

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2023

Disclaimer:

This Half-Year Financial Report for 2023 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

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BOARDS AND COMMITTEES

BOARD OF DIRECTORS

(for the three-year period 2023 - 2025)

STEFANO PONTECORVO
Chairman

ROBERTO CINGOLANI
Chief Executive Officer and General Manager

TRIFONE ALTIERI
Director (a, b)

GIANCARLO GHISLANZONI
Director (b, d)

ENRICA GIORGETTI
Director (b, c)

DOMINIQUE LEVY
Director (a, c)

FRANCESCO MACRÌ
Director (c, d)

CRISTINA MANARA
Director (a, d)

MARCELLO SALA
Director (a, d)

SILVIA STEFINI
Director (a, c)

ELENA VASCO
Director (b, c)

STEVEN DUNCAN WOOD
Director (b, d)

LUCIANO ACCIARI
Secretary of the Board of Directors

BOARD OF STATUTORY AUDITORS

(for the three-year period 2021 - 2023)

Regular Statutory Auditors

LUCA ROSSI
Chairman

ANNA RITA DE MAURO

SARA FORNASIERO

LEONARDO QUAGLIATA

AMEDEO SACRESTANO

Alternate Statutory Auditors

GIUSEPPE CERATI

EUGENIO PINTO

INDEPENDENT LEGAL AUDITORS

EY S.p.A.

(for the period 2021 - 2029)

* The previous Board of Directors, whose term of office expired with the Shareholders' Meeting of 9 May 2023, was composed as follows: Luciano Carta (Chairman), Alessandro Profumo (Chief Executive Officer), Carmine America, Pierfrancesco Barletta, Elena Comparato, Dario Frigerio, Patrizia Michela Giangualano, Paola Giannetakis, Federica Guidi, Maurizio Pinnarò, Ferruccio Resta and Marina Rubini.

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- a. Member of the Control and Risks Committee
 - b. Member of the Remuneration Committee
 - c. Member of the Nomination and Governance Committee
 - d. Member of the Sustainability and Innovation Committee

GROUP RESULTS AND FINANCIAL POSITION

The excellent performance already recorded by the Group in 2022 continued in the first half of 2023.

Such performance is far more significant if we compare the adjusted figures, which were restated to make the results of comparison more representative and take into account the changes in the Group's scope of consolidation as set out below.

New orders recorded a substantial increase of 18.9% which went up to 21.4% compared with the adjusted figure in the first half of 2022, especially driven by the Helicopters and Electronics businesses, thus confirming the strengthening of the Group market positioning in these sectors.

Revenues were up by 4.8% (6.4% against the Adjusted figure), regarding particular in Aeronautics business thanks to a significant recovery in Aerostructures (+40% against the first half of 2022). The growth in Revenues was accompanied by a growth of EBITA of 2.9%, which appears more evident in the Adjusted figure (5.7%), and sound profitability in any and all business segments.

A marked improvement of 46% (47% against the Adjusted figure) was recorded in Free Operating Cash Flow for the half-year, with a consequent positive impact on the Group Net Debt, which decreased by about 25% compared with the first six months of 2022.

The Group's Key Performance Indicators are described below; for more details, reference should be made to the paragraph "Non-GAAP performance indicators" for definitions.

Key Performance Indicators ("KPIs")

	June 2022	June 2023	Change	2022
New orders	7,310	8,691	18.9%	17,266
Order backlog	36,358	39,119	7.6%	37,506
Revenue	6,576	6,894	4.8%	14,713
EBITDA	679	703	3.5%	1,763
EBITA	418	430	2.9%	1,218
ROS	6.4%	6.2%	(0.2) p.p.	8.3%
EBIT	362	368	1.7%	961
EBIT Margin	5.5%	5.3%	(0.2) p.p.	6.5%
Net Result before extraordinary transactions	267	197	(26.2%)	697
Net result	267	208	(22.1%)	932
Group Net Debt	4,793	3,637	(24.1%)	3,016
FOCF	(962)	(517)	46.3%	539
ROI	10.5%	10.8%	0.3 p.p.	12.0%
Workforce	50,441	52,306	3.7%	51,392

For a better comparability of the Group's operating performance, we report below some Adjusted performance indicators for the comparative period, excluding the main deconsolidation transactions from the Group's scope of consolidation (GES business which was sold in July 2022). When compared with

Adjusted data, the signs of growth in the Group's New Orders, Revenues and Operating Profit previously reported are further strengthened:

	June 2022 Reported	June 2022 Adjusted	June 2023	Change
New orders	7,310	7,161	8,691	21.4%
Revenue	6,576	6,480	6,894	6.4%
EBITA	418	407	430	5.7%
ROS	6.4%	6.3%	6.2%	(0.1) p.p.
FOCF	(962)	(973)	(517)	46.9%

Commercial and business performance

New orders came to €bil. 8.7, significantly increased (+18.9% on the Reported value, +21.4% on the Adjusted value) compared to the first half of 2022, in particular thanks to the excellent performance of Helicopters mainly linked to orders for the Austrian Ministry of Defence and the USAir Force, with a constant growth of orders in Defence Electronics & Security. The Order level for the half-year is equal to a book to bill (the ratio of New orders to Revenues for the period) amounting to about 1.3. The **order backlog** ensures a coverage in terms of production exceed 2.5 years.

Revenues (€bil. 6.9) showed an increase compared to the first half of 2022 (+4.8% on the Reported value, +6.4% on the Adjusted value), in all business sectors, including Aerostructures, which benefitted from resuming deliveries of B-787.

EBITA (€mil. 430) reflected the solid performance of the Group's business, showing an increase compared to the first half of 2022 (+2.9% on the Reported value, +5.7% on the Adjusted value), thanks to the higher volumes recorded in all business areas.

EBIT, equal to €mil. 368 (€mil. 362 in the first half of 2022) showed growth as well, while incurring additional restructuring costs mainly due to the additions to the agreement for the early retirement of the workforce in the Corporate and Staff functions (€mil. 20), as well as the amortisation of the Purchase Price Allocation related to the acquisition of Rada, which was completed in the second half of 2022.

The **Net Result before extraordinary transactions**, amounting to €mil. 197 (€mil. 267 in the comparative period) reflected, on the other hand, the increase in borrowing costs, mainly linked to exchange rate operations and the effect of the non-strategic investments valued at equity, in addition to a higher impact of tax charges.

The **Net Result** of €mil. 208 (€mil. 267 in the comparative period) reflects, compared to the Net Result before extraordinary transactions, the capital gain of €mil. 11 arising from the sale of the ATM business unit on the part of Selex ES LLC.

Half-year financial report at 30 June 2023

(€ millions)	Note	For the 6 months ended 30 June		Change	% Change
		2022	2023		
Revenue		6,576	6,894	318	4.8%
Purchases and personnel expenses	(*)	(5,966)	(6,201)		
Other net operating income/(expenses)	(**)	40	(20)		
Equity-accounted strategic investments	(***)	29	29		
Amortisation, depreciation and write-offs	(****)	(261)	(272)		
EBITA		418	430	12	2.9%
ROS		6.4%	6.2%	(0.2) p.p.	
Non-recurring income/(expenses)		(43)	(13)		
Restructuring costs		(2)	(31)		
Amortisation of intangible assets acquired as part of business combinations		(11)	(18)		
EBIT		362	368	6	1.7%
EBIT Margin		5.5%	5.3%	(0.2) p.p.	
Net financial income/(expenses)	(*****)	(47)	(97)		
Income taxes		(48)	(74)		
Net Result before extraordinary transactions		267	197	(70)	(26.2%)
Net result related to discontinued operations and extraordinary transactions	(*****)	-	11		
Net result		267	208	(59)	(22.1%)

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"):

- (*) Includes "Purchases and Personnel expense" (excluding restructuring costs and non-recurring costs) and "accruals/reversal for onerous contracts (final losses)".
- (**) Includes "other operating income/(expenses)", excluding restructuring costs, non-recurring income/(costs) and accruals/reversals for onerous contracts (final losses);
- (***) Includes Share of profits (losses) of equity-accounted strategic investments, classified under "Share of profits (losses) of equity-accounted investees";
- (****) Includes "Amortisation, depreciation and impairment losses and value adjustments to financial assets", excluding amortisation referable to intangible assets acquired as part of business combinations, impairment of goodwill and write-downs considered as "non-recurring costs";
- (*****) Includes "Financial income/(expense)" (excluding capital gains and losses relating to extraordinary transactions) and "Share of profits (losses) of equity-accounted investees" (excluding results of strategic investments).
- (*****) Includes "Profit (loss) from discontinued operations", as well as capital gains (losses) relating to extraordinary transactions (major acquisitions and disposals).

Financial performance

FOCF in the first half-year was negative for €mil. 517, improving significantly (+46.3%) compared to the figure at 30 June 2022 (negative for €mil. 962), thus confirming the path embarked on to reduce interim cash absorptions.

The figure thus consolidates the positive results of the initiatives aimed at strengthening the performance of operations, of the streamlining measures and of a careful investment policy in a period of business growth and efficient financial strategy.

Half-year financial report at 30 June 2023

Note	For the 6 months ended 30 June		Change	% Change
	2022	2023		
(€ millions)				
Cash flows used in operating activities	(*)	(804)	(405)	
Dividends received		97	177	
Cash flows from ordinary investing activities	(**)	(255)	(289)	
Free Operating Cash Flow (FOCF)		(962)	(517)	445
Strategic transactions	(***)	(617)	27	
Change in other investing activities	(****)	-	(13)	
Net change in loans and borrowings		(490)	161	
Dividends paid		(78)	(82)	
Net increase (decrease) in cash and cash equivalents		(2,147)	(424)	
Cash and cash equivalents at 1 January		2,479	1,511	
Exchange rate differences and other changes		34	-	
Cash and cash equivalents at 30 June		366	1,087	

Notes to the reconciliation between the reclassified cash flow statement and the statutory cash flow statement:

(*) Includes "Cash flows generated from (used in) operating activities", excluding debt payments pursuant to Law 808/1985;

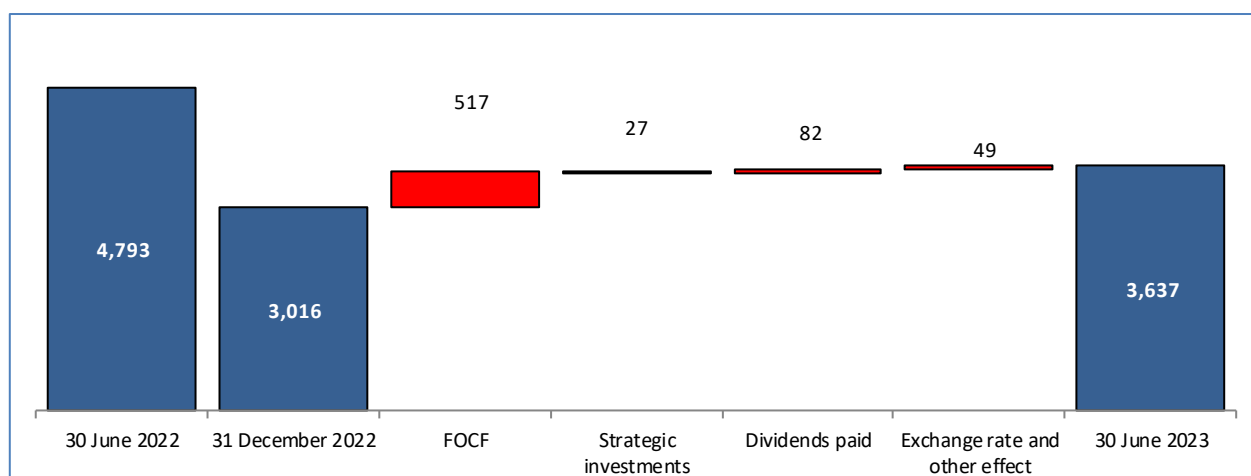
(**) Includes "Cash flows generated from (used in) investing activities", including debt payments pursuant to Law 808/1985 and excluding dividends collected;

(***) Includes "Other investing activities" classified as "Strategic transactions";

(****) Includes "Other investing activities", excluding dividends collected and the transactions classified as "Strategic transactions".

The **Group Net Debt**, equal to €mil. 3,637, showed a considerable reduction (approx. €bil. 1.2) against June 2022 thanks to the strengthening of the Group's cash generation. Compared to 31 December 2022 (€mil. 3,016) the figure increased mainly as a result of the FOCF performance, as well as of the payment of dividends for an amount of €mil. 82.

Changes in Group Net Debt



Reclassified statement of financial position

<i>(€ millions)</i>	<i>Note</i>	30 June 2022	31 December 2022	30 June 2023
Non-current assets		13,458	13,943	13,876
Non-current liabilities		(2,111)	(2,174)	(2,216)
Capital assets	(*)	11,347	11,769	11,660
Inventories	(**)	1,764	975	1,183
Trade receivables	(***)	3,402	3,338	3,474
Trade payables	(****)	(2,873)	(3,054)	(2,739)
Working capital		2,293	1,259	1,918
Provisions for short-term risks and charges		(1,095)	(1,078)	(1,057)
Other net current assets (liabilities)	(*****)	(1,216)	(1,260)	(978)
Net working capital		(18)	(1,079)	(117)
Net invested capital		11,329	10,690	11,543
Equity attributable to the Owners of the Parent		6,676	7,183	7,387
Equity attributable to non-controlling interests		27	516	520
Equity		6,703	7,699	7,907
Group Net Debt		4,793	3,016	3,637
Net (assets)/liabilities held for sale	(*****)	(167)	(25)	(1)

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"):

- (*) Includes all non-current assets and all non-current liabilities, excluding "Non-current loans and borrowings" and the main non-current financial receivables.
- (**) Includes "Inventories", "Contract Assets" and "Contract Liabilities".
- (***) Includes trade receivables classified among "Trade receivables, including contract assets".
- (****) Includes trade payables classified among "Trade payables, including contract liabilities".
- (*****) Includes "Other current assets" and "Other current liabilities" (excluding "Hedging derivatives in respect of debt items" and "Income tax payables").
- (*****) Includes the net amount of "Non-current assets held for sale" and "Liabilities associated with assets held for sale".

