments aimed at allowing the Board of Statutory Auditors to carry out its supervision properly. From the set of information flows put in place in compliance with the provisions of the procedure and the policy for the assignment of appointments to the Group Auditing Firm, which the Board considers adequate, no critical issues or anomalies emerged that could affect the opinions on the separate financial statements and the consolidated financial statements of the Company.

Pursuant to Art. 149-*duodecies* of the Issuers' Regulation, a summary table is attached to the notes to the financial statements showing the fees paid to the Auditing Firm and to the entities belonging to its network for auditing, assurance and other services provided to Leonardo S.p.a. and its subsidiaries, in relation to which the Board:

- verified that no assignments were granted that were not permitted under Art.5, paragraph 1, of Regulation (EU) No. 537/2014;
- carried out a monitoring process in order to verify that the Auditing Firm, in relation to the "non-audit services" provided to Leonardo S.p.a. and its subsidiaries complied with the limits set by Art. 4, paragraph 2, of Regulation (EU) No. 537/2014;
- declares that the fees paid for attestation activities and other services other than the audit for the financial year amount to a total of € 1,523 thousand and related (i) for €299 thousand to the limited assurance of the sustainability statement (ii) for €520 thousand to the reasonable assurance on a selection of performance indicators (KPIs) included in the consolidated sustainability statement (iii) for €704 thousand to other attestation services.

Taking into account the declarations of independence issued by EY S.p.A., as well as the tasks assigned to it and to the companies belonging to its network by Leonardo S.p.a. and by its subsidiaries, the Board believes that there are no critical aspects to report on the continued fulfilment of the independence requirement by the Auditing Firm.

During the supervisory activity performed by the Board of Statutory Auditors in accordance with the methods described above, on the basis of the information and data acquired, no facts emerged from which to infer that the law and the memorandum of association were not complied with or that justified any reports to the Supervisory Authority or the mention in this Report.

* * *

With regard to the result for the financial year ended 31 December 2024, which recorded a net profit of €531,916,959.39, the Board of Directors set out in detail the formation of the result and the events that generated it in the Report on Operations and in the Explanatory Notes.

On the basis of the supervisory activities carried out up to today, taking into account the above and within its sphere of competence, the Board of Statutory Auditors, pursuant to Article 153, paragraph 2, of the T.U.F. finds no grounds for objecting to the proposal to approve the financial statements for the year ended 31 December 2024, nor the proposal for the allocation of the relevant FY result as put forward by the Board of Directors.

14 March 2025

ON BEHALF OF THE BOARD OF STATUTORY AUDITORS

The Chairman

Luca Rossi

INFORMATION PURSUANT TO ARTICLE 149 DUODECIES OF THE ISSUER REGULATION

The following statement reports the fees for the year 2024 for auditing and assurance services and for tax and other services provided by the same auditing firm and entities belonging to the auditing firm's network.

	Entity providing the services	To	Fees for the 2024 year (€ thousands)
Auditing services	EY SpA	Parent Company	3,151
	EY SpA	Subsidiaries	1,001
	EY Network	Subsidiaries	7,627
Assurance services	EY SpA	Parent Company	1,460
	EY SpA	Subsidiaries	61
	EY Network	Subsidiaries	2
Other services	EY SpA	Parent Company	
	EY Network	Parent Company	
	EY Network	Subsidiaries	
Total			**13,302**

Annex to the Report On Operations – Note to the CSS

OTHER SUSTAINABILITY INDICATORS

European Taxonomy tables

On the following pages, the results related to eligibility/alignment according to the framework in force today are reported. The particularly low alignment values depend on the fact that the 'core' activities for AD&S are eligible but not aligned, as the 'significant contribution' criteria of the two sector-relevant activities seem to have been designed for commercial goods, without considering the peculiarities of the defence sector[205].

It should be noted that a further cause of the lack of alignment is the provisions of the DNSH criterion referring to the pollution[206] target, which, in many cases, prohibits the use of chemicals included in the European regulations referred to. If this criterion were more closely aligned with the normative dictate of these European regulations, which allow - under certain conditions - the use of these substances, part of Leonardo's Customer Support activities and those ancillary to its business (such as energy efficiency measures) could be aligned. For the sake of completeness and as a voluntary disclosure, the % of Revenues, CapEx and OpEx that would be aligned is shown below:

VOLUNTARY DISCLOSURE IN CASE OF ALIGNMENT OF THE DNSH POLLUTION CRITERION WITH EUROPEAN STANDARDS

Index	*Eligibility*	*Alignment*
Revenues	*65%*	*4%*
CapEx	*55%*	*4%*
OpEx	*66%*	*4%*

[205] Please refer to the chapter "Environmental Information" for details.
[206] Particular reference is made to Appendix C "Generic DNSH Criteria for Pollution Prevention and Control Regarding the Use and Presence of Chemicals".

Proportion of turnover/Total turnover (k€)		
	Aligned per objective	Eligible per objective
CCM	0	5,980,562
CCA	0	0
WTR	0	0
CE	0	5,608,440
PPC	0	0
BIO	0	0

Proportion of CapEx/Total CapEx (k€)		
	Aligned per objective	Eligible per objective
CCM	2,122	441,740
CCA	0	0
WTR	0	0
CE	0	119,469
PPC	0	0
BIO	0	0

Proportion of OpEx/Total OpEx (k€)		
	Aligned per objective	Eligible per objective
CCM	697	221,956
CCA	0	281
WTR	0	0
CE	0	192,003
PPC	0	0
BIO	0	0

Financial Year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Turnover	Proportion of Turnover, year 2024	Climate Change mititgation	Climate Change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change mititgation	Climate Change adaptation	Water	Pollution	Circular Economy	Biodiversity	Miminum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
Text		€ Mln	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	n/a		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	n/a	E	
Of which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	n/a		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
1.2 Manufacture of electrical and electronic equipment	**CE**	**4.803**	**27%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
3.21 Manufacturing of aircraft	**CCM**	**5.810**	**33%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
3.6 Manufacture of other low carbon technologies	**CCM**	**170**	**1%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
5.1 Repair, refurbishment and remanufacturing	**CE**	**749**	**4%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
5.2 Sale of spare parts	**CE**	**56**	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**11.589**	**65%**	34%	0%	0%	0%	32%	0%								n/a		
A. Turnover of Taxonomy eligible activities (A1+A2)		**11.589**	**65%**	34%	0%	0%	0%	32%	0%								n/a		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		6.174	35%																
TOTAL		**17.763**	**100%**																

