



HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2024

Disclaimer:

This Half-Year Financial Report for 2024 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

CONTENTS

BOARDS AND COMMITTEES	3
GROUP RESULTS AND FINANCIAL POSITION	4
KEY PERFORMANCE INDICATORS BY SECTOR	11
1. <i>Helicopters</i>	12
2. <i>Defence Electronics & Security</i>	13
3. <i>Cyber & Security Solutions</i>	15
4. <i>Aircraft</i>	15
5. <i>Aerostructures</i>	16
6. <i>Space</i>	17
OUTLOOK	18
INDUSTRIAL AND FINANCIAL TRANSACTIONS	19
RELATED-PARTY TRANSACTIONS	22
“NON-GAAP” PERFORMANCE INDICATORS	23
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024	28
CONDENSED CONSOLIDATED SEPARATE INCOME STATEMENT	29
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	30
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31
CONSOLIDATED STATEMENT OF CASH FLOWS	32
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	33
EXPLANATORY NOTES	34
ANNEX: SCOPE OF CONSOLIDATION	62
STATEMENT ON THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2024 PURSUANT TO ART. 154 BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED	69
INDEPENDENT AUDITORS’ REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2024.....	70

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)

DOMENICA LISTA
Secretary of the Board of Directors

BOARD OF STATUTORY AUDITORS(*)
(for the three-year period 2024 - 2026)

Regular Statutory Auditors

LUCA ROSSI
Chairman

MARCO FAZZINI

GIULIA PUSTERLA

PAOLA SIMONELLI

ALESSANDRO ZAVAGLIA

Alternate Statutory Auditors

GIUSEPPE CERATI

MONICA SCIPIONE

SERENELLA ROSSANO

FABRIZIO PEZZANI

INDEPENDENT LEGAL AUDITORS

EY S.p.A.
(for the period 2021 - 2029)

(*) The previous Board of Statutory Auditors, whose term of office expired with the Shareholders' Meeting of 24 May 2024, was as follows: Luca Rossi (Chairman), Sara Fornasiero, Leonardo Quagliata, Amedeo Sacrestano, Anna Rita de Mauro (Regular Statutory Auditors), Giuseppe Cerati and Eugenio Pinto (Alternate Statutory Auditors).

-
- 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 2023 continued in the first six months of 2024, with a significant growth in volumes and a solid profitability in all the business segments, showing a further significant increase compared to the prior period. In order to make the Group's operating performance more comparable, the indicators for the comparative period are also provided in this Report on a pro-forma basis, including the contribution of the Telespazio group, consolidated on a line-by-line basis starting from 1 January 2024.

New orders and Revenues sharply increased by 18.8% (+15.6% compared to the pro-forma figure of June 2023) and by 15.8% (+10.9% compared to the pro-forma figure) respectively, driven in particular by the Defence Electronics & Security and Helicopters businesses. The growth of Revenues was accompanied by an increase in EBITA of 17.0% (+13.3% compared to the pro-forma figure), bringing the ROS for the period to 6.3% (6.2% at 30 June 2023).

Free Operating Cash Flow for the period also improved by 2.9% (8.4% compared to the pro-forma figure), demonstrating the Group's ability to keep on the path to strengthen cash generation it has embarked on, though being affected by the usual interim trend that is characterised by cash absorptions in the first part of the year. The FOCF performance and the sale of the minority stake in Leonardo DRS, which occurred in the last quarter of 2023, resulted in a consequent positive impact on the Group's net debt, which decreased by about 17.5% compared to the comparative period (18.3% compared to the pro-forma figure).

Key performance indicators (KPIs)

The KPIs for the period and the main changes in the Group's performance are shown below. Please refer to section "Non-GAAP performance indicators" for definitions.

The Key Performance Indicators for the comparative period are provided also on a pro-forma basis, including the effects of the line-by-line consolidation of Telespazio.

	June 2023	June 2024	% Change	June 2023 Pro-forma	% Change	2023
New orders	8,691	10,324	18.8%	8,934	15.6%	17,926
Order backlog	39,119	43,346	10.8%	40,382	7.3%	39,529
Revenue	6,894	7,985	15.8%	7,200	10.9%	15,291
EBITDA	703	828	17.8%	730	13.4%	1,883
EBITA	430	503	17.0%	444	13.3%	1,289
ROS	6.2%	6.3%	0.1 p.p.	6.2%	0.1 p.p.	8.4%
EBIT	368	390	6.0%	376	3.7%	1,085
EBIT Margin	5.3%	4.9%	(0.4) p.p.	5.2%	(0.3) p.p.	7.1%
Net Result before extraordinary transactions	197	189	(4.1%)	202	(6.4%)	742
Net result	208	555	166.8%	213	160.6%	695
Group Net Debt	3,637	3,000	(17.5%)	3,674	(18.3%)	2,323
FOCF	(517)	(502)	2.9%	(548)	8.4%	635
ROI	10.8%	11.4%	0.6 p.p.	11.2%	0.2 p.p.	11.9%
Workforce	52,306	58,280	11.4%	55,469	5.1%	53,566

Half-Year Financial Report at 30 June 2024

The primary changes that marked the Group's performance compared to the previous year are described below. A thorough analysis can be found in the section covering the trends in each business segment.

	30 June 2023									
	New orders	Proforma	Order backlog at 31 Dec. 2023	Proforma at 31 Dec. 2023	Revenue	Proforma	EBITA	Proforma	ROS	Proforma
Helicopters	2,805	2,805	14,426	14,426	2,160	2,160	157	157	7.3%	7.3%
Defence Electronics & Security	4,120	4,120	15,890	15,890	3,052	3,052	297	297	9.7%	9.7%
Cyber & Security Solutions	278	278	993	993	267	267	12	12	4.5%	4.5%
Aircraft	1,497	1,497	7,972	7,972	1,348	1,348	160	160	11.9%	11.9%
Aerostructures	225	225	1,095	1,095	327	327	(77)	(77)	(23.5%)	(23.5%)
- of which GIE ATR	-	-	-	-	-	-	(5)	(5)	n.a.	n.a.
Space	-	258	-	1,393	-	309	2	16	n.a.	5.2%
Other activities	323	323	375	375	363	363	(121)	(121)	(33.3%)	(33.3%)
Eliminations	(557)	(572)	(1,222)	(1,241)	(623)	(626)	-	-	n.a.	n.a.
Total	8,691	8,934	39,529	40,903	6,894	7,200	430	444	6.2%	6.2%

	30 June 2024				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	3,584	15,666	2,425	172	7.1%
Defence Electronics & Security	5,013	17,212	3,460	363	10.5%
Cyber & Security Solutions	427	1,052	301	16	5.3%
Aircraft	1,026	7,781	1,272	167	13.1%
Aerostructures	364	1,107	353	(76)	(21.5%)
- of which GIE ATR	-	-	-	(5)	-
Space	335	1,617	399	(1)	(0.3%)
Other activities	377	472	398	(138)	(34.7%)
Eliminations	(802)	(1,561)	(623)	-	n.a.
Total	10,324	43,346	7,985	503	6.3%

	Change %									
	New orders	Proforma	Order backlog	Proforma	Revenue	Proforma	EBITA	Proforma	ROS	Proforma
Helicopters	27.8%	27.8%	8.6%	8.6%	12.3%	12.3%	9.6%	9.6%	(0.2) p.p.	(0.2) p.p.
Defence Electronics & Security	21.7%	21.7%	8.3%	8.3%	13.4%	13.4%	22.2%	22.2%	0.8 p.p.	0.8 p.p.
Cyber & Security Solutions	53.6%	53.6%	5.9%	5.9%	12.7%	12.7%	33.3%	33.3%	0.8 p.p.	0.8 p.p.
Aircraft	(31.5%)	(31.5%)	(2.4%)	(2.4%)	(5.6%)	(5.6%)	4.4%	4.4%	1.2 p.p.	1.2 p.p.
Aerostructures	61.8%	61.8%	1.1%	1.1%	8.0%	8.0%	1.3%	1.3%	2.0 p.p.	2.0 p.p.
- of which GIE ATR	-	-	-	-	-	-	-	-	-	-
Space	n.a.	29.8%	n.a.	16.1%	n.a.	29.1%	(150.0%)	(106.3%)	n.a.	(5.5) p.p.
Other activities	16.7%	16.7%	25.9%	25.9%	9.6%	9.6%	(14.0%)	(14.0%)	(1.4) p.p.	(1.4) p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	18.8%	15.6%	9.7%	6.0%	15.8%	10.9%	17.0%	13.3%	0.1 p.p.	0.1 p.p.

Commercial and business performance

New orders came to €bil. 10.3, significantly increasing (+18.8%, +15.6% on the pro-forma figure) compared to the first six months of 2023, thanks in particular to the excellent performance of the Defence Electronics and Security sector, in all the main business areas of the European DES component and in that of the subsidiary DRS, as well as of Helicopters in the government and commercial fields. We also note a considerable increase in the contribution given by Cyber & Security Solutions and Aerostructures. The level of Orders for the half-year 2024 is equal to a book to bill (the ratio of New orders to Revenues for the period) of about 1.3. The **Order Backlog** ensures a coverage in terms of production exceeding 2.5 years.

Revenues (€bil. 8.0) increased compared to the first six months of 2023 (+15.8%, +10.9% on the pro-forma figures) in almost all business sectors. The contribution of the Defence Electronics and Security and Helicopters sectors was particularly important.

EBITA (€mil. 503) reflects the solid performance of the Group's businesses, showing an increase compared to the first six months of 2023 (+17.0%, +13.3% on the pro-forma figure) in almost all sectors. The period was particularly affected by the performance of the Defence Electronics and Security, while the Space sector was affected by the expected difficulties in the manufacturing segment.

Likewise, **EBIT**, equal to €mil. 390 reported a growth (+6.0%, +3.7% on the pro-forma figure) despite being affected by an increase in non-recurring one-off charges, mainly due to the effects deriving from the positive termination and settlement of contracts entered into in previous years. Additionally, EBIT was also affected by the amortisation of the Purchase Price Allocation connected with the first-time consolidation of the Telespazio group starting from 1 January 2024.

The **Net Result before extraordinary transactions**, amounting to €mil. 189 (€mil. 197 in the comparative period, €mil. 202 on the pro-forma figure), was affected by the higher tax burden for the period mainly due to the higher taxation of foreign components.

The **Net Result** of €mil. 555 (€mil. 208 in the comparative period, €mil. 213 on the pro-forma figure) included, in addition to the Net Result before extraordinary transactions, the capital gain (€mil. 366) recognised after the fair value measurement of the investment previously held in the Telespazio group, carried out for the purposes of its line-by-line consolidation.

Half-Year Financial Report at 30 June 2024

(€ millions)	Note	For the 6 months ended 30 June		Change	% Change
		2023	2024		
Revenue		6,894	7,985	1,091	15.8%
Purchases and personnel expenses	(*)	(6,201)	(7,193)		
Other net operating income/(expenses)	(**)	(20)	27		
Equity-accounted strategic investments	(***)	29	9		
Amortisation, depreciation and write-offs	(****)	(272)	(325)		
EBITA		430	503	73	17.0%
ROS		6.2%	6.3%	0.1 p.p.	
Non-recurring income/(expenses)		(13)	(70)		
Restructuring costs		(31)	(15)		
Amortisation of intangible assets acquired as part of business combinations		(18)	(28)		
EBIT		368	390	22	6.0%
EBIT Margin		5.3%	4.9%	(0.4) p.p.	
Net financial income/(expenses)	(*****)	(97)	(90)		
Income taxes		(74)	(111)		
Net Result before extraordinary transactions		197	189	(8)	(4.1%)
Net result related to extraordinary transactions and discontinued operations	(*****)	11	366		
Net result		208	555	347	166.8%

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 performance indicators"):

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

Financial performance

FOCF in the first half of 2024, negative for €mil. 502, improving compared to the performance at 30 June 2023 (negative for €mil. 517, negative for €mil. 548 in the pro-forma figure), confirmed the positive results reached thanks to initiatives to strengthen operational performance and the collection cycle, a careful investment policy in a period of business growth, an efficient financial strategy and to the actions to rationalize and make more efficient working capital.

The figure however highlighted the usual interim trend that is characterised by significant cash absorptions during the first part of the year.