Half-year financial report at 30 June 2023

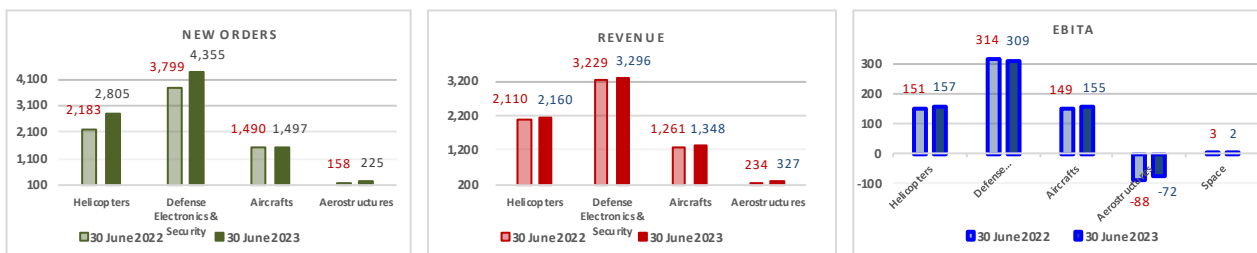
The Group Net Debt breaks down as follows:

(€ millions)	30 June 2022	<i>of which current</i>	31 December 2022	<i>of which current</i>	30 June 2023	<i>of which current</i>
Bonds	1,902	22	1,628	36	1,607	13
Bank debt	1,687	88	1,350	71	1,488	218
Cash and cash equivalents	(366)	(366)	(1,511)	(1,511)	(1,087)	(1,087)
Net bank debt and bonds	3,223		1,467		2,008	
Current loans and receivables from related parties	(33)	(33)	(56)	(56)	(114)	(114)
Other current loans and receivables	(45)	(45)	(49)	(49)	(23)	(23)
Current loans and receivables and securities	(78)		(105)		(137)	
Hedging derivatives in respect of debt items	9	9	19	19	(5)	(5)
Other related party loans and borrowings	966	866	962	862	1,070	970
Lease liabilities	576	79	570	78	621	78
Other loans and borrowings	97	26	103	35	80	30
Group Net Debt	4,793		3,016		3,637	

The section on “Financial transactions”, to which reference should be made, report the transactions that took place during the period, together with a description of the credit lines held by the Group.

KEY PERFORMANCE INDICATORS BY SECTOR

The Key Performance Indicators of the business Sectors are reported below while pointing out that - starting with 2022 financial statements - the Group redefined the mode of representing its performance coherently with corporate strategies and underlying business dynamics. The performance in the sectors will therefore be represented and commented on with reference to the operating sectors of Helicopters, Defence Electronics and Security, Aircraft, Aerostructures and Space (the results at 30 June 2022 of Helicopters, Defence Electronics and Security, Aeronautics and Space were restated to facilitate the performance comparison).



Half-year financial report at 30 June 2023

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

	30 June 2022				
	New orders	Order backlog at 31 Dec. 2022	Revenue	EBITA	ROS
Helicopters	2,183	13,614	2,110	151	7.2%
Defense Electronics & Security	3,799	15,160	3,229	314	9.7%
Aircrafts	1,490	8,554	1,261	149	11.8%
<i>- of which GIE ATR</i>				(1)	
Aerostructures	158	1,075	234	(88)	(37.6%)
Space	-	-	-	3	n.a.
Other activities	168	360	260	(111)	(42.7%)
<i>Eliminations</i>	(488)	(1,257)	(518)	-	n.a.
Total	7,310	37,506	6,576	418	6.4%

	30 June 2023				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	2,805	14,421	2,160	157	7.3%
Defense Electronics & Security	4,355	15,979	3,296	309	9.4%
Aircrafts	1,497	8,660	1,348	155	11.5%
<i>- of which GIE ATR</i>				(5)	
Aerostructures	225	962	327	(72)	(22.0%)
Space	-	-	-	2	n.a.
Other activities	323	425	363	(121)	(33.3%)
<i>Eliminations</i>	(514)	(1,328)	(600)	-	n.a.
Total	8,691	39,119	6,894	430	6.2%

	Change %				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	28.5%	5.9%	2.4%	4.0%	0.1 p.p.
Defense Electronics & Security	14.6%	5.4%	2.1%	(1.6%)	(0.3) p.p.
Aircrafts	0.5%	1.2%	6.9%	4.0%	(0.3) p.p.
<i>- of which GIE ATR</i>				(400.0%)	
Aerostructures	42.4%	(10.5%)	39.7%	18.2%	15.6 p.p.
Space	n.a.	n.a.	n.a.	(33.3%)	n.a.
Other activities	92.3%	18.1%	39.6%	(9.0%)	9.4 p.p.
<i>Eliminations</i>	n.a.	n.a.	n.a.	n.a.	n.a.
Total	18.9%	4.3%	4.8%	2.9%	(0.2) p.p.

1. Helicopters

During the first half of 2023, this Sector continued to show an excellent commercial performance, showing an increase of about 29% in New orders compared to the same period of 2022. Revenues showed a slight increase, with profitability essentially in line. During the period, 82 new helicopters were delivered compared to 50 in the first half of 2022.

New orders. They reported a sharp increase as a result of major acquisitions in both the government and commercial context. Among the main acquisitions for the period we note:

- the contract deriving from the Italy-Austria Government-to-Government (G2G) Agreement Amendment signed in December 2022, for the supply of additional 18 AW169M LUH (Light Utility Helicopter) helicopters for the Austrian Ministry of Defence;
- the contracts relating to 3 AW159 helicopters, 10 AW109 Trekker helicopters and AW101 helicopters including mid-life update (MLU) for export customers;
- the contract with Boeing for the supply of 13 helicopters related to the starting of the production phase of the MH-139 programme for the US Air Force;
- the order for 6 AW139 helicopters to be used in offshore transport missions on the part of the operator Abu Dhabi Aviation (ADA) and other miscellaneous orders for helicopters in the Commercial sector.

Revenues. This figure showed slight growth due to increases in dual use helicopter lines, as well as on the CS&T, mitigated by a lower contribution of the NH90 Qatar programme.

EBITA. This figure showed an increase linked to higher revenues.

2. Defence Electronics & Security

The results for the first half-year confirm the growth trend and are marked by a substantial commercial performance in all the business areas (+14.6% on the Reported value, +19.3% on the Adjusted value), with volumes and profits mainly increasing in the European component. Leonardo DRS recorded a decline in profitability during the period compared to the first half of 2022, which had benefited from a particularly favourable mix of activities.

Key Performance Indicators of the sector

30 June 2022	New orders	Revenue	EBITA	ROS
DES Europe	2,540	2,109	210	10.0%
Leonardo DRS	1,307	1,133	104	9.2%
Eliminations	(48)	(13)	-	n.a.
Total	3,799	3,229	314	9.7%
30 June 2023	New orders	Revenue	EBITA	ROS
DES Europe	3,045	2,198	225	10.2%
Leonardo DRS	1,339	1,107	84	7.6%
Eliminations	(29)	(9)	-	n.a.
Total	4,355	3,296	309	9.4%
Change %	New orders	Revenue	EBITA	ROS
DES Europe	19.9%	4.2%	7.1%	0.2 p.p.
Leonardo DRS	2.4%	(2.3%)	(19.2%)	(1.6) p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.
Total	14.6%	2.1%	(1.6%)	(0.3) p.p.

Average €/USD exchange rate: 1.0811 (first six months of 2023) and 1.0940 (first six months of 2022)

As previously indicated, the figures of the first half of 2022 included the contribution of the GES business disposed of in July 2022. Below are the adjusted performance indicators of the sector for the comparative period:

	June 2022 Reported	June 2022 Adjusted	June 2023	Change
New orders	3,799	3,650	4,355	19.3%
Revenue	3,229	3,133	3,296	5.2%
EBITA	314	303	309	2.0%
ROS	9.7%	9.7%	9.4%	(0.3) p.p.

New orders. These increased in all the business areas, despite the abovementioned different perimeter. Among the main acquisitions of the period in the European component are:

- the order to complete the development and integration of the new ECRS Mk2 (European Common Radar System) radar for the Royal Air Force (RAF) Typhoon fleet in the United Kingdom. The new sensor will ensure that RAF aircraft can simultaneously detect, identify and track multiple targets on land and at sea, thus enabling increased capabilities in terms of air power;

- the domestic contract for the supply of tented Command Posts for Brigades and Regiments to the Italian Army, which is part of the broader programme for the modernisation of land-based multi-domain command and control (C2) Capabilities;
- for the Cyber division, note the order for the construction of the Joint Operation Center (JOC) of the Joint Operations Command (*Comando Operativo di Vertice Interforze, 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).

Leonardo DRS, as part of the broader Ohio-submarine class Replacement Programme (ORP), received an additional order to supply integrated electric propulsion components for the next-generation Columbia-class submarine for the US Navy.

Revenues. They showed growing volumes (+2.1% on the Reported value, +5.2% on the Adjusted value), especially in the European component. The Leonardo DRS volumes slightly reduced, mainly due to the different perimeter following the abovementioned exit of the GES business, which took place on 1st August 2022. Excluding such effect, the volumes of the subsidiary were on the rise compared to the same period of 2022 (+6.8% on the Adjusted figure in Euro).

EBITA. They showed an increase in all the main business areas of the DES European component. In DRS the profitability decreased compared to the same period of 2022, which had specifically benefitted from a favourable mix of activities and the lower absorption of fixed costs in the period.

Leonardo DRS data in USD

	New orders	Revenue	EBITA	ROS
DRS (\$mil.) June 2022	1,430	1,239	114	9.2%
DRS (\$mil.) June 2023	1,447	1,197	91	7.6%

3. Aircraft

The Sector recorded growth in its volumes, confirming the high profitability of the military business and a resumption in deliveries on the part of the GIE-ATR consortium.

From a production point of view:

- under the military programmes of the Aircraft Division 21 wings and 5 final assemblies were delivered to Lockheed Martin under the F-35 programme (22 wings and 6 final assemblies delivered in the first half-year of 2022).
- furthermore, we must note 3 deliveries of Typhoon aircraft to Kuwait, up compared to 2 recorded in the same period of 2022;
- with regard to GIE, 12 deliveries were recorded compared to 6 in the previous period, thus reflecting the recovery in volume growth.

Key Performance Indicators of the sector

	New orders	Revenue	EBITA	ROS
30 June 2022				
Aircrafts	1,490	1,261	150	11.9%
GIE ATR	<i>n.a.</i>	<i>n.a.</i>	(1)	<i>n.a.</i>
Total	1,490	1,261	149	11.8%
30 June 2023				
Aircrafts	1,497	1,348	160	11.9%
GIE ATR	<i>n.a.</i>	<i>n.a.</i>	(5)	<i>n.a.</i>
Total	1,497	1,348	155	11.5%
Change %				
Aircrafts	0.5%	6.9%	6.7%	0.0 p.p.
GIE ATR	<i>n.a.</i>	<i>n.a.</i>	(400.0%)	<i>n.a.</i>
Total	0.5%	6.9%	4.0%	(0.3) p.p.

New orders: They remained in line with the same period of 2022, with the acquisition of a large export order for no. 2 C-27J aircraft, higher orders for the logistic component of EFA, two special version ATR aircraft and the anticipation of orders for the JSF programme.

Revenues. This figure showed growth thanks to the start of work on the Euromale programme (acquired in 2022) and higher production volumes on the JSF programme.

EBITA. A higher contribution was given by the Aircraft Division. Specifically:

- the Aircraft Division benefitted from higher volumes, confirming the high level of profitability, which was mainly supported by the international Typhoon programmes.
- despite doubling deliveries compared to 2022, the GIE-ATR consortium recorded a decrease due to the different mix of deliveries made and especially one-off events reported in 2022 for the finalization of major contractual redefinition.

4. Aerostructures

The Sector confirms the expected improvement trend, in line with expectations of OEM recovery and effectiveness of the actions taken in terms of manufacturing. The use of the full capacity of industrial sites is gradually improving thanks to a gradual increase in production volumes.

From the production point of view, 18 fuselage sections and 16 stabilisers were delivered for the B787 programme (4 fuselages and 5 stabilisers delivered in 2022) and 13 fuselages delivered for the ATR programme (7 in 2022).

New orders: the Sector showed an increase over the previous year, benefiting from the restart of demand for OEM, particularly from ATR and Boeing for the B-787 programme. A slight decrease was recorded in the new orders from Airbus due to the difficulties encountered by the customer in the ramp-up of new aircraft production.

Revenues. There was a 40% increase compared to the first half of 2022, benefiting from higher business volumes from the GIE ATR consortium, and the resumption of deliveries under the B-787 programme.

EBITA: the recovery in production volumes under various programmes entails an improvement in the use of the full capacity of industrial assets and workforce resulting in a recovery of profitability.

5. Space

The first half of 2023 showed a result substantially in line with the same period of the previous year.

The business segment of satellite services recorded a growing operating result, thus confirming the positive trend, which offset the impact of the costs associated with signing the early retirement agreement in accordance with Article 4 of the Fornero Act.

The manufacturing segment recorded significant development costs on the telecommunications component. Nevertheless, the result of operations was in line with the first half of 2022, which saw the recognition of non-recurring costs associated with the write-down of the exposure to countries involved in the conflict between Russia and Ukraine.