Financial Year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
nic Activities	Code	CapEx	Proportion of Capex year 2024	Climate Change mitigation	Climate Change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change mitigation	Climate Change adaptation	Water	Pollution	Circular Economy	Biodiversity	Mimimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
Text		€ Mln	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
ıstruction, extension and operation of water collection, treatment and supply systems	CCM	1,45	0,14%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n/a		
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM	0,38	0,04%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM	0,29	0,03%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) A.1		**2,12**	**0,21%**	**0,21%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling		0,67	0,07%	0,07%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		0,00	0,00%	0,00%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
nufacture of electrical and electronic equipment	CE	103,94	10,15%	N/EL	N/EL	N/EL	N/EL	EL	N/AM								n/a		
Ianufacturing of aircraft	CCM	378,82	36,99%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
nufacture of other low carbon technologies	CCM	6,50	0,63%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
strict heating/cooling distribution	CCM	0,29	0,03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
›air, refurbishment and remanufacturing	CE	13,52	1,32%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
duct-as-a-service and other circular use- and result-oriented service models	CE	2,00	0,20%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
ıstruction of new buildings	CCM	10,74	1,05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
ıovation of existing buildings	CCM	32,36	3,16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
:allation, maintenance and repair of energy efficiency equipment	CCM	10,91	1,07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**559,09**	**54,60%**	**42,93%**	**0,00%**	**0,00%**	**0,00%**	**11,67%**	**0,00%**								**n/a**		
A. CapEx of Taxonomy eligible activities (A1+A2)		**561,21**	**54,81%**	**43,14%**	**0,00%**	**0,00%**	**0,00%**	**11,67%**	**0,00%**								**n/a**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		462,79	45,19%																
TOTAL		**1.024,00**	**100,00%**																

Financial Year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	OpEx	Proportion of OpEx year 2024	Climate Change mititgation	Climate Change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change mititgation	Climate Change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
Text		*€ Mln*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
5.1 Construction, extension and operation of water collection, treatment and supply systems	CCM	0,48	0,08%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n/a		
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM	0,124	0,02%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,08%	E	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM	0,10	0,02%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,02%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) A.1		**0,70**	**0,11%**	**0,11%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling		0	0,04%	0,04%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		0	0%	0,00%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
1.2 Manufacture of electrical and electronic equipment	CE	174,70	27,79%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
3.21 Manufacturing of aircraft	CCM	189,43	30,13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
3.6 Manufacture of other low carbon technologies	CCM	5,23	0,83%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
5.1 Repair, refurbishment and remanufacturing	CE	15,79	2,51%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
5.5 Product-as-a-service and other circular use- and result-oriented service models	CE	1,51	0,24%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM	8,73	1,39%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
7.1 Construction of new buildings	CCM	3,53	0,56%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
7.2 Renovation of existing buildings	CCM	10,64	1,69%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM	3,43	0,54%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
9.1 Close to market research, development and innovation	CCM/ CCA	0,28	0,04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**413,26**	**65,74%**	**35,20%**	**0%**	**0%**	**0%**	**30,54%**	**0%**								**n/a**		
A. OpEx of Taxonomy eligible activities (A1+A2)		**413,96**	**65,85%**	**35,31%**	**0%**	**0%**	**0%**	**30,54%**	**0%**								**n/a**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities	OpEx of Ta	214,68	34,15%																
Total	**Total**	**628,64**	**100,00%**																

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Other employee indicators

Characteristics of the undertaking's employees			
Employees by professional category and gender	**Unit**	**2023**	**2024**
Managers	**N.**	**1,169**	**1,251**
Men	N.	993	1,030
Female	N.	176	221
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Middle managers	**N.**	**6,579**	**7,610**
Men	N.	5,244	6,017
Female	N.	1,335	1,593
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
White collars	**N.**	**32,336**	**37,527**
Men	N.	24,647	28,419
Female	N.	7,689	9,107
Other	N.	n.a.	-
Not disclosed	N.	n.a.	1
Blue collars	**N.**	**13,431**	**14,030**
Men	N.	12,135	12,667
Female	N.	1,296	1,363
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Pilots	**N.**	**51**	**50**
Men	N.	51	50
Female	N.	-	-
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Employees by Country and gender	**Unit**	**2023**	**2024**
Italy	**N.**	**33,306**	**36,704**
Men	N.	27,459	30,024
Female	N.	5,847	6,679
Other	N.	n.a.	-
Not disclosed	N.	n.a.	1
United States	**N.**	**7,329**	**7,782**
Men	N.	5,413	5,742
Female	N.	1,916	2,040
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
United Kingdom	**N.**	**8,106**	**8,957**
Men	N.	6,462	7,042
Female	N.	1,644	1,915
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Poland	**N.**	**2,913**	**3,300**
Men	N.	2,317	2,609
Female	N.	596	691
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Other countries	**N.**	**1,912**	**3,725**
Men	N.	1,419	2,766
Female	N.	493	959
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-

Note: Middle managers include Middle mangers and Junior managers

Characteristics of the undertaking's employees

New employee hires	Unit	2023	2024
Total hires and gender breakdown	**N.**	**6,118**	**7,434**
Percentage of hires on total employees	**%**	**11**	**12**
Men	N.	4,618	5,642
Female	N.	1,500	1,792
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Number of hires by Age group		**6,118**	**7,434**
Percentage of hires by Age group on total employees	**%**	**11**	**12**
< 30 years	N.	2,979	3,757
30-50 years	N.	2,522	2,978
> 50 years	N.	617	699
Number of hires by Country		**6,118**	**7,434**
Percentage of hires by Country on total employees	**%**	**11**	**12**
Italy	N.	2,626	3,246
United States	N.	1,313	1,437
United Kingdom	N.	1,315	1,426
Poland	N.	472	538
Other countries	N.	392	787
Number of employees hired with a technical-scientific degree (STEM)		**2,644**	**3,161**
Men	N.	2,051	2,428
Female	N.	593	733
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-

Employee turnover	Unit	2023	2024
Total employees leaving	**N.**	**4,039**	**3,922**
Percentage of employees leaving on total employees	**%**	**8**	**6**
Men	N.	3,229	3,089
Female	N.	810	833
Other	N.	n.a.	-
Not disclosed	N.	n.a.	-
Number of employees leaving by Age group		**4,039**	**3,922**
Percentage of employees leaving by Age group on total employees	**%**	**8**	**6**
< 30 years	N.	798	855
30-50 years	N.	1,237	1,217
> 50 years	N.	2,004	1,850
Number of employees leaving by Country		**4,039**	**3,922**
Percentage of employees leaving by Country on total employees	**%**	**8**	**6**
Italy	N.	1,645	1,432
United States	N.	1,141	960
United Kingdom	N.	773	780
Poland	N.	176	149
Other countries	N.	304	601
Number of employees leaving by Category		**4,039**	**3,922**
Percentage of employees leaving by Category on total employees	**%**	**8**	**6**
Managers	N.	109	133
Middle managers	N.	569	545
White collars	N.	2,369	2,411
Blue collars	N.	991	832
Pilots	N.	1	1