Half-Year Financial Report at 30 June 2024

(€ millions)	Note	For the 6 months ended 30 June		Change	% Change
		2023	2024		
Cash flows used in operating activities	(*)	(405)	(294)		
Dividends received		177	136		
Cash flows from ordinary investing activities	(**)	(289)	(344)		
Free Operating Cash Flow (FOCF)		(517)	(502)	15	2.9%
Strategic transactions	(***)	27	-		
Change in other investing activities	(****)	(13)	7		
Net change in loans and borrowings		161	(686)		
Dividends paid		(82)	(175)		
Net increase (decrease) in cash and cash equivalents		(424)	(1,356)		
Cash and cash equivalents at 1 January		1,511	2,407		
Exchange rate differences and other changes		-	16		
Cash and cash equivalents at 30 June		1,087	1,067		

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

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

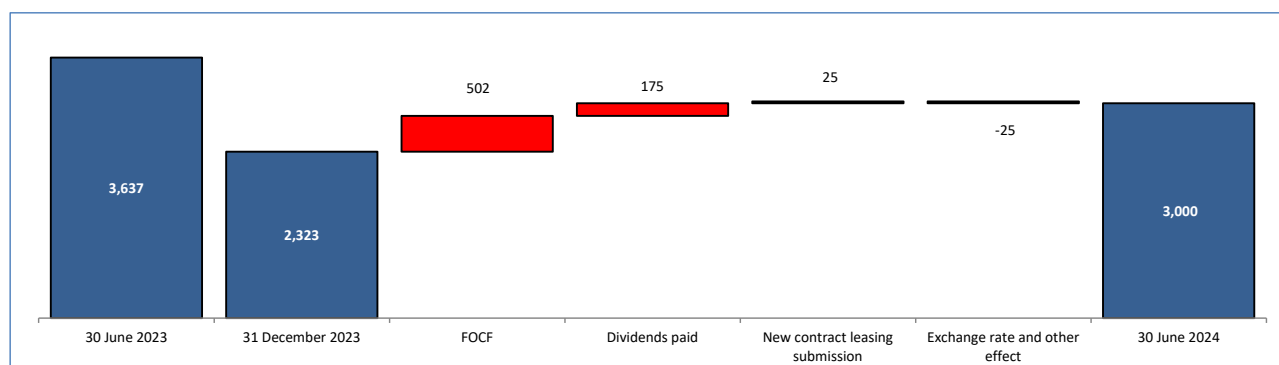
(**) Includes "Cash flow generated from (used in) investing activities", including payments and collections pursuant to Law 808/1985, net of dividends collected;

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

(****) Includes "Other investing or divesting activities", excluding dividends collected, the effect of transactions classified as "Strategic transactions" and collections pursuant to Law 808/1985.

The **Group Net Debt**, equal to €mil. 3,000, reduced (about €bil. 0.6) against June 2023 thanks to the strengthening of the Group's cash generation and to the sale of the minority stake in Leonardo DRS occurred in the last quarter of 2023. Compared to 31 December 2023 (€mil. 2,323) the figure increased mainly as a result of the abovementioned FOCF performance, in addition to the payment of dividends for an amount equal to €mil. 175 (of which €mil. 159 relating to Leonardo S.p.a.).

Changes in the Group Net Debt



Reclassified statement of financial position

(€ millions)	Note	30 June 2023	31 December 2023	30 June 2024
Non-current assets		13,876	14,295	15,037
Non-current liabilities		(2,216)	(2,248)	(2,353)
Capital assets	(*)	11,660	12,047	12,684
Inventories	(**)	1,183	596	1,219
Trade receivables	(***)	3,474	3,685	3,856
Trade payables	(****)	(2,739)	(3,268)	(3,299)
Working capital		1,918	1,013	1,776
Provisions for short-term risks and charges		(1,057)	(1,087)	(986)
Other net current assets (liabilities)	(*****)	(978)	(1,049)	(1,138)
Net working capital		(117)	(1,123)	(348)
Net invested capital		11,543	10,924	12,336
Equity attributable to the Owners of the Parent		7,387	7,800	8,306
Equity attributable to non-controlling interests		520	761	1,091
Equity		7,907	8,561	9,397
Group Net Debt		3,637	2,323	3,000
Net (assets)/liabilities held for sale	(*****)	(1)	40	(61)

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 performance indicators"):

(*) Includes all non-current assets and all non-current liabilities, excluding "Non-current loans and borrowings".

(**) 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".

Assets and liabilities classified as held for sale at 30 June 2024 are mainly represented by the "Underwater Armaments and Systems" business unit of Leonardo, whose sale is expected to be finalized by the beginning of 2025, in addition to liabilities accruing from the charges that are due to arise from the sale of the investment in the associate Industria Italiana Autobus finalized on 11 July 2024.

Half-Year Financial Report at 30 June 2024

The Group Net Debt breaks down as follows:

<i>(€ millions)</i>	30 June 2023	<i>of which current</i>	31 December 2023	<i>of which current</i>	30 June 2024	<i>of which current</i>
Bonds	1,607	13	1,631	635	1,009	512
Bank debt	1,488	218	1,312	87	1,277	69
Cash and cash equivalents	(1,087)	(1,087)	(2,407)	(2,407)	(1,067)	(1,067)
Net bank debt and bonds	2,008		536		1,219	
Current loans and receivables from related parties	(114)	(114)	(183)	(183)	(276)	(276)
Other current loans and receivables	(23)	(23)	(22)	(22)	(27)	(27)
Current loans and receivables and securities	(137)		(205)		(303)	
Hedging derivatives in respect of debt items	(5)	(5)	6	6	(4)	(4)
Other related party loans and borrowings	1,070	970	1,292	1,192	1,376	1,276
Lease liabilities	621	78	610	79	641	82
Other loans and borrowings	80	30	84	51	71	29
Group Net Debt	3,637		2,323		3,000	

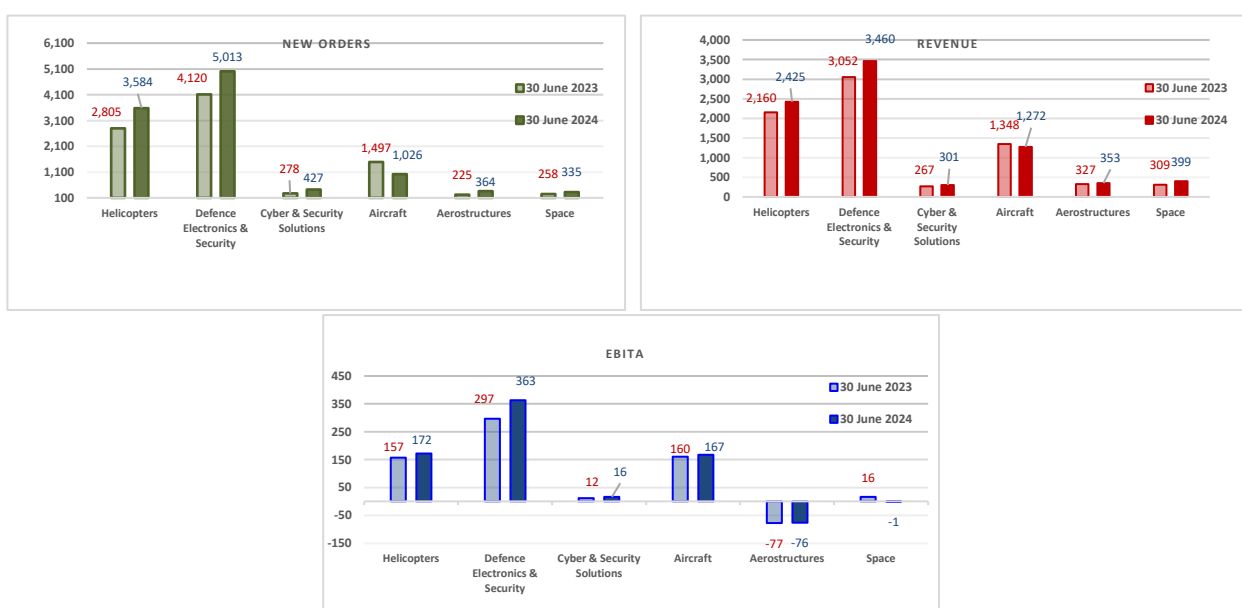
The section on “Financial transactions”, to which reference is made, reports the transactions occurred in the period, accompanied by a review of the Group’s credit lines.

KEY PERFORMANCE INDICATORS BY SECTOR

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

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

Leonardo continued the path to growth in all sectors of its core business. The trend of new orders, revenues and EBITA by sector was as follows:



Half-Year Financial Report at 30 June 2024

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

		30 June 2023	30 June 2024	Change	Change %
1. Helicopters	New orders	2,805	3,584	779	27.8%
	Order backlog at 31 Dec. 2023	14,426	15,666	1,240	8.6%
	Revenue	2,160	2,425	265	12.3%
	EBITA	157	172	15	9.6%
	ROS	7.3%	7.1%		(0.2) p.p.
2. Defence Electronics & Security	New orders	4,120	5,013	893	21.7%
	Order backlog at 31 Dec. 2023	15,890	17,212	1,322	8.3%
	Revenue	3,052	3,460	408	13.4%
	EBITA	297	363	66	22.2%
	ROS	9.7%	10.5%		0.8 p.p.
3. Cyber & Security Solutions	New orders	278	427	149	53.6%
	Order backlog at 31 Dec. 2023	993	1,052	59	5.9%
	Revenue	267	301	34	12.7%
	EBITA	12	16	4	33.3%
	ROS	4.5%	5.3%		0.8 p.p.
4. Aircraft	New orders	1,497	1,026	(471)	(31.5%)
	Order backlog at 31 Dec. 2023	7,972	7,781	(191)	(2.4%)
	Revenue	1,348	1,272	(76)	(5.6%)
	EBITA	160	167	7	4.4%
	ROS	11.9%	13.1%		1.2 p.p.
5. Aerostructures	New orders	225	364	139	61.8%
	Order backlog at 31 Dec. 2023	1,095	1,107	12	1.1%
	Revenue	327	353	26	8.0%
	EBITA	(77)	(76)	1	1.3%
	ROS	(23.5%)	(21.5%)		2.0 p.p.
6. Space (*)	New orders	258	335	77	29.8%
	Order backlog at 31 Dec. 2023	1,393	1,617	224	16.1%
	Revenue	309	399	90	29.1%
	EBITA	16	(1)	(17)	(106.3%)
	ROS	5.2%	(0.3%)		(5.5) p.p.

(*) Values at 30 June 2023 are reported on a pro-forma basis, including the contribution from the Telespazio group.

1. Helicopters

In the first six months of 2024, the sector continued to show a positive performance, with New orders, Revenues and EBITA showing growth compared to the first half of 2023. During the period 77 new helicopters were delivered (82 in the same period of 2023).

New orders. Up by about 30% compared to the first half of 2023, confirming the very good performance of the sector in both the government and commercial areas. Among the main acquisitions for the period we note:

- the order for additional 20 AW139 helicopters to be used in healthcare and search and rescue missions from the operator The Helicopter Company in Saudi Arabia;

Half-Year Financial Report at 30 June 2024

- the contract signed with Galaxy Aerospace for 4 AW189 helicopters for the Malaysian Maritime Enforcement Agency (MMEA) for search and rescue missions;
- the contract for the purchase of 4 AW149 helicopters and 4 AW169 helicopters by the Ministry of Defence of North Macedonia;
- the order from Equinor for 5 AW189 helicopters for passenger transport in the Norwegian continental shelf;
- orders for 7 AW189 helicopters as part of the plan of fleet expansion on the part of Bristow;
- purchase order in relation to the contract entered between NHIndustries and NAHEMA regarding the development and qualification of the Software Release 3 (SWR3) for the NH90 helicopter.

Revenues. These were on a rise mainly for increased activities on the dual use helicopter lines and on CSS&T.

EBITA. This figure increased chiefly thanks to higher Revenues, with profitability substantially unchanged.

2. Defence Electronics & Security

As already described, starting from 2024 the Cyber & Security Solutions business was hived off from the Defence Electronics & Security (DES) sector, which included it until the 2023 financial statements, and now recognised separately. The new DES perimeter mainly includes the Electronics Division, the subsidiary Leonardo DRS and the strategic investments MBDA and Hensoldt. In order to make operating performance comparable, the indicators of the comparative period of the DES sector have been restated.

The first six months of 2024 of the new perimeter of the DES sector highlighted an excellent commercial performance, with a book to bill higher than 1.4, increased Revenues and profitability compared to the same period of last year in all the main business areas of the European component of the DES sector and of the subsidiary DRS, confirming the positive trend already recorded in the first quarter of 2024.

Key Performance Indicators of the sector

	New orders	Revenue	EBITA	ROS
30 June 2023				
Electronics Europe	2,810	1,954	213	10.9%
Leonardo DRS	1,339	1,107	84	7.6%
Eliminations	(29)	(9)	-	n.a.
Total	4,120	3,052	297	9.7%
30 June 2024				
Electronics Europe	3,391	2,136	251	11.8%
Leonardo DRS	1,624	1,333	112	8.4%
Eliminations	(2)	(9)	-	n.a.
Total	5,013	3,460	363	10.5%
Change %				
Electronics Europe	20.7%	9.3%	17.8%	0.9 p.p.
Leonardo DRS	21.3%	20.4%	33.3%	0.8 p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.
Total	21.7%	13.4%	22.2%	0.8 p.p.

Average exchange rate €/USD: 1.0812 (first six months of 2024) and 1.0811 (first six months of 2023)

New orders. These increased significantly compared to the same period of 2023. Among the main acquisitions of the period in the European Electronics perimeter are:

Half-Year Financial Report at 30 June 2024

- in the naval domain, the order for the supply and setup of combat systems falling within the broader programme to renew the surface patrol units of the Italian Navy;
- as for the Light Multirole Tactical Vehicle (LMTV) programme, the supply of new-generation Software Defined Radio (SDR) communication systems and the supply of satellite communication equipment, which will provide Satcom-On-The-Move (SOTM) capabilities, to equip new-generation vehicles used by the Italian Army to ensure mobility and safety in medium/high-intensity operational theatres and to reach areas affected by disasters;
- as part of the broader Blindo Centauro 2 programme, which aims to meet the needs of the Italian Army's line cavalry regiment, the order for the equipment of the last tranche of 28 units that will be equipped with, among other things, the HITFACT tower and Command and Control Communication systems;
- as part of the Defence Systems, various export orders for the supply of large multirole calibers in the naval domain.

For the subsidiary Leonardo DRS we highlight:

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

Revenues. Increased volumes compared to the same period of last year, in particular in the European Electronics, as a result of the gradual and continuous backlog increase. Also the subsidiary Leonardo DRS volumes showed an increase, attributable to higher orders.