OUTLOOK

In view of the results achieved in the first half of 2023 and the expectations for the coming periods, we confirm the guidance for the entire year as drawn up when preparing the annual financial statements as at 31 December 2022:

	<i>FY 2022</i>	<i>FY2023 Guidance ⁽¹⁾</i>
New Orders (€bn)	17.3	ca. 17
Revenues (€bn)	14.7	15.0 – 15.6
EBITA (€mln.)	1.218	1.260 - 1.310
FOCF (€mln.)	539	ca. 600
Group Net debt (€bn.)	3.0	ca. 2.6 ⁽²⁾

2023 exchange rate assumptions: € / USD = 1.10 and € / GBP = 0.87

- 1) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration
- 2) Assuming dividend payment and new leases for ca 100 mln

INDUSTRIAL AND FINANCIAL TRANSACTIONS

With regard to **Industrial Operations**, it should be noted that on 1 May 2023 the US company Selex ES, Llc completed the sale of the business unit of air navigation radio aids (ATM) to Indra Air Traffic, Inc., which is 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 recognised a capital gain of about €mil. 11.

During the half-year work continued on concentrating the assets held by Leonardo in the USA in a single legal entity started in 2022. During the first half of 2023, the following transactions were completed:

- Leonardo US Corporation established Leonardo US Subholding, wholly owned;
- Leonardo US Corporation contributed its stake in Leonardo US Aircraft to Leonardo US Subholding;
- Leonardo International contributed its stake in Selex ES, Llc to Leonardo US Holding. The same stake was subsequently transferred from Leonardo US Holding to Leonardo US Corporation, and from the latter to Leonardo US Subholding.

Finally, in May 2023 Leonardo made additions to the agreement signed in December 2022 (early retirement plan under Article 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 S.p.a., Leonardo Global Solutions and Leonardo Logistics, who will meet any requirement for retirement by 30 November 2028, with planned exits during the two-year period from 2023 to 2024. The expansion of the scope of this measure resulted in the recognition in the period of additional charges of €mil. 20.

Financial transactions. No new transaction was carried out on the financial markets during the first half of 2023.

As at 30 June 2023 Leonardo SpA had sources of liquidity for a total of about €mil. 4,210, to meet the financing needs of the Group's recurring operations, all unused at the reporting date and broken-down as follows:

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

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

Furthermore, Leonardo has revocable lines of credit for a total of €mil. 10,183, of which €mil. 2,824, still available as at 30 June 2023.

Finally, other Group subsidiaries have the following credit facilities:

- Leonardo DRS has a Revolving Credit Facility for an amount of USDmil. 275 (€mil. 253), which was entered into at the same time as the completion of the merger with RADA, and had been used for USDmil. 110 (€mil. 101) at 30 June 2023;
- Leonardo US Holding has short-term revocable credit lines, guaranteed by Leonardo Spa, for USDmil. 40 (€mil. 37), which had been used for USDmil. 14 (€mil. 13) at 30 June 2023;
- Leonardo US Corporation has short-term revocable credit lines, guaranteed by Leonardo Spa, for USDmil. 170 (€mil. 156), which had been used for USDmil. 25 (€mil. 23) at 30 June 2023.

Finally, it should be noted that in May 2023 Leonardo renewed the EMTN (Euro Medium Term Note) programme for further 12 months, which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4 that, at the date of this report, was still available for €mil. 2,400. Outstanding bond issues (equal to a total nominal amount of €mil 1,600) are given a medium/long-term financial credit rating by the international rating agencies: Moody's Investors Service (Moody's), Standard & Poor's and Fitch.

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

Financial covenants are 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 and which had been complied with in full at 31 December 2022. 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 (used for a total amount of €mil. 500 as at 30 June 2023).

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 Group¹; 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 Group²; 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. Also such financial ratios (Net debt / adj. EBITA no higher than 3.75 and adj. EBITA /Net interest no lower than 3.0, to be determined based on the data obtainable from the US GAAP financial statements of the Leonardo DRS Group) were met at the date of the last reported data.

Outstanding bond issues are given a medium/long-term financial credit rating by the international rating agencies: Moody's, Standard & Poor's and Fitch. In this regard, it should be noted that on 3 May 2023 Moody's deemed it appropriate to upgrade Leonardo's rating, bringing it back to an Investment Grade level, Baa3, compared to the previous rating Ba1, with stable outlook; this improvement was essentially due to:

- the Group's proper execution of the Business Plan, even during the pandemic period;
- a significant debt reduction achieved in the last 12-18 months and the confirmed commitment to further reduce it at a later time;
- the maintenance of stable remuneration to shareholders;
- the strong growth prospects for the Group, which are also demonstrated by the profile of new orders gained in 2022, in the geopolitical environment of reference.

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	May 2022	BB+	stable	BB+	positive
Fitch	January 2022	BBB-	negative	BBB-	stable

With regard to the impact of positive or negative changes in Leonardo's credit ratings, the only possible effects deriving from further changes, if any, to the credit ratings refer to higher or lower finance costs on certain payables of the Group (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.

¹ Calculated as the ratio between emissions intensity/revenues generated by the Group.

² Calculated as the number of flops/number of the Group's Italian employees.

Information pursuant to Articles 70 and 71 of the Consob Issuers' Regulation

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 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.

Main Risks for the remaining months of the financial years

The main risks identified to which the Group is likely to be exposed in the following six months of the financial year are those already described in the 2022 Integrated Annual Report in the section "Risk management".

Any updates related to specific risk positions are described in Note 17 to the condensed consolidated half-year financial statements as of 30 June 2023.

RELATED-PARTY TRANSACTIONS

In 2010 Leonardo adopted a specific "Procedure for Related Parties Transactions" (hereinafter referred to as the "Procedure"), which was recently updated in March 2022, 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 the following transaction of greater importance (as defined by Article 4.1.a) and identified by the abovementioned Procedure pursuant to Annex 3 attached to the Regulation was carried out during the first half of 2023:

Parties to the transaction	Nature of relationship with related parties	Object of the transaction	Consideration for the transaction
Leonardo S.p.A PZL Swidnik	Subsidiary (100%)	Guarantees related to the supply contract	€mil. 570

The aforementioned transaction, as it was carried out with a subsidiary company, benefited from the exemption provided for in Article 14.2 of the Regulation, as well as by Article 11.2(e) of the aforementioned Procedure.

No changes or developments took place in relation to the related party transactions described in the 2022 Report on Operations.

"NON-GAAP" PERFORMANCE INDICATORS

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

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

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

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

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

(€ millions)

	<i>For the 6 months ended 30 June</i>	
	<i>2022</i>	<i>2023</i>
Income before tax and financial expenses	333	339
Equity-accounted strategic investments	29	29
EBIT	362	368
Amortisation of intangible assets acquired as part of business combinations	11	18
Restructuring costs	2	31
Non-recurring (income) expense	43	13
EBITA	418	430

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

<i>(€ millions)</i>	<i>For the 6 months ended 30 June</i>	
	<i>2022</i>	<i>2023</i>
Net result	267	208
Effect of extraordinary transactions	-	(11)
Net result before extraordinary transactions	267	197

- **Net Result:** coincides with the net Profit (loss).
- **Group Net Debt:** this includes cash, financial receivables and current securities, net of (current and non-current) loans and borrowings and of the fair value of derivatives covering financial debt items, as well as the main non-current receivables. The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006, updated by the provisions of ESMA Guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021, is provided below:

	<i>31 December 2022</i>	<i>30 June 2023</i>
Net financial debt com. CONSOB n. DEM/6064293/ESMA	3,186	3,807
Payables to MED (Law no. 808/85)	(170)	(170)
Group net debt (KPI)	3,016	3,637

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

Half-year financial report at 30 June 2023

Below are the statements of reconciliation of the items in the reclassified schedules provided in the Report on Operations and the schedules of Income Statement, Balance Sheet and Cash Flow Statement with reference to the current reporting period:

	Scheme	PPA amortis.	Restruct. and non recurring costs	Strategic investments	Onereous contracts (losses at completion)	Extraord. transactions.	Reclassified scheme
Revenue	6,894						6,894
Purchase and personnel expenses	(6,259)		29		29		(6,201)
Other net operating income/(expenses)	4		5		(29)		(20)
Equity-accounted strategic investments				29			29
Amortisation, depreciation and financial assets value adjustments	(300)	18	10				(272)
EBITA							430
Non-recurring income/(expenses)			(13)				(13)
Restructuring costs			(31)				(31)
Amortisation of intangible assets acquired as part of business combinations		(18)					(18)
EBIT							368
Financial income/(expenses)	(77)						
Share of profits/(losses) of equity-accounted investees	20						
Net financial income/(expenses)	(57)			(29)		(11)	(97)
Income taxes	(74)						(74)
Net Result before extraordinary transactions							197
Net result related to discontinued operations and extraordinary transactions	-					11	11
Net result	208	-	-	-	-	-	208

Half-year financial report at 30 June 2023

	Scheme	Financial receivables and cash	Financial payables	Hedging derivatives on debt items	Reclassified scheme
Non-current assets	13,876	-			13,876
Non-current liabilities	(5,773)		3,557		(2,216)
Capital assets					11,660
Current assets	14,913	(1,224)		(5)	13,684
Current liabilities	(15,110)		1,309		(13,801)
Net working capital					(117)
Equity attributable to the owners of the parent	7,387				7,387
Equity attributable to non-controlling interests	520				520
Total equity	7,907				7,907
Group Net Debt		(1,224)	4,866	(5)	3,637
Net (assets)/liabilities held for sale	(1)				(1)

	Scheme	Dividends	Cash out from Law no. 808/85 payables	Strategic investments	Reclassified scheme
Gross cash flows from operating activities	771				
Change in other operating assets and liabilities and provisions for risks and charges	(207)				
Interests paid	(98)				
Income taxes paid	(130)				
Change in working capital	(746)				
Cash flows used in operating activities	(410)			5	(405)
Dividends received		177			177
Investments in property, plant and equipment and intangible assets	(296)				
Sales of property, plant and equipment and intangible assets	12				
Cash flows from ordinary investing activities	(284)			(5)	(289)
Free Operating Cash Flow (FOCF)					(517)
Strategic transactions				27	27
Other investing activities	191	(177)		(27)	(13)
Cash flows used in investing activities					
Dividends paid	(82)				(82)
Net change in loans and borrowings	161				161
Net increase (decrease) in cash and cash equivalents	(424)				(424)
Cash and cash equivalents at 1 January	1,511				1,511
Exchange rate differences and other changes	-				-
Cash and cash equivalents at 30 June	1,087				1,087

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT
30 JUNE 2023**

CONDENSED CONSOLIDATED SEPARATE INCOME STATEMENT

(€ millions)	Note	For the 6 months ended 30 June			
		2022	of which with related parties	2023	of which with related parties
Revenue	21	6,576	835	6,894	1,050
Purchase and personnel expenses	23	(5,981)	(410)	(6,259)	(323)
Amortisation, depreciation and financial assets value adjustments	24	(303)		(300)	
Other net operating income/(expenses)	22	41	2	4	2
Income before tax and financial expenses		333		339	
Financial income/(expenses)	25	(58)	(2)	(77)	(16)
Share of profits/(losses) of equity-accounted investees	26	40		20	
Operating profit (loss) before income taxes and discontinued operations		315		282	
Income taxes	27	(48)		(74)	
Net profit/(loss) for the period attributable to:		267		208	
- owners of the parent		266		196	
- non-controlling interests		1		12	
Earnings/(losses) per share	29	0.462		0.341	
- basic and diluted from continuing operations		0.462		0.341	
- basic and diluted from discontinued operations		n.a		n.a	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Note	For the 6 months ended 30 June	
		2022	2023
Profit (loss) for the period		267	208
Other comprehensive income (expenses):			
<u>Comprehensive income/expenses which will not be subsequently reclassified within the profit (loss) for the period:</u>			
- Measurement of defined-benefit plans:	15	(96)	12
- revaluation		(77)	5
- exchange rate gains (losses)		(19)	7
- Tax effect	15	29	(3)
		(67)	9
<u>Comprehensive income/expenses which will or might be subsequently reclassified within the profit (loss) for the period:</u>			
- Changes in cash flow hedges:	15	(152)	67
- change generated in the period		(183)	66
- transferred to the profit (loss) for the period		31	1
- exchange rate gains (losses)		-	-
- Translation differences	15	165	2
- change generated in the period		165	2
- transferred to the profit (loss) for the period		-	-
- Tax effect	15	37	(16)
		50	53
<u>Current portion of "Other comprehensive income (expense)", equity-accounted investees</u>		78	6
		61	68
Total other comprehensive income (expenses), net of tax:		61	68
Total comprehensive income (expenses), attributable to:		328	276
- Owners of the parent		327	272
- Non-controlling interests		1	4
Total comprehensive income (expenses), attributable to Owners of the parent		327	272
- from continuing operations		327	272
- from discontinued operations		-	-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Note	31 December 2022	of which with related parties	30 June 2023	of which with related parties
Intangible assets	8	7,410		7,467	
Property, plant and equipment and investment properties	9	2,417		2,407	
Rights of use	10	536		582	
Deferred tax assets		1,133		1,095	
Other non-current assets	11	2,447	13	2,325	12
<i>Non-current assets</i>		13,943		13,876	
Inventories		5,338		5,599	
Trade receivables, including contract assets	13	6,990	720	7,261	653
Loans and receivables		105	56	137	114
Other current assets	14	658	3	829	15
Cash and cash equivalents		1,511		1,087	
<i>Current assets</i>		14,602		14,913	
Non-current assets held for sale	28	37		1	
Total assets		28,582		28,790	
Share capital	15	2,499		2,499	
Other reserves		4,684		4,888	
Equity attributable to the owners of the parent		7,183		7,387	
Equity attributable to non-controlling interests		516		520	
<i>Total equity</i>		7,699		7,907	
Loans and borrowings (non-current)	16	3,531	100	3,557	100
Employee benefits	18	315		298	
Provisions for risks and charges	17	752		766	
Deferred tax liabilities		246		275	
Other non-current liabilities	19	861		877	
<i>Non-current liabilities</i>		5,705		5,773	
Trade payables, including contract liabilities	20	11,069	317	10,942	253
Loans and borrowings (current)	16	1,082	862	1,309	970
Income tax payables		127		71	
Provisions for short-term risks and charges	17	1,078		1,057	
Other current liabilities	19	1,810	47	1,731	8
<i>Current liabilities</i>		15,166		15,110	
<i>Liabilities associated with assets held for sale</i>	28	12		-	
Total liabilities		20,883		20,883	
Total liabilities and equity		28,582		28,790	