Training and skills development metrics			
Average hours of training per employee by age group	**Unit**	**2023**	**2024**
< 30 years	hours	37.3	38.7
30-50 years	hours	26.1	23.3
> 50 years	hours	16.3	15.7
N. employees who received training	**Unit**	**2023**	**2024**
N. employees who received training in the reporting period	n.	51,605	54,803
Average hours of training per employee by mandatory	**Unit**	**2023**	**2024**
Total average training hours by mandatory	**hours**	**24,13**	**23.03**
Mandatory training	hours	14.8	12.8
Non mandatory training	hours	9.3	10.2

Employees assessed by category	Unit	2023	2024
Managers	N.	1,084	1,107
	%	93	88
Middle managers	N.	6,000	6,967
	%	91	92
White collars	N.	19,494	30,149
	%	60	80
Blue collars	N.	2,425	2,797
	%	18	20

Remuneration metrics					
Gender pay gap	**First quarter**	**Second quarter**	**Third quarter**	**Last quarter**	**Total**
Men	81%	77%	77%	85%	80%
Female	19%	23%	23%	15%	20%
2024 remuneration ratio	**93%**	**99%**	**101%**	**93%**	**98%**

First quartile: employees with higher remuneration

Second quartile: employees with medium-high remuneration

Third quartile: employees with low-medium remuneration

Fourth quartile: employees with lower remuneration

Remuneration ratio is calculated on 96.5% of employees using the following formula: women average remuneration/men average remuneration. The total median value of the remuneration ratio is 104%. 10% of employees with thw highest remuneration is composed of 18% women and 82% men.

Remuneration metrics		
Gender pay gap by category	**Unit**	**2024**
Managers	%	91
Middle managers	%	97
White collars	%	93
Blue collars	%	106

Diversity and equal opportunities			
Diversity of governance bodies	**Unit**	**2023**	**2024**
Composition of governance bodies by gender and age			
Men	%	58	58
Female	%	42	42
Other	%	n.a.	-
Not disclosed	%	n.a.	-
< 30 years	%	-	-
30-50 years	%	33	25
> 50 years	%	67	75

Tax transparency

The table below is consistent with the information provided to the Revenue Agency (Revenue Agency Director's Order file 275956 of 28 November 2017) within the framework of the "Country-by-Country Reporting" (CBCR). This information has been prepared by taking account of the OECD guidelines relating to this requirement. Therefore, although the figures shown are derived from the same database, they do not follow the rules of representation and preparation of the data included in the Group's consolidated financial statements. In particular, the main changes refer to the following requirements of the OECD guidelines, as reported in the abovementioned Order:

- perimeter of companies: inclusion of all companies;
- allocation by Country: allocation of items relating to permanent establishments in the Countries in which they operate, instead of the registered offices of the companies to which they belong, used to prepare consolidated financial statements;
- definitions: levels of aggregation of specific data that are not immediately comparable with the values reported in the consolidated financial statements.

Tax - Country-by-Country Reporting 2022						GRI 207-4
Tax jurisdiction	**Notes**	**USA**	**UK**	**Poland**	**Italy**	**Other countires**
Revenues from third parties	1	*3,316*	*2,342*	*46*	*10,047*	*368*
Revenues from related parties	2	*947*	*194*	*233*	*2,240*	*132*
Total revenues	3	**4,264**	**2,536**	**279**	**12,287**	**500**
Profit/(Loss) before income taxes	4	**1,027**	**253**	**31**	**1,628**	**(2)**
Income taxes paid (based on cash accounting)	5	**6**	**(38)**	**(2)**	**(15)**	**(2)**
Income taxes accrued in the year		**60**	**37**	**8**	**49**	**16**
Workforce	6	**7,141**	**7,482**	**2,578**	**31,842**	**2,349**
Property, plant and equipment other than cash and cash equivalents	7	**344**	**202**	**46**	**1,828**	**81**

Tax - Country-by-Country Reporting 2023						GRI 207-4
Tax jurisdiction	**Notes**	**USA**	**UK**	**Poland**	**Italy**	**Other countires**
Revenues from third parties	1	*3,173*	*2,342*	*240*	*9,924*	*678*
Revenues from related parties	2	*217*	*251*	*311*	*1,198*	*195*
Total revenues	3	**3,390**	**2,593**	**550**	**11,122**	**873**
Profit/(Loss) before income taxes*	4	**156**	**240**	**41**	**308**	**88**
Income taxes paid (based on cash accounting)	5	**(42)**	**(37)**	**(11)**	**(105)**	**(6)**
Income taxes accrued in the year		**68**	**37**	**24**	**39**	**21**
Workforce	6	**7,327**	**8,047**	**2,916**	**33,215**	**2,061**
Property, plant and equipment other than cash and cash equivalents	7	**328**	**230**	**62**	**1,987**	**62**

NOTES:

1. Revenues from third parties: include all revenues (as defined below), net of those from companies subject to CBCR.

2. Revenues from related parties: include all revenues (as defined below) from companies subject to CBCR.

3. Revenues: include all revenues and financial income, net of dividends received from related parties.

4. Profit/(Loss) before income taxes: includes the result before tax and the result from discontinued operations, net of dividends received from related parties.

5. Income taxes paid: positive value indicates receipts, while negative value indicates payments. This includes payments for current tax and for tax disputes.