EBITA. Profitability showed a sharp increase in all the main business areas both in the European Electronics component and in the subsidiary DRS, mainly for higher volumes in the period. A positive contribution was given by the MBDA JV to the sector's profitability, while Hensoldt posted a result slightly lower than that of the comparative period.

Leonardo DRS data in USD

	New orders	Revenue	EBITA	ROS
Leonardo DRS (\$mil.) June 2023	1,447	1,197	91	7.6%
Leonardo DRS (\$mil.) June 2024	1,756	1,441	121	8.4%

3. Cyber & Security Solutions

The Cyber & Security Solutions sector mainly includes the Cyber & Security Solutions Division. The results of the first six months of 2024 of the Cyber & Security Solutions sector, which starting from 2024 was recognised separately from the Defence Electronics & Security, showed an excellent commercial performance with a book to bill higher than 1.4 and with increased volumes and profitability compared to the same period of the last year.

New orders. These grew significantly compared to June 2023. Among the main acquisitions of the period we note:

- As part of the activities related to the Defence & Government Business, the order for the formation 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);
- The order aimed at developing new and innovative solutions for the National Agricultural Information System (NAIS), implementing rules envisaged by the EU's Common Agricultural Policy in terms of recognition towards the demand of Italian farmers, also introducing principles of safety and Cloud orientation;
- Various orders as part of the broader Polo Strategico Nazionale (PSN) project aimed at supporting Public Administration companies in their digital transformation by adopting a Cloud model, rationalising Data Centres and adapting connectivity by increasing the level of security of managed data.

Revenues. Higher volumes compared to the same period of 2023 also as a result of higher orders of the period.

EBITA. This was up mainly due to increased operating profitability.

4. Aircraft

The Aircraft sector showed a further improvement in business profitability, which was already recorded in 2023, supported by an important performance of the military business. From a production point of view, for the military programmes of the Aircraft Division no. 23 wings were delivered to Lockheed Martin for the F-35 programme (no. 21 wings delivered in the first half of 2023) and no. 4 fuselages to the Eurofighter consortium and no. 3 wings for the Typhoon programme (no. 3 fuselages and no. 4 wings delivered in the same period of 2023). There were 2 deliveries of aircraft to Kuwait, compared to the 3 deliveries recorded in the first half of 2023.

Half-Year Financial Report at 30 June 2024

New orders. These decreased compared to the same period of the prior year, due to acquisitions postponed to the second half of 2024. Among the main acquisitions of the current year, we highlight the logistic component of the EFA and C-27J aircraft, in addition to the supply of wings for the JSF programme.

Revenues. They declined compared to the first half of 2023 due to export order deferment and lower pass-through activities.

EBITA. This was higher than in the first six months of 2023, furtherly increasing the high level of profitability, mainly supported by programmes of the Fighter line.

5. Aerostructures

The Aerostructures sector showed an increase in volumes, with results in line with the first half of 2023. From an industrial point of view:

- 23 fuselage sections were delivered for the B787 programme (18 fuselages in 2023) and 16 fuselages were delivered under the ATR programme (against 6 fuselages in 2023);
- for GIE-ATR 11 deliveries were registered compared to the 12 ones recorded in the same period of 2023.

Key Performance Indicators of the sector

30 June 2023	New orders	Revenue	EBITA	ROS
Aerostructures	225	327	(72)	(22.0%)
GIE ATR	<i>n.a.</i>	<i>n.a.</i>	(5)	<i>n.a.</i>
Total	225	327	(77)	(23.5%)
30 June 2024	New orders	Revenue	EBITA	ROS
Aerostructures	364	353	(71)	(20.1%)
GIE ATR	<i>n.a.</i>	<i>n.a.</i>	(5)	<i>n.a.</i>
Total	364	353	(76)	(21.5%)
Change %	New orders	Revenue	EBITA	ROS
Aerostructures	61.8%	8.0%	1.4%	1.9 p.p.
GIE ATR	<i>n.a.</i>	<i>n.a.</i>	-	<i>n.a.</i>
Total	61.8%	8.0%	1.3%	2.0 p.p.

New orders. The Aerostructures sector recorded an important increase compared to last year, benefitting from the recovery of the orders for Boeing and ATR fuselages and the increase in the Airbus orders.

Revenues. These improved thanks to the increased activities in the period on the B787 programme.

EBITA. The result posted by the GIE Consortium is in line with the first half of 2023 as it almost confirmed the same number of deliveries. The same applies to Aerostructures where the improvement of the production sites which were working at lower capacity, offset the increase in production costs, such as labour and energy costs.

6. Space

In the first half of 2024 the Sector recorded a good level of acquisitions, considering the positive effects of the NRRP in the period compared to the prior year.

New orders. Among the main acquisitions of the first half of the year we highlight:

- For the service segment of the subsidiary Telespazio:
 - the order for the preliminary activities under the LCNS (Lunar Communication and Navigation System, better known as MoonLight) programme with the European Space Agency;
 - the orders for Engineering Services for the ESOC (European Space Operations Centre);
 - the orders for additional activities on the Tropospheric Communication System in Romania;
 - the order for the geo-information service for the Ministry of Agriculture, Forests and Rural Development in Romania;
 - the order from OCCAR for logistic support orders (ISS) on the Italian-French system MUSIS CIL.
- for the manufacturing segment of the Space business line of Leonardo S.p.a.:
 - the order for the phase 2 of the Rubidium POP EQM project aimed at developing a new atomic clock with ESA;
 - the order from Airbus related to the creation of on-board power control and distribution unit (MPCV PCDU ESM 4-9) of the European Service Module, i.e. the Orion spacecraft service module;
 - the VIGIL order aimed at creating an instrument for monitoring solar storms, whose customer is Airbus.

Revenues. Note, for the subsidiary Telespazio, higher volumes thanks to the better performance of the Satellite Systems and Operations and Geo Information Lobs, particularly on institutional programmes.

EBITA. In the service segment, the subsidiary Telespazio recorded an increasing operating result compared to that of last year. Note that in the manufacturing segment the performance of the investee in the Space Alliance was affected, as expected, by significant increases in development costs related to the commercial telecommunication business not reflected in the corresponding six months of 2023.

In order to highlight the contribution of the entities consolidated by Leonardo to the Space Sector, the economic and profitability performance of the Space business line of Leonardo S.p.a. and of Telespazio Group at 30 June 2024 is reported below:

30 June 2024	Revenue	EBITA	ROS
Space	399	(1)	(0,3%)
- of which Leonardo's Business Space and Telespazio Group	399	29	7.3%

OUTLOOK

According to the Half-year 2024 results and the expectations for the coming periods, we confirm the guidance for the full year 2024 as disclosed in March 2024.

Below is the summary table:

	FY2023 (Pro-forma) ⁽¹⁾	2024 Guidance ⁽²⁾
New Orders (€bn)	18.7	ca. 19.5
Revenues (€bn)	16.0	ca. 16.8
EBITA (€mln)	1,326	ca. 1,440
FOCF (€mln)	652	ca. 770
Group Net Debt (€bn)	2.3	ca. 2.0 ⁽³⁾

2024 exchange rate assumptions €/USD = 1.15 and €/GBP = 0.89

- (1) *The values shown for the year 2023 enhance the full consolidation of Telespazio, effective from 2024*
- (2) *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 deteriorations*
- (3) *Assuming the increased dividend payment from € 0.14 to € 0.28 per share, new leasing contracts, strategic investments, and other minor transactions*

INDUSTRIAL AND FINANCIAL TRANSACTIONS

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

- **Consolidation of the Telespazio group.** Following the amendments to the arrangements originally provided for in the “Space Alliance” with Thales, signed at the start of 2024, the Telespazio group was consolidated on a line-by-line basis by Leonardo starting from 1 January 2024. The transaction brought a capital gain for the Leonardo Group equal to about €mil. 366, recognized following the fair value measurement of the investment previously held in the Telespazio group.
- **Acquisition of Alea.** On 16 April 2024, Leonardo finalized the acquisition of the remaining 30% of the quota capital of Alea S.r.l (hereinafter "Alea"), with a total disbursement of about €mil. 1.5. Leonardo entered the quota capital of Alea in 2021, signing an agreement to acquire 70% of the quota capital with an option for a subsequent future acquisition of the remaining portion through a call option mechanism. Following the exercise of its option under the agreed terms and conditions, Leonardo now holds the entire quota capital of Alea.
- **Disposal of the Underwater Armaments & Systems (UAS) business.** On 9 May 2024, Leonardo announced the signing of a definitive agreement to sell the Underwater Armaments & Systems (UAS) line of business to Fincantieri for an amount based on an Enterprise Value comprising a fixed component of €mil. 300, subject to usual price adjustment mechanisms, plus a variable component of up to €mil. 115 subject to the achievement of certain 2024 performance targets, for a total Enterprise Value up to €mil. 415. The closing of the transaction is expected for the beginning of 2025 and is subject to usual authorisations for such transactions.
- **Sale of Industria Italiana Autobus.** On 19 June 2024, Leonardo announced the signing of an agreement to sell its stake in Industria Italiana Autobus to Seri Industrial S.p.A.. The transaction was concluded on 11 July 2024.

On 3 July 2024, Leonardo and Rheinmetall signed a Memorandum of Understanding for the industrial development and subsequent commercialization of the new Main Battle Tank (MBT) and the new Lynx Platform for the Armoured Infantry Combat System (AICS), within the Italian Army’s ground systems programs. The agreement provides for the creation of a new 50:50 Joint Venture, headquartered in Italy, which will be the Lead System Integrator, prime-contractor and system integrator, in both the Italian programs and will define the roadmap for the participation in the future European Main Ground Combat System (MGCS).

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

As at 30 June 2024 Leonardo S.p.a. 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 30 June 2024 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 of €mil. 1,800 expiring on 7 October 2024 and on 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.

Half-Year Financial Report at 30 June 2024

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

Furthermore, Leonardo has unconfirmed lines of credit for a total of €mil. 10,979, of which €mil. 3,385 still available as at 30 June 2024.

Finally, other Group subsidiaries have the following credit facilities:

- Leonardo DRS has a Revolving Credit Facility for an amount of USDmil. 275 (€mil. 257) which was entered into at the same time as the completion of the merger with RADA, entirely unused at 30 June 2024;
- Leonardo US Corporation has short-term revocable credit lines, guaranteed by Leonardo Spa, for USDmil. 210 (€mil. 196), which were used for USDmil. 20 (€mil. 19) at 30 June 2024;
- Leonardo US Holding has short-term revocable credit lines, guaranteed by Leonardo, for USDmil. 5 (€mil. 5), which were unused at 30 June 2024.

Finally, Leonardo had in place an EMTN (Euro Medium Term Note) programme, renewed in May 2024 for an additional 12-month period, for the possible issue of bonds on the European market for a total of €bil. 4 that, at the date of this report, was still available for €mil. 3,000. 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 the reporting date, thanks to the positive results shown by the Group during 2022 and 2023, Leonardo's credit ratings, compared to those preceding the last change, were as follows:

Agency	Last update	Previous		Updated	
		Credit Rating	Outlook	Credit Rating	Outlook
Moody's	May 2023	Ba1	positive	Baa3	stable
Standard&Poor's	August 2023	BB+	positive	BBB-	stable
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 rate margins applied to certain payables of Leonardo (Revolving Credit Facility and Term Loan).

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

At the date of this report, 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

Half-Year Financial Report at 30 June 2024

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 included in the ESG-linked Revolving Credit Facility and in the ESG-linked Term Loan signed in 2021 which require Leonardo to comply with two Financial ratios (the ratio of Group net debt - excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities / EBITDA, including amortisation of the right of use assets, must be no higher than 3.75 and the ratio of EBITDA, including amortisation of the right of use assets / Net interest must be no lower than 3.25), tested annually based on consolidated data and which had been complied with in full at 31 December 2023. These covenants are tested annually and are included in the loan agreement with CDP of €mil. 100, as well as in all EIB loans in place (they had been used for a total amount of €mil. 463 at 30 June 2024).

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

- Reduction in CO2 emissions of the Group ¹; such KPI is included in the RCF and in the Term Loan signed in 2021 as well as in the Sustainability-Linked Loan granted by the European Investment Bank in 2022;
- Promotion of female employment with STEM degrees; such KPI is included in the RCF and in the Term Loan signed in 2021;
- Increase in per capita computing power of the Group ²; 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.

Information pursuant to articles 70 and 71 of the Consob Issuers Regulations

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

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 2023 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 2024.

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

² Calculated as number of flops (Floating Point Operations Per Second)/ number of the Group employees in Italy.

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 October 2023, pursuant to CONSOB Regulation no. 17221 of 12 March 2010, as amended and supplemented, containing provisions on “related party transactions” (hereinafter referred to as the “Regulation”), as well as in implementation of Article 2391-bis of the Italian Civil Code. The abovementioned Procedure is available on the Company’s website (www.leonardo.com, under Corporate Governance section, “Related Parties” area).

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

No changes or developments took place in relation to the related party transactions described in the 2023 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).