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	<i>Note</i>	For the 6 months ended 30 June			
		2022	<i>of which with related parties</i>	2023	<i>of which with related parties</i>
Gross cash flows from operating activities	30	646		771	
Change in working capital	30	(1,170)	(83)	(746)	1
Change in other operating assets and liabilities and provisions for risks and charges		(119)	-	(207)	(49)
Interests paid		(129)	(2)	(98)	(16)
Income taxes paid		(31)	-	(130)	-
Cash flows used in operating activities		(803)		(410)	
Investments in property, plant and equipment and intangible assets		(268)		(296)	
Sales of property, plant and equipment and intangible assets		12		12	
Other investing activities	30	(520)	-	191	-
Cash flows used in investing activities		(776)		(93)	
Dividends paid		(78)		(82)	
Bond issue/repayment		(556)		-	
Net change in other loans and borrowings		66	123	161	51
Cash flows generated from financing activities		(568)		79	
Cash and cash equivalents at 1 January		2,479		1,511	
Net increase (decrease) in cash and cash equivalents		(2,147)		(424)	
Exchange rate differences and other changes		34		-	
Cash and cash equivalents at 30 June		366		1,087	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(€ millions)</i>	Share capital	Retained earnings and other reserves	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 2022	2,499	4,185	(53)	55	(258)	6,428	27	6,455
Profit (loss) for the period		266				266	1	267
Other comprehensive income (expenses)		(10)	(130)	25	176	61	-	61
Total comprehensive income (expenses)	-	256	(130)	25	176	327	1	328
Dividends resolved		(80)	-	-	-	(80)	(1)	(81)
Repurchase of treasury shares less shares sold						-		-
Total transactions with owners of the parent, recognised directly in equity	-	(80)	-	-	-	(80)	(1)	(81)
Other changes		19		(14)	(4)	1		1
30 June 2022	2,499	4,380	(183)	66	(86)	6,676	27	6,703
1 January 2023	2,499	4,975	(74)	(38)	(179)	7,183	516	7,699
Profit (loss) for the period		196				196	12	208
Other comprehensive income (expenses)		3	58	5	10	76	(8)	68
Total comprehensive income (expenses)	-	199	58	5	10	272	4	276
Dividends resolved		(81)				(81)	(1)	(82)
Repurchase of treasury shares less shares sold						-		-
Total transactions with owners of the parent, recognised directly in equity	-	(81)	-	-	-	(81)	(1)	(82)
Other changes		13				13	1	14
30 June 2023	2,499	5,106	(16)	(33)	(169)	7,387	520	7,907

EXPLANATORY NOTES

1. GENERAL INFORMATION

Leonardo S.p.A. 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 Group is a major Italian high technology organization operating in the Helicopters, Defence Electronics & Security, Aircraft, Aerostructures and Space sectors.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The half-year financial report of the Group at 30 June 2023 was prepared in accordance with Article 154-ter, paragraph 2 of Legislative Decree 58/98 (Consolidated Law on Financial Intermediation), as subsequently amended and supplemented. The condensed consolidated half-year financial statements at 30 June 2023, included in the half-year financial report, were prepared in accordance with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (IASB) and comprise the condensed consolidated separate income statement, consolidated statement of comprehensive income, condensed consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the related explanatory notes.

In accordance with IAS 34, these notes are presented in condensed form and do not include all disclosures required for annual financial statements, as they refer only to those items that are essential to understand the Group’s financial position, results of operations and cash flows given their amount, breakdown or changes therein. This half-year financial report should, therefore, be read in conjunction with the 2022 annual consolidated financial statements. The statement of financial position and income statement are likewise presented in a condensed format compared to the annual financial statements. The related explanatory notes include a reconciliation with year-end schedules for items aggregated in condensed schedules.

This half-year financial report has been prepared by using the same accounting policies, recognition and measurement criteria, as well as consolidation methods as used to prepare the consolidated financial statements at 31 December 2022 and the half-year financial report at 30 June 2022.

It is pointed out that the Group adopts a six-month period as the interim reporting period for the purposes of IAS 34 and for the definition of interim financial statements therein reported.

The exchange rates for the major currencies used in preparing this half-year financial report are shown below:

	30 June 2022		31 December 2022	30 June 2023	
	average	final	final	average	final
US dollar	1.0940	1.0387	1.0666	1.0811	1.0866
Pound sterling	0.8422	0.8582	0.8869	0.8766	0.8583

The Leonardo Group’s condensed consolidated half-year financial statements at 30 June 2023 were approved by the Board of Directors’ meeting held on 28 July 2023 and were published on the same date.

Amounts are shown in millions of euros unless stated otherwise.

These condensed consolidated half-year financial statements have been subjected to a review on the part of EY S.p.A..

3. SIGNIFICANT ISSUES AND CRITICAL ESTIMATES BY MANAGEMENT

There are no changes in the reporting of particularly significant issues that require critical estimates by management compared to what is described in Note 4 to the 2022 consolidated financial statements, to which reference should be made.

4. BUSINESS SEASONALITY

Cash flows relating to operations

The Group's key business segments usually feature a high concentration of deliveries and cash receipts from customers in the last few months of the year. This has an impact on both interim cash flows and the variability of the Group's debt over the various interim periods, which improve substantially in the last few months of the calendar year.

5. EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED

During the period there were no significant changes in the accounting standards applied by the Group.

6. MAIN EVENTS AND TRANSACTIONS OF THE FIRST 6 MONTHS OF 2023 AND SIGNIFICANT EVENTS OCCURRED AFTER THE PERIOD-END

With reference to the request for termination for default under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI) - a company incorporated under French law the shareholdings of which are held by Leonardo, Airbus Helicopters and Fokker Aerostructure – please note that the parties commenced a mediation process in April 2023.

In the first half of 2023 the Group completed the sale of the ATM business of the US company Selex ES, LLC to Indra Air Traffic, Inc., wholly owned subsidiary of 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 recognised in the period a capital gain of about €mil. 11.

Furthermore, in May 2023 additions were made to the agreement relating to early retirement pursuant to article 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 S.p.a., Leonardo Global Solutions and Leonardo Logistics. The expansion of the scope of this measure resulted in the recognition of additional charges of €mil. 20 in the half-year.

Finally, the process continued of concentrating the assets held by Leonardo in the USA in a single legal entity started in 2022, through the finalization of the following transactions:

- Leonardo US Corporation established Leonardo US Subholding, wholly owned;
- Leonardo US Corporation contributed its stake in Leonardo US Aircraft to Leonardo US Subholding;

- Leonardo International contributed its stake in Selex ES, Llc to Leonardo US Holding. The same stake was subsequently transferred from Leonardo US Holding to Leonardo US Corporation, and from the latter to Leonardo US Subholding.

Since this was a mere reorganisation, there were no impacts on this Financial Report.

There were no significant events occurred after the period end.

With reference to the comparative period, we remind you that the first half of 2022 saw the launch of the offensive by the Russian government against Ukraine – which is still ongoing. In consideration of the profound changes arisen in the world's geopolitical and economic equilibrium Leonardo had written down its net exposures to the two countries involved in the conflict for a total amount of €mil. 38, including tax effects. There are no significant effects in the first half of 2023.

Furthermore, in June 2022 the Norwegian Defence Materiel Agency (NDMA) formalized the abovementioned request for termination for default under the contract for the supply of 14 NH90 helicopters, which had been entered into in 2001 with NH Industries (NHI), due to alleged delays and alleged product non-conformities.

7. SEGMENT REPORTING

The Divisions and the companies through which the Group operates are combined together, for the purposes of the internal and external reporting, into the relevant five business sectors: Helicopters, Defence Electronics and Security, Aircraft, Aerostructures and Space. The Other activities segment includes the corporate activities and the residual ones. It should be noted that before the financial statements as at 31 December 2022, the Aircraft and Aerostructures sectors were combined in a single Aeronautics sector, subsequently separated to provide a representation more coherent with corporate strategies and the underlying business dynamics. Therefore, the figures of the first half of 2022 were consistently restated in the comparative information. The Group assesses the performance of its operating segments and the allocation of financial resources on the basis of revenues and EBITA (reference should also be made to the paragraph on “NON-GAAP performance indicators” in the Report on Operations). For the purpose of a correct interpretation of the information provided we note that the results of the equity-accounted strategic investees (ATR, MBDA, Thales Alenia Space, Telespazio and Hensoldt) have been included within the EBITA of the sectors to which they belong; however, these sectors do not reflect the relevant share of revenues.

The results for each sector at 30 June 2023, as compared with those of the first half of 2022 are as follows:

Half-year financial report at 30 June 2023

For the 6 months ended 30 June 2022	Defense						Eliminations	Total
	Helicopters	Electronics & Security	Aircrafts	Aerostructures	Space	Other Activities		
Revenue	2,110	3,229	1,261	234	-	260	(518)	6,576
Inter-segment revenue (*)	(6)	(311)	-	(24)	-	(177)	518	-
Third party revenue	2,104	2,918	1,261	210	-	83	-	6,576
EBITA	151	314	149	(88)	3	(111)	-	418
Investments	100	90	22	23	-	27	-	262

For the 6 months ended 30 June 2023	Defense						Eliminations	Total
	Helicopters	Electronics & Security	Aircrafts	Aerostructures	Space	Other Activities		
Revenue	2,160	3,296	1,348	327	-	363	(600)	6,894
Inter-segment revenue (*)	(2)	(340)	(26)	(39)	-	(193)	600	-
Third party revenue	2,158	2,956	1,322	288	-	170	-	6,894
EBITA	157	309	155	(72)	2	(121)	-	430
Investments	91	100	40	24	-	33	-	288

(*) Inter-segment revenue includes revenue among Divisions and the consolidated undertakings of the Group belonging to various business sectors

Below is the breakdown of revenue by geographical area and sector:

For the 6 months ended 30 June 2022	Defense						Eliminations	Total
	Helicopters	Electronics & Security	Aircrafts	Aerostructures	Space	Other Activities		
Italy	388	828	104	37	-	213	(462)	1,108
United Kingdom	255	511	-	-	-	11	(50)	727
Rest of Europe	428	462	399	56	-	28	(1)	1,372
North America	181	1,223	170	110	-	-	(3)	1,681
Rest of world	858	205	588	31	-	8	(2)	1,688
Revenue	2,110	3,229	1,261	234	-	260	(518)	6,576
Inter-segment revenue (*)	(6)	(311)	-	(24)	-	(177)	518	-
Third party revenue	2,104	2,918	1,261	210	-	83	-	6,576

For the 6 months ended 30 June 2023	Defense						Eliminations	Total
	Helicopters	Electronics & Security	Aircrafts	Aerostructures	Space	Other Activities		
Italy	414	693	215	39	-	214	(554)	1,021
United Kingdom	260	675	-	-	-	2	(35)	902
Rest of Europe	468	480	448	89	-	136	(8)	1,613
North America	239	1,164	221	160	-	2	(3)	1,783
Rest of world	779	284	464	39	-	9	-	1,575
Revenue	2,160	3,296	1,348	327	-	363	(600)	6,894
Inter-segment revenue (*)	(2)	(340)	(26)	(39)	-	(193)	600	-
Third party revenue	2,158	2,956	1,322	288	-	170	-	6,894

(*) Inter-segment revenue includes revenue among Divisions and the consolidated undertakings of the Group belonging to various business sectors

The reconciliation between EBITA and income before taxes and financial expenses for the periods compared is as follows:

Half-year financial report at 30 June 2023

For the 6 months ended 30 June 2022	Defense					Other Activities	Total
	Helicopters	Electronics & Security	Aircrafts	Aerostructures	Space		
EBITA	151	314	149	(88)	3	(111)	418
Amortisation of intangible assets acquired as part of business combinations	(2)	(9)	-	-	-	-	(11)
Restructuring costs	-	(2)	-	-	-	-	(2)
Non-recurring income/expense	(26)	(11)	(2)	(1)	-	(3)	(43)
EBIT	123	292	147	(89)	3	(114)	362
Equity-accounted strategic investments	-	(27)	1	-	(3)	-	(29)
Income before tax and financial expenses	123	265	148	(89)	-	(114)	333

For the 6 months ended 30 June 2023	Defense					Other Activities	Total
	Helicopters	Electronics & Security	Aircrafts	Aerostructures	Space		
EBITA	157	309	155	(72)	2	(121)	430
Amortisation of intangible assets acquired as part of business combinations	(2)	(15)	-	-	-	(1)	(18)
Restructuring costs	(3)	(16)	(1)	-	-	(11)	(31)
Non-recurring income/expense	-	(13)	-	-	-	-	(13)
EBIT	152	265	154	(72)	2	(133)	368
Equity-accounted strategic investments	-	(32)	5	-	(2)	-	(29)
Income before tax and financial expenses	152	233	159	(72)	-	(133)	339

8. INTANGIBLE ASSETS

Below is the breakdown of the item and investments for the period:

	31 December 2022	30 June 2023	Investments for the 6 months at	
			30 June 2022	30 June 2023
Goodwill	3,925	3,938	-	-
Development costs	943	994	58	63
Non-recurring costs	1,774	1,801	53	46
Concessions, licences and trademarks	243	240	4	2
Acquired through business combinations	355	338	-	-
Other intangible assets	170	156	17	17
	7,410	7,467	132	128

Goodwill increased as a result of the differences deriving from the conversion of the GBP assets, partially offset by the negative effect relating to the translation differences referable to amounts in USD.