6. Workforce: number of employees entered in the register on the last day of the period (31 December).

7. Property, plant and equipment other than cash and cash equivalents: include tangible assets and investment property

Content Indexes

ESRS Content Index

ESRS	Disclosure Requirement	Location	Datapoints that derive from other EU legislation as listed in Appendix B, if applicable
ESRS 2 - General Discolsures			
GOV 1	The role of the administrative, management and supervisory bodies	In 2024 Leonardo's Board of Directors received an update on the development of the Strategic Plan, and, on this occasion, was updated on issues related to business development and strategies in information security and cyber security, as well as on ongoing activities and prospects in this area. General information - Governance	ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d) - *SFDR reference*: Indicator number 13 of Table #1 of Annex 1 - *Benchmark Regulation reference*: Commission Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e) - *Benchmark Regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II
GOV 2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	General information - Governance	
GOV 3	Integration of sustainability-related performance in incentive schemes	General information - Governance	
GOV 4	Statement on due diligence	The sustainability indicators in the 2024 remuneration policy (MBO and LTIP sections) are reported below: MBO > Inclusion in the Dow Jones Sustainability Index: Inclusion in the 2024 index. > Injury rate: 1.70 in 2024. LTIP > Scope 1 + Scope 2 (Location Based) CO2 emission intensity / Revenues: 27.70 in 2023, 22.6 in 2024. > CO2 emission intensity Scope 1 + Scope 2 (Market Based) / Revenues: 13.5 in 2024. > % of female STEM degree hires out of total STEM degree hires: 22.6% in 2022-2024. General information - Governance	ESRS 2 GOV-4 Statement on due diligence paragraph 30 - *SFDR reference*: Indicator number 10 Table #3 of Annex 1
GOV 5	Risk management and internal controls over sustainability reporting	General information - Governance	
SBM 1	Market position, strategy, business model and value chain	Leonardo S.p.A. has its registered office at Piazza Monte Grappa, 4 - Rome (Italy) General information – Strategy and stakeholder engagement	ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i - *SFDR reference*: Indicators number 4 Table #1 of Annex 1 - *Pillar 3 reference*: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk - *Benchmark Regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii - *SFDR reference*: Indicator number 9 Table #2 of Annex 1 - *Benchmark Regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii - *SFDR reference*: Indicator number 14 Table #1 of Annex 1 - *Benchmark Regulation reference*: Delegated Regulation (EU) 2020/181829, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II

			ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv - *Benchmark Regulation reference*: Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II
SBM 2	Interests and views of stakeholders	In 2024, membership fees for trade associations, industry and business support organisations, technical interest bodies and think tanks totalled approximately €mil. 5.5 (approx. €mil. 5.7 in 2023, approx. €mil. 5.3 in 2022, approx. €mil. 5.8 in 2021, approx. €mil. 5.2 in 2020, approx. €mil. 5 in 2019 and approx. €mil. 5 in 2018). In particular, the most significant contributions in 2024 concerned Confindustria (associated local bodies) for €mil. 2.5, AIAD (Italian Industry Federation for Aerospace, Defence and Security) for €mil. 1.15 and Gama (General Aviation Manufacturers Association) for 211K€. General information – Strategy and stakeholder engagement	
SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	General information – Managing impacts, risks and opportunities - double materiality	ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f) - *SFDR reference*: Indicator number 13 Table #3 of Annex I ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g) - *SFDR reference*: Indicator number 12 Table #3 of Annex I ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b) - *SFDR reference*: Indicators number 12 and n. 13 Table #3 of Annex I
IRO 1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	General information – Managing impacts, risks and opportunities - double materiality	ESRS 2- IRO 1 - E4 paragraph 16 (a) i - *SFDR reference*: Indicator number 7 Table #1 of Annex 1 ESRS 2- IRO 1 - E4 paragraph 16 (b) - *SFDR reference*: Indicator number 10 Table #2 of Annex 1 ESRS 2- IRO 1 - E4 paragraph 16 (c) - *SFDR reference*: Indicator number 14 Table #2 of Annex 1
IRO 2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement.	General information – Managing impacts, risks and opportunities - double materiality	
MDR	Minimum disclosure requirement on policies, actions, metrics and targets (MDR-P, MDR-A, MDR-M, MDR-T)	Implementation of policies is, in general, the responsibility of Managing Directors, heads of Business Units, and CEOs of subsidiaries identified by the Board of Directors. In particular, the identification of roles and responsibilities is described in specific procedures of the integrated management system that Leonardo has adopted.	
Material topics			
Climate Change			
ESRS E1	E1-1 Transition plan for climate change mitigation	With regard to "locked-in" emissions, the company is currently evaluating and aligning its in-house methodologies and data collection practices to meet the additional information required by the ESRS standard. Although the necessary information is not yet available, we are committed to making progress toward full alignment with the reporting requirements in the future. Environmental information – Climate change and decarbonisation – Materiality and Leonardo approach	ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14 - *EU Climate Law reference*: Regulation (EU) 2021/1119, Article 2(1) ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g) - *Pillar 3 reference*: 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity - *Benchmark Regulation reference*: Article12.1 (d) to (g), and Article 12.2
	E1-2 Policies related to climate change mitigation and adaptation	General information – Sustainability management policy	

	E1-3 Actions and resources in relation to climate change policies	Environmental information – Climate change and decarbonisation – Managing impacts, risks and opportunities	
	E1-4 Targets related to climate change mitigation and adaptation	Environmental information – Climate change and decarbonisation – Metrics and targets	ESRS E1-4 GHG emission reduction targets paragraph 34 - *SFDR reference*: Indicator number 4 Table #2 of Annex 1 - *Pillar 3 reference*: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics - *Benchmark Regulation reference*: Delegated Regulation (EU) 2020/1818, Article 6
	E1-5 Energy consumption and mix	Environmental information – Climate change and decarbonisation – Metrics and targets	ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38 - *SFDR reference*: Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1 ESRS E1-5 Energy consumption and mix paragraph 37 - *SFDR reference:* Indicator number 5 Table #1 of Annex 1 ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43 - *SFDR reference*: Indicator number 6 Table #1 of Annex 1
	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	With regards to other indirect Scope 3 emissions (calculated in accordance with the Greenhouse Protocol), an analysis was made of the Group's activities with the greatest impact in terms of emissions, following which the reporting categories were identified. Based on the data collected, the calculation of GHG emissions generated by the Group involved the application of literature emission factors (GHG Emission = Primary Data * Emission Factor). Emissions associated with the purchase of goods and services and capital goods (category 1 and 2 respectively) were calculated using a spend-based approach using the value of orders and delivery schedules as input data. Category 3 emissions were calculated from the same input data as Scope 1 and 2 emissions. With regard to inbound (category 4) and outbound (category 9) logistics, the primary data relate to kilometres travelled with the relevant means of transport from the system for monitoring purchases and products sold. The emissions associated with waste treatment/disposal (category 5) have as input data the total by weight of waste produced during the year. With regard to the journey to work (category 7) and business trips (category 6), kilometres travelled by specific means of transport were taken into account. For the calculation of emissions related to the use of the product sold (category 11), delivery volumes, consumption, usage times and useful life of the products sold were considered. Finally, emissions relating to leased goods outside the organisational perimeter were also calculated from the leasing data of the short-term car fleet. The emission factors used for the calculation are shown below. In addition, the calculation methodologies for Scope 3 greenhouse gas emissions are subject to greater inherent limitations than those for Scope 1 and 2, due to the limited availability and relative accuracy of the information used to define this information, both quantitative and qualitative in nature, relating to the value chain. Scope 1 Source of emission factors: > UNFCCC - National Inventory Submissions 2023 > IPCC AR6 - Sixth assessment report > Table of national standard parameters (MASE) 2023 > AIMS Energy Article 2018 > Australian National Greenhouse accounts factors (February 2024) Scope 2 Source of emission factors: > Location Based Europe, Source: AIB - Association of Issuing Bodies - European Residual Mixes 2023; > Location Based United States, Source: EPA - United States Environmental Protection Agency - eGRID2022;	ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44 - *SFDR reference*: Indicators number 1 and 2 Table #1 of Annex 1 - *Pillar 3 reference*: Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1:Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1) ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55 - *SFDR reference*: Indicators number 3 Table #1 of Annex 1 - *Pillar 3 reference*: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1818, Article 8(1)