Half-Year Financial Report at 30 June 2024

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

(€ millions)

	For the 6 months ended 30 June	
	2023	2024
Income before tax and financial expenses	339	381
Equity-accounted strategic investments	29	9
EBIT	368	390
Amortisation of intangible assets acquired as part of business combinations	18	28
Restructuring costs	31	15
Non-recurring (income) expense	13	70
EBITA	430	503

Non-recurring costs for the period mainly reflected the effect of the final settlement of disputes and positive termination of contracts, entered into in previous years, and concerning the construction of the Al Bayt stadium in DOHA with GSIC and PSC and an air traffic control system with the customer Nav Canada, respectively. Specifically, with reference to the DOHA order, after the double transaction occurred at the end of 2024, which was related to the arbitration proceedings against the general contractor GSIC and the dispute brought before the Court of Rome against PSC, Leonardo obtained a considerable part of the sum recognised in the arbitration award and recorded charges in respect of the remainder, equal to a net amount of about €mil. 28. With reference to Nav Canada, taking into account the ongoing mediation process, Leonardo accounted for charges for €mil. 35 in respect of the remaining values in the net working capital.

The amortisation of the Purchase Price Allocation includes the component due to the first-time consolidation of the Telespazio group occurred starting from 1 January 2024.

- **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, Thales and Hensoldt), reported in the “share of profits (losses) of equity-accounted investees”.
- **Net result before extraordinary transactions:** this is the Net Result before the result from discontinued operations and the effects of the extraordinary transactions (major acquisitions and disposals). Below is the reconciliation:

(€ millions)

	For the 6 months ended 30 June	
	2023	2024
Net result	208	555
Effect of extraordinary transactions	(11)	(366)
Net result before extraordinary transactions	197	189

- **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. 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:

Half-Year Financial Report at 30 June 2024

	31 December 2023	30 June 2024
Net financial debt com. CONSOB n. DEM/6064293/ESMA	2,535	3,214
Payables to MEMiT (Law no. 808/85)	(212)	(214)
Group net debt (KPI)	2,323	3,000

- **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”), dividends received and collections pursuant to Law 808/1985. 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.

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:

Half-Year Financial Report at 30 June 2024

	Scheme	PPA amortis.	Restruct. and non recurring costs	Strategic investments	Onerous contracts (losses at completion)	Extraord. transactions.	Reclassified scheme
Revenue	7,985						7,985
Purchase and personnel expenses	(7,232)		19		20		(7,193)
Other net operating income/(expenses)	(19)		66		(20)		27
Equity-accounted strategic investments				9			9
Amortisation, depreciation and financial assets value adjustments	(353)	28					(325)
EBITA							503
Non-recurring income/(expenses)			(70)				(70)
Restructuring costs			(15)				(15)
Amortisation of intangible assets acquired as part of business combinations		(28)					(28)
EBIT							390
Financial income/(expenses)	268						
Share of profits/(losses) of equity-accounted investees	17						
Net financial income/(expenses)	285				(9)	(366)	(90)
Income taxes	(111)						(111)
Net Result before extraordinary transactions							189
Net result related to extraordinary transactions and discontinued operations	-					366	366
Net result	555	-	-	-	-	-	555

	Scheme	Financial receivables and cash	Financial payables	Hedging derivatives on debt items	Reclassified scheme
Non-current assets		15,037			15,037
Non-current liabilities		(4,759)		2,406	(2,353)
Capital assets					12,684
Current assets		16,297	(1,370)	(4)	14,923
Current liabilities		(17,239)		1,968	(15,271)
Net working capital					(348)
Equity attributable to the owners of the parent		8,306			8,306
Equity attributable to non-controlling interests		1,091			1,091
Total equity		9,397			9,397
Group Net Debt			(1,370)	4,374	(4)
Net (assets)/liabilities held for sale			(61)		(61)

Half-Year Financial Report at 30 June 2024

	Scheme	Dividends received	Royalties / Law no. 808 payable and receipts	Strategic investments	Reclassified scheme
Cash flows used in operating activities	(296)		2		(294)
Dividends received		136			136
Investments in property, plant and equipment and intangible assets	(344)				
Sales of property, plant and equipment and intangible assets	2				
Cash flows from ordinary investing activities	(342)			(2)	(344)
Free Operating Cash Flow (FOCF)					(502)
Strategic transactions					-
Other investing activities	143	(136)			7
Cash flows used in investing activities	(199)				
Dividends paid	(175)				(175)
Bond repayment	(600)				
Net change in other loans and borrowings	(86)				
Net change in loans and borrowings	(686)				(686)
Cash flows generated from financing activities	(861)				
Net increase (decrease) in cash and cash equivalents	(1,356)				(1,356)
Cash and cash equivalents at 1 January	2,407				2,407
Exchange rate differences and other changes	16				16
Cash and cash equivalents at 30 June	1,067	-		-	1,067

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2024**

CONDENSED CONSOLIDATED SEPARATE INCOME STATEMENT

(€ millions)	Note	For the 6 months ended 30 June			
		2023	of which with related parties	2024	of which with related parties
Revenue	21	6,894	1,050	7,985	1,015
Purchase and personnel expenses	23	(6,259)	(323)	(7,232)	(271)
Amortisation, depreciation and financial assets value adjustments	24	(300)		(353)	
Other net operating income/(expenses)	22	4	2	(19)	2
Income before tax and financial expenses		339		381	
Financial income/(expenses)	25	(77)	(16)	268	(27)
Share of profits/(losses) of equity-accounted investees	26	20		17	
Operating profit (loss) before income taxes and discontinued operations		282		666	
Income taxes	27	(74)		(111)	
Profit (loss) from discontinued operations		-		-	
Net profit/(loss) for the period attributable to:		208		555	
- owners of the parent		196		526	
- non-controlling interests		12		29	
Earnings/(losses) per share	29	0.341		0.914	
- basic and diluted from continuing operations		0.341		0.914	
- basic and diluted from discontinued operations		n.a		n.a	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Note	For the 6 months ended 30 June	
		2023	2024
Profit (loss) for the period		208	555
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	12	23
- revaluation		5	24
- exchange rate gains (losses)		7	(1)
- Tax effect	15	(3)	(5)
		9	18
<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	67	(45)
- change generated in the period		66	(58)
- transferred to the profit (loss) for the period		1	13
- Translation differences	15	2	153
- change generated in the period		2	146
- transferred to the profit (loss) for the period		-	7
- Tax effect	15	(16)	11
		53	119
<u>Current portion of "Other comprehensive income (expense)", equity-accounted investees</u>		6	21
Total other comprehensive income (expenses), net of tax:		68	158
Total comprehensive income (expenses), attributable to:		276	713
- Owners of the parent		272	661
- Non-controlling interests		4	52
Total comprehensive income (expenses), attributable to Owners of the parent		272	661
- from continuing operations		272	661
- from discontinued operations		-	-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(€ millions)</i>	Note	31 December 2023	of which with related parties	30 June 2024	of which with related parties
Intangible assets	8	7,565		8,543	
Property, plant and equipment and investment properties	9	2,592		2,678	
Right of use	10	560		579	
Deferred tax assets		1,213		1,158	
Other non-current assets	11	2,365	17	2,079	
<i>Non-current assets</i>		14,295		15,037	
Inventories		5,693		6,214	
Trade receivables, including contract assets	13	7,321	826	7,867	821
Loans and receivables		205	183	303	276
Other current assets	14	772	5	846	39
Cash and cash equivalents		2,407		1,067	
<i>Current assets</i>		16,398		16,297	
Non-current assets held for sale	28	-		235	
Total assets		30,693		31,569	
Share capital	15	2,499		2,499	
Other reserves		5,301		5,807	
Equity attributable to the owners of the parent		7,800		8,306	
Equity attributable to non-controlling interests		761		1,091	
<i>Total equity</i>		8,561		9,397	
Loans and borrowings (non-current)	16	2,885	100	2,406	100
Employee benefits	18	301		314	
Provisions for risks and charges	17	778		755	
Deferred tax liabilities		268		365	
Other non-current liabilities	19	901	-	919	
<i>Non-current liabilities</i>		5,133		4,759	
Trade payables, including contract liabilities	20	12,001	437	12,305	443
Loans and borrowings (current)	16	2,044	1,192	1,968	1,276
Income tax payables		104		84	
Provisions for short-term risks and charges	17	1,087		986	
Other current liabilities	19	1,723	42	1,896	5
<i>Current liabilities</i>		16,959		17,239	
<i>Liabilities associated with assets held for sale</i>	28	40		174	
Total liabilities		22,132		22,172	
Total liabilities and equity		30,693		31,569	

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(€ millions)</i>	Note	<i>For the 6 months ended 30 June</i>			
		2023	<i>of which with related parties</i>	2024	<i>of which with related parties</i>
Gross cash flows from operating activities	30	771		870	
Change in trade receivables/payables, contract assets/liabilities and inventories	30	(746)	1	(871)	18
Change in other operating assets and liabilities and provisions for risks and charges		(207)	(49)	(111)	(72)
Net Interests paid		(98)	(16)	(98)	(27)
Income taxes received/(paid)		(130)		(86)	
Cash flows used in operating activities		(410)		(296)	
Investments in property, plant and equipment and intangible assets		(296)		(344)	
Sales of property, plant and equipment and intangible assets		12		2	
Other investing activities	30	191	-	143	-
Cash flows used in investing activities		(93)		(199)	
Dividends paid		(82)		(175)	
Bond repayment		-		(600)	
Net change in other loans and borrowings		161	51	(86)	13
Cash flows generated from financing activities		79		(861)	
Cash and cash equivalents at 1 January		1,511		2,407	
Net increase (decrease) in cash and cash equivalents		(424)		(1,356)	
Exchange rate differences and other changes		-		16	
Cash and cash equivalents at 30 June		1,087		1,067	

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 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)
Third-party interests related to business combinations						-		-
Other changes		13				13	1	14
30 June 2023	2,499	5,106	(16)	(33)	(169)	7,387	520	7,907
1 January 2024	2,499	5,660	(16)	(121)	(222)	7,800	761	8,561
Profit (loss) for the period		526				526	29	555
Other comprehensive income (expenses)		(1)	(27)	19	144	135	23	158
Total comprehensive income (expenses)	-	525	(27)	19	144	661	52	713
Dividends resolved		(162)				(162)	(15)	(177)
Repurchase of treasury shares less shares sold						-		-
Total transactions with owners of the parent, recognised directly in equity	-	(162)	-	-	-	(162)	(15)	(177)
Third-party interests related to business combinations						-	292	292
Other changes		7	1	(1)		7	1	8
30 June 2024	2,499	6,030	(42)	(103)	(78)	8,306	1,091	9,397

EXPLANATORY NOTES

1. GENERAL INFORMATION

Leonardo SpA is a company limited by shares based in Rome (Italy), at Piazza Monte Grappa 4, and is listed on the Italian Stock Exchange (FTSE MIB).

The Group is a major Italian high technology organization operating in the Helicopters, Defence Electronics & Security, Cyber Security & Solutions, Aircraft, Aerostructures and Space sectors.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The half-year financial report of the Group at 30 June 2024 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 2024, 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 2023 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 2023 and the half-year financial report at 30 June 2023.

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 2023		31 December 2023	30 June 2024	
	average	final	final	average	final
US dollar	1.0811	1.0866	1.1050	1.0812	1.0705
Pound sterling	0.8766	0.8583	0.8691	0.8546	0.8464

The Leonardo Group’s condensed consolidated half-year financial statements at 30 June 2024 were approved by the Board of Directors’ meeting held on 30 July 2024 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 2023 consolidated financial statements, to which reference should be made.

It should be noted that at the start of 2024, Leonardo and Thales signed an amendment that modified the originally agreed arrangements under the “Space Alliance”, which *inter alia* regulated the governance of Telespazio and Thales Alenia Space. The conclusions, reached after in-depth analyses and according to management judgement, entailed, in accordance with IFRS 10, the consolidation by the Leonardo Group of the Telespazio Group, which was previously classified as a joint venture, starting from 2024.

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 compared to those used for the preparation of the consolidated financial statements as at 31 December 2023. In particular, the amendments to IAS 1, IAS 7, IFRS7 and IFRS 16 did not have significant effects on the half-year figures of the Group.

Furthermore, the Legislative Decree no. 209 of 27 December 2023, concerning the implementation of the reform in the field of international taxation, implemented the Council Directive (EU) 2022/2523, which implemented the rules developed by the OECD regarding Pillar 2 and Global Minimum Tax (“Model Rules” or also “GloBE Rules”). The new tax rules came into force from 1 January 2024. The Leonardo Group promptly took action to ensure the correct fulfilment of the regulatory obligations in force and to assess the possible impacts of the aforementioned regulations, which, at the current stage of analysis, do not appear significant.

6. MAIN EVENTS AND TRANSACTIONS OF THE FIRST 6 MONTHS OF 2024 AND SIGNIFICANT EVENTS OCCURRED AFTER THE PERIOD-END

With reference to the termination for default under the contract for the supply of 14 NH90 helicopters claimed by the governmental Norwegian Defence Materiel Agency (NDMA) against NH Industries (a company incorporated under the French law whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure) in May 2024 the mediation process, started in April 2023, was terminated without reaching an agreement. On 24 May 2024 NDMA sued NHI and its parent companies before the Court of Oslo. NHI

Half-Year Financial Report at 30 June 2024

submitted its defence and counterclaim. The parties have agreed to join a new mediation process led by the Court of Oslo, the first hearing of which is scheduled for February 2025. NHI position, confirmed by Leonardo, regarding the dispute as reported in the financial statements as of 31 December 2023, remains unchanged, considering the termination to be legally ungrounded and reasonably disputable 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.

With reference to the arbitration proceedings that involved – on one hand - Leonardo S.p.a. and PSC S.p.A. (collectively referred to as “LP” unincorporated joint venture) and – on the other hand - Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. (collectively referred to as “GSIC” unincorporated joint venture), on 27 June 2024 the parties reached a settlement agreement concerning the payment to LP of part of the sum recognised in the arbitration award against the waiver of any further action and/or claim between the parties relating to the aforesaid award.