The impairment tests carried out at 31 December 2022 showed significant positive margins (headroom) for all the Cash Generating Units (CGUs) to which the Group's goodwill is allocated. The largely positive margins were also confirmed by the sensitivity analyses carried out on the main assumptions underlying the tests. Considering the foregoing and the performance of the CGUs, as at 30 June 2023 there were no impairment indicators that could require a revision of these tests.

It should be noted that, also with reference to development costs and non-recurring charges, no impairment indicator emerged compared to the valuations conducted during the preparation of the 2022 Financial Statements.

Commitments are in place for the purchase of intangible assets for €mil. 19 (€mil. 19 at 31 December 2022).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	31 December 2022	30 June 2023	Investments for the 6 months at	
			30 June 2022	30 June 2023
Land and buildings	910	910	1	1
Plant and machinery	380	375	5	7
Equipment	375	386	17	24
Other tangible assets	752	736	107	128
	2,417	2,407	130	160

Purchase commitments of property, plant and equipment are recorded in the amount of €mil. 259 (€mil. 206 at 31 December 2022).

10. RIGHT OF USE

	31 December 2022	30 June 2023	Contracts submission at	
			30 June 2022	30 June 2023
Right of use of land and buildings	493	544	38	69
Right of use of plant and machinery	17	16	6	2
Right of use of other tangible assets	26	22	3	4
	536	582	47	75

The increase in the period is due to the signing of new contracts, mainly for the new site of Leonardo UK.

11. OTHER NON-CURRENT ASSETS

	31 December 2022	30 June 2023
Deferred grants under Law no. 808/85	6	7
Defined benefit plan assets, net	215	242
Related party receivables (Note 31)	13	12
Other non-current receivables	42	40
Non-current receivables	276	301
Prepayments - non-current portion	20	6
Equity investments	2,122	1,989
Non-recurring costs pending under Law no. 808/1985	29	29
Non-current assets	2,171	2,024
	2,447	2,325

The decrease in equity investments is influenced by the dividends collected in the period from the equity-accounted investees (about €mil. 184), partially offset by the result of strategic investments (€mil. 29).

12. BUSINESS COMBINATION

No business combinations were reported during the first half of 2023.

13. TRADE RECEIVABLES, INCLUDING CONTRACT ASSETS

	31 December 2022	30 June 2023
Trade receivables	2,618	2,821
Related party trade receivables (Note 31)	720	653
	3,338	3,474
Contract assets	3,652	3,787
	6,990	7,261

For the primary credit risks related to the Group's business, reference is made to Note 37 to the consolidated financial statements at 31 December 2022.

14. OTHER CURRENT ASSETS

	31 December 2022	30 June 2023
Income tax receivables	60	123
Derivatives	224	240
Other current assets:	374	466
<i>Prepaid expenses - current portion</i>	110	123
<i>Receivables for grants</i>	59	59
<i>Receivables from employees and social security</i>	35	40
<i>Indirect tax receivables</i>	64	73
<i>Deferred receivables under Law no. 808/85</i>	2	12
<i>Other related party receivables (Note 31)</i>	3	15
<i>Other assets</i>	101	144
	658	829

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) is determined on the basis of measurement techniques which consider directly observable market inputs (the so-called "Level 2"). The fair value of the earn-out linked to the acquisition of Kopter has been determined on the basis of measurement techniques which do not consider directly observable market inputs (the so-called "Level 3"), by discounting back the estimate of the variable amounts which will be payable on the basis of estimated achievement of defined targets.

	31 December 2022			30 June 2023		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Non-current assets			-			-
Current assets	224		224	240		240
Non-current liabilities		17	17		17	17
Current liabilities	296		296	235		235

The total fair value of pension plan assets amounted to €mil. 2,246 (€mil. 2,280 at 31 December 2022), classified under non-current assets and deducted from Employee benefits.

15. EQUITY

	Number of ordinary shares	Par value	Treasury shares	Costs incurred (net of tax effect)	Total
Share capital					
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)
31 December 2022	575,307,275	2,544	(26)	(19)	2,499
Repurchase of treasury shares less shares sold	-	-	-	-	-
30 June 2023	575,307,275	2,544	(26)	(19)	2,499
<i>broken down as follows:</i>					
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)

At 30 June 2023, the Ministry of Economy and Finance owned 30.204% of the share capital.

The statement of changes in equity attributable to the owners of the parent and to non-controlling interests is presented in the accounting statements section. Below is a breakdown of the tax effects on the gain and loss items recognised in equity of the Group, as well as the other comprehensive income/expense relating to investments valued at equity:

	Group - consolidated entities			Group - equity accounted investments		
	Amount before taxes	Tax effect	Net amount	Amount before taxes	Tax effect	Net amount
For the 6 months ended 30 June 2022						
Revaluation of defined-benefit plans	(96)	29	(67)	110	(18)	92
Changes in cash-flow hedges	(152)	37	(115)	(18)	3	(15)
Foreign currency translation difference	165		165	11		11
Fair value to OCI			-	(10)		(10)
Total	(83)	66	(17)	93	(15)	78
For the 6 months ended 30 June 2023						
Revaluation of defined-benefit plans	11	(3)	8	(4)	1	(3)
Changes in cash-flow hedges	67	(16)	51	9	(2)	7
Foreign currency translation difference	11		11	(1)		(1)
Fair value to OCI			-	3		3
Total	89	(19)	70	7	(1)	6

Comprehensive income/expense which cannot be reclassified to profit (loss) for the period, equal to €mil. 9 at 30 June 2023 (-€mil. 67 at 30 June 2022), include the portion of the owners of the parent– consolidated companies and the portion attributable to non-controlling interests of the “Revaluation of defined-benefit plans”; Comprehensive income/expense which can be reclassified to profit (loss) for the period, equal to €mil. 53 at 30 June 2023 (€mil. 50 at 30 June 2022), include the portion of the owners of the parent– consolidated companies and the portion attributable to non-controlling interests of the “Changes in cash-flow hedge” and the “Foreign currency translation difference”.

Changes in the Cost of Hedge reserve and the related tax effects are recognised in the changes in cash-flow hedge.

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
For the 6 months ended 30 June 2022			
Revaluation of defined-benefit plans			-
Changes in cash-flow hedges			-
Foreign currency translation difference			-
Total	-	-	-
For the 6 months ended 30 June 2023			
Revaluation of defined-benefit plans	1		1
Changes in cash-flow hedges			-
Foreign currency translation difference	(9)		(9)
Total	(8)	-	(8)

16. LOANS AND BORROWINGS

	31 December 2022		30 June 2023	
	Non-current	Current	Non-current	Current
Bonds	1,592	36	1,594	13
Bank loans and borrowings	1,279	71	1,270	218
Lease liabilities	492	78	543	78
Other related party loans and borrowings (Note 31)	100	862	100	970
Other loans and borrowings	68	35	50	30
	3,531	1,082	3,557	1,309

It should be noted that financial covenants are included both in the ESG-linked Revolving Credit Facility and in the ESG-linked Term Loan, which were signed in 2021 and 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, which were largely complied with at 31 December 2022. These covenants, tested on an annual basis, are included in the loan agreement with CDP of €mil. 100, as well as to all EIB loans in place (they were used for a total amount of €mil. 500 at 30 June 2023).

In addition, there are margin adjustment clauses based on the achievement of certain indicators (KPIs) related to ESG objectives under the ESG-linked financing agreements illustrated above.

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

During this half-year receivables were assigned without recourse for a total value of about €mil. 84 (€mil. 86 in the first half of 2022).

Half-year financial report at 30 June 2023

Below is the detail of the bonds at 30 June 2023.

Issuer	Year of issue	Maturity	Currency	Outstanding nominal amount (mil.)	Annual coupon	Type of offer
LDO	2005	2025	€	500	4.875%	European Institutional
LDO	2017	2024	€	600	1.500%	European Institutional
LDO	2020	2026	€	500	2.375%	European Institutional

(*) All bonds are listed on the Luxembourg Stock Exchange and issued as part of the EMTN programme for a maximum of €bil. 4. The transaction was authorised pursuant to Art. 129 of Legislative Decree 385/93.

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 2022	30 June 2023
A - Cash	(1,511)	(1,087)
C - Other current financial assets	(105)	(137)
D - Liquidity	(1,616)	(1,224)
E - Current financial debt (*)	1,046	1,296
F - Current portion of non-current financial debt	36	13
G - Current financial debt	1,082	1,309
H - Net current financial debt (funds)	(534)	85
I - Non-current financial debt (*)	3,531	3,557
J - Debt instruments (**)	19	(5)
K - Trade payables and other non-current debt	170	170
L - Non-current financial debt	3,720	3,722
M - Total financial debt	3,186	3,807

(*) Includes payables for leases of €mil. 621, of which €mil. 78 current (€mil. 570 as at 31 December 2022, of which €mil. 78 current)

(**) Includes the fair value of hedging derivatives in respect of debt items

17. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	31 December 2022		30 June 2023	
	Non-current	Current	Non-current	Current
Guarantees given	10	22	10	22
Restructuring	132	51	126	75
Tax	6	61	6	58
Product guarantees	91	188	91	201
Onerous contracts (losses at completion)	-	400	-	366
Other provisions	513	356	533	335
	752	1,078	766	1,057

The item “other provisions” mainly includes provisions against risks of critical issues on contracts, especially in the Aircraft, Aerostructures, Helicopters and Defence Electronics and Security sectors.

The increase in the “Restructuring” provision mainly reflects the effects the additional charge (equal to €mil. 20 in the half-year) related to the additions to the agreement for early retirement pursuant to article 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 S.p.a., Leonardo Global Solutions and Leonardo Logistics.

The Notes to the consolidated financial statements as of 31 December 2022 make reference, in relation to risks, to criminal proceedings involving, for various reasons, Group companies. With respect to the information provided in such financial statements, to which reference should be made for a fuller description, the updates occurred in the first six months of 2023 are highlighted below, with reference to the criminal proceedings that are currently underway against a number of Group’s companies or Leonardo itself as well as certain former directors and executives, concerning acts committed during the performance of their duties at Group’s companies or at Leonardo itself.

- 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, and 2 of the Italian Criminal Code in relation to the supply of the Company’s products to Colombia;
- with regard to the criminal proceedings pending before the Court of Vercelli against three former employees of AgustaWestland S.p.A. (who are currently working for Leonardo – Helicopters Division) and an employee of AgustaWestland Philadelphia Corporation for the crime referred to in Article 449 of the Italian Criminal Code in relation to Articles 428 and 589 of the Italian Criminal Code, relating to the accident that occurred in Santhià on 30 October 2015 - given that the time limit for the appeal expired on 29 June 2023 - the ruling by which the Court acquitted the defendants on 14 February 2023 became final.

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 reference to risks deriving from civil, tax and administrative disputes, it is underlined that the Leonardo Group companies' 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 only been set aside for risks that are deemed probable and for which the amount can be determined. No specific provisions have been set aside for certain disputes in which the Group is defendant as these disputes are reasonably expected to be settled, based on current knowledge, satisfactorily and without significantly impacting the Group. Compared to what was already described during the preparation of the 2022 consolidated financial statements, to which reference should be made, note the following updates:

- with reference to 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, within which Leonardo and AnsaldoBreda have been summoned as parties concerned by some of the latter with a request for an order for direct compensation to the benefit of the plaintiff for the damage that should be established (presumptively stated at €mil. 262, a sum equal to the liabilities of Firema), at the hearing of 27 June 2023, the Judge took the issue under advisement in order to decide whether they must be joined to proceedings General Register. no. 16312/15 described below, on the preliminary objections and preliminary motions. As to the action brought by GMR against Leonardo and AnsaldoBreda before the Court of Naples (General Register. 16312/15), at the hearing of 1 October 2020 the court referred the case to the President for the possible joinder of the case with that described above (both under advisement pending decision on the outstanding issue).

It should be noted that, within these proceedings, the plaintiff company states that Firema Trasporti was allegedly subject, during the period in which Leonardo held an investment in it (from 1993 to 2005), to management and coordination activities that were carried out to its detriment and in the sole interest of the Leonardo Group and that, even after the sale of the aforesaid investment, Firema Trasporti was allegedly de facto subjected to an abuse of economic dependence from the abovementioned Leonardo Group in performing the various agreements existing with AnsaldoBreda.

* * * * *

Moreover, given their complexity, their cutting-edge technological content and the nature of customers, the Group's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Group adjusts the estimated contract costs for foreseeable issues, also taking into account the possible developments in the relevant disputes.

With regard to contracts in progress affected by uncertainties and issues under discussion with customers, it should be noted that as part of the arbitration proceedings initiated by Leonardo S.p.a. and PSC S.p.A. (collectively referred to as "LP" unincorporated joint venture) against Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. (collectively referred to as "GSIC"

unincorporated joint venture), following the hearing that took place in Doha from 4 to 15 July 2022, the Arbitral Tribunal revised the trial schedule according to which the arbitration award is expected to be finally issued in September 2023. The overall valuation of the Company remains unchanged compared to what was reported in the financial statements as at 31 December 2022.

With reference to the request for termination for default due to alleged delays and non-compliant products formalised during 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, a company the shareholdings of which are held by Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties commenced a mediation process in April 2023. The NHI position, confirmed by Leonardo, is unchanged compared to what was reported in the financial statements as at 31 December 2022, considering this request to be legally unfounded and reasonably disputable in the appropriate venue due to a lack of factual and legal basis and misinterpretation of the contract and Norwegian law, as well as due to a breach of confidentiality obligations.

18. EMPLOYEE BENEFITS

	31 December 2022			30 June 2023		
	Liabilities	Assets	Net	Liabilities	Assets	Net
Severance pay provision	219	-	219	213	-	213
Defined-benefit plans	56	215	(159)	49	242	(193)
Defined contribution plans	40	-	40	36	-	36
	315	215	100	298	242	56

The increase in the surplus of the foreign pension plans is mainly linked to the performance of the plans of the UK area.

19. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 December 2022		30 June 2023	
	Non-current	Current	Non-current	Current
Employee obligations	53	477	55	609
Deferred income	79	184	75	203
Amounts due to social security institutions	-	224	-	217
Payables to MED (Law no. 808/85)	170	-	170	-
Payables to MED for royalties (Law no. 808/85)	185	45	213	16
Indirect tax liabilities	-	124	-	107
Derivatives	-	296	-	235
Other liabilities	374	413	364	336
Other payables to related parties (Note 31)	-	47	-	8
	861	1,810	877	1,731

Other non-current liabilities include, in particular, the payable due to Bell Helicopter of €mil. 263 (€mil. 268 at 31 December 2022), deriving from the acquisition of 100% of the AW609 programme.

20. TRADE PAYABLES, INCLUDING CONTRACT LIABILITIES

	31 December 2022	30 June 2023
Suppliers	2,737	2,486
Trade payables to related parties (Note 31)	317	253
Trade payables	3,054	2,739
Contract liabilities	8,015	8,203
	11,069	10,942

21. REVENUE

	For the 6 months ended 30 June	
	2022	2023
Revenue from contract with customers	5,432	5,854
Change in contract assets	309	(10)
Revenue from related parties (Note 31)	835	1,050
	6,576	6,894

The breakdown by recognition timing is reported below:

	For the 6 months ended 30 June	
	2022	2023
Revenues at point in time	1,340	1,255
Revenues over time	5,236	5,639
	6,576	6,894

The breakdown by geographical area and business sector is reported in Note 7.

22. OTHER OPERATING INCOME (EXPENSES)

	For the 6 months ended 30 June					
	2022			2023		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs	22	-	22	25	-	25
Exchange rate differences on operating items	67	(80)	(13)	72	(66)	6
Indirect taxes	-	(18)	(18)	-	(17)	(17)
Restructuring costs	-	-	-	-	(4)	(4)
Reversal of (accruals to) provisions for risks	180	(131)	49	120	(140)	(20)
Other income (expenses)	20	(21)	(1)	33	(21)	12
Other from/to related parties (Note 31)	2	-	2	2	-	2
	291	(250)	41	252	(248)	4

23. PURCHASES AND PERSONNEL EXPENSES

	For the 6 months ended 30 June	
	2022	2023
Purchases	2,307	2,448
Services	1,608	1,763
Costs to related parties (Note 31)	410	323
Personnel expenses	2,003	2,183
<i>Wages, salaries and contributions</i>	1,831	1,963
<i>Defined-benefit plans costs</i>	35	20
<i>Defined contribution plans costs</i>	72	76
<i>Net restructuring costs</i>	2	27
<i>Other personnel expenses</i>	63	97
Change in finished goods, work in progress and semi-finished products	(222)	(321)
Work performed by the Group and capitalised	(125)	(137)
	5,981	6,259

Personnel expenses were affected not only by the trend of the average workforce but also by the abovesaid charge linked to the additions to the agreement for early retirement pursuant to article 4 of Law 92/2012.

The Group recorded short-term lease rentals for €mil. 21 and lease rentals for low-value assets for €mil. 7 during the half-year.

The average workforce at 30 June 2023 (51,437 people) showed an increase compared to 30 June 2022 (49,879). The total workforce broken-down by category is as follows:

	31 December 2022	30 June 2023	Change
Senior managers (*)	1,274	1,263	(11)
Middle managers	6,512	6,541	29
Clerical employees	30,302	31,252	950
Manual labourers (**)	13,304	13,250	(54)
	51,392	52,306	914

(*) include pilots

(**) include senior manual labourers

The breakdown of the total workforce by sector is as follows:

	31 December 2022	30 June 2023	Change
Helicopters	12,566	12,836	270
Defense Electronics & Security	24,600	24,923	323
Aircrafts	6,929	6,983	54
Aerostructures	4,226	4,221	(5)
Other	3,071	3,343	272
	51,392	52,306	914

24. AMORTISATION, DEPRECIATION AND FINANCIAL ASSETS VALUE ADJUSTMENTS

	For the 6 months ended 30 June	
	2022	2023
Amortisation of intangible assets	74	88
<i>Development costs</i>	15	14
<i>Non-recurring costs</i>	21	24
<i>Acquired through business combinations</i>	11	18
<i>Concessions, licences and trademarks</i>	10	13
<i>Other intangible assets</i>	17	19
Depreciation of property, plant and equipment and investment properties	132	141
Depreciation of right of use	45	46
Impairment of other assets	2	-
financial assets value adjustments	50	25
	303	300

The increase in the amortisation from business combinations is linked to the acquisition of RADA, finalized in the second half of 2022. The decrease in financial assets value adjustments was due to the fact that, in the first half of 2022, the item included the effects of the write-downs of the exposures to Russia and Ukraine (€mil. 33).

25. FINANCIAL INCOME AND EXPENSES

	For the 6 months ended 30 June					
	2022			2023		
	Income	Expenses	Net	Income	Expenses	Net
Interest	-	(47)	(47)	12	(58)	(46)
Interest on lease liabilities	-	(10)	(10)	-	(11)	(11)
Loan fees	-	(4)	(4)	-	(4)	(4)
Other commissions	-	-	-	-	(2)	(2)
Fair value gains (losses) through profit or loss	39	(3)	36	5	(5)	-
Premiums (paid) received on forwards	20	(39)	(19)	19	(19)	-
Exchange rate differences	35	(35)	-	16	(13)	3
Net interest cost on defined-benefit plans	-	2	2	-	-	-
Financial income (expenses) - related parties (Note 31)	-	(2)	(2)	2	(18)	(16)
Other financial income and expenses	6	(20)	(14)	26	(27)	(1)
	100	(158)	(58)	80	(157)	(77)

The increase in net financial expenses is attributable to the lower value (fair value) of derivatives, partially offset by lower premiums paid on forwards.

26. SHARE OF PROFITS (LOSSES) OF EQUITY-ACCOUNTED INVESTEES

	For the 6 months ended 30 June	
	2022	2023
<i>Space Alliance</i>	3	2
MBDA	33	41
GIE ATR	(1)	(5)
Hensoldt	(6)	(9)
Strategic investments	29	29
Other	11	(9)
	40	20

Space Alliance includes investments in Thales Alenia Space and Telespazio.

The decrease in the share of profits (losses) of equity-accounted investees is linked to the performance of the non-strategic investments. The figure related to strategic investments is in line with that of the first half of 2022.

27. INCOME TAXES

	For the 6 months ended 30 June	
	2022	2023
Current taxes	(35)	(35)
Tax related to previous periods	4	2
(Provisions) reversal for tax disputes	10	3
Deferred tax - net	(27)	(44)
	(48)	(74)

28. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities held for sale are fixed assets owned by Leonardo Global Solutions.

The values at 31 December 2022 mainly referred to the ATM business of Selex ES, Llc, whose transfer was finalized during the first half of 2023.

Below is the related breakdown:

	31 December 2022	30 June 2023
Non-current assets	16	1
Current assets	21	-
Assets held for sale	37	1
Non-current liabilities	4	-
Current liabilities	8	-
Liabilities associated with assets held for sale	12	-
	25	1

There were no discontinued operations as at 30 June 2023 and 2022.

29. EARNINGS PER SHARE

	For the 6 months ended 30 June	
	2022	2023
Average shares outstanding during the reporting period (in thousands)	575,307	575,307
Earnings for the period (excluding non-controlling interests) (€ millions)	266	196
Earnings from continuing operations (excluding non-controlling interests) (€ millions)	266	196
Earnings from discontinued operations (excluding non-controlling interests) (€ millions)	-	-
Basic and Diluted EPS (€)	0.462	0.341
<i>Basic and Diluted EPS from continuing operations (€)</i>	<i>0.462</i>	<i>0.341</i>
<i>Basic and Diluted EPS from discontinued operations (€)</i>	<i>n.a.</i>	<i>n.a.</i>

Basic earnings per share at 30 June 2023, as well as those relating to the comparative period, were equal to diluted earnings per share, since there were no dilutive elements.

30. CASH FLOW FROM OPERATING ACTIVITIES AND INVESTING ACTIVITIES

	For the 6 months ended 30 June	
	2022	2023
Net result	267	208
Amortisation, depreciation and write-offs	303	300
Share of profits/(losses) of equity-accounted investees	(40)	(20)
Income taxes	48	74
Costs for defined-benefit plans	35	20
Net financial expenses/(income)	58	77
Net allocations to the provisions for risks and inventory write-downs	(30)	102
Other non-monetary items	5	10
	646	771

The changes in working capital are as follows:

	For the 6 months ended 30 June	
	2022	2023
Inventories	(169)	(247)
Contract assets and liabilities	(249)	(34)
Trade receivables and payables	(752)	(465)
	(1,170)	(746)

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:

	For the 6 months ended 30 June	
	2022	2023
Strategic transactions	(617)	27
Dividends received	97	177
Other investing activities	-	(13)
Change of other investing or disinvesting activities	(520)	191

31. 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.

	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
RECEIVABLES at 31 December 2022						
<u>Associates</u>						
NH Industries SAS				186		186
Eurofighter Jagdflugzeug GmbH				99		99
Iveco - Oto Melara Scarl				51		51
Hensoldt AG				15		15
Macchi Hurel Dubois SAS				15		15
AgustaWestland Aviation Services LLC				12		12
Other with unit amount lower than €mil. 10			11	32		43
<u>Joint Ventures</u>						
Thales Alenia Space SAS			40	10		50
MBDA SAS				33		33
GIE ATR				29		29
Orizzonte - Sistemi Navali SpA				21		21
Other with unit amount lower than €mil. 10	8		3	12	2	25
<u>Consortia (*)</u>						
Other with unit amount lower than €mil. 10			2	11		13
<u>Companies subject to the control or considerable influence of the MEF</u>						
Ministero dell'Economia e delle Finanze				85		85
Cassa Depositi e Prestiti SpA				71		71
Other with unit amount lower than €mil. 10	5			38	1	44
Total	13	-	56	720	3	792
<i>% against total for the period</i>	<i>100.0%</i>	<i>-</i>	<i>53.3%</i>	<i>21.6%</i>	<i>1.8%</i>	

Half-year financial report at 30 June 2023

RECEIVABLES at 30 June 2023

Associates

	Non-current loans and receivables	Other non- current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
NH Industries SAS				191		191
Eurofighter Jagdflugzeug GmbH				50		50
Iveco - Oto Melara Scarl				46		46
AgustaWestland Aviation Services LLC				18		18
Macchi Hurel Dubois SAS				10		10
Industria Italiana Autobus SpA			15	3		18
Other with unit amount lower than €mil. 10			4	28		32

Joint Ventures

MBDA SAS				23		23
Orizzonte - Sistemi Navali SpA				22		22
GIE ATR				19	12	31
Thales Alenia Space SAS			83	13		96
Telespazio SpA	7		10	7	2	26
Other with unit amount lower than €mil. 10				14		14

Consortia (*)

Consorzio Protezione Balistiche Italia				11		11
Other with unit amount lower than €mil. 10			2	4		6

Companies subject to the control or considerable influence of the MEF

Ministero dell'Economia e delle Finanze				85		85
Cassa Depositi e Prestiti SpA				77		77
Other with unit amount lower than €mil. 10	5			32	1	38
Total	12	-	114	653	15	794

% against total for the period

100.0% - 83.2% 18.8% 7.5%

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PAYABLES at 31 December 2022

Associates

	Non-current loans and borrowings	Other non- current borrowings	Current loans and borrowings	Trade payables	Other current payables	Total
NH Industries SAS				91		91
Eurofighter Jagdflugzeug GmbH			85	60		145
Gulf System Logistic Services Company W.L.L				28		28
Elettronica SpA				24		24
Hensoldt AG				11		11
Leonardo Helicopteres Algerie			20			20
Other with unit amount lower than €mil. 10			2	7	4	13

Joint Ventures

MBDA SAS			713	38		751
Telespazio SpA			41	2	2	45
GIE ATR				19	39	58
Other with unit amount lower than €mil. 10				15		15

Consortia (*)

Other with unit amount lower than €mil. 10				4		4
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Companies subject to the control or considerable influence of the MEF

Cassa Depositi e Prestiti SpA	100			1	1	102
Enel SpA				12		12
Other with unit amount lower than €mil. 10			1	5	1	7
Total	100	-	862	317	47	1,326

% against total for the period

2.8% - 79.7% 10.4% 3.5%

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PAYABLES at 30 June 2023

Associates

	Non-current loans and borrowings	Other non-current borrowings	Current loans and borrowings	Trade payables	Other current payables	Total
NH Industries SAS				79		79
Eurofighter Jagdflugzeug GmbH			45	54		99
Gulf System Logistic Services Company WLL				28		28
Hensoldt AG				24		24
Elettronica SpA				15		15
Leonardo Helicopteres Algerie			20			20
Other with unit amount lower than €mil. 10			2	7	3	12

Joint Ventures

MBDA SAS			902	15		917
Other with unit amount lower than €mil. 10				16	3	19

Consortia (*)

Other with unit amount lower than €mil. 10				2		2
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Companies subject to the control or considerable influence of the MEF

Cassa Depositi e Prestiti SpA	100			1	1	102
Other with unit amount lower than €mil. 10			1	12	1	14

Total	100	-	970	253	8	1,331
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<i>% against total for the period</i>	<i>2.8%</i>	<i>-</i>	<i>74.1%</i>	<i>9.2%</i>	<i>0.6%</i>	
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(*) Consortia over which the Group exercises considerable influence or which are subject to joint control

Trade receivables are commented on later, along with revenue from related parties. Loans and receivables mainly refer to receivables from joint ventures. Related-party loans and borrowings include in particular the amount of €mil. 902 (€mil. 713 at 31 December 2022) due by Group companies to the joint venture MBDA and payables for €mil. 45 (€mil. 85 at 31 December 2022) to Eurofighter, as well as payables of €mil. 20 to Leonardo Helicopteres Algerie for capital to be called up. The financial debt to Cassa Depositi e Prestiti (€mil. 100) relates to the loan raised in 2020 in support of investments in research, development and innovation envisaged in the Industrial Plan.