		> Location Based Argentina, Brazil, Canada, French Guiana, Israel, South Africa, Malaysia, Turkey, Source: Carbon Footprint Ltd 2023; > Location Based District Heating, Source: UK Government GHG Conversion Factors for Company Reporting (DEFRA 2023); > Location Based Australia, Source: Australian National Greenhouse Accounts Factors 2024; > Location Based District Heating, Source: site's providers; > Market Based Europe, Source: AIB - Association of Issuing Bodies - European Residual Mixes 2023; > Market Based United States and Canada, Source: 2023 Green-e Energy Residual Mix Emissions Rates; > Market Based Brazil, Argentina, French Guiana and South Africa, Source: Climate Transparency 2022; > Market Based Australia, Source: Australian National Greenhouse Accounts Factors 2024; > Market Based District Heating, Source: site's providers. Scope 3 Source of emission factors: > GHG Protocol - Emission factors from cross sector tools; > DEFRA - GHG Conversion Factors for Company Reporting 2024; > GHG Aviation Tool; > SBT Aviation Guideline; > Terna Enerdata 2019; > IRENA 2019; > IPCC 2006 Guidelines for National Greenhouse Gas Inventories; > IAEG emissions factors With reference to the levers for reducing Scope 3 emissions, in some cases their contribution is only available in qualitative terms. All GHG emissions, including those in all Scope 3 categories, are subject to the limited assurance engagement of the external auditor, in line with what is reported in the section on the "Auditor's Report on the RCS as at 31 December 2024". Environmental information – Climate change and decarbonisation – Metrics and targets	
	E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Environmental information – Climate change and decarbonisation – Metrics and targets	ESRS E1-7 GHG removals and carbon credits paragraph 56 - *EU Climate Law reference*: Regulation (EU) 2021/1119, Article 2(1)
	E1-8 Internal carbon pricing	Environmental information – Climate change and decarbonisation – Metrics and targets	
	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Leonardo has decided to use the phase-in clause for this Disclosure, as required by ESRS 1 "Appendix C: List of phased-in Disclosure Requirements".	ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c). - *Pillar 3 reference*: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk. ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c). - *Pillar 3 reference*: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities

			paragraph 69 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1818, Annex II
Natural resource management and biodiversity			
ESRS E2	E2-1 Policies related to pollution	General information – Sustainability management policy	
	E2-2 Actions and resources related to pollution	Environmental information – Pollution – Managing impacts, risks and opportunities	
	E2-3 Targets related to pollution	Environmental information – Pollution – Metrics and targets	
	E2-4 Pollution of air, water and soil	During 2024, 8 environmental incidents occurred, broken down as follows: 2 fires originated from external causes that affected the Cisterna di Latina and the Itapevi sites, 3 spills at the Southampton site (2 of F-Gas for an overall total of about 145 kg, and 1 of Cadmium), 2 spills of hydraulic fluid at the West Plains site for a total of about 114 litres, and finally 1 spill, again at the West Plains site, concerning about 340 litres of insulating oil caused by the fall of a city transformer pole. As part of the remediation proceedings, there are no records of damage caused to the environment for which Leonardo has been definitively found guilty, and there are no reported final penalties imposed on Leonardo for environmental offences. In addition, 20 violations of health and safety regulations were reported by the supervisory bodies, resulting in 2 monetary penalties amounting to € 8,018. Environmental information – Pollution – Metrics and targets	ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28 - *SFDR reference*: Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1
	E2-5 Substances of concern and substances of very high concern	Environmental information – Pollution – Metrics and targets	
	E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities	Leonardo has decided to use the phase-in clause for this Disclosure Requirement, as required by ESRS 1 “Appendix C: List of phased-in Disclosure Requirements”. Environmental information – Pollution – Metrics and targets	
ESRS E3	E3-1 Policies related to water and marine resources	General information – Sustainability management policy	ESRS E3-1 Water and marine resources paragraph 9 - *SFDR reference*: Indicator number 7 Table #2 of Annex 1 ESRS E3-1 Dedicated policy paragraph 13 - *SFDR reference*: Indicator number 8 Table 2 of Annex 1 ESRS E3-1 Sustainable oceans and seas paragraph 14 - *SFDR reference*: Indicator number 12 Table #2 of Annex 1
	E3-2 Actions and resources related to water and marine resources	Environmental information – Water and marine resources – Managing impacts, risks and opportunities	
	E3-3 Targets related to water and marine resources	Environmental information – Water and marine resources – Metrics and targets	
	E3-4 Water consumption	Environmental information – Water and marine resources – Metrics and targets	ESRS E3-4 Total water recycled and reused paragraph 28 (c) - *SFDR reference*: Indicator number 6.2 Table #2 of Annex 1 ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29 - *SFDR reference*: Indicator number 6.1 Table #2 of Annex 1
	E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Leonardo has decided to use the phase-in clause for this Disclosure Requirement, as required by ESRS 1 “Appendix C: List of phased-in Disclosure Requirements”.	

		Environmental information – Water and marine resources – Metrics and targets	
ESRS E4	E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Environmental information – Biodiversity and ecosystems – Materiality and Leonardo approach	
	E4-2 Policies related to biodiversity and ecosystems	General information – Sustainability management policy	ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b) - *SFDR reference*: Indicator number 11 Table #2 of Annex 1 ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c) - *SFDR reference*: Indicator number 12 Table #2 of Annex 1 ESRS E4-2 Policies to address deforestation paragraph 24 (d) - *SFDR reference*: Indicator number 15 Table #2 of Annex 1
	E4-3 Actions and resources related to biodiversity and ecosystems	The assessment of impacts and dependencies was carried out on a desk basis. The detailed analysis of the industrial activities that generate these impacts and dependencies is being refined. Following this further step, possible mitigation actions can be defined. Environmental information – Biodiversity and ecosystems – Managing impacts, risks and opportunities	
	E4-4 Targets related to biodiversity and ecosystems	Environmental information – Biodiversity and ecosystems – Metrics	
	E4-5 Impact metrics related to biodiversity and ecosystems change	Environmental information – Biodiversity and ecosystems – Metrics	
	E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Leonardo has decided to use the phase-in clause for this Disclosure Requirement, as required by ESRS 1 "Appendix C: List of phased-in Disclosure Requirements". Environmental information – Biodiversity and ecosystems – Metrics	
Environmental impact of material use and circularity			
ESRS E5	E5-1 Policies related to resource use and circular economy	General information – Sustainability management policy	
	E5-2 Actions and resources related to resource use and circular economy	Environmental information – Use of resources and circular economy – Managing impacts, risks and opportunities	
	E5-3 Targets related to resource use and circular economy	Environmental information – Use of resources and circular economy – Metrics and targets	
	E5-4 Resource inflows	In 2024, Leonardo consumed approximately 26.7 ktonne of raw materials (compared to 25.3 ktonne in 2023), including: - approximately 10.4 kton of iron and steel alloys (8.9 kton in 2023); - about 0.8 kton of paper and cardboard including packaging (0.8 kton in 2023); - approx. 0.143 kton of aluminium, bauxite and alumina (purchased critical raw materials); - approx. 0.015 kton of magnesium (critical raw materials purchased); - approx. 6.9kt of semi-finished products (7.1kt in 2023). Environmental information – Use of resources and circular economy – Metrics and targets	
	E5-5 Resource outflows	Leonardo's targets on waste reduction were set on a voluntary basis. Environmental information – Use of resources and circular economy – Metrics and targets	ESRS E5-5 Non-recycled waste paragraph 37 (d) - *SFDR reference*: Indicator number 13 Table #2 of Annex 1 ESRS E5-5 Hazardous waste and radioactive waste paragraph 39 - *SFDR reference*: Indicator number 9 Table #1 of Annex 1

	E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Leonardo has decided to use the phase-in clause for this Disclosure Requirement, as required by ESRS 1 "Appendix C: List of phased-in Disclosure Requirements". Environmental information – Use of resources and circular economy – Metrics and targets	
Health and safety			
ESRS S1	S1-1 Policies related to own workforce	General information – Sustainability management policy	ESRS S1-1 Human rights policy commitments paragraph 20 - *SFDR reference*: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22 - *SFDR reference*: Indicator number 11 Table #3 of Annex I ESRS S1-1 workplace accident prevention policy or management system paragraph 23 - *SFDR reference*: Indicator number 1 Table #3 of Annex I
	S1-2 Processes for engaging with own workers and representatives about impacts	Social information – Own workforce – Managing impacts, risks and opportunities	
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Social information – Own workforce – Managing impacts, risks and opportunities	ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c) - *SFDR reference*: Indicator number 5 Table #3 of Annex I
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Social information – Own workforce – Managing impacts, risks and opportunities	
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social information – Own workforce – Metrics and targets	
	S1-14 Health and safety metrics	Social information – Own workforce – Metrics and targets	ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c) - *SFDR reference*: Indicator number 2 Table #3 of Annex I - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e) - *SFDR reference*: Indicator number 3 Table #3 of Annex I
	S1-15 Work-life balance metrics	In Italy, the number of weeks of fully-paid secondary parental leave is 2 weeks. Leonardo offers 1 additional day of fully-paid secondary parental leave. In contrast, in the United Kingdom, the United States, and Poland, the number of weeks of fully-paid secondary parental leave is 2 weeks. Social information - Own workforce - Metrics and targets	
	S1-17 Incidents, complaints and severe human rights impacts	Social information - Own workforce - Metrics and targets	ESRS S1-17 Incidents of discrimination paragraph 103 (a) - *SFDR reference*: Indicator number 7 Table #3 of Annex I ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a) - *SFDR reference*: Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)
Diversity, equity and inclusion			

<table>
<tr><td rowspan="7">ESRS S1</td><td>S1-1 Policies related to own workforce</td><td>General information – Sustainability management policy</td><td>ESRS S1-1 Human rights policy commitments paragraph 20
- SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I

ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21
- Benchmark regulation reference: Delegated Regulation (EU) 2020/1816, Annex II

ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22
- SFDR reference: Indicator number 11 Table #3 of Annex I

ESRS S1-1 workplace accident prevention policy or management system paragraph 23
- SFDR reference: Indicator number 1 Table #3 of Annex I</td></tr>
<tr><td>S1-2 Processes for engaging with own workers and representatives about impacts</td><td>Social information – Own workforce – Managing impacts, risks and opportunities</td><td></td></tr>
<tr><td>S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns</td><td>Social information – Own workforce – Managing impacts, risks and opportunities</td><td>ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)
- SFDR reference: Indicator number 5 Table #3 of Annex I</td></tr>
<tr><td>S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions</td><td>Social information – Own workforce – Managing impacts, risks and opportunities</td><td></td></tr>
<tr><td>S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</td><td>Social information – Own workforce – Metrics and targets</td><td></td></tr>
<tr><td>S1-9 Diversity metrics</td><td>Social information – Own workforce – Metrics and targets</td><td></td></tr>
<tr><td>S1-12 Persons with disabilities</td><td>Social information – Own workforce – Metrics and targets</td><td></td></tr>
<tr><td>ESRS S2</td><td>S2-2 Processes for engaging with value chain workers about impacts</td><td>Social information – Workers in the value chain – Materiality and Leonardo approach</td><td></td></tr>
<tr><td colspan="4">Skills development, talent attraction and employee wellbeing</td></tr>
<tr><td>ESRS S1</td><td>S1-1 Policies related to own workforce</td><td>In Italy the rules governing permits and leave to protect maternity and paternity are mainly laid down in Legislative Decree 151/2001. For metalworking companies, the matter is also governed by the current National Collective Labour Agreement (CCNL). Specific better provisions on the subject for Leonardo employees are also laid down in the current Company Supplementary Agreement.