In January 2024 the Group finalized the amendments to the arrangements underlying the “Space Alliance” with Thales, for the component related to Telespazio. The nature of the amendments to the shareholders’ agreements changed the qualification of the Telespazio group. And accordingly, starting from 2024, the figures of Telespazio have been consolidated on a line-by-line basis by Leonardo. The fair value of the Telespazio group amounted to €mil. 886, generating a capital gain equal to about €mil. 366, for further details reference should be made to Note 12 on business combinations.

On 9 May 2024, Leonardo announced the signing of a definitive agreement to sell the Underwater Armaments & Systems (UAS) line of business to Fincantieri for an amount based on a total Enterprise Value up to €mil. 415, comprising a fixed component of €mil. 300, subject to usual price adjustment mechanisms, plus a variable component of up to €mil. 115 subject to the achievement of certain 2024 performance targets. The closing of the transaction is expected for the beginning of 2025. Accordingly, assets and liabilities related to the UAS business were reclassified as held for sale, for further details reference should be made to Note 28 on assets and liabilities held for sale.

With reference to the agreement entered into with Nav Canada on 21 July 2015, amended in 2019, for the supply of goods and services related to the replacement of 12 radar systems in as many sites (“Terminal Surveillance Radar (TSR) Replacement Project”), in March 2024 the customer formalized a notice of termination. A negotiation between the parties is currently underway to quickly reach a settlement solution, whose probable outcome has been already reflected in this condensed consolidated financial statement at 30 June 2024.

11 July 2024 saw the definitive disposal of the equity investment in Industria Italiana Autobus to Seri Industrial S.p.A.. The liabilities emerging from the expected charges on disposal were classified, as early as in the 2023 financial statements, among held-for-sale assets and liabilities. For further details reference is made to Note 28. There were no other significant events occurred after the period end.

With reference to the comparative period, we remind you that 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 first half of 2023 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 first half of 2023.

Half-Year Financial Report at 30 June 2024

With reference to NDMA, as described above, the mediation procedure, aimed at trying to reach a mutually satisfactory solution, started in April 2023.

7. SEGMENT INFORMATION

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 six business sectors: Helicopters, Defence Electronics and Security, Cyber Security & Solutions, Aircraft, Aerostructures and Space. The Other activities segment includes the corporate activities and the residual ones. It should be noted that until the financial statements as at 31 December 2023, the Defence Electronics and Security and Cyber Security & Solutions sectors were combined in a single Defence Electronics and Security 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 2023 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 (GIE ATR, MBDA, Thales Alenia Space 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 2024, as compared with those of the first half of 2023, are as follows:

For the 6 months ended 30 June 2023	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Elim.	Total
Revenue	2,160	3,052	267	1,348	327	-	363	(623)	6,894
Inter-segment revenue (*)	(2)	(354)	(9)	(26)	(39)	-	(193)	623	-
Third party revenue	2,158	2,698	258	1,322	288	-	170	-	6,894
EBITA	157	297	12	160	(77)	2	(121)	-	430
Investments	91	96	4	40	24	-	33	-	288

For the 6 months ended 30 June 2024	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	Elim.	Total
Revenue	2,425	3,460	301	1,272	353	399	398	(623)	7,985
Inter-segment revenue (*)	(2)	(329)	(23)	(27)	(33)	(4)	(205)	623	-
Third party revenue	2,423	3,131	278	1,245	320	395	193	-	7,985
EBITA	172	363	16	167	(76)	(1)	(138)	-	503
Investments	132	111	4	32	18	8	44	-	349

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

Half-Year Financial Report at 30 June 2024

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

For the 6 months ended 30 June 2023	Defence		Cyber & Security		Aircraft	Aerostructures	Space	Other Activities	Elim.	Total
	Helicopters	Electronics & Security	Security	Solutions						
Italy	414	540	162	215	215	39	-	214	(563)	1,021
United Kingdom	260	648	40	-	-	-	-	2	(48)	902
Rest of Europe	468	470	9	448	448	89	-	136	(7)	1,613
North America	239	1,145	19	221	221	160	-	2	(3)	1,783
Rest of world	779	249	37	464	464	39	-	9	(2)	1,575
Revenue	2,160	3,052	267	1,348	1,348	327	-	363	(623)	6,894
Inter-segment revenue (*)	(2)	(354)	(9)	(26)	(26)	(39)	-	(193)	623	-
Third party revenue	2,158	2,698	258	1,322	1,322	288	-	170	-	6,894

For the 6 months ended 30 June 2024	Defence		Cyber & Security		Aircraft	Aerostructures	Space	Other Activities	Elim.	Total
	Helicopters	Electronics & Security	Security	Solutions						
Italy	405	735	237	259	259	43	134	251	(558)	1,506
United Kingdom	393	556	56	-	-	-	23	-	(47)	981
Rest of Europe	530	494	14	421	421	102	214	131	(14)	1,892
North America	390	1,321	17	229	229	206	4	-	(4)	2,163
Rest of world	707	354	(23)	363	363	2	24	16	-	1,443
Revenue	2,425	3,460	301	1,272	1,272	353	399	398	(623)	7,985
Inter-segment revenue (*)	(2)	(329)	(23)	(27)	(27)	(33)	(4)	(205)	623	-
Third party revenue	2,423	3,131	278	1,245	1,245	320	395	193	-	7,985

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

Half-Year Financial Report at 30 June 2024

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

For the 6 months ended 30 June 2023								Total
	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	
EBITA	157	297	12	160	(77)	2	(121)	430
Amortisation of intangible assets acquired as part of business combinations	(2)	(16)	-	-	-	-	-	(18)
Restructuring costs	(3)	(15)	-	(1)	-	-	(12)	(31)
Non-recurring income/expense	-	(4)	(9)	-	-	-	-	(13)
EBIT	152	262	3	159	(77)	2	(133)	368
Equity-accounted strategic investments	-	(32)	-	-	5	(2)	-	(29)
Income before tax and financial expenses	152	230	3	159	(72)	-	(133)	339

For the 6 months ended 30 June 2024								Total
	Helicopters	Defence Electronics & Security	Cyber & Security Solutions	Aircraft	Aerostructures	Space	Other Activities	
EBITA	172	363	16	167	(76)	(1)	(138)	503
Amortisation of intangible assets acquired as part of business combinations	(2)	(15)	-	-	-	(11)	-	(28)
Restructuring costs	-	(7)	(1)	-	-	(1)	(6)	(15)
Non-recurring income/expense	-	(37)	(29)	-	(4)	-	-	(70)
EBIT	170	304	(14)	167	(80)	(13)	(144)	390
Equity-accounted strategic investments	-	(44)	-	-	5	30	-	(9)
Income before tax and financial expenses	170	260	(14)	167	(75)	17	(144)	381

8. INTANGIBLE ASSETS

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

	31 December 2023	30 June 2024	Investments for the 6 months at	
			30 June 2023	30 June 2024
Goodwill	3,899	4,485	-	-
Development costs	1,135	1,137	63	73
Non-recurring costs	1,789	1,817	46	65
Concessions, licences and trademarks	243	250	2	6
Acquired through business combinations	317	648	-	-
Other intangible assets	182	206	17	28
	7,565	8,543	128	172

The net increase compared to 31 December 2023 is mainly due to the first consolidation of the Telespazio group and the translation differences.

Half-Year Financial Report at 30 June 2024

With reference to the consolidation of the Telespazio group, for which details reference should be made to Note 12 on “business combinations”, the purchase price allocation process, not yet concluded as permitted by IFRS 3, involved the recognition of goodwill equal to about €mil. 502 and intangible assets acquired by means of business combinations for approximately €mil. 349. Moreover, the increase in goodwill was due to the positive effect on assets denominated in USD and GBP.

The impairment tests carried out at 31 December 2023 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 2024 there were no impairment indicators that could require a revision of these tests. Compared to 31 December 2023, the CGUs on which goodwill was allocated were affected by the split of the Defence Electronics and Security and Cyber & Security Solutions sectors, carried out to provide a representation more coherent with corporate strategies and underlying business dynamics. These sectors had been aggregated in the single Defence Electronics and Security sector until the 2023 financial statements, while now represent two different CGUs. Goodwill previously allocated to the “Defence Electronics and Security sector - Leonardo divisions” was re-allocated based on the values related to the new CGUs.

With reference to non-recurring charges, the impairment for the period related to impairment losses linked to Aircraft. No further impairment indicators emerged compared to the valuations conducted during the preparation of the 2023 financial statements, also with reference to development costs.

Commitments are in place for the purchase of intangible assets for €mil. 14 (€mil. 21 at 31 December 2023).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	31 December 2023	30 June 2024	Investments for the 6 months at	
			30 June 2023	30 June 2024
Land and buildings	943	1,015	1	7
Plant and machinery	415	459	7	8
Equipment	389	391	24	18
Other tangible assets	845	813	128	144
	2,592	2,678	160	177

Purchase commitments of property, plant and equipment amounted to €mil. 251 (€mil. 217 at 31 December 2023).

10. RIGHTS OF USE

	31 December 2023	30 June 2024	Contracts submission for the 6 months at	
			30 June 2023	30 June 2024
Right of use of land and buildings	514	529	69	15
Right of use of plant and machinery	18	20	2	1
Right of use of equipment	-	5	-	1
Right of use of other tangible assets	28	25	4	8
	560	579	75	25

The increase in the period is due to the signing of new contracts.

11. OTHER NON-CURRENT ASSETS

	31 December 2023	30 June 2024
Deferred grants under Law no. 808/85	6	6
Defined benefit plan assets, net	167	200
Related party receivables (Note 31)	17	-
Other non-current receivables	41	51
Non-current receivables	231	257
Prepayments - non-current portion	4	3
Equity investments	2,101	1,786
Non-recurring costs pending under Law no. 808/1985	29	33
Non-current assets	2,134	1,822
	2,365	2,079

The decrease in equity investments was influenced, for €mil. 220, by the deconsolidation of the equity investment in Telespazio, which was recognised until 31 December 2023 under the equity method within this item, while from 1 January 2024 it has been recognised on a line-by-line basis, and by the dividends resolved in the period from the equity-accounted investees (about €mil. 137), partially offset by the result of strategic investments (€mil. 9).

12. BUSINESS COMBINATIONS

Since 2005, as part of the “Space Alliance”, Leonardo has held an investment of 67% in the Telespazio group, which represents one of the leading global operators of satellite services. Until 31 December 2023 this investment was qualified as joint venture and measured at equity, for about €mil. 220.

During the first half of 2024 the Leonardo Group and Thales signed an amendment which modified the arrangements originally provided for in the “Space Alliance” which resulted in line-by-line consolidation of Telespazio group by Leonardo starting from 1 January 2024. The transaction constitutes a business combination without payment of any consideration that, in accordance with the provisions of IFRS 3 on such instances, notionally corresponds to the fair value of the acquiree at the measurement date, equal to €mil. 886.

The fair value measurement of the investment previously held by the Group in Telespazio generated a capital gain, recognised under financial income, equal to about €mil. 366 (determined as difference between the fair value of the investment held by Leonardo in the Telespazio group at 31 December 2023 – amounting to about €mil. 593, equal to 67% of the fair value of the Telespazio group, amounting to approximately €mil. 886 – and the value of the investment recognised with the equity method at the acquisition date – equal to about €mil. 220, plus -€mil. 7 related to the translation reserve reclassified in the profit/(loss) for the period).

With reference to the values being purchased, note that the purchase price allocation process has not yet been completed, as permitted by IFRS 3. Therefore, the fair value of the single assets and liabilities may be different at the end of the purchase price allocation process, which is expected to be finalized within the financial statements at 31 December 2024.

Half-Year Financial Report at 30 June 2024

Leonardo provisionally determined the fair value of the net assets acquired as follows:

	Book Value	Fair value adjustments	Fair value
Non-current assets	385	(211)	174
Current assets	428	-	428
Total assets acquired	813	(211)	602
Non-current liabilities	(92)		(92)
Current liabilities	(378)		(378)
Total liabilities acquired	(470)		(470)
Net assets acquired, excluding Goodwill			132
Fair value of Telespazio Group (100%)			886
Intangible assets deriving from business combination, net of related deferred tax liabilities			252
Goodwill			502

Intangible assets from business combinations, provisionally recorded for about €mil. 349, related to customer relationship and to the backlog. Deferred tax liabilities of about €mil. 97 have been recognised on such intangibles.

Cash and cash equivalents acquired as a result of the business combination amounted to €mil. 23. Non-controlling interests were measured at fair value and were equal to €mil. 292.

Moreover, in April 2024 the Group finalized the acquisition of the residual 30% of the quota capital of Alea S.r.l., with a total outlay of about €mil. 1.5.

No business combinations were reported during the comparative period.

13. TRADE RECEIVABLES, INCLUDING CONTRACT ASSETS

	31 December 2023	30 June 2024
Trade receivables	2,859	3,035
Related party trade receivables (Note 31)	826	821
	3,685	3,856
Contract assets	3,636	4,011
	7,321	7,867

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 2023.

14. OTHER CURRENT ASSETS

	31 December 2023	30 June 2024
Income tax receivables	91	107
Derivatives	207	133
Other current assets:	474	606
<i>Prepaid expenses - current portion</i>	<i>140</i>	<i>155</i>
<i>Receivables for grants</i>	<i>61</i>	<i>70</i>
<i>Receivables from employees and social security</i>	<i>36</i>	<i>40</i>
<i>Indirect tax receivables</i>	<i>94</i>	<i>100</i>
<i>Other related party receivables (Note 31)</i>	<i>5</i>	<i>39</i>
<i>Other assets</i>	<i>138</i>	<i>202</i>
	772	846

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 2023			30 June 2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Non-current assets	-	-	-	-	-	-
Current assets	207	-	207	133	-	133
Non-current liabilities	-	17	17	-	17	17
Current liabilities	175	-	175	163	-	163

The total fair value of pension plan assets amounted to €mil. 2,284 (€mil. 2,371 at 31 December 2023), classified under non-current assets and deducted from Employee benefits.

15. EQUITY

Share Capital

	Number of ordinary shares	Par value	Treasury shares	Costs incurred (net of tax effect)	Total
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)
31 December 2023	575,307,275	2,544	(26)	(19)	2,499
Repurchase of treasury shares less shares sold	-	-	-	-	-
30 June 2024	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 2024 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 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
For the 6 months ended 30 June 2024						
Revaluation of defined-benefit plans	23	(5)	18	3	(2)	1
Changes in cash-flow hedges	(45)	11	(34)	7	-	7
Foreign currency translation difference	130	-	130	14	-	14
Fair value to OCI	-	-	-	(1)	-	(1)
Total	108	6	114	23	(2)	21

Comprehensive income/expense which cannot be reclassified to profit (loss) for the period, equal to €mil. 18 at 30 June 2024 (€mil. 9 at 30 June 2023), 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. 112 at 30 June 2024 (€mil. 53 at 30 June 2023), 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.

Half-Year Financial Report at 30 June 2024

Below are the details of profit and loss recognised in equity attributable to non-controlling interests, net of tax effects, if any:

	<i>Non-controlling interest</i>		
	Amount before taxes	Tax effect	Net amount
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)
For the 6 months ended 30 June 2024			
Revaluation of defined-benefit plans	-	-	-
Changes in cash-flow hedges	-	-	-
Foreign currency translation difference	23	-	23
Total	23	-	23

16. LOANS AND BORROWINGS

	31 December 2023		30 June 2024	
	Non-current	Current	Non-current	Current
Bonds	996	635	497	512
Bank loans and borrowings	1,225	87	1,208	69
Lease liabilities	531	79	559	82
Other related party loans and borrowings (Note 31)	100	1,192	100	1,276
Other loans and borrowings	33	51	42	29
	2,885	2,044	2,406	1,968

The decrease in bonded loans compared to 31 December 2023 is attributable to the repayment of the bond issued by Leonardo S.p.a. for €mil. 600, which reached its natural expiry date in June 2024.

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 2023. These covenants, tested on an annual basis, are included in the loan agreement with CDP of €mil. 100, as well as in all EIB loans in place (they were used for a total amount of €mil. 463 at 30 June 2024).

In addition, there are margin adjustment clauses based on the achievement of certain indicators (KPIs) related to ESG targets 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.

Half-Year Financial Report at 30 June 2024

During this half-year receivables were assigned without recourse for a total value of about €mil. 46 (€mil. 84 in the first half of 2023).

Below is the detail of the bonds at 30 June 2024.

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

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:

(€ millions)	31 December 2023	30 June 2024
A - Cash	(2,407)	(1,067)
C - Other current financial assets	(205)	(303)
D - Liquidity	(2,612)	(1,370)
E - Current financial debt (*)	1,409	1,456
F - Current portion of non-current financial debt	635	512
G - Current financial debt	2,044	1,968
H - Net current financial debt (funds)	(568)	598
I - Non-current financial debt (*)	2,885	2,406
J - Debt instruments (**)	6	(4)
K - Trade payables and other non-current debt	212	214
L - Non-current financial debt	3,103	2,616
M - Total financial debt	2,535	3,214

(*) Includes payables for leases of €mil. 641, of which €mil. 82 current (€mil. 610 as at 31 December 2023, of which €mil. 79 current

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

17. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	31 December 2023		30 June 2024	
	Non-current	Current	Non-current	Current
Guarantees given	10	21	10	21
Restructuring	108	81	109	47
Tax	5	68	6	66
Product guarantees	83	205	77	211
Onerous contracts (losses at completion)	-	337	-	296
Other provisions	572	375	553	345
	778	1,087	755	986

Half-Year Financial Report at 30 June 2024

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

The decrease in the provision for “restructuring” chiefly reflects the uses due to the early retirement agreements signed in previous years.

The Notes to the consolidated financial statements as of 31 December 2023 make reference, in relation to risks, to criminal proceedings involving, for various reasons, Group’s companies. With respect to the information provided in such financial statements, to which reference should be made for more details, no updates occurred in the first six months of 2024.

* * * * *

With regard reference to risks deriving from civil, tax and administrative disputes, it is underlined that the operations of the Leonardo Group’s companies 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 2023 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, who then summoned Leonardo and AnsaldoBreda requesting for direct compensation in favour of the plaintiff for the damages that should be ascertained, joined through the action brought by GMR against Leonardo and AnsaldoBreda due to abuse of economic dependence before the Court of Naples (General Register 16312/15), the Court, having acknowledged the positions of the parties in relation to the settlement proposal put forward by the Court, following the hearings of 14 March 2024 and 21 May 2024, adjourned the case to the hearing of 19 September 2024 in order to obtain the opinion of the Supervisory Committee of Firema under Extraordinary Management in relation to the settlement proposal. In light of the foregoing, the court-appointed experts’ work has been suspended;
- the proceedings brought by Mr Pio Deiana (to have a deed of settlement entered into with former Ansaldo Industria declared null and void) before the Rome Court of Appeal, which had been suspended following Mr Deiana’s death and then resumed by his sister. During the proceedings, the existence of another heir of the deceased person was ascertained; accordingly, at the last hearing held on 26 October 2022, the Court declared the latter's contumacy and set the final hearing on 18 December 2024 for closing arguments.

* * * * *

Moreover, given their complexity, their cutting-edge technological content and the nature of the 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, there are:

Half-Year Financial Report at 30 June 2024

- With reference to 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), on 6 October 2023 the Court of Arbitration issued the award ordering GSIC to pay LP a net amount of approximately €mil. 146.5; on 7 March 2024 following the petition for correction of the award filed by LP, such amount was increased by an additional amount of approximately €mil. 11. On 27 June 2024 the parties reached a settlement agreement regarding the payment to LP of part of the sum recognised in the arbitration award against the waiver of any further action and/or claim between the parties relating to the aforesaid award.
- With reference to the termination for default, due to alleged delays and non-compliances, claimed in June 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties started a mediation process in April 2023. In May 2024 the mediation was terminated unsuccessfully and on 24 May 2024 NDMA sued NHI and its parent companies before the Court of Oslo. NHI submitted its defence and counterclaim. The parties have agreed to join a new mediation process led by the Court of Oslo, the first hearing of which is scheduled for February 2025. NHI position, confirmed by Leonardo, regarding the dispute as reported in the financial statements as of 31 December 2023, remains unchanged.
- With reference to the agreement entered into with Nav Canada on 21 July 2015, amended in 2019, for the supply of goods and services related to the replacement of 12 radar systems in as many sites (“Terminal Surveillance Radar (TSR) Replacement Project”), in March 2024 the customer formalized a notice of termination. A negotiation between the parties is currently underway to quickly reach a settlement solution, whose probable outcome has been already reflected in this condensed consolidated financial statements at 30 June 2024.

18. EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2023			30 June 2024		
	Liabilities	Assets	Net	Liabilities	Assets	Net
Severance pay provision	204	-	204	212	-	212
Defined-benefit plans	53	167	(114)	60	200	(140)
Defined contribution plans	44	-	44	42	-	42
	301	167	134	314	200	114

The severance pay provision increased as a result of the line-by-line consolidation of the Telespazio group.

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 2023		30 June 2024	
	Non-current	Current	Non-current	Current
Employee obligations	54	517	52	693
Deferred income	84	206	82	230
Amounts due to social security institutions	-	217	-	231
Payables to MEMiT (Law no. 808/85)	212	1	214	1
Payables to MEMiT for royalties (Law no. 808/85)	209	21	215	19
Indirect tax liabilities	-	128	-	95
Derivatives	-	175	-	163
Other liabilities	342	416	356	459
Other payables to related parties (Note 31)	-	42	-	5
	901	1,723	919	1,896

Other non-current liabilities include, in particular, the payable due to Bell Helicopter of €mil. 267 (€mil. 258 at 31 December 2023), deriving from the acquisition of 100% of the AW609 programme.

20. TRADE PAYABLES, INCLUDING CONTRACT LIABILITIES

	31 December 2023	30 June 2024
	Suppliers	2,831
Trade payables to related parties (Note 31)	437	443
Trade payables	3,268	3,299
Contract liabilities	8,733	9,006
	12,001	12,305

21. REVENUES

	For the 6 months ended 30 June	
	2023	2024
Revenue from contract with customers	5,854	6,776
Change in contract assets	(10)	194
Revenue from related parties (Note 31)	1,050	1,015
	6,894	7,985

The breakdown by recognition timing is reported below:

	2023	2024
Revenues at point in time	1,255	1,307
Revenues over time	5,639	6,678
	6,894	7,985

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					
	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs	25	-	25	51	-	51
Exchange rate differences on operating items	72	(66)	6	60	(61)	(1)
Indirect taxes	-	(17)	(17)	-	(19)	(19)
Restructuring costs	-	(4)	(4)	-	(1)	(1)
Reversal of (accruals to) provisions for risks	120	(140)	(20)	141	(193)	(52)
Other income (expenses)	33	(21)	12	23	(22)	1
Other from/to related parties (Note 31)	2	-	2	2	-	2
	252	(248)	4	277	(296)	(19)

23. PURCHASES AND PERSONNEL EXPENSES

	For the 6 months ended 30 June	
	2023	2024
Purchases	2,448	2,828
Services	1,763	2,162
Costs to related parties (Note 31)	323	271
Personnel expenses	2,183	2,518
<i>Wages, salaries and contributions</i>	1,963	2,297
<i>Defined-benefit plans costs</i>	20	12
<i>Defined contribution plans costs</i>	76	100
<i>Net restructuring costs</i>	27	10
<i>Other personnel expenses</i>	97	99
Change in finished goods, work in progress and semi-finished products	(321)	(394)
Work performed by the Group and capitalised	(137)	(153)
	6,259	7,232

The Group recorded short-term lease rentals for €mil. 21 and lease rentals for low-value assets for €mil. 10 during the half-year.

Personnel expenses were affected by the trend of the average workforce, on which the line-by-line consolidation of the Telespazio group had impacts. The average workforce at 30 June 2024 (no. 57,160 resources) increased compared to 30 June 2023 (no. 51,437), of which 3,238 related to the Telespazio group.

The total workforce broken-down by category is as follows:

	31 December 2023	30 June 2024	Change
Senior managers (*)	1,220	1,257	37
Middle managers	6,579	7,630	1,051
Clerical employees	32,336	35,807	3,471
Manual labourers (**)	13,431	13,586	155
	53,566	58,280	4,714

(*) include pilots

(**) include senior manual labourers

Half-Year Financial Report at 30 June 2024

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

	31 December 2023	30 June 2024	Change
Helicopters	13,359	14,032	673
Defence Electronics & Security	23,198	22,916	(282)
Cyber & Security Solutions	2,397	2,584	187
Aircraft	7,145	7,482	337
Aerostructures	4,090	4,103	13
Space	-	3,774	3,774
Other	3,377	3,389	12
	53,566	58,280	4,714

24. AMORTISATION, DEPRECIATION AND FINANCIAL ASSETS VALUE ADJUSTMENTS

	For the 6 months ended 30 June	
	2023	2024
Amortisation of intangible assets	88	117
<i>Development costs</i>	14	26
<i>Non-recurring costs</i>	24	25
<i>Acquired through business combinations</i>	18	28
<i>Concessions, licences and trademarks</i>	13	14
<i>Other intangible assets</i>	19	24
Depreciation of property, plant and equipment and investment properties	141	151
Depreciation of right of use	46	49
Impairment of other assets	-	19
financial assets value adjustments	25	17
	300	353

The increase in the amortisation from business combinations is linked to the consolidation of the Telespazio group, occurred as from 1 January 2024, which involved the temporary recognition of intangible assets subject to multi-year amortisation. For further details please see Note 12 on business combinations.

The impairment of other assets for the period included impairment losses due to an Aircraft programme.

Financial assets value adjustments refer to evaluations periodically carried out in order to assess the recoverability of the financial assets recognised in the separate financial statements, in compliance with the provisions of IFRS 9 on impairment.

25. FINANCIAL INCOME AND EXPENSES

	For the 6 months ended 30 June					
	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Interest	12	(58)	(46)	40	(59)	(19)
Interest on lease liabilities	-	(11)	(11)	-	(14)	(14)
Loan fees	-	(4)	(4)	-	(5)	(5)
Other commissions	-	(2)	(2)	-	-	-
Fair value gains (losses) through profit or loss	5	(5)	-	2	(15)	(13)
Premiums (paid) received on forwards	19	(19)	-	26	(35)	(9)
Exchange rate differences	16	(13)	3	30	(28)	2
Financial income (expenses) - related parties (Note 31)	2	(18)	(16)	6	(33)	(27)
Other financial income and expenses	26	(27)	(1)	370	(17)	353
	80	(157)	(77)	474	(206)	268

The significant increase in financial income and expenses is mainly attributable to the capital gain of approximately €mil. 366 realised following the fair value measurement of the investment previously held by the Group in Telespazio. For further details please see Note 12 on business combinations.

Net of this item, the trend of financial income and expenses in the first half of 2024 was essentially in line with the figures of June 2023; compared to the first six months of the prior year, net interest expenses decreased, and we note a lower in items measured at fair value, in addition to higher financial expenses to related parties.

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

	For the 6 months ended 30 June	
	2023	2024
<i>Space Alliance</i>	2	(30)
MBDA	41	55
GIE ATR	(5)	(5)
Hensoldt	(9)	(11)
Strategic investments	29	9
Other	(9)	8
	20	17

The decrease in the share of profits (losses) of equity-accounted investees is linked to the performance of the strategic investments, which were affected by the result of the JV Thales that was influenced by the expected difficulties in the manufacturing segment of Space, partially offset by the excellent performance of MBDA and the performance of non-strategic investments.

It should be noted that after the line-by-line consolidation of the Telespazio group, the result of the Space Alliance at 30 June 2024 included exclusively the contribution of the JV Thales. Vice versa, the comparative data also included the component related to Telespazio.

27. INCOME TAXES

	For the 6 months ended 30 June	
	2023	2024
Current taxes	(35)	(69)
Tax related to previous periods	2	22
(Provisions) reversal for tax disputes	3	2
Deferred tax - net	(44)	(66)
	(74)	(111)

28. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities classified at 30 June 2024 as held for sale mainly relate to the “*Underwater Armaments and Systems*” line of business of Leonardo, the sale of which is expected to be finalized in early 2025, in addition to liabilities arising due to the charges expected from the sale of the investment in the associate Industria Italiana Autobus, finalized on 11 July 2024. The values at 31 December 2023 only referred to charges due to the sale of Industria Italiana Autobus.

Below is the related breakdown:

	31 December 2023	30 June 2024
Non-current assets	-	52
Current assets	-	183
Assets held for sale	-	235
Non-current liabilities	-	4
Current liabilities	40	170
Liabilities associated with assets held for sale	40	174
	(40)	61

There were no discontinued operations as at 30 June 2024 and 2023.

29. EARNINGS PER SHARE

	For the 6 months ended 30 June	
	2023	2024
Average shares outstanding during the reporting period (in thousands)	575,307	575,307
Earnings for the period (excluding non-controlling interests) (€ millions)	196	526
Earnings from continuing operations (excluding non-controlling interests) (€ millions)	196	526
Earnings from discontinued operations (excluding non-controlling interests) (€ millions)	-	-
Basic and Diluted EPS (€)	0.341	0.914
<i>Basic and Diluted EPS from continuing operations (€)</i>	<i>0.341</i>	<i>0.914</i>
<i>Basic and Diluted EPS from discontinued operations (€)</i>	<i>n.a</i>	<i>n.a.</i>

Half-Year Financial Report at 30 June 2024

Basic earnings per share at 30 June 2024, 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	
	2023	2024
Net result	208	555
Amortisation, depreciation and write-offs	300	353
Share of profits/(losses) of equity-accounted investees	(20)	(17)
Income taxes	74	111
Costs for defined-benefit plans	20	12
Net financial expenses/(income)	77	(268)
Net allocations to the provisions for risks and inventory write-downs	102	101
Other non-monetary items	10	23
	771	870

The changes in working capital are as follows:

	For the 6 months ended 30 June	
	2023	2024
Inventories	(247)	(521)
Contract assets and liabilities	(34)	(114)
Trade receivables and payables	(465)	(236)
	(746)	(871)

Changes in other investing or disinvesting activities include dividends received and the effects of acquisitions and sales of equity investments and are broken down as follows:

	2023	2024
Strategic transactions	27	-
Dividends received	177	136
Change of other investing or disinvesting activities	(13)	7
	191	143

Changes in other investing activities include acquired cash (approximately €mil. 23) deriving from the business combination of Telespazio, for further details please see Note 12.

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.

Half-Year Financial Report at 30 June 2024

RECEIVABLES at 31 December 2023	Non-current loans and receivables	Other non- current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
<u>Associates</u>						
NH Industries SAS				339		339
Eurofighter Jagdflugzeug GmbH				68		68
AgustaWestland Aviation Services LLC				21		21
Iveco - Oto Melara Scarl				18		18
Hensoldt AG				12		12
Other with unit amount lower than €mil. 10			4	27		31
<u>Joint Ventures</u>						
Thales Alenia Space SAS			175	22		197
Orizzonte - Sistemi Navali SpA				34		34
GIE ATR				33		33
MBDA SAS				21		21
Telespazio S.p.A.	17		2	11	4	34
Polo Strategico Nazionale SpA				10		10
Other with unit amount lower than €mil. 10				14		14
<u>Other companies and consortiums</u>						
Other with unit amount lower than €mil. 10			2	13		15
<u>Companies subject to the control or considerable influence of the MEF</u>						
Ministero dell'Economia e delle Finanze				101		101
Cassa Depositi e Prestiti SpA				47		47
Poste Italiane SpA				12		12
Other with unit amount lower than €mil. 10				23	1	24
Total	17	-	183	826	5	1,031
<i>% against total for the period</i>	<i>100.0%</i>	<i>-</i>	<i>89.3%</i>	<i>22.4%</i>	<i>2.6%</i>	

Half-Year Financial Report at 30 June 2024

RECEIVABLES at 30 June 2024

Associates

	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
NH Industries SAS				313		313
Eurofighter Jagdflugzeug GmbH				42		42
Iveco - Oto Melara Scarl				39		39
AgustaWestland Aviation Services LLC				34		34
Macchi Hurel Dubois SAS				18		18
Other with unit amount lower than €mil. 10			5	33		38

Joint Ventures

GIE ATR				34	37	71
MBDA SAS				32		32
Thales Alenia Space SAS			270	18		288
Orizzonte - Sistemi Navali SpA				12		12
Polo Strategico Nazionale SpA				13		13
Other with unit amount lower than €mil. 10				12	1	13

Other companies and consortiums

Consorzio Protezione Balistiche Italia				13		13
Other with unit amount lower than €mil. 10			1	9	1	11

Companies subject to the control or considerable influence of the MEF

Ministero dell'Economia e delle Finanze				95		95
Cassa Depositi e Prestiti SpA				65		65
Poste Italiane SpA				11		11
Other with unit amount lower than €mil. 10				28		28

Total	-	-	276	821	39	1,136
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% against total for the period

- - 91.1% 21.3% 15.7%

Half-Year Financial Report at 30 June 2024

PAYABLES at 31 December 2023

	Non-current loans and borrowings	Other non- current borrowings	Current loans and borrowings	Trade payables	Other current payables	Total
<u>Associates</u>						
NH Industries SAS				144		144
Eurofighter Jagdflugzeug GmbH			75	136		211
Gulf System Logistic Services Company WLL				38		38
Hensoldt AG				17		17
Elettronica SpA				13		13
Leonardo Helicopteres Algerie			20			20
Other with unit amount lower than €mil. 10			1	17	3	21
<u>Joint Ventures</u>						
MBDA SAS			1,070	14		1,084
Telespazio SpA			26	3	2	31
GIE ATR				3	35	38
Other with unit amount lower than €mil. 10				20	1	21
<u>Other companies and consortiums</u>						
Other with unit amount lower than €mil. 10				3		3
<u>Companies subject to the control or considerable influence of the MEF</u>						
Cassa Depositi e Prestiti SpA	100			1	1	102
Enel SpA				26		26
Other with unit amount lower than €mil. 10				2		2
Total	100	-	1,192	437	42	1,771
<i>% against total for the period</i>	<i>3.5%</i>	<i>-</i>	<i>58.3%</i>	<i>13.4%</i>	<i>3.1%</i>	

Half-Year Financial Report at 30 June 2024

PAYABLES at 30 June 2024

Associates

	Non-current loans and borrowings	Other non-current borrowings	Current loans and borrowings	Trade payables	Other current payables	Total
Eurofighter Jagdflugzeug GmbH			45	155		200
NH Industries SAS				133		133
Gulf System Logistic Services Company WLL				30		30
Elettronica SpA				14		14
Hensoldt AG				13		13
Leonardo Helicopteres Algerie			20			20
Other with unit amount lower than €mil. 10			1	9	3	13

Joint Ventures

MBDA SAS			1,210	27		1,237
Thales Alenia Space SAS				16		16
Rotorsim Srl				10		10
Other with unit amount lower than €mil. 10				14	1	15

Other companies and consortiums

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				16		16
Other with unit amount lower than €mil. 10				1		1

Total

	100	-	1,276	443	5	1,824
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% against total for the period

	4.2%	-	64.8%	13.4%	0.3%	
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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. 1,210 (€mil. 1,070 at 31 December 2023) due by Group companies to the joint venture MBDA and payables for €mil. 45 (€mil. 75 at 31 December 2023) 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 2024

For the 6 months ended 30 June 2023

Associates

	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			

Other companies and consortiums

Consorzio Protezioni Balistiche Italia	11					
Panavia Aircraft GmbH	13					
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					
ENEL SpA	4		48			
Other with unit amount lower than €mil. 10	29					

Total	1,050	2	323	-	2	18
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% against total for the period

<i>15.2%</i>	<i>0.8%</i>	<i>5.2%</i>	<i>-</i>	<i>2.5%</i>	<i>11.5%</i>
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Half-Year Financial Report at 30 June 2024

For the 6 months ended 30 June 2024

Associates

Eurofighter Jagdflugzeug GmbH	366		59			1
NH Industries SAS	117					
Iveco-Oto Melara Scarl	98		1			1
SPACEOPAL GmbH	37	1				
Macchi Hurel Dubois SAS	20					
AgustaWestland Aviation Services LLC	19					
Hensoldt AG	13		44			
Elettronica SpA	1		28			
Other with unit amount lower than €mil. 10	15		4		1	

Joint Ventures

GIE ATR	78		5			
Orizzonte - Sistemi Navali SpA	51		1			
MBDA SAS	40		34			31
Thales Alenia Space SAS	25		10		5	
Polo Strategico Nazionale SpA	18					
Other with unit amount lower than €mil. 10	2	1	11			

Other companies and consortiums

Panavia Aircraft GmbH	11					
Other with unit amount lower than €mil. 10	12		2			

Companies subject to the control or considerable influence of the

MEF

Cassa Depositi e Prestiti SpA	26					
Poste Italiane SpA	24					
ENAV SpA	11					
ENEL SpA	3		64			
Other with unit amount lower than €mil. 10	28		8			

Total	1,015	2	271	-	6	33
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<i>% against total for the period</i>	<i>12.7%</i>	<i>0.7%</i>	<i>3.7%</i>	<i>-</i>	<i>1.3%</i>	<i>16.0%</i>
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Half-Year Financial Report at 30 June 2024

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 production and post-sale assistance of land-based means for defence and security;

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

- Eurofighter Jagdflugzeug GmbH as part of the abovementioned programme, decreasing due to lower deliveries of the major items for aircraft assembly for the Kuwait customer;
- Elettronica Spa for the support to the EFA aircraft fleet and as part of the GCAP programme.

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	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	ENGINEERED SUPPORT SYSTEMS INC	CAD	-		100	72.30
AGUSTAWESTLAND INDIA PRIVATE LTD (IN LIQ.)	New Delhi (India)	LEONARDO PARTECIPAZIONI SPA AGUSTAWESTLAND LTD	INR	11,519,450		100	100
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (UK)	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
ALEA SRL	Polcenigo (Pordenone)	LEONARDO SPA	EUR	120,000	100		100
ALENIA AERMACCHI SPA	Rome	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
ANSALDOBREDA SPA	Rome	LEONARDO PARTECIPAZIONI SPA	EUR	10,000,000		100	100
DAYLIGHT DEFENCE LLC	Wilmington, Delaware (USA)	DAYLIGHT SOLUTIONS INC	USD	-		100	72.30
DAYLIGHT SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72,3
DISPOSITIVI PROTEZIONE INDIVIDUALE D.P.I. SRL	Rome	LARIMART SPA	EUR	309,600		77,92	46,752
DRS ADVANCED ISR LLC	Wilmington, Delaware (USA)	DRS DEFENSE SOLUTIONS LLC	USD	-		100	72.30
DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	72.30
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	2		100	72.30
DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS INTERNATIONAL INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS NAVAL POWER SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS NETWORK & IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	72.30
DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)	DRS DEFENSE SOLUTIONS LLC	USD	10		100	72.30
DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	72.30
DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS RADA TECHNOLOGIES LTD	Netanya (Israel)	LEONARDO DRS INC	ILS	1,491,527		100	72.30
DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	72.30
DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)	DRS TECHNOLOGIES CANADA INC	CAD	100		100	72.30
DRS TECHNOLOGIES SAUDI ARABIA LLC	Riyadh (Saudi Arabia)	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	72.30
DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)	DRS TRAINING & CONTROL SYSTEMS LLC	USD	1		100	72.30

Half-Year Financial Report at 30 June 2024

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	
E2E ENGINEERING LIMITED	Luton (UK)	TELESPAZIO UK LTD	GBP	489		100	67
E2E SATCOM LIMITED	Luton (UK)	E2E ENGINEERING LIMITED	GBP	900		100	67
E2E SERVICES LIMITED	Luton (UK)	E2E ENGINEERING LIMITED	GBP	300		100	67
E - GEOS SPA	Matera	TELESPAZIO SPA	EUR	5,000,000		80	53.60
EARTHLAB LUXEMBOURG SA	Mamer (Luxembourg)	TELESPAZIO BELGIUM SRL TELESPAZIO FRANCE SAS E - GEOS SPA	EUR	4,875,000		100	64.72
ENGINEERED COIL COMPANY	Jefferson City, Missouri (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	72.30
ENGINEERED SUPPORT SYSTEMS INC	Jefferson City, Missouri (USA)	LEONARDO DRS INC	USD	1		100	72.30
ESSI RESOURCES LLC	Frankfort, Kentucky (USA)	DRS SUSTAINMENT SYSTEMS INC	USD	-		100	72.30
GAF AG	Munich (Germany)	E - GEOS SPA	EUR	256,000		100	53.60
KOPTER GERMANY GMBH	HÖHENKIRCHEN-Siegertsbrunn (Germany)	KOPTER GROUP AG	EUR	25,000		100	100
KOPTER GROUP AG	Mollis, North Glarus (Switzerland)	LEONARDO SPA	CHF	32,000,000	100		100
LARIMART SPA	Rome	LEONARDO SPA	EUR	2,500,000	60		60
LAUREL TECHNOLOGIES PARTNERSHIP	Wilmington, Delaware (USA)	DRS SYSTEMS MANAGEMENT LLC DRS SIGNAL SOLUTIONS INC	USD	-		100	72.30
LEONARDO AUSTRALIA PTY LTD	Essendon, Victoria (Australia)	LEONARDO INTERNATIONAL SPA	AUD	8,366,301		100	100
LEONARDO BELGIUM SA	Grace Hollogne (Belgium)	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 (CHINA) CO. LTD	Beijing (China)	LEONARDO INTERNATIONAL SPA	USD	800,000		100	100
LEONARDO DO BRASIL LTDA	Itapevi (Brazil)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	BRL	48,241,788		100	100
LEONARDO DRS INC	Wilmington, Delaware (USA)	LEONARDO US HOLDING LLC	USD	262,454,115		72.30	72.30
LEONARDO ELECTRONICS US INC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	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 (Germany)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	EUR	2,500,000		100	100
LEONARDO GLOBAL SOLUTIONS SPA	Rome	LEONARDO SPA	EUR	51,000,000	100		100
LEONARDO GMBH	Cologne (Germany)	LEONARDO INTERNATIONAL SPA	EUR	25,700		100	100
LEONARDO HELICOPTERS USA INC	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	-		100	100
LEONARDO INTERNATIONAL SPA	Rome	LEONARDO SPA	EUR	1,000,000	100		100
LEONARDO LOGISTICS SPA	Rome	LEONARDO SPA	EUR	100,000	100		100
LEONARDO LOGISTICS POLAND SP Z O.O	Swidnik (Poland)	LEONARDO LOGISTICS SPA	PLN	5,000		100	100
LEONARDO MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	LEONARDO INTERNATIONAL SPA	MYR	2,500,000		100	100

Half-Year Financial Report at 30 June 2024

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	
LEONARDO PARTECIPAZIONI SPA	Rome	LEONARDO SPA	EUR	1,000,000	100		100
LEONARDO PENSION SCHEME (TRUSTEE) LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO PORTUGAL SA	Porto Salvo Oeiras (Portugal)	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 (Saudi Arabia)	LEONARDO UK LTD SELEX ES (PROJECTS) LTD	SAR	500,000		100	100
LEONARDO SOUTH AFRICA (PTY) LTD	Pretoria (South Africa)	LEONARDO INTERNATIONAL SPA	ZAR	1,500		100	100
LEONARDO TECHNOLOGIES AND MARKETING SERVICES EGYPT LLC	Cairo (Egypt)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	USD	150,000		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 (Turkey)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	TRY	79,557,009		100	100
LEONARDO UK LTD	London (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 AUTOMATION INC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	10		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	53,53	46,47	100
LEONARDO US SUBHOLDING LLC	Wilmington, Delaware (USA)	LEONARDO US CORPORATION	USD	100		100	100
OTO MELARA NORTH AMERICA LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	72.30
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	72.30
PRECISION AVIATION PROPERTY PTY LTD	Pretoria (South Africa)	LEONARDO SOUTH AFRICA (PTY) LTD	ZAR	100		100	100
PRECISION AVIATION TRAINING ACADEMY PTY LTD	Pretoria (South Africa)	LEONARDO SOUTH AFRICA (PTY) LTD	ZAR	1,000		100	100
RADA INNOVATIONS LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	72.30
RADA SENSORS INC	Delaware (USA)	DRS RADA TECHNOLOGIES LTD	USD	100		100	72.30
RADA TECHNOLOGIES LLC	Delaware (USA)	RADA SENSORS INC	USD	1		100	72.30
RARTEL SA	Bucharest (Romania)	TELESPAZIO SPA	RON	468,500		61,06	40.91
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z O.O	Swidnik (Poland)	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
LEONARDO US CYBER AND SECURITY SOLUTIONS LLC (ex Selex ES Lic)	Wilmington, Delaware (USA)	LEONARDO US SUBHOLDINGS LLC	USD	100		100	100
SELEX ES INTERNATIONAL LTD	Basildon, Essex (UK)	LEONARDO INTERNATIONAL SPA	GBP	100		100	100
SELEX ES MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	LEONARDO INTERNATIONAL SPA	MYR	500,000		100	100

Half-Year Financial Report at 30 June 2024

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	
T - S HOLDING CORPORATION	Austin, Texas (USA)	TECH-SYM LLC	USD	280,000		100	72.30
TECH-SYM LLC	Carson City, Nevada (USA)	LEONARDO DRS INC	USD	10		100	72,3
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	TELESPAZIO SPA TELESPAZIO BRASIL SA	ARS	9,950,000		100	66,958
TELESPAZIO BELGIUM SRL	Transinne (Belgium)	TELESPAZIO SPA TELESPAZIO FRENCH GUIANA SARL	EUR	1,282,750		100	67
TELESPAZIO BRASIL SA	Rio de Janeiro (Brazil)	TELESPAZIO LATIN AMERICA LTDA	BRL	58,724,000		98.77	66.18
TELESPAZIO FRANCE SAS	Toulouse (France)	TELESPAZIO SPA	EUR	33,670,000		100	67
TELESPAZIO FRENCH GUIANA SARL	KOUROU (Guyana of France)	TELESPAZIO SPA	EUR	7,625		100	67
TELESPAZIO GERMANY GMBH	Darmstadt (Germany)	TELESPAZIO SPA TELESPAZIO FRANCE SAS	EUR	44,150		100	67
TELESPAZIO IBERICA SL	Madrid (Spain)	TELESPAZIO SPA	EUR	2,230,262		100	67
TELESPAZIO LATIN AMERICA LTDA	Rio de Janeiro (Brazil)	TELESPAZIO SPA TELESPAZIO UK LTD	BRL	56,444,390		100	67
TELESPAZIO SPA	Rome	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 (Spain)	TELESPAZIO UK LTD	EUR	3,100		100	67
TTI TACTICAL TECHNOLOGIES INC	Ottawa, Ontario (Canada)	LEONARDO UK LTD	CAD	2,500,001		100	100
UTM SYSTEMS & SERVICES SRL	Rome	LEONARDO SPA TELESPAZIO SPA	EUR	6,620,000	66,67	33,33	89.00
WASS SUBMARINE SYSTEMS SRL	Livorno	LEONARDO SPA	EUR	100,000	100		100
WYTWORNIA SPRZETU KOMUNIKACYJNEGO "PZL-SWIDNIK" SPOLKA AKCYJNA	Swidnik (Poland)	LEONARDO SPA	PLN	137,401,350	100		100

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 (Malaysia)	SELEX ES INTERNATIONAL LTD	MYR	10,000,000		30	30
AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (United Arab Emirates)	LEONARDO SPA	AED	58,010,000		30	30
AIRBUS TELESPAZIO CAPACITY OPERATOR SAS	Issy Les Moulineaux (France)	TELESPAZIO FRANCE SAS	EUR	11,000,000		49	32,83
AMSH BV	Rotterdam (the Netherlands)	LEONARDO SPA	EUR	36,296,316		50	50
AVIO SPA	Rome	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 (China)	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	Toulouse (France)	LEONARDO SPA	USD	-		50	50
D-FLIGHT SPA	Rome	UTM SYSTEMS & SERVICES SRL	EUR	83,333		40	35.60

Half-Year Financial Report at 30 June 2024

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	
ELETTRONICA SPA	Rome	LEONARDO SPA	EUR	9,000,000	31,333		31.33
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germany)	LEONARDO SPA	EUR	2,556,459	21		21
EUROFIGHTER SIMULATION SYSTEMS GMBH (IN LIQ.)	Munich (Germany)	LEONARDO SPA	EUR	260,000	24		24
EUROMIDS SAS	Paris (France)	LEONARDO SPA	EUR	40,500	25		25
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	Moscow (Russia)	LEONARDO SPA	RUB	325,010,000	50		50
HENSOLDT AG	Taufkirchen (Germany)	LEONARDO SPA	EUR	115,500,000	22,8		22.80
IAMCO - INTERNATIONAL AEROSPACE MANAGEMENT COMPANY SCRL	Venice	LEONARDO SPA	EUR	208,000	25		25
ICARUS SCPA (IN LIQ.)	Turin	LEONARDO GLOBAL SOLUTIONS SPA	EUR	3,192,724		53,06	53,06
INDUSTRIA ITALIANA AUTOBUS SPA	Rome	LEONARDO SPA	EUR	24,115,593	40,12		40,12
INMOVE ITALIA SRL	Naples	ANSALDOBREDA SPA	EUR	14,441		100	100
IVECO - OTO MELARA SC A RL	Rome	LEONARDO SPA	EUR	40,000	50		50
JIANGXI CHANGHE AGUSTA HELICOPTER CO LTD	Jingdezhen (China)	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 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) (Algerie)	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 HISPANIA SAU (IN LIQ.)	Loriguilla, Valencia (Spain)	LEONARDO INTERNATIONAL SPA	EUR	5,189,019		100	100
LEONARDO MW Ltd	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO POLAND SP Z O.O	Varsavia (Poland)	LEONARDO INTERNATIONAL SPA	PLN	850,000		100	100
LEONARDO SINGAPORE PTE. LTD	Singapore (Singapore)	LEONARDO INTERNATIONAL SPA	USD	150,000		100	100
LEONARDO TECHNOLOGY PAKISTAN (SMC-PRIVATE) LIMITED	Islamabad (Pakistan)	LEONARDO INTERNATIONAL SPA	PKR	30,000,000		100	100
LEONARDO & CODEMAR SA (IN LIQ.)	Maricà (Brazil)	LEONARDO INTERNATIONAL SPA	BRL	4,010,000		51	51
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libya)	LEONARDO SPA LEONARDO PARTECIPAZIONI SPA	EUR	8,000,000	25	25	50
MACCHI HUREL DUBOIS SAS	Versailles (France)	LEONARDO SPA	EUR	100,000	50		50

Half-Year Financial Report at 30 June 2024

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	
MBDA SAS	Paris (France)	AMSH BV	EUR	53,824,021		50	25
NHINDUSTRIES SAS	Aix en Provence (France)	LEONARDO SPA	EUR	306,000	32		32
ORIZZONTE - SISTEMI NAVALI SPA	Genoa	LEONARDO SPA	EUR	20,000,000	49		49
POLO STRATEGICO NAZIONALE SPA	Rome	LEONARDO SPA	EUR	3,000,000	25		25
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	Munich (Germany)	TELESPAPIO SPA	EUR	500,000		50	33.50
THALES ALENIA SPACE SAS	Cannes (France)	LEONARDO SPA	EUR	918,037,500	33		33
TORPEDO SOUTH AFRICA (PTY) LTD	Gauteng (South Africa)	LEONARDO SPA	ZAR	-	49		49
VITROCISSET JADWALEAN LTD	Riyadh (Saudi Arabia)	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 (United Arab Emirates)	LEONARDO SPA	AED	200,000	49		49
ELSACOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ukraine)	LEONARDO PARTECIPAZIONI SPA	UAH	7,945,000		49	49

Half-Year Financial Report at 30 June 2024

Below are the changes in the scope of consolidation at 30 June 2024 in comparison with 30 June 2023:

Company	Event	Month
<u>Companies which entered the scope of consolidation:</u>		
E2E Engineering Ltd	acquired	November 2023
E2E Satcom Ltd	acquired	November 2023
E2E Services Ltd	acquired	November 2023
Leonardo Us Automation Inc.	newly established	February 2024
Leonardo Pension Scheme (Trustee) Ltd (*)	newly established	April 2024
Leonardo Technologies and Marketing Services Egypt Llc (*)	newly established	May 2024
Wass Submarine Systems Srl	newly established	June 2024

Companies which left the scope of consolidation:

No changes to report

Companies involved in merger transactions:

Merged company	Merging company	Month
Agustawestland Spa	Leonardo Partecipazioni Spa	March 2024
Selex Es Spa (in liquidation)	Leonardo Partecipazioni Spa	March 2024

Companies which changed their name:

Old name	New name	Month
Vega Deutschland GmbH	Leonardo GmbH	March 2024
Selex Es Llc	Leonardo US Cyber and Security Solutions Llc	April 2024

(): companies valued at equity*

Starting from 1 January 2024 the Telespazio Group, consolidated with the equity method until the 2023 consolidated financial statements, is now consolidated on a line-by-line by the Leonardo Group.

**STATEMENT ON THE CONDENSED CONSOLIDATED HALF-YEAR
FINANCIAL STATEMENTS AT 30 JUNE 2024 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 2024.

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, 30 July 2024

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 2024

(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 2024. 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 2024 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 2024

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