



**REPORT OF THE BOARD OF DIRECTORS
REGARDING MERGER BY INCORPORATION OPERATION
INTO LEONARDO – SOCIETÀ PER AZIONI
OF THE COMPANY UTM SYSTEMS & SERVICES S.R.L.**

LEONARDO - Società per azioni

Registered office in Rome, Piazza Monte Grappa 4
leonardo@pec.leonardo.com
Fully paid up registered capital € 2,543,861,738.00
Tax Code & Company Register No. 00401990585
VAT No. 00881841001

This Report 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.

Report of the board of directors Regarding merger by incorporation operation (hereinafter referred as the “operation” or “merger”) into LEONARDO – Società per Azioni (hereinafter referred as the “Incorporating Company” or the “Company” or “Leonardo”) of the Company UTM SYSTEMS & SERVICES S.R.L. (hereinafter referred as the “Merged Company” or “UTM”)

This report of the Board of Directors of Leonardo - Società per azioni has been drafted – also based on the provisions of Article 2501 *quinquies*, first paragraph of the Italian Civil Code and of Article 70, second paragraph, of the Issuer’s Regulations (CONSOB Resolution No. 11971/1999 as amended and supplemented) - in order to provide the broadest information to the public regarding the economic and legal purposes of the Operation, although not required pursuant to the provisions of Article 2505, first paragraph, of the Italian Civil Code. The Merger is proposed both for economic and organisational reasons and, more specifically, it will allow i) to rationalize and simplify the corporate chain, ii) to reduce the structural costs and the costs related to the requirements of a legal entity and iii) it will allow to meet the efficiency and affordability requirements, granting at the same time the attainment of the objectives of optimization/streamlining of the processes in the scope of the Service Supply Program of UTM to ENAV.

The choice of operating by means of merger by incorporation of UTM appears to be the best legal and economic solution, because it meets the need of eliminating a special purpose vehicle incorporated in 2018 - in order to accommodate the new needs of the Agreement entered into by ENAV and ENAC regarding the identification of the enabling factors (i) for the low-altitude operations performed with Unmanned Aerial Vehicles (“UAV”), included the remote pilot aircrafts and the provision of related UTM services, as well as (ii) for the realization of a network intended for providing UTM Services that is able to meet the regulatory requirements of ENAC in matter of registration and digital identification of the same - which would be realised now directly by Leonardo, who will provide the services now performed by UTM, in compliance with any obligations dictated by ENAV, thus granting the latter to interact with a single partner (Leonardo).

As the share capital of the Merged Company will entirely be held by Leonardo at the merging date, and such shareholding structure will remain as such upon completion of the Operation, consequently the Incorporating Company shall not issue any new shares nor assign Company’s shares; the Operation shall be performed applying the simplified procedure laid down in Article 2505 of the Italian Civil Code; therefore, the Merger plan do not include the

information referred to in numbers 3), 4) and 5) of the first paragraph of Article 2501 *ter* of the Italian Civil Code and the Experts' report about consistency of the exchange ratio according to Article 2501 *sexies* of the Italian Civil Code has not been prepared, nor – by the Merged Company - the Board of Directors' report ex Article 2501 *quinques* of the Italian Civil Code.

The Operation shall be effective, also for accounting and tax purposes, as from 1st January 2025. If the last of the registrations pursuant to Article 2504 of the Italian Civil Code should take place after 1st January 2025, the Operation shall be effective as from the first day of the month after that last registration; in such case, for accounting and tax purposes the Operation shall anyway be effective as from 1st January 2025.

As for the tax effects of the Operation, it is worth noting that this is a tax-neutral Operation and do not generate losses or profits with tax impact. The assets and liabilities of the Merged Company are acquired in the Financial Statements of the Incorporating Company on a continuous tax basis.

The Operation, as such, do not produce any effect on the significant shareholding structure neither on the controlling structure of the Incorporating Company.

With reference to the Incorporating Company nor to the Merged Company (taking also into account the fact that the latter is totally owned by Leonardo), there are no results of significant shareholder's agreements pursuant to Article 122 of the Consolidated Law on Finance.

The Operation shall be conducted based on the Financial statements as of 30 June 2024, approved by the Boards of Directors of UTM and Leonardo on 30 July 2024.

According to the law, the following documents will be filed at the Merging Companies registered offices: i) the Merger plan, approved by the Board of Directors of the Merging Companies, also filed with the Companies Register of Rome, where both companies are headquartered, and ii) the Financial statement as of 30 June 2024, as well as iii) the Financial statements of the last three financial years of both companies.

Moreover, in compliance with the Incorporating Company's obligations as listed Company, the Merger plan and the additional documents required by Article 70 of Issuer's Regulations shall be made publicly available and filed with the Consob according to the terms and conditions established therein.

In view of the fact that Leonardo is the sole shareholder of the Merged Company, the Operation will not involve any capital increase of the Incorporating Company.

Upon completion of the Operation, the shares held by Leonardo in UTM will be cancelled.

Rome, 30 July 2024

On behalf of the Board of Directors
The Chief Executive Officer and General
Manager
(Roberto Cingolani)