General information – Sustainability management policy</td><td>ESRS S1-1 Human rights policy commitments paragraph 20
- SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I

ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21
- Benchmark regulation reference: Delegated Regulation (EU) 2020/1816, Annex II

ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22
- SFDR reference: Indicator number 11 Table #3 of Annex I

ESRS S1-1 workplace accident prevention policy or management system paragraph 23
- SFDR reference: Indicator number 1 Table #3 of Annex I</td></tr>
</table>

	S1-2 Processes for engaging with own workers and representatives about impacts	Social information – Own workforce – Managing impacts, risks and opportunities	
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Social information – Own workforce – Managing impacts, risks and opportunities	ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c) - *SFDR reference*: Indicator number 5 Table #3 of Annex I
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	In 2024 voluntary resignation schemes accounted for 3.8% of total employees. Social information – Own workforce – Managing impacts, risks and opportunities	
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social information – Own workforce – Metrics and targets	
	S1-7 Characteristics of non-employee workers in the undertaking's own workforce	Social information – Own workforce – Metrics and targets	
	S1-13 Training and skills development metrics	Social information – Own workforce – Metrics and targets	
	S1-16 Compensation metrics (pay gap and total compensation)	The total compensation of the CEO remained unchanged against a percentage increase of 8% in the median total compensation of employees. For the calculation, remuneration received by employees during the year, valued on a cash basis, was used. Social information – Own workforce – Metrics and targets	ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a) - *SFDR reference*: Indicator number 12 Table #1 of Annex I - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II
ESRS S3	S3-1 Policies related to affected communities	General information – Sustainability management policy	ESRS S3-1 Human rights policy commitments paragraph 16 - *SFDR reference*: Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1 ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17 - *SFDR reference*: Indicator number 10 Table #1 Annex 1 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)
	S3-2 Processes for engaging with affected communities about impacts	Social information – Value for communities and social impact – Materiality and Leonardo approach	
	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	Social information – Value for communities and social impact – Managing impacts, risks and opportunities	
	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Social information – Value for communities and social impact – Managing impacts, risks and opportunities	ESRS S3-4 Human rights issues and incidents paragraph 36 - *SFDR reference*: Indicator number 14 Table #3 of Annex 1
	S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Leonardo has not set targets on these issues for the time being.	
Global security			

ESRS S3	S3-1 Policies related to affected communities	General information – Sustainability management policy	ESRS S3-1 Human rights policy commitments paragraph 16 - *SFDR reference*: Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1 ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17 - *SFDR reference*: Indicator number 10 Table #1 Annex 1 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)
	S3-2 Processes for engaging with affected communities about impacts	Social information – Value for communities and social impact – Materiality and Leonardo approach	
	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	Social information – Value for communities and social impact – Managing impacts, risks and opportunities	
	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Social information – Value for communities and social impact – Managing impacts, risks and opportunities	ESRS S3-4 Human rights issues and incidents paragraph 36 - *SFDR reference*: Indicator number 14 Table #3 of Annex 1
	S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Leonardo has not set targets on these issues for the time being.	
Solutions' quality, safety and performance			
ESRS S4	S4-1 Policies related to consumers and end-users	At Group level, Leonardo has not set policies on these issues for the time being. General information – Sustainability management policy	ESRS S4-1 Policies related to consumers and end-users paragraph 16 - *SFDR reference*: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1 ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17 - *SFDR reference*: Indicator number 10 Table #1 of Annex 1 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)
	S4-2 Processes for engaging with consumers and end-users about impacts	Social information – Consumers and end-users – Managing impacts, risks and opportunities	
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	The process for handling complaints is as described in the whisltleblowing section. Social information – Consumers and end-users – Managing impacts, risks and opportunities	
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Social information – Consumers and end-users – Managing impacts, risks and opportunities	ESRS S4-4 Human rights issues and incidents paragraph 35 - *SFDR reference*: Indicator number 14 Table #3 of Annex 1
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Leonardo has not set targets on these issues for the time being.	
Protection of human rights			
ESRS S1	S1-1 Policies related to own workforce	General information – Sustainability management policy	ESRS S1-1 Human rights policy commitments paragraph 20 - *SFDR reference*: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I ESRS S1-1 Due diligence policies on issues addressed by the fundamental

			International Labor Organisation Conventions 1 to 8, paragraph 21 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22 - *SFDR reference*: Indicator number 11 Table #3 of Annex I ESRS S1-1 workplace accident prevention policy or management system paragraph 23 - *SFDR reference*: Indicator number 1 Table #3 of Annex I
	S1-2 Processes for engaging with own workers and representatives about impacts	Social information – Own workforce – Managing impacts, risks and opportunities	
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Social information – Own workforce – Managing impacts, risks and opportunities	ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c) - *SFDR reference*: Indicator number 5 Table #3 of Annex I
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Social information – Own workforce – Managing impacts, risks and opportunities	
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social information – Own workforce – Metrics and targets	
	S1-8 Collective bargaining coverage and social dialogue	Social information – Own workforce – Metrics and targets	
	S1-10 Adequate wages	Social information – Own workforce – Materiality and Leonardo approach	
	S1-11 Social protection	Social information – Own workforce – Materiality and Leonardo approach	
ESRS S2	S2-1 Policies related to value chain workers	General information – Sustainability management policy	ESRS S2-1 Human rights policy commitments paragraph 17 - *SFDR reference*: Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1 ESRS S2-1 Policies related to value chain workers paragraph 18 - *SFDR reference*: Indicator number 11 and n. 4 Table #3 of Annex 1 ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines - *SFDR reference*: Indicator number 10 Table #1 of Annex 1 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II
	S2-2 Processes for engaging with value chain workers about impacts	Social information – Workers in the value chain – Materiality and Leonardo approach	
	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Social information – Workers in the value chain – Managing impacts, risks and opportunities	
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Social information – Workers in the value chain – Managing impacts, risks and opportunities	ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36 - *SFDR reference*: Indicator number 14 Table #3 of Annex 1

	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social information – Supply chain development – Metrics and targets	
ESRS S3	S3-1 Policies related to affected communities	See also chapters "General Information", paragraph "Due Diligence" and "Social Information", paragraph "Consumers and End Users". General information – Sustainability management policy	ESRS S3-1 Human rights policy commitments paragraph 16 - *SFDR reference*: Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1 ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17 - *SFDR reference*: Indicator number 10 Table #1 Annex 1 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)
	S3-2 Processes for engaging with affected communities about impacts	Social information – Value for communities and social impact – Materiality and Leonardo approach	
	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	Social information – Value for communities and social impact – Managing impacts, risks and opportunities	
	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Social information – Value for communities and social impact – Materiality and Leonardo approach	ESRS S3-4 Human rights issues and incidents paragraph 36 - *SFDR reference*: Indicator number 14 Table #3 of Annex 1
	S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Leonardo has not set targets on these issues for the time being.	
Business integrity, compliance and anticorruption			
ESRS G1	G1-1 Corporate culture and business conduct policies and corporate culture	Governance information – Business conduct – Managing impacts, risks and opportunities	ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b) - *SFDR reference*: Indicator number 15 Table #3 of Annex 1 ESRS G1-1 Protection of whistle- blowers paragraph 10 (d) - *SFDR reference*: Indicator number 6 Table #3 of Annex 1
	G1-2 Management of relationships with suppliers	For the disclosure of this DR, please refer to Social information – Workers in the value chain and to Social information – Supply chain development	
	G1-3 Prevention and detection of corruption and bribery	In 2024, work also continued on anti-corruption training, including for newly hired employees, with a course utilization rate equal to 89% of users. There were no legal actions related to unfair competition, antitrust and monopolistic practices during 2024. In case of harassment, disciplinary actions ranging from verbal warning to dismissal are envisaged, depending on its severity, Governance information – Business conduct – Managing impacts, risks and opportunities.	
	G1-4 Confirmed incidents of corruption or bribery	Governance information – Business conduct – Managing impacts, risks and opportunities.	ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a) - *SFDR reference*: Indicator number 17 Table #3 of Annex 1 - *Benchmark regulation reference*: Delegated Regulation (EU) 2020/1816, Annex II)

			ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b) - *SFDR reference*: Indicator number 16 Table #3 of Annex 1
	G1-5 Political influence and lobbying activities	As provided for in Leonardo's Code of Ethics, the Company does not contribute company funds to political and trade union parties, movements, committees and organizations, or to their representatives and/or candidates; therefore, Leonardo did not pay any political contribution in 2024. The prohibition in the Code of Ethics on political contributions applies to all Group companies worldwide, including the United States. For more details, please see the Code of Ethics and Business conduct of Leonardo DRS. In the United States, where voluntary contributions to Political Action Committees (PACs) by employees are allowed, the operation of the PAC is supervised and monitored for legal compliance to ensure they are not used as vehicles for corruption. Governance information – Business conduct – Managing impacts, risks and opportunities.	
	G1-6 Payment practices	Governance information – Business conduct – Managing impacts, risks and opportunities.	
Research and development, innovation and advanced technologies			
Minimum Disclosure Requirements	Policies MDR-P - Policies adopted to manage material sustainability matters	General information – Sustainability management policy	
	Actions MDR-A - Actions and resources in relation to material sustainability matters	Social information - Innovation	
	Metrics MDR-M – Metrics in relation to material sustainability matters	Social information – Innovation	
	Targets MDR-T - Tracking effectiveness of policies and actions through targets	Social information – Innovation	
Sustainable supply chain			
Minimum Disclosure Requirements	Policies MDR-P - Policies adopted to manage material sustainability matters	General information – Sustainability management policy	
	Actions MDR-A - Actions and resources in relation to material sustainability matters	Social information – Value chain	
	Metrics MDR-M – Metrics in relation to material sustainability matters	Procurement processes and practices are continuously updated to ensure alignment with the Supplier Code of Conduct and to avoid any conflict situations with social and environmental requirements. The Chief Sustainability Officer is responsible for the definition and implementation of the Sustainability Plan and the coordination of initiatives, including those relating to supply chain development. In addition, the Sustainability and Innovation Committee monitors the implementation of initiatives and the contribution to achieving the Group's sustainability goals. Social information – Value chain	
	Targets MDR-T - Tracking effectiveness of policies and actions through targets	Social information – Value chain	

Due Diligence

BASIC ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN SUSTAINABILITY REPORTING
a) Integrating due diligence into governance, strategy and business model	General information - Statement on due diligence - Respect for human rights
b) Involving stakeholders in all key steps of the due diligence	General information - Statement on due diligence - Respect for human rights
c) Identifying and assessing adverse impacts	Social information – Own workforce, Value chain, Consumers and end users
d) Taking action to address adverse impacts	Social information – Own workforce, Value chain, Consumers and end users
e) Monitoring the effectiveness of interventions and communicating	Social information – Own workforce, Value chain, Consumers and end users

SASB Content Index

Disclosure		Section/Notes
RT-AE-000.A	Production/trend by reportable segment	Profile Sector results and outlook
RT-AE-000.B	Number of employees	Own workforce
RT-AE-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Climate change and decarbonisation
RT-AE-150a.1	Amount of hazardous waste generated percentage recycled	Resource use of and circular economy
RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	E2-4 Pollution of air, water and soil
RT-AE-230a.1	(1) Number of data breaches (2) percentage involving confidential information	Governance Business conduct
RT-AE-230a.2	Description of approach to identifying and addressing data security risks in (1) company operations and (2) products	Value chain Business conduct
RT-AE-250a.1	Number of recalls issued, total units recalled	Any measure issued to the in-service fleet, should there be a safety impact, is covered by the Authority with an Emergency Airworthiness Directive (see indicator RT-AE-250a.3).
RT-AE-250a.2	Number of counterfeit parts detected, percentage avoided	NA

RT-AE-250a.3	Number of Airworthiness Directives received, resulting in Emergency Airworthiness Directive, total units affected	In the applicable businesses, Leonardo has Airworthiness Review processes in place to investigate any events with potential impact on the safety of its products and takes appropriate precautionary and/or corrective actions. With regard to helicopters, Leonardo agreed with the relevant aviation authority three Emergency Airworthiness Directives in 2024. Following the investigation and in compliance with the current regulations, Leonardo issued the relevant applicable Alert Service Bulletins (ASBs), providing instructions to manage the risk that had been reported. More information is available on the website of the European Union Aviation Safety Agency. With regard to aircraft, Leonardo agreed with DAAA two Airworthiness Directives applicable to 2 T-345° aircraft in 2024.
RT-AE-250a.4	Amount of fines and legal and regulatory transactions associated with product safety	No fine/settlement agreement associated with Emergency Airworthiness directives referred to in indicator RT-AE-250a.3.
RT-AE-410a.1	Revenue from alternative energy-related products	Some of the helicopters produced by Leonardo can operate with fuels having up to 50% of SAFs without operational limitations or performance degradation are the following: AW139, AW169, AW189, AW149, A109S, AW109SP, AW119MkII, A109A/AII, A109C, A109K2, A109E, A119.
RT-AE-410a.2	Description of strategic approach to reduce fuel consumption and greenhouse gas (GHG) emissions of products	Climate change and decarbonisation
RT-AE-440a.1	Description of risk management associated with the use of critical materials	Risk factors
RT-AE-510a.1	Total amount of monetary losses resulting from legal proceedings associated with incidents of corruption, bribery and/or illicit international trade.	In 2024, there were not convictions or compensation ordered to the Group's legal entities as part of criminal proceedings for corruption.
RT-AE-510a.2	Revenues from countries classified in band "E" and "F" of Transparency International's Government Defence Anti-Corruption Index	11% of revenues in 2024 from countries classified in bands E and F of the Government Defence Anti-Corruption Index of Transparency International, of which 60% for EFA Kuwait and NH90 Qatar contracts under which Leonardo is the prime contractor.
RT-AE-510a.3	Description of processes to manage ethical risks in conducting business throughout the value chain	Governance Risk factors Value chain

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