Half-year financial report at 30 June 2023

For the 6 months ended 30 June 2022

Associates

	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Eurofighter Jagdflugzeug GmbH	295		220			
NH Industries SAS	119		3			
Iveco-Oto Melara Scarl	60		1			
Macchi Hurel Dubois SAS	21					
Hensoldt AG	16		46			
Euromids SAS	11		1			
Elettronica S.p.A.	1		29			
Gulf System Logistic Services Company W.L.L			11			
Other with unit amount lower than €mil. 10	16		9			

Joint Ventures

Orizzonte - Sistemi Navali SpA	57					
GIE ATR	36		7			
MBDA SAS	32		24			2
Thales Alenia Space SAS	24					
Other with unit amount lower than €mil. 10	8	1	13			

Consortia (*)

Other with unit amount lower than €mil. 10	14		1			
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Companies subject to the control or considerable influence of the

MEF

Cassa Depositi e Prestiti SpA	87		1			
Poste Italiane SpA	10					
ENEL SpA	4		30			
ENI SpA	1		13			
Other with unit amount lower than €mil. 10	23		1			
Total	835	1	410	-	-	2

<i>% against total for the period</i>	<i>12.7%</i>	<i>0.3%</i>	<i>6.9%</i>	<i>-</i>	<i>-</i>	<i>1.3%</i>
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Half-year financial report at 30 June 2023

For the 6 months ended 30 June 2023

Associates

Eurofighter Jagdflugzeug GmbH
 NH Industries SAS
 Iveco-Oto Melara Scarl
 Hensoldt AG
 Macchi Hurel Dubois SAS
 AgustaWestland Aviation Services LLC
 Elettronica SpA
 Other with unit amount lower than €mil. 10

Joint Ventures

Orizzonte - Sistemi Navali SpA
 GIE ATR
 MBDA SAS
 Thales Alenia Space SAS
 Other with unit amount lower than €mil. 10

Consortia (*)

Consorzio Protezioni Balistiche Italia
 Other with unit amount lower than €mil. 10

Companies subject to the control or considerable influence of the MEF

Cassa Depositi e Prestiti SpA
 Poste Italiane SpA
 Panavia Aircraft GmbH
 ENEL SpA
 Other with unit amount lower than €mil. 10

Total

% against total for the period

	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Eurofighter Jagdflugzeug GmbH	456		150			1
NH Industries SAS	133					
Iveco-Oto Melara Scarl	54		1			
Hensoldt AG	20		53			
Macchi Hurel Dubois SAS	18					
AgustaWestland Aviation Services LLC	11					
Elettronica SpA			25			
Other with unit amount lower than €mil. 10	17		10		1	
Joint Ventures						
Orizzonte - Sistemi Navali SpA	68					
GIE ATR	62		3			
MBDA SAS	29		16			15
Thales Alenia Space SAS	22		1		1	
Other with unit amount lower than €mil. 10	3	2	14			
Consortia (*)						
Consorzio Protezioni Balistiche Italia	11					
Other with unit amount lower than €mil. 10	6		1			
Companies subject to the control or considerable influence of the MEF						
Cassa Depositi e Prestiti SpA	81		1			2
Poste Italiane SpA	13					
Panavia Aircraft GmbH	13					
ENEL SpA	4		48			
Other with unit amount lower than €mil. 10	29					
Total	1,050	2	323	-	2	18
% against total for the period	15.2%	0.8%	5.2%	-	2.5%	11.5%

(*) Consortia over which the Group exercises considerable influence or which are subject to joint control

The most significant trade receivables and revenues, in addition to those from joint ventures, are related to the following companies:

- Eurofighter in the scope of the EFA aeronautical programme;
- NH Industries in the scope of the NH90 helicopter programme;
- Iveco-Otomelara Scarl for the commercialisation of VBM Freccia and the Nuova blindo Centauro programme;
- Macchi Hurel Dubois for the commercialisation of nacelles;
- Orizzonte - Sistemi Navali (JV) for the FREMM programme.

Costs, in addition to those to joint ventures, are mainly related to:

- Eurofighter, decreasing due to lower logistic support activities compared to the period under comparison and to lower deliveries of the major items for aircraft assembly, as part of the EFA programme;
- subsidiaries or entities subject to significant influence on the part of the Ministry of Economy and Finance.

For the Board of Directors

The Chairman

Stefano Pontecorvo

ANNEX: SCOPE OF CONSOLIDATION

List of companies consolidated on a line-by-line basis (amounts in foreign currency)

Company name	Registered office	Partecipating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	ENGINEERED SUPPORT SYSTEMS INC	CAD	-		100	80.90
AGUSTAWESTLAND INDIA PRIVATE LTD (IN LIQ.)	New Delhi (India)	AGUSTAWESTLAND SPA AGUSTAWESTLAND LTD	INR	11,519,450		100	100
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (UK)	AGUSTAWESTLAND SPA AGUSTAWESTLAND LTD	GBP	511,000		100	100
AGUSTAWESTLAND LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1,520,304		100	100
AGUSTAWESTLAND PHILADELPHIA CO	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	20,000,000		100	100
AGUSTAWESTLAND SPA	Roma	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
ALEA SRL	Polcenigo (Pordenone)	LEONARDO SPA	EUR	120,000	69.97		69.97
ALENIA AERMACCHI SPA	Roma	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
ANSALDOBREDA SPA	Roma	LEONARDO PARTECIPAZIONI SPA	EUR	10,000,000		100	100
DAYLIGHT DEFENCE LLC	Wilmington, Delaware (USA)	DAYLIGHT SOLUTIONS INC	USD	-		100	80.90
DAYLIGHT SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DISPOSITIVI PROTEZIONE INDIVIDUALE D.P.I. SRL	Roma	LARIMART SPA	EUR	309,600		77.92	46.75
DRS ADVANCED ISR LLC	Wilmington, Delaware (USA)	DRS DEFENSE SOLUTIONS LLC	USD	-		100	80.90
DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	80.90
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	2		100	80.90
DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS INTERNATIONAL INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS NAVAL POWER SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS NETWORK & IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	80.90
DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)	DRS DEFENSE SOLUTIONS LLC	USD	10		100	80.90
DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	80.90
DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS RADA TECHNOLOGIES LTD	Netanya (IL) - ISRAEL	LEONARDO DRS INC	ILS	1,491,527		100	80.90
DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	80.90
DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)	DRS TECHNOLOGIES CANADA INC	CAD	100		100	80.90
DRS TECHNOLOGIES SAUDI ARABIA LLC	Riyadh (Arabia Saudita)	LEONARDO DRS INC	SAR	2,000,000		49	39.64
DRS TECHNOLOGIES UK LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
DRS TRAINING & CONTROL SYSTEMS LLC	Tallahassee, Florida (USA)	DRS DEFENSE SOLUTIONS LLC	USD	510		100	80.90
DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)	DRS TRAINING & CONTROL SYSTEMS LLC	USD	1		100	80.90
ENGINEERED COIL COMPANY	Jefferson City, Missouri (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	80.90

Half-year financial report at 30 June 2023

List of companies consolidated on a line-by-line basis (amounts in foreign currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
ENGINEERED SUPPORT SYSTEMS INC	Jefferson City, Missouri (USA)	LEONARDO DRS INC	USD	1		100	80.90
ESSI RESOURCES LLC	Frankfort, Kentucky (USA)	DRS SUSTAINMENT SYSTEMS INC	USD	-		100	80.90
KOPTER GERMANY GMBH	HÖHENKIRCHEN-Siegertsbrunn (Germania)	KOPTER GROUP AG	EUR	25,000		100	100
KOPTER GROUP AG	Mollis, Glarona Nord (Svizzera)	LEONARDO SPA	CHF	32,000,000	100		100
LARIMART SPA	Roma	LEONARDO SPA	EUR	2,500,000	60		60
LAUREL TECHNOLOGIES PARTNERSHIP	Wilmington, Delaware (USA)	DRS SYSTEMS MANAGEMENT LLC DRS SIGNAL SOLUTIONS INC	USD	-		100	80.90
LEONARDO AUSTRALIA PTY LTD	Essendon, Victoria (Australia)	LEONARDO INTERNATIONAL SPA	AUD	8,366,301		100	100
LEONARDO BELGIUM SA	Grace Hollogne (Belgio)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	EUR	500,000		100	100
LEONARDO CAE ADVANCED JET TRAINING SRL	Villasor (Cagliari)	LEONARDO SPA	EUR	49,040,000	50		50
LEONARDO DO BRASIL LTDA	Itapevi (Brasile)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	BRL	48,241,788		100	100
LEONARDO DRS INC	Wilmington, Delaware (USA)	LEONARDO US HOLDING LLC	USD	1		80.90	80.90
LEONARDO ELECTRONICS US INC	Wilmington, Delaware (USA)	LEONARDO UK LTD	USD	32,750,000		100	100
LEONARDO FOR AVIATION SERVICES (SPC)	Kuwait City (Kuwait)	LEONARDO SPA	KWD	300,000	100		100
LEONARDO GERMANY GMBH	Neuss (Germania)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	EUR	2,500,000		100	100
LEONARDO GLOBAL SOLUTIONS SPA	Roma	LEONARDO SPA	EUR	51,000,000	100		100
LEONARDO HELICOPTERS USA INC	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	-		100	100
LEONARDO HISPANIA SAU	Loriguilla, Valencia (Spagna)	LEONARDO INTERNATIONAL SPA	EUR	5,189,019		100	100
LEONARDO INTERNATIONAL SPA	Roma	LEONARDO SPA	EUR	1,000,000	100		100
LEONARDO LOGISTICS SPA	Roma	LEONARDO GLOBAL SOLUTIONS SPA	EUR	100,000		100	100
LEONARDO LOGISTICS POLAND SP Z O.O	Swidnik (Polonia)	LEONARDO LOGISTICS SPA	PLN	5,000		100	100
LEONARDO MALAYSIA SDN BHD	Kuala Lumpur (Malesia)	LEONARDO INTERNATIONAL SPA	MYR	2,500,000		100	100
LEONARDO PARTECIPAZIONI SPA	Roma	LEONARDO SPA	EUR	1,000,000	100		100
LEONARDO PORTUGAL SA	Porto Salvo Oeiras (Portogallo)	LEONARDO INTERNATIONAL SPA	EUR	100,000		100	100
LEONARDO ROMANIA AEROSPACE, DEFENCE & SECURITY SA	Ploiesti (Romania)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	RON	10,847,960		100	100
LEONARDO SAUDI LTD	Riyadh (Arabia Saudita)	LEONARDO UK LTD SELEX ES (PROJECTS) LTD	SAR	500,000		100	100
LEONARDO SOUTH AFRICA (PTY) LTD	Pretoria (Sud Africa)	LEONARDO INTERNATIONAL SPA	ZAR	1,500		100	100
LEONARDO TECHNOLOGIES & SERVICES LTD	Nairobi (Kenya)	LEONARDO INTERNATIONAL SPA	KES	109,600,000		100	100
LEONARDO TURKEI HAVACILIK SAVUNMA VE GUVENLIK SISTEMLERI AS	Ankara (Turchia)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	TRY	79,557,009		100	100
LEONARDO UK LTD	Londra (UK)	LEONARDO SPA	GBP	314,500,100	100		100
LEONARDO US AIRCRAFT LLC	Wilmington, Delaware (USA)	LEONARDO US SUBHOLDING LLC	USD	100		100	100
LEONARDO US CORPORATION	Wilmington, Delaware (USA)	LEONARDO US HOLDING LLC	USD	10		100	100
LEONARDO US HOLDING LLC	Wilmington, Delaware (USA)	LEONARDO SPA LEONARDO INTERNATIONAL SPA	USD	10	53.11	46.89	100
LEONARDO US SUBHOLDING LLC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	100		100	100

Half-year financial report at 30 June 2023

List of companies consolidated on a line-by-line basis (amounts in foreign currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
OTO MELARA NORTH AMERICA LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	80.90
PARTECH SYSTEMS PTY LTD	Yerrilyong (Australia)	LEONARDO AUSTRALIA PTY LTD	AUD	330		100	100
PIVOTAL POWER INC	Halifax, Nova Scotia (Canada)	3083683 NOVA SCOTIA LIMITED	CAD	-		100	80.90
PRECISION AVIATION PROPERTY PTY LTD	Pretoria (Sud Africa)	LEONARDO SOUTH AFRICA (PTY) LTD	ZAR	100		100	100
PRECISION AVIATION TRAINING ACADEMY PTY LTD	Pretoria (Sud Africa)	LEONARDO SOUTH AFRICA (PTY) LTD	ZAR	1,000		100	100
RADA INNOVATIONS LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	80.90
RADA SENSORS INC	Delaware (USA)	DRS RADA TECHNOLOGIES LTD	USD	100		100	80.90
RADA TECHNOLOGIES LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	80.90
RADA USA LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	80.90
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z O.O	Swidnik (Polonia)	PZL-SWIDNIK SA	PLN	7,072,000		73.88	73.88
SELEX ELSAG LTD	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	25,800,100		100	100
SELEX ES AUSTRALIA PTY LTD	Melbourne (Australia)	LEONARDO INTERNATIONAL SPA	AUD	500,000		100	100
SELEX ES LLC	Wilmington, Delaware (USA)	LEONARDO US SUBHOLDINGS LLC	USD	100		100	100
SELEX ES INTERNATIONAL LTD	Basildon, Essex (UK)	LEONARDO SPA	GBP	100	100		100
SELEX ES MALAYSIA SDN BHD	Kuala Lumpur (Malesia)	LEONARDO INTERNATIONAL SPA	MYR	500,000		100	100
SELEX ES SPA (IN LIQ.)	Roma	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
T - S HOLDING CORPORATION	Austin, Texas (USA)	TECH-SYM LLC	USD	280,000		100	80.90
TECH-SYM LLC	Carson City, Nevada (USA)	LEONARDO DRS INC	USD	10		100	80.90
TTI TACTICAL TECHNOLOGIES INC	Ottawa, Ontario (Canada)	LEONARDO UK LTD	CAD	2,500,001		100	100
UTM SYSTEMS & SERVICES SRL	Roma	LEONARDO SPA TELESPAZIO SPA	EUR	6,620,000	66.67	33.33	89
VEGA DEUTSCHLAND GMBH	Colonia (Germania)	SELEX ES SPA	EUR	25,700		100	100
WYTWORNIA SPRZETU KOMUNIKACYJNEGO "PZL-SWIDNIK" SPOŁKA AKCYJNA	Swidnik (Polonia)	LEONARDO SPA	PLN	137,401,350	100		100

Half-year financial report at 30 June 2023

List of companies consolidated using the equity method (amounts in foreign currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Shah Alam (Malesia)	SELEX ES INTERNATIONAL LTD	MYR	10,000,000		30	30
AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (Emirati Arabi Uniti)	LEONARDO SPA	AED	58,010,000	30		30
AIRBUS TELESPAZIO CAPACITY OPERATOR SAS	Issy Les Moulineaux (Francia)	TELESPAZIO FRANCE SAS	EUR	11,000,000		49	32.83
AMSH BV	Rotterdam (Olanda)	LEONARDO SPA	EUR	36,296,316	50		50
AVIO SPA	Roma	LEONARDO SPA	EUR	90,964,213	29.63		29.63
BLCAT INC	Ottawa, Ontario (Canada)	LEONARDO CANADA CO	CAD	100		50	50
CNBM LEONARDO (SHANGHAI) AEROSTRUCTURES CO. LTD	Shanghai (Cina)	LEONARDO SPA	USD	200,000,000	30		30
C-27J AVIATION SERVICES INC	Ottawa, Ontario (Canada)	LEONARDO CANADA CO	CAD	10,000		30	30
CONSORZIO ATR GIE	Tolosa (Francia)	LEONARDO SPA	USD	-	50		50.00
D-FLIGHT SPA	Roma	UTM SYSTEMS & SERVICES SRL	EUR	83,333		40	35.60
EARTHLAB LUXEMBOURG SA	Mamer (Lussemburgo)	TELESPAZIO BELGIUM SRL TELESPAZIO FRANCE SAS E - GEOS SPA	EUR	4,875,000		100	64.72
E - GEOS SPA	Matera	TELESPAZIO SPA	EUR	5,000,000		80	53.60
ELETTRONICA SPA	Roma	LEONARDO SPA	EUR	9,000,000	31.33		31.33
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germania)	LEONARDO SPA	EUR	2,556,459	21		21
EUROFIGHTER SIMULATION SYSTEMS GMBH (IN LIQ.)	Monaco (Germania)	LEONARDO SPA	EUR	260,000	24		24
EUROMIDS SAS	Parigi (Francia)	LEONARDO SPA	EUR	40,500	25		25.00
GAF AG	Monaco (Germania)	E - GEOS SPA	EUR	256,000		100	53.60
GULF SYSTEMS LOGISTICS SERVICES COMPANY WLL	Kuwait City (Kuwait)	ALENIA AERMACCHI SPA	KWD	75,000		40	40
G.E.M. ELETTRONICA SRL	San Benedetto del Tronto (Ascoli Piceno)	LEONARDO SPA	EUR	4,500,000	30		30
HELIVERT JOINT STOCK COMPANY	Mosca (Russia)	LEONARDO SPA	RUB	325,010,000	50		50
HENSOLDT AG	Taufkirchen (Germania)	LEONARDO SPA	EUR	105,000,000	25.10		25.10
IAMCO - INTERNATIONAL AEROSPACE MANAGEMENT COMPANY SCRL	Venezia	LEONARDO SPA	EUR	208,000	25		25
ICARUS SCPA (IN LIQ.)	Torino	LEONARDO GLOBAL SOLUTIONS SPA	EUR	3,192,724		53.06	53.06
INDUSTRIA ITALIANA AUTOBUS SPA	Roma	LEONARDO SPA	EUR	24,115,593	28.65		28.65
INMOVE ITALIA SRL	Napoli	ANSALDOBREDA SPA	EUR	14,441		100	100
IVECO - OTO MELARA SC A RL	Roma	LEONARDO SPA	EUR	40,000	50		50
JIANGXI CHANGHE AGUSTA HELICOPTER CO LTD	Jingdezhen (Cina)	LEONARDO SPA	CNY	6,000,000	40		40
LEONARDO AEROSPACE DEFENSE & SECURITY INDIA PRIVATE LTD	New Delhi (India)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	INR	30,000,000		100	100
LEONARDO CANADA CO	Halifax, Nova Scotia (Canada)	LEONARDO INTERNATIONAL SPA	CAD	298,421		100	100
LEONARDO (CHINA) CO. LTD	Beijing (Cina)	LEONARDO INTERNATIONAL SPA	USD	800,000		100	100
LEONARDO ELECTRONICS PENSION SCHEME (TRUSTEE) LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	100		100	100
LEONARDO FOR TRADING OF MACHINERY EQUIPMENT AND DEVICES WLL	Kuwait City (Kuwait)	LEONARDO INTERNATIONAL SPA	KWD	303,000		93	93
LEONARDO FUTUREPLANNER (TRUSTEE) LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO HELICOPTERES ALGERIE SPA	Bir Mourad Rais (DZ) (Algeria)	LEONARDO SPA LEONARDO INTERNATIONAL SPA	EUR	55,000,000	39	10	49
LEONARDO HELICOPTERS PENSION SCHEME (TRUSTEE) LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO MW Ltd	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO POLAND SP Z O.O	Varsavia (Polonia)	LEONARDO INTERNATIONAL SPA	PLN	850,000		100	100
LEONARDO SINGAPORE PTE. LTD	Singapore (Singapore)	LEONARDO INTERNATIONAL SPA	USD	150,000		100	100

Half-year financial report at 30 June 2023

List of companies consolidated using the equity method (amounts in foreign currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
LEONARDO TECHNOLOGY PAKISTAN (SMC-PRIVATE) LIMITED	Islamabad (Pakistan)	LEONARDO INTERNATIONAL SPA	PKR	30,000,000		100	100
LEONARDO & CODEMAR SA	Maricà (Brasile)	LEONARDO INTERNATIONAL SPA	BRL	4,010,000		51	51
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libia)	LEONARDO SPA AGUSTAWESTLAND SPA	EUR	8,000,000	25	25	50
MACCHI HUREL DUBOIS SAS	Versailles (Francia)	LEONARDO SPA	EUR	100,000	50		50
MBDA SAS	Parigi (Francia)	AMSH BV	EUR	53,824,021		50	25
NHINDUSTRIES SAS	Aix en Provence (Francia)	LEONARDO SPA	EUR	306,000	32		32
ORIZZONTE - SISTEMI NAVALI SPA	Genova	LEONARDO SPA	EUR	20,000,000	49		49
POLO STRATEGICO NAZIONALE SPA	Roma	LEONARDO SPA	EUR	3,000,000	25		25
RARTEL SA	Bucarest (Romania)	TELESPAZIO SPA	RON	468,500		61.06	40.91
ROTORSIM SRL	Sesto Calende (Varese)	LEONARDO SPA	EUR	9,800,000	50		50
ROTORSIM USA LLC	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	12,607,452		50	50
SELEX ES (PROJECTS) LTD	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	100		100	100
SPACEOPAL GMBH	Monaco (Germania)	TELESPAZIO SPA	EUR	500,000		50	33.50
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	TELESPAZIO SPA TELESPAZIO BRASIL SA	ARS	9,950,000		100	66.96
TELESPAZIO BELGIUM SRL	Transinne (Belgio)	TELESPAZIO SPA TELESPAZIO FRENCH GUIANA SARL	EUR	1,282,750		100	67
TELESPAZIO BRASIL SA	Rio de Janeiro (Brasile)	TELESPAZIO LATIN AMERICA LTDA	BRL	58,724,000		98.77	66.18
TELESPAZIO FRANCE SAS	Tolosa (Francia)	TELESPAZIO SPA	EUR	33,670,000		100	67
TELESPAZIO FRENCH GUIANA SARL	Kourou (Guyana Francese)	TELESPAZIO SPA	EUR	7,625		100	67
TELESPAZIO GERMANY GMBH	Darmstadt (Germania)	TELESPAZIO SPA TELESPAZIO FRANCE SAS	EUR	44,150		100	67
TELESPAZIO IBERICA SL	Madrid (Spagna)	TELESPAZIO SPA	EUR	2,230,262		100	67
TELESPAZIO LATIN AMERICA LTDA	Rio de Janeiro (Brasile)	TELESPAZIO SPA TELESPAZIO UK LTD	BRL	56,444,390		100	67
TELESPAZIO SPA	Roma	LEONARDO SPA	EUR	50,000,000	67		67
TELESPAZIO UK LTD	Luton (UK)	TELESPAZIO SPA	GBP	14,400,048		100	67
TELESPAZIO UK SL	Madrid (Spagna)	TELESPAZIO UK LTD	EUR	3,100		100	67
THALES ALENIA SPACE SAS	Cannes (Francia)	LEONARDO SPA	EUR	918,037,500	33		33
TORPEDO SOUTH AFRICA (PTY) LTD	Gauteng (Sud Africa)	LEONARDO SPA	ZAR	-	49		49
VITROCISSET JADWALEAN LTD	Riyadh (Arabia Saudita)	LEONARDO SPA	SAR	2,000,000	45		45

List of subsidiaries and associates valued at cost (amounts in foreign currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
ADVANCED MALE AIRCRAFT LLC	Al Ain, Muwajji (Emirati Arabi Uniti)	LEONARDO SPA	AED	200,000	49		49
ELSACOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ucraina)	LEONARDO PARTECIPAZIONI SPA	UAH	7,945,000		49	49

Half-year financial report at 30 June 2023

Below are the changes in the scope of consolidation at 30 June 2023 in comparison with 30 June 2022:

Company	Event	Month
<u>Companies which entered the scope of consolidation:</u>		
Earthlab Luxembourg Sa (**)	acquired	July 2022
Leonardo Us Corporation	newly established	August 2022
Polo Strategico Nazionale Spa (**)	newly established	August 2022
Leonardo Logistics Poland Sp. Z o.o	newly established	October 2022
Rada Electronic Industries Ltd	acquired	November 2022
Rada Sensors Inc	acquired	November 2022
Rada Usa Llc	acquired	November 2022
Rada Innovations Llc	acquired	November 2022
Rada Technologies Llc	acquired	November 2022
Blcat Inc (**)	acquired	December 2022
Leonardo Us Subholding Llc	newly established	March 2023
Cnbm Leonardo (Shanghai) Aerostructures Co. Ltd (**)	newly established	April 2023

Companies which left the scope of consolidation:

Advanced Acoustic Concepts Llc (**)	sold	July 2022
Drs Global Enterprise Solutions Inc	sold	August 2022
Global Network Services Llc	sold	August 2022
Drs Tsi International Llc	sold	August 2022
Drs Technologies Verwaltungs Gmbh	sold	August 2022
Drs C3 & Aviation Company	derecognised	September 2022
Drs Radar Systems Llc	derecognised	September 2022
World's Wing Sa (in liq.) (**)	derecognised	December 2022
Chongqing Chuanyi AnsaldoBreda Railway Transportation Equipment Company Ltd (in liq.) (*)	derecognised	December 2022

Companies involved in merger transactions:

Merged company	Merging company	Month
Blackstart Ltd	Rada Electronic Industries Ltd	November 2022

Companies which changed their name:

Old name	New name	Month
Leonardo US Holding Inc	Leonardo US Holding Llc	October 2022
Rada Electronic Industries Ltd	Drs Rada Technologies Ltd	December 2022
Leonardo US Aircraft Inc	Leonardo US Aircraft Llc	March 2023
Selex Es Inc	Selex Es Llc	March 2023

(*): companies valued at cost

(**): companies valued at equity

**STATEMENT ON THE CONDENSED CONSOLIDATED HALF-YEAR
FINANCIAL STATEMENTS AT 30 JUNE 2023 PURSUANT TO ART. 154 BIS,
PARAGRAPH 5 OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND
SUPPLEMENTED**

1. The undersigned Roberto Cingolani as Chief Executive Officer and General Manager and Alessandra Genco as the Officer in charge of financial reporting for Leonardo Società per azioni, certify, in accordance with Art. 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 condensed consolidated half-year financial statements at 30 June 2023.

2. In this respect it is noted that no significant matters arose.

3. It is also certified that:

3.1 The condensed consolidated half-year financial statements:

- were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) 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 58/98 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 the companies included in the scope of consolidation.

3.2 The directors' interim report on operations provides a reliable analysis of the important events taking place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the key risks and uncertainties for the remaining six months of the year. The directors' interim report on operations also includes a reliable analysis of significant transactions with related parties.

This statement is also made pursuant to and for the purposes of Art. 154-bis, paragraph 2, of Legislative Decree 58 of 24 February 1998.

Rome, 28 July 2023

Chief Executive Officer and
General Manager
(Roberto Cingolani)

Officer in charge of financial
reporting
(Alessandra Genco)



Leonardo S.p.A.

Review report on the interim condensed consolidated financial statements as of 30 June 2023

(Translation from the original Italian text)

Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Leonardo S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the condensed separate income statement, the statement of comprehensive income, the condensed statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes of Leonardo S.p.A. and its subsidiaries (Leonardo Group) as of 30 June 2023. The Directors of Leonardo S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Leonardo Group as of 30 June 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 1 August 2023

EY S.p.A.
Signed by: Riccardo Rossi, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers