



**Financial information of  
Leonardo S.p.a at 30 June 2024**

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## **BOARDS AND COMMITTEES**

### **BOARD OF DIRECTORS**

*(for the three-year period 2023 - 2025)*

STEFANO PONTECORVO  
Chairman

ROBERTO CINGOLANI  
Chief Executive Officer and General Manager

TRIFONE ALTIERI  
Director (a, b)

GIANCARLO GHISLANZONI  
Director (b, d)

ENRICA GIORGETTI  
Director (b, c)

DOMINIQUE LEVY  
Director (a, c)

FRANCESCO MACRÌ  
Director (c, d)

CRISTINA MANARA  
Director (a, d)

MARCELLO SALA  
Director (a, d)

SILVIA STEFINI  
Director (a, c)

ELENA VASCO  
Director (b, c)

STEVEN DUNCAN WOOD  
Director (b, d)

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DOMENICA LISTA  
Secretary of the Board of Directors

\* 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).

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

### **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

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#### **INDEPENDENT LEGAL AUDITORS**

**EY S.p.A.**

*(for the period 2021 - 2029)*

**PERFORMANCE AT 30 JUNE 2024****Key Performance Indicators (“KPI”)**

	30 June 2023	30 June 2024	% Change	31 December 2023
New orders	5,498	7,688	39.8%	11,789
Order backlog	26,721	30,087	12.6%	27,426
Revenues	4,484	4,912	9.5%	9,937
EBITDA	392	425	8.4%	1,011
EBITA	192	192	0.0%	564
ROS	4.3%	3.9%	(0.4) p.p.	5.7%
EBIT	159	110	(30.8%)	411
EBIT Margin	3.5%	2.2%	(1.3) p.p.	4.1%
Net result before extraordinary transactions	759	139	(81.7%)	841
Net result	759	139	(81.7%)	784
Net Debt	4,081	3,492	(14.4%)	3,555
FOCF	(104)	52	150.0%	322
ROI	1.6%	1.6%	0.0 p.p.	4.7%
Workforce	30,808	31,863	3.4%	31,255

For the definition of indices, reference should be made to the paragraph “Non-GAAP alternative performance indicators”.

The results of the first half of 2024 confirmed the industrial performances of the same period of 2023.

The volume of new orders stood at excellent levels, with revenues rising in all the main business areas, confirming expected growth forecasts.

In particular:

- the volume of new orders, equal to €mil. 7,688 , showed a significant growth of 39.8% compared to June 2023, confirming the good competitive positioning of the Company's products and solutions;
- revenues of €mil. 4,912 showed, compared to 30 June 2023 (€mil. 4,484 ), an increase of 9.5% mainly thanks to the performance of the Helicopters sector;
- EBITA, equal to €mil. 192, remained unchanged compared to the same period of 2023;
- EBIT, equal to €mil. 110 , showed, compared to 2023, a decrease of €mil. 49 being affected by a higher incidence of non-recurring costs for the period;
- the net result before extraordinary transactions, equal to €mil. 139 (€mil. 759 at 30 June 2023), recorded a decrease of €mil. 620 compared to the same period of 2023 which mainly benefitted from higher dividends recognised under financial income (€mil. 187 at 30 June 2024; €mil. 726 at 30 June 2023).

## Reclassified income statement

(€ millions)	Note	For the six months ended 30 June		Change	% Change
		2023	2024		
Revenues		4,484	4,912	428	9.5%
Purchase and personnel expenses	(*)	(4,081)	(4,512)		
Other net operating income(expenses)	(**)	(10)	25		
Amortisation, depreciation and write-offs	(***)	(201)	(233)		
<b>EBITA</b>		<b>192</b>	<b>192</b>	-	<b>0.0%</b>
ROS		4.3%	3.9%	(0.4) p.p.	
Non-recurring income/(expenses)		(10)	(74)		
Restructuring costs		(22)	(7)		
Amortisation of intangible assets acquired as part of business combinations		(1)	(1)		
<b>EBIT</b>		<b>159</b>	<b>110</b>	<b>(49)</b>	<b>(30.8%)</b>
EBIT Margin		3.5%	2.2%	(1.3) p.p.	
Net financial income (expense)	(****)	640	80		
Income taxes		(40)	(51)		
<b>Net result before extraordinary transactions</b>		<b>759</b>	<b>139</b>	<b>(620)</b>	<b>(81.7%)</b>
Net result related to discontinued operations and extraordinary transactions	(*****)	-	-		
<b>Net result</b>		<b>759</b>	<b>139</b>	<b>(620)</b>	<b>(81.7%)</b>

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

- (\*) Includes "Purchases and Personnel expense" (excluding restructuring costs and non-recurring costs) and "Accruals (reversals) for onerous contracts (final losses on orders)";
- (\*\*) Includes the net amount of "Other operating income" and "Other operating expenses" (excluding restructuring costs, non-recurring income/(expense) and accruals (reversals) for onerous contracts (final losses on orders));
- (\*\*\*) 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 (expense)" (net of the gains and losses relating to extraordinary transactions);
- (\*\*\*\*\*) Includes gains and losses on extraordinary transactions (main acquisitions and disposals).

## Financial performance

Cash and cash equivalents came to €mil. 777, down by €mil. 150 compared to the same period of 2023.

FOCF, equal to €mil. 52, increased by € mil. 156 on the same period of last year. Such increase was attributable to cash flows from operating activities generated in the period.

## Reclassified cash flow statement

(€ millions)	Note	For the six months ended 30 June		Change	% Change
		2023	2024		
Cash flows generated/(used) from operating activities	(*)	(114)	97		
Dividends received		178	133		
Cash flows from ordinary investing activities	(**)	(168)	(178)		
<b>Free Operating Cash Flow (FOCF)</b>		<b>(104)</b>	<b>52</b>	<b>156</b>	<b>150.0%</b>
Strategic transactions	(***)	-	-		
Change in other investing activities	(****)	499	(324)		
Net change in loans and borrowings		(425)	(588)		
Dividends paid		(81)	(156)		
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(111)</b>	<b>(1,016)</b>		
Cash and cash equivalents at 1 January		1,040	1,791		
Exchange rate differences		(1)	2		
<b>Cash and cash equivalents at 30 June</b>		<b>928</b>	<b>777</b>		

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

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

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

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

(\*\*\*\*) Includes "Other investing or divestment activities", excluding dividends collected from non-consolidated companies, the effects of transactions classified as "Extraordinary transactions" and collections under Law 808/1985.

## Reclassified statement of financial position

(€ millions)	Note	31 December 2023	30 June 2024
Non-current assets		15,177	14,895
Non-current liabilities		(1,798)	(1,762)
<b>Capital assets</b>	(*)	<b>13,379</b>	<b>13,133</b>
Inventories	(**)	(658)	(603)
Trade receivables		3,634	3,468
Trade payables		(2,802)	(2,760)
<b>Working capital</b>		<b>174</b>	<b>105</b>
Provisions for short-term risks and charges		(804)	(693)
Other net current assets (liabilities)	(***)	(741)	(746)
<b>Net working capital</b>		<b>(1,371)</b>	<b>(1,334)</b>
<b>Net invested capital</b>		<b>12,008</b>	<b>11,799</b>
<b>Equity</b>		<b>8,413</b>	<b>8,368</b>
<b>Net Debt</b>		<b>3,555</b>	<b>3,492</b>
<b>Net (assets)/liabilities held for sale</b>	(****)	<b>40</b>	<b>(61)</b>

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

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

Net debt breaks down as follows:

(€ millions)	Net debt			
	31 December 2023		30 June 2024	
		of which current		of which current
Bonds	1,631	635	1,010	512
Bank debt	1,084	41	1,065	41
Cash and cash equivalents	(1,791)	(1,791)	(777)	(777)
<b>Net bank debt and bonds</b>	<b>924</b>		<b>1,298</b>	
Current loans and receivables from related parties	(507)	(507)	(386)	(386)
Other current loans and receivables	(14)	(14)	(40)	(40)
<b>Current loans and receivables and securities</b>	<b>(521)</b>		<b>(426)</b>	
Forex derivatives covering debt items	6		(4)	
Non current financial receivables from Group's consolidated entities	(113)		(437)	
Other related parties loans and borrowings	2,614	2,459	2,428	2,271
Lease liabilities from related parties	498	117	484	116
Lease liabilities	97	19	91	18
Other financial debts	50	16	58	24
<b>Net Debt</b>	<b>3,555</b>		<b>3,492</b>	

The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006, updated by the provisions of ESMA Guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021, is provided in Note 18 of this report.

The Company's net debt at 30 June 2024 stood at €mil. 3,492 showing a decrease of €mil. 63; such improvement was mainly attributable to the cash inflows realized by the Company during the first six months of 2024.

## “NON-GAAP” PERFORMANCE INDICATORS

Leonardo Management assesses the Company’s performance 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 Company’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).

- **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”).
- **Net result before extraordinary transactions:** this is the Net Result before the result from discontinued operations and the effects of the extraordinary transactions (acquisitions and disposals).
- **Net Result:** coincides with the net Profit (loss).
- **Group Net Debt:** this includes cash, financial receivables and current securities, net of (current and non-current) loans and borrowings and of the fair value of derivatives covering financial debt items, as well as the main non-current receivables. The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006, updated by the provisions of ESMA Guideline 32-382-



1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021, is provided below:

	<i>Note</i>	<b>31 December 2023</b>	<b>30 June 2024</b>
Net financial debt com. CONSOB no. DEM/6064293		<b>3,880</b>	<b>4,143</b>
Non-current payables to MEMIT (Law 808/1985)	21	(212)	(214)
Non current financial receivables from Group's consolidated entities		(113)	(437)
<b>Net debt (KPI)</b>		<b>3,555</b>	<b>3,492</b>

- **Free Operating Cash-Flow (FOCF):** this is the sum of the cash flows generated by (used in) operating activities and 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 above.
- **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 of Income Statement and Balance Sheet with the statutory Income Statement and Balance Sheet at 30 June 2024.

<i>(€ millions)</i>	Scheme	PPA amortization	Restructuration and non recurring costs	Onereous contracts (losses at completion)	Extraord. transactions.	Reclassified scheme
Revenues	4,912					4,912
Purchase and personnel expenses	(4,560)		7	41		(4,512)
Other net operating income/(expenses)	(8)		74	(41)		25
Amortisation, depreciation and write-offs	(234)	1				(233)
<b>EBITA</b>						<b>192</b>
Non-recurring income/(charges)			(74)			(74)
Restructuring costs			(7)			(7)
Amortisation of intangible assets acquired as part of business combinations		(1)				(1)
<b>EBIT</b>						<b>110</b>
Net financial income (expense)	80					80
Income taxes	(51)					(51)
<b>Net result before extraordinary transactions</b>						<b>139</b>
Net result related to discontinued operations and extraordinary transactions	-					-
<b>Net result</b>	<b>139</b>					<b>139</b>

(€ millions)	Scheme	Financial receivables and cash	Financial payables	Hedging derivatives on debt items	Reclassified scheme
Non-current assets	15,333	(438)			14,895
Non-current liabilities	(3,915)		2,153		(1,762)
<b>Capital assets</b>					<b>13,133</b>
Current assets	12,039	(1,201)		(4)	10,834
Current liabilities	(15,150)		2,982		(12,168)
<b>Net working capital</b>					<b>(1,334)</b>
<b>Total equity</b>	<b>8,368</b>				<b>8,368</b>
<b>Net Debt</b>		<b>(1,639)</b>	<b>5,135</b>	<b>(4)</b>	<b>3,492</b>
<b>Net (assets)/liabilities held for sale</b>	<b>(61)</b>				<b>(61)</b>

## THE PARENT COMPANY'S OFFICES

The Parent Company's offices are:

- Registered Office: Rome, Piazza Monte Grappa, 4
- Secondary office: Genoa, Corso Perrone, 118

**ANALYSIS OF THE CONDENSED FINANCIAL INFORMATION AND PERFORMANCE**

**AT 30 JUNE 2024**

# THE COMPANY'S INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2024

## Separate income statement

Note	For the six months ended 30 June				
	2023	of which with related parties	2024	of which with related parties	
<b>(€ millions)</b>					
Revenues	23	4,484	1,297	4,912	1,333
Other operating income	24	173	11	180	7
Purchase and personnel expenses	25	(4,131)	(717)	(4,560)	(742)
Amortisation, depreciation and financial assets value adjustments	26	(212)		(234)	
Other operating expenses	24	(155)	-	(188)	-
<b>Income before tax and financial expenses</b>		<b>159</b>		<b>110</b>	
Financial income	27	788	7	291	15
Financial expense	27	(148)	(50)	(211)	(67)
<b>Operating profit/(loss) before income taxes and discontinued operations</b>		<b>799</b>		<b>190</b>	
Income taxes	28	(40)		(51)	
<b>Net profit/(loss) for the period</b>		<b>759</b>		<b>139</b>	

## Statement of comprehensive income

Note	For the six months ended 30 June	
	2023	2024
<b>(€ millions)</b>		
Profit /(Loss) for the period	<b>759</b>	<b>139</b>
<b>Other comprehensive income (expense):</b>		
<u>Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period:</u>		
- Measurement of defined-benefit plans:		
- revaluation	(2)	-
- exchange rate gains (losses)	-	-
- Tax effect	-	-
	<b>(2)</b>	
<u>Comprehensive income/expense which will or might be subsequently reclassified within the profit (loss) for the period:</u>		
- Changes in cash flow hedges:		
- change generated in the period	59	(52)
- transferred to the profit (loss) for the period	5	14
- Tax effect	(15)	9
	<b>49</b>	<b>(29)</b>
<b>Total other comprehensive income (expense), net of tax:</b>	<b>47</b>	<b>(29)</b>
<b>Total comprehensive income</b>	<b>806</b>	<b>110</b>

## Statement of financial position

<b>(€ millions)</b>	<b>Note</b>	<b>31 December 2023</b>	<i>of which with related parties</i>	<b>30 June 2024</b>	<i>of which with related parties</i>
Intangible assets	5	3,223		3,205	
Property, plant and equipment	6	980		963	
Right of use	7	590		575	
Equity investments	8	9,426		9,280	
Receivables	9	175	130	481	438
Deferred tax assets	28	865		795	
Other non current assets	9	31		34	
<i>Non-current assets</i>		<b>15,290</b>		<b>15,333</b>	
Inventories	10	4,187		4,480	
Assets from contracts	11	2,365		2,345	
Trade receivables	12	3,628	1,438	3,472	1,415
Income tax receivables	13	60		68	
Loans and receivables	12	521	507	426	386
Other assets	14	513	25	471	61
Cash and cash equivalents	15	1,791		777	
<i>Current assets</i>		<b>13,065</b>		<b>12,039</b>	
Non-current assets held for sale	16	-		235	
<b>Total assets</b>		<b>28,355</b>		<b>27,607</b>	
Share capital		2,499		2,499	
Other reserves		5,914		5,869	
<b>Total equity</b>	17	<b>8,413</b>		<b>8,368</b>	
Loans and borrowings (non current)	18	2,685	535	2,153	525
Employee benefits	20	232		218	
Provisions for risks and charges	19	706		671	
Deferred tax liabilities	28	96		90	
Other non-current liabilities	21	763	152	783	159
<i>Non-current liabilities</i>		<b>4,482</b>		<b>3,915</b>	
Liabilities from contracts	11	7,211		7,430	
Trade payables	22	2,802	826	2,760	770
Loans and borrowings (current)	18	3,288	2,576	2,982	2,387
Income tax payables	13	3		2	
Provisions for short-term risks and charges	19	804		693	
Other current liabilities	21	1,312	128	1,283	28
<i>Current liabilities</i>		<b>15,420</b>		<b>15,150</b>	
<i>Liabilities associated with assets held for sale</i>	16	40		174	
<b>Total liabilities</b>		<b>19,942</b>		<b>19,239</b>	
<b>Total liabilities and equity</b>		<b>28,355</b>		<b>27,607</b>	

## Statement of cash flows

<b>(€ millions)</b>	<b>For the six months ended 30 June</b>			
	<b>2023</b>	<i>of which with related parties</i>	<b>2024</b>	<i>of which with related parties</i>
Gross cash flows from operating activities	466		427	
Change trade receivables/payables, assets/liabilities from contracts and inventories	(303)	(94)	(143)	(38)
Change in other operating assets and liabilities and provisions for risks and charges	(125)	(67)	(85)	(126)
Interest received (paid)	(97)	(43)	(101)	(52)
Income taxes received (paid)	(61)		(2)	
<b>Cash flows generated (used) from operating activities</b>	<b>(120)</b>		<b>96</b>	
Investments in property, plant and equipment and intangible assets	(177)		(178)	
Sales of property, plant and equipment and intangible assets	14			
Dividends received	700		163	
Other investing activities	(22)	(20)	(353)	(334)
<b>Cash flows generated (used) from investing activities</b>	<b>515</b>		<b>(368)</b>	
Bond buy repayments	-		(600)	
Net change in other loans and borrowings	(425)	(447)	12	(94)
Dividends paid	(81)		(156)	
<b>Cash flows generated (used) from financing activities</b>	<b>(506)</b>		<b>(744)</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(111)</b>		<b>(1,016)</b>	
Exchange rate differences	(1)		2	
Cash and cash equivalents at 1 January	1,040		1,791	
<b>Cash and cash equivalents at 30 June</b>	<b>928</b>		<b>777</b>	

## Statement of changes in shareholders' equity

<i>(€ millions)</i>	Share capital	Retained earnings	Cash flow hedge reserve	Revaluation reserve of defined-benefit plans	Merger surplus	Total equity
<b>1 January 2023</b>	<b>2,499</b>	<b>4,572</b>	<b>(58)</b>	<b>(60)</b>	<b>706</b>	<b>7,659</b>
Profit (loss) for the period	-	784	-	-	-	784
Other comprehensive income (expense)	-	-	52	(8)	-	44
<b>Total comprehensive income (expense)</b>	<b>-</b>	<b>784</b>	<b>52</b>	<b>(8)</b>	<b>-</b>	<b>828</b>
Dividends resolved	-	-	-	-	-	-
Repurchase of treasury shares less sold shares	-	(81)	-	-	-	(81)
<b>Total transactions with owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>(81)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81)</b>
Effect from Mergers/Demergers	-	-	-	-	-	-
Stock option/grant plans - performance's value	-	10	-	-	-	10
Other changes	-	(3)	-	-	-	(3)
<b>31 December 2023</b>	<b>2,499</b>	<b>5,282</b>	<b>(6)</b>	<b>(68)</b>	<b>706</b>	<b>8,413</b>
<b>1 January 2024</b>	<b>2,499</b>	<b>5,282</b>	<b>(6)</b>	<b>(68)</b>	<b>706</b>	<b>8,413</b>
Profit (loss) for the period	-	139	-	-	-	139
Other comprehensive income (expense)	-	-	(29)	-	-	(29)
<b>Total comprehensive income (expense)</b>	<b>-</b>	<b>139</b>	<b>(29)</b>	<b>-</b>	<b>-</b>	<b>110</b>
Dividends resolved	-	(162)	-	-	-	(162)
<b>Total transactions with owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>(162)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(162)</b>
Stock option/grant plans - performance's value	-	7	-	-	-	7
Other changes	-	-	-	-	-	-
<b>30 June 2024</b>	<b>2,499</b>	<b>5,266</b>	<b>(35)</b>	<b>(68)</b>	<b>706</b>	<b>8,368</b>



## **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 Company is a major Italian high technology organization operating in the Helicopters, Defence Electronics & Security, Aircraft and Aerostructures business sectors.

### **2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS**

These explanatory 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 Company's financial position, results of operations and cash flows given their amount, breakdown or changes therein. This half-year financial information should, therefore, be read in conjunction with the Company's 2023 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 interim financial information has been prepared by using the same accounting policies, recognition and measurement criteria as used to prepare the annual financial statements at 31 December 2023 – except for those specifically applicable to interim reporting - and the half-year financial report at 30 June 2023. The new standards applicable starting from 1 January 2024 did not entail any significant impact on this interim financial report.

All amounts are expressed in millions of euros, except otherwise specified.

This interim financial information is not subject to any legal audit.

### **3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD**

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

- 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. Following this agreement, the assets and liabilities related to the Underwater line of business have been classified among assets and liabilities held for sale (see Note 16).

- 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.
- In November 2023 Leonardo International S.p.A. cashed in the amount of \$mil. 165 from Leonardo US Holding LLC, as repayment of the share premium; consequently, in April 2024, Leonardo International S.p.A., repaid Leonardo a counter-value of €mil. 151 as repayment of capital reserves;
- Consolidation of the Telespazio group. As a results of the amandments to the originally agreed arrangements under the “Space Alliance” with Thales, the Telespazio group, has been thus consolidated on a line-by-line basis as from 1 January 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 the bonded loan of €mil. 600 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.

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. 10,614, of which €mil. 3,358 still available as at 30 June 2024.

Finally, it should be recalled that Leonardo has an EMTN (Euro Medium Term Note) Programme in place which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4 that, at the date of this report, was still available for €mil. 3,000.

#### 4. POST-PERIOD SIGNIFICANT EVENTS

We report no significant events occurred after 30 June 2024 except for the sale of the equity investment in Industria Italiana Autobus already commented on the preceding paragraph.

#### 5. INTANGIBLE ASSETS

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

	31 December 2023	30 June 2024	of which investments for the 6 months at	
			30 June 2023	30 June 2024
Goodwill	708	708	-	-
Development costs	429	400	25	27
Non-recurring costs	1,691	1,716	44	64
Concessions, licenses and trademarks	240	234	1	1
Acquired through business combinations	36	35	-	-
Other intangible assets	119	112	12	15
	<b>3,223</b>	<b>3,205</b>	<b>82</b>	<b>107</b>

In the first six months of 2024, the item decreased by €mil. 18 due to amortisation for the period and new investments net of related grants, as well as for the decrease of €mil. 32 in the intangible assets related to the *Underwater* line of business reclassified among held-for-sale assets/liabilities (see Note 16).

Investments for the period, equal to €mil. 107 (€mil. 82 at 30 June 2023), are mainly related to Helicopters (€mil. 59) and Aircraft (€mil. 29).

Impairment tests on development costs and non-recurring costs are carried out – if conditions obtain- using the discounted cash flow method. The cash flows used are those of the product business plans, discounted on the basis of a WACC rate determined by applying the Capital Asset Pricing Model.

Goodwill is allocated to the Cash Generating Units (CGUs) or groups of CGUs concerned, which are determined with reference to the Group's organizational, management and control structure coinciding, as is known, with the four business sectors.

The breakdown of goodwill recognised by business sector at 30 June 2024 is as follows:

	30 June 2023	30 June 2024
Helicopters	459	459
Electronics for the Defence and Security	189	189
Aircraft	60	60
	<b>708</b>	<b>708</b>

As regards programmes that benefit from the provisions of Law 808/85 and that are classified as functional to national security, the portion of capitalised non-recurring costs, pending the fulfilment of the legal requirements for the classification under receivables, is separately disclosed under "other non-current assets" (Note 9). The related amount is calculated based on an estimate made by management that reflects the reasonable certainty that funds are received and the effects of time value in the case of deferment over

more than one year of the granting of funds. The receivables for grants ascertained in respect of capitalised costs (herein reported net of such grants) are shown in Note 24.

“Other assets” mainly include software, intangible assets in progress and advances.

## 6. PROPERTY, PLANT AND EQUIPMENT

	31 December 2023	30 June 2024	of which investments for the 6 months at	
			30 June 2023	30 June 2024
Land and buildings	53	58	-	-
Plant and machinery	261	271	3	1
Equipment	260	259	21	14
Other tangible assets	406	375	60	51
	<b>980</b>	<b>963</b>	<b>84</b>	<b>66</b>

The item showed a decrease of €mil. 17 due to the new investments, net of the depreciation charges for the period, of which €mil. 11 due to the reclassification to held-for-sale assets/liabilities of the *Underwater* line of business (see Note 16). Investments for the period amounted to €mil. 66 (€mil. 84 at 30 June 2023).

## 7. RIGHT OF USE

	31 December 2023	30 June 2024	of which contracts submission at	
			30 June 2023	30 June 2024
Right of use of land and buildings	571	554	10	-
Right of use of other tangible assets	19	21	1	6
	<b>590</b>	<b>575</b>	<b>11</b>	<b>6</b>

During 2024 this item decreased by €mil. 15 mainly due to amortisation for the period net of the signature of new contracts and contractual changes.

The leases with a term of less than 12 months and those concerning assets of modest value were recognised among “costs for purchases” (Note 25).

## 8. EQUITY INVESTMENTS

	31 December 2023			30 June 2024		
	Equity investments	Risk provisions	Total	Equity investments	Risk provisions	Total
<b>1 January</b>	<b>9,638</b>	<b>(5)</b>	<b>9,633</b>	<b>9,426</b>	<b>(4)</b>	<b>9,422</b>
Acquisitions/subscriptions	64	1	65	36	-	36
Repayment of capital	(171)	-	(171)	(151)	-	(151)
Write-back/Write-down	(32)	-	(32)	-	-	-
Disposals	(73)	-	(73)	(31)	-	(31)
Other changes	-	-	-	-	-	-
<b>30 June</b>	<b>9,426</b>	<b>(4)</b>	<b>9,422</b>	<b>9,280</b>	<b>(4)</b>	<b>9,276</b>

Among the changes that occurred during the period were the following transactions:

- A contribution to capital in favour of the company Polo Strategico Nazionale SpA for €mil. 4;
- Acquisition through the distribution of in-kind dividends of the investee Leonardo Electronics US Inc. by Leonardo UK Ltd with concurrent sale of the former to Leonardo US Holding LLC for a value of €mil. 31. By way of this transaction the ownership percentage of Leonardo US Holding LLC went from 53.11% to 53.53%;
- Acquisition of the remaining 30% of Alea S.p.A., equal to €mil. 2, as a result of which Leonardo holds 100% of the investee's shares;
- A capital repayment of €mil. 151 of Leonardo International Spa (see Nota 3 above).

A breakdown of the changes in equity investments in the first six months of 2024 is provided below:

Company	Event	Month
NATIONAL QUANTUM SCIENCE AND TECHNOLOGY INSTITUTE S.C. A R.L.	acquisition	January 2023
LEONARDO ELETTRONICS US Inc.	acquisition	March 2024
LEONARDO ELETTRONICS US Inc.	disposal	March 2024
CAF ITALIA 2000 S.R.L.	acquisition	May 2023
SPACE IT UP S.C.A.R.L.	acquisition	June 2024
WASS SUBMARINE SYSTEMS Srl	constitution	June 2024
<b>Companies which changed their corporate name:</b>		
Old name	New name	Month
VEGA DEUTSCHLAND GMBH	LEONARDO GMBH	February 2023

## 9. RECEIVABLES AND OTHER NON-CURRENT ASSETS

	31 December 2023	30 June 2024
Deferred grants under Law no. 808/85	6	6
Related parties receivables	130	438
Other non-current receivables	39	37
<b>Non-current receivables</b>	<b>175</b>	<b>481</b>
Prepayments - non-current portion	2	1
Non-recurring costs pending under Law no. 808/1985	29	33
<b>Non-current assets</b>	<b>31</b>	<b>34</b>

Non-current receivables showed an increase of €mil. 306 mainly attributable to related parties.

## 10. INVENTORIES

	31 December 2023	30 June 2024
Raw materials, supplies and consumables	1,810	1,835
Work in progress and semi-finished goods	1,152	1,413
Finished goods and merchandise	47	-
Assets from contracts point in time	233	336
Advances to suppliers	945	896
	<b>4,187</b>	<b>4,480</b>

Inventories showed an increase in the period equal to €mil. 293.

Provisions for write-down are entered against the inventories to cover any obsolescence, slow-moving items or if the entry value is higher than the net realizable value, for a total amount of €mil. 596 (€mil. 591 at 31 December 2023).

“Point-in-time contract assets” include production progress recorded on contracts that do not meet the requirements for the recognition of revenues on an over time basis.

## 11. CONTRACT ASSETS AND LIABILITIES

	31 December 2023	30 June 2024
Contract assets (gross)	4,404	4,268
Liabilities from contracts	(2,039)	(1,923)
<b>Contract assets (net)</b>	<b>2,365</b>	<b>2,345</b>
Contract liabilities (gross)	7,419	7,518
Assets from contracts	(208)	(88)
<b>Contract liabilities (net)</b>	<b>7,211</b>	<b>7,430</b>

Contract assets, equal to €mil. 2,345 (€mil. 2,365 in 2023), included the net amount of work executed that exceeded the advances received from customers. Similarly, contract liabilities, equal to €mil. 7,430 (€mil. 7,211 in 2023), included the opposite case.

This offsetting is performed only with regard to contract assets and liabilities and not to point-in-time contract assets classified among inventories. If the progress payments and advances from customers have not been collected at the reporting date, the corresponding amount is recognised as a receivable from customers.

## 12. TRADE AND FINANCIAL RECEIVABLES

	31 December 2023		30 June 2024	
	Trade	Financial	Trade	Financial
Receivables	2,602	33	2,429	59
Allowance for doubtful accounts	(412)	(19)	(372)	(19)
Related parties current receivables	1,438	507	1,415	386
	<b>3,628</b>	<b>521</b>	<b>3,472</b>	<b>426</b>

The “Provision for bad debts” mainly includes the effects of the application of IFRS 9.

## 13. RECEIVABLES AND PAYABLES FOR INCOME TAXES

As at 30 June 2024, income tax receivables and payables amounted to €mil. 68 (€mil. 60 at 31 December 2023) and €mil. 2 (€mil. 3 at 31 December 2023), respectively.

The direct taxes for the period are entered net of advances paid in the period.

## 14. OTHER CURRENT ASSETS

	31 December 2023	30 June 2024
Derivatives	189	114
Prepaid expenses - current portion	80	81
Receivables for grants	61	65
Receivables from employees and social security	35	37
Indirect tax receivables	49	34
Deferred receivables under Law no. 808/85	-	-
Other related parties receivables	25	61
Other assets	74	79
	<b>513</b>	<b>471</b>

The item showed a decrease from 31 December 2023 of €mil. 42 mainly due to the €mil. 75 decrease in derivative assets and receivables for indirect taxes of €mil. 15.

## 15. CASH AND CASH EQUIVALENTS

The balance of “Cash and cash equivalents” at 30 June 2024, equal to €mil. 777 (€mil. 1,791 at 31 December 2023), was mainly the result of the net cash flows realized by the Company’s divisions during the six months.

## 16. ASSETS AND LIABILITIES HELD FOR SALE

	31 December 2023	30 June 2024
Non-current assets	-	32
Current assets	-	203
<b>Total assets</b>	-	<b>235</b>
Adjustment to selling price	-	-
<b>Assets held for sale</b>	-	<b>235</b>
Non-current liabilities	-	147
Current liabilities	40	27
<b>Liabilities associated with assets held for sale</b>	<b>40</b>	<b>174</b>
	<b>40</b>	<b>61</b>

The assets and liabilities classified at 30 June 2024 as held for sale are mainly related to the *Underwater* line of business, the disposal of which is expected to be finalised at the beginning of 2025 (see Note 3) for a net asset value of €mil. 88, plus any emerging liabilities due to the expected charges from the sale of the investment in the associate Industria Italiana Autobus which was finalised on 11 July 2024 worth €mil. 27.

## 17. EQUITY

	31 December 2023	30 June 2024
Capital	2,499	2,499
Legal reserve	412	451
Extraordinary reserve	392	392
Reserve for actuarial gains/(losses) in equity	(68)	(67)
Cash flow hedge reserve	(6)	(35)
Stock grant reserve	54	61
Merger/demerger surplus reserve	706	706
Retained earnings and other reserves	3,640	4,222
Net profit/(loss) for the period	784	139
<b>Equity</b>	<b>8,413</b>	<b>8,368</b>

The composition of the share capital is as follows and is unchanged compared to the prior period:

	Number of ordinary shares	Par value	Treasury shares value	Costs incurred (net of tax effect)	Total
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)
<b>30 June 2024</b>	<b>575,307,275</b>	<b>2,544</b>	<b>(26)</b>	<b>(19)</b>	<b>2,499</b>

The share capital, fully subscribed and paid-up, is divided into 578,150,395 ordinary shares with a par value of € 4.40 each, including no. 2,843,120 treasury shares.

At 30 June 2024 the Ministry of Economy and Finance owned around 30.204% of the share capital.

The reserve includes changes in fair value of the effective components of derivatives used by the Company to hedge its exposure to currency net of the effect of deferred taxes until the moment in which the



“underlying position” is recognised. When this condition is met, the reserve is recognised in the income statement to offset the economic effects of the hedged transaction. In accordance with the provisions of IFRS 9 governing hedge accounting, the reserve also includes the fair value change in the forward component of forward contracts (premium points), taken to the income statement when the hedged item affects profit or loss.

The revaluation reserve includes the effects of the valuation of actuarial gains and losses with reference to severance pay.

## 18. LOANS AND BORROWINGS

	31 December 2023			30 June 2024		
	Non current	Current	Total	Non current	Current	Total
Bonds	996	635	1,631	498	512	1,010
Bank loans and borrowings	1,043	41	1,084	1,023	41	1,064
Lease liabilities	78	19	97	73	18	91
Lease liabilities from related parties	381	117	498	368	116	484
Other related parties loans and borrowings	154	2,459	2,613	157	2,271	2,428
Other financial debts	33	17	50	34	24	58
	<b>2,685</b>	<b>3,288</b>	<b>5,973</b>	<b>2,153</b>	<b>2,982</b>	<b>5,135</b>

The item decreased from 31 December 2023 by €mil. 838 mainly due to the decrease in bonded loans resulting from the repayment of the €mil. 600 bond issue carried out in June 2017, which reached its natural expiry, as well as due to the change in other loans and borrowings from related parties equal to €mil. 199.

### Bonds

Below are the bonded loans in place and listed on the Luxembourg Stock Exchange:

Year of issue	Maturity	Currency	Outstanding nominal amount (mil.)(* )	Annual coupon	Type of offer
2005	2025	€	500	4.88%	European institutional
2020	2026	€	500	2.38%	European institutional

(\*)Residual nominal amounts in case of issues subject to the buy-back transactions

\*\*\*\*\*

Below is the financial information prepared in accordance with the scheme required under CONSOB communication DEM/6064293 of 28 July 2006 and updated in accordance with the ESMA guidelines 32-382-1138 of 4 March 2021 as implemented in the CONSOB warning notice no. 5/21 of 29 April 2021.

	31 December 2023	30 June 2024
A - Cash	(1,791)	(777)
C - Other current financial assets	-	-
<b>D - Liquidity</b>	<b>(1,791)</b>	<b>(777)</b>
E - Current financial debt (*)	2,133	2,044
F - Current portion of non-current financial debt	635	512
<b>G - Current financial debt</b>	<b>2,768</b>	<b>2,556</b>
<b>H - Net current financial debt (funds)</b>	<b>977</b>	<b>1,780</b>
I - Non-current financial debt (*)	2,685	2,153
J - Debt instruments (**)	6	(4)
K - Trade payables and other non-current liabilities	212	214
<b>L - Non-current financial debt</b>	<b>2,903</b>	<b>2,363</b>
<b>M - Total financial debt</b>	<b>3,880</b>	<b>4,143</b>

(\*) Includes leasing payables for € mil. 575, of which € mil. 134 current (€ mil. 595 at 31 December 2023, of which € mil. 136 current)

(\*\*) Includes the fair value of foreign exchange derivatives hedging debt items

Based on current interpretations, the item “Trade payables and other non-current payables” of the abovesaid scheme includes the value of payables for grants received from the Ministry of Enterprises and Made in Italy (MEMIT) for the development of programmes not related to national security eligible for benefits under Law 808/1985, even though such value is not, by its very nature, a financial caption.

The reconciliation between Net Financial Debt and Group Net Debt, used as KPI, is as follows:

	Note	31 December 2023	30 June 2024
Net financial debt com. CONSOB no. DEM/6064293		3,880	4,143
Non-current payables to MEMIT (Law 808/1985)	21	(212)	(214)
Non current financial receivables from Group's consolidated entities		(113)	(437)
<b>Net debt (KPI)</b>		<b>3,555</b>	<b>3,492</b>

## 19. PROVISIONS FOR RISKS AND CHARGES AND CONTINGENT LIABILITIES

	31 December 2023		30 June 2024	
	Non current	Current	Non current	Current
Guarantees given	-	21	-	21
Restructuring	107	64	103	33
Penalties	5	9	2	7
Product guarantees	64	182	60	183
Contracts (final losses)	-	224	-	179
Other provisions	530	304	506	270
	<b>706</b>	<b>804</b>	<b>671</b>	<b>693</b>

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 agreement under art. 4 of Law Legge 92/2012 – Fornero Act – signed in 2022 and supplemented in 2023.

The Notes to the Company’s financial statements as of 31 December 2023 make reference, in relation to risks, to criminal proceedings involving, for various reasons, Leonardo. With respect to the information provided in such financial statements, to which reference should be made, 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’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 Leonardo is defendant as these disputes are reasonably expected to be settled, based on current knowledge, satisfactorily and without significantly impacting the Company. Compared to what was already described during the preparation of the 2023 separate financial statements, to which reference should be made, note the following updates:

- 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 this amount was modified by the granting of the petition for correction of the award filed by LP for an additional amount of approximately €mil. 11. On 27 June 2024 the parties reached a settlement agreement regarding the payment to LP of an amount of €mil. 120 against the waiver of any further action and/or claim between the parties relating to the aforesaid award;
- 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 Leonardo’s long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Company adjusts the estimated contract costs for foreseeable issues, also taking into account the possible developments in the relevant disputes.

With regard to contracts in progress affected by uncertainties and issues under discussion with customers, there are:

- 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 half-year financial report at 30 June 2024.

## 20. EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2023	30 June 2024
Severance pay provision	191	179
Defined contribution plans	41	39
	<b>232</b>	<b>218</b>

The severance pay provision showed a reduction essentially due to early retirements under art. 4 of Law 92/2012 (Fornero Act).

## 21. OTHER NON-CURRENT AND CURRENT LIABILITIES

	31 December 2023		30 June 2024	
	Non current	Current	Non current	Current
Employee obligations (*)	39	386	37	519
Deferred income	132	133	138	147
Amounts due to social security institutions	-	192	-	196
Payables to MEMIT (Law no. 808/85)	212	1	214	1
Payables to MEMIT for monopoly costs (Law no. 808/85)	209	21	215	19
Indirect tax liabilities	-	83	-	55
Derivatives	-	156	-	140
Other payables to related parties	152	128	159	28
Other liabilities	19	212	20	178
	<b>763</b>	<b>1,312</b>	<b>783</b>	<b>1,283</b>

(\*) Non-current item includes other employee benefits related to seniority bonuses

The item decreased by €mil. 9 compared to 2023 and was affected, among other things, by the decrease in derivative liabilities for €mil. 16, determined in particular by the fluctuation in the Euro/US Dollar exchange rate.

“Deferred income” includes subsequent years rentals already collected in past years in relation to the agreements for the sale of “Ansaldo” trademark, royalties and grants collected.

The payables to the Ministry of Enterprises and Made in Italy (MEMiT) under Law 808/1985 relate to monopoly costs accrued on national security and similar projects, as well as payables for grants received from MEMiT for the development of programmes not related to national security and similar projects eligible for benefits under Law 808/1985.

“Other liabilities” refer in particular to contractual agreements and penalties for €mil. 49 and to commissions and royalties for €mil. 43.

## 22. TRADE PAYABLES

	31 December 2023	30 June 2024
Suppliers	1,976	1,990
Trade payables to related parties	826	770
	<b>2,802</b>	<b>2,760</b>

## 23. REVENUES

	For the six months ended 30 June	
	2023	2024
Revenue from contracts with customers	3,280	3,480
Change in contract assets	(93)	99
Revenue and change in contract assets from related parties	1,297	1,333
<b>Total revenues</b>	<b>4,484</b>	<b>4,912</b>

The breakdown of revenues by timing is reported below:

	<i>For the six months ended 30 June</i>	
	2023	2024
Revenues recognized at point in time	794	781
Revenues recognized over time	3,690	4,131
<b>Total</b>	<b>4,484</b>	<b>4,912</b>

Revenues are realised in the following geographical areas:

	<i>For the six months ended 30 June</i>	
	2023	2024
Italy	971	1,375
United Kingdom	251	255
Rest of Europe	1,366	1,444
United states of America	501	610
Rest of the world	1,395	1,228
	<b>4,484</b>	<b>4,912</b>

## 24. OTHER OPERATING INCOME (EXPENSES)

	<i>For the six months ended 30 June</i>					
	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs (*)	13	-	13	21	-	21
Other operating grants	2	-	2	3	-	3
Reversals/accruals to provisions for risks	72	(87)	(15)	93	(122)	(29)
Exchange rate difference on operating items	52	(48)	4	38	(45)	(7)
Insurance reimbursements	6	-	6	2	-	2
Indirect taxes	-	(4)	(4)	-	(4)	(4)
Other operating income (expenses)	17	(16)	1	16	(17)	(1)
Other operating income (expenses) from related parties	11	-	11	7	-	7
	<b>173</b>	<b>(155)</b>	<b>18</b>	<b>180</b>	<b>(188)</b>	<b>(8)</b>

## 25. PURCHASES AND PERSONNEL EXPENSES

	For the six months ended 30 June	
	2023	2024
Purchase of materials from third parties	1,490	1,663
Change in inventories of raw materials	(70)	255
Change in inventories of raw materials	370	255
<b>Purchases</b>	<b>1,790</b>	<b>2,173</b>
Services rendered by third parties	1,079	1,313
Costs of leases	23	26
Royalties	9	4
Services rendered by related parties	347	447
<b>Services</b>	<b>1,458</b>	<b>1,790</b>
Wages and salaries	852	926
Social security contributions	241	257
Costs related to defined-contribution plans	56	61
Employee disputes	(2)	-
Restructuring costs - net	26	12
Other personnel expenses net of cost recovery	2	4
<b>Personnel expenses</b>	<b>1,175</b>	<b>1,260</b>
<b>Change in finished goods, work in progress and semi-finished products</b>	<b>(207)</b>	<b>(323)</b>
<b>Internal work capitalised</b>	<b>(85)</b>	<b>(85)</b>
<b>Total purchases and personnel expenses</b>	<b>4,131</b>	<b>4,815</b>

The item increased by €mil. 429 essentially for the acquisition of materials and services related to the increase in revenues.

Personnel expenses showed a growth of €mil. 85 related to an increase in the average workforce operating at 30 June 2024, equal to 31,130 units, which, compared to 30 June 2023, increased by 1,016 units.

The figure of total workforce at 30 June 2024, equal to 31,863 units, was up by 1,055 units compared to 2023.

Below is the breakdown of workforce by category:

	Average Workforce			Total Workforce		
	30 June 2023	30 June 2024	Change	30 June 2023	30 June 2024	Change
Senior managers (*)	856	806	(50)	868	817	(51)
Middle managers	3,569	3,668	99	3,596	3,707	111
Clerical employees	18,494	19,564	1,070	19,131	20,289	1,158
Manual labourers (**)	7,195	7,092	(103)	7,213	7,050	(163)
<b>Total</b>	<b>30,114</b>	<b>31,130</b>	<b>1,016</b>	<b>30,808</b>	<b>31,863</b>	<b>1,055</b>

(\*) Includes pilots

(\*\*) Includes senior manual labours

The figure related to the average workforce is affected by the presence of part-time employees and personnel that took extended leave.

## 26. AMORTISATION, DEPRECIATION AND FINANCIAL ASSETS VALUE ADJUSTMENTS

	For the six months ended 30 June	
	2023	2024
Amortisation of intangible assets	62	75
<i>Development costs</i>	10	20
<i>Non-recurring costs</i>	24	24
<i>Acquired through business combinations</i>	1	1
<i>Concessions, licenses and trademarks</i>	13	15
<i>Other intangible assets</i>	14	15
Depreciation of property, plant and equipment and investment properties	69	67
Depreciation of right of use	61	59
Impairment of other assets	-	19
Financial assets value adjustments	20	14
<i>Contract assets and liabilities</i>	11	2
<i>Operating receivables</i>	9	12
<i>Other financial assets</i>		
	<b>212</b>	<b>234</b>

Amortisation, depreciation and financial assets value adjustments increased by €mil. 22, compared to the first half of 2023. 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.

## 27. FINANCIAL INCOME AND EXPENSES

	For the six months ended 30 June					
	2023			2024		
	Income	Expenses	Net	Income	Expenses	Net
Interest to/from banks	8	(17)	(9)	30	(25)	5
Interest on lease liabilities	-	(1)	(1)	-	(2)	(2)
Interest and other charges on bonds	-	(24)	(24)	-	(23)	(23)
Commissions	-	(6)	(6)	-	(3)	(3)
Dividends	726	-	726	187	-	187
Premiums (paid) received on IRS	2	-	2	5	-	5
Premiums (paid) received on forwards	19	(15)	4	22	(31)	(9)
Fair value gains (losses) through profit or loss	5	(2)	3	2	(14)	(12)
Exchange rate differences	10	(9)	1	26	(27)	(1)
Financial income (expense) - related parties	7	(50)	(43)	15	(67)	(52)
Other financial income and expense	11	(24)	(13)	4	(19)	(15)
	<b>788</b>	<b>(148)</b>	<b>640</b>	<b>291</b>	<b>(211)</b>	<b>80</b>

Income net of financial expense amounted to €mil. 80 (€mil. 640 at 30 June 2023) and decreased by €mil. 560, compared to the first half of 2023. The change is mainly attributable to the reduction of the value of dividends with particular reference to, among others, the dividend paid by Leonardo UK which in the first half of 2023 amounted to € mil. 464.



## 28. INCOME TAXES

Income taxes can be broken down as follows:

	<i>For the six months ended 30 June</i>	
	2023	2024
IRES (corporate income tax)	(32)	-
IRAP (reg. tax on production)	(8)	(4)
Benefit under consolidated tax mechanism	-	9
Tax related to previous periods	1	10
Provisions for tax disputes	3	(1)
Deferred tax - net	(1)	(65)
Other taxes	(3)	-
<b>Total income taxes</b>	<b>(40)</b>	<b>(51)</b>

Deferred taxes were the result of the following differences:

	<i>For the six months ended 30 June</i>	
	2023	2024
Deferred tax assets on tax losses	(3)	36
Property, plant and equipment and intangible assets	(3)	(4)
Provision for risks and impairment	6	(26)
Other	(1)	(71)
<b>Deferred taxes recognised through profit or loss</b>	<b>(1)</b>	<b>(65)</b>

	31 December 2023			30 June 2024		
	Financial statement			Financial statement		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax assets on tax losses	19	-	19	55	-	55
Property, plant and equipment and intangible assets	22	(30)	(8)	18	(34)	(16)
Provision for risks and impairment	601	-	601	571	-	571
Other	184	(37)	147	115	(38)	77
<b>Deferred taxes recognised through balance sheet</b>	<b>826</b>	<b>(67)</b>	<b>759</b>	<b>759</b>	<b>(72)</b>	<b>687</b>
Cash-flow hedge derivatives	28	(25)	3	25	(14)	11
On actuarial gains and losses	11	(4)	7	11	(4)	7
<b>Deferred taxes recognised through equity</b>	<b>39</b>	<b>(29)</b>	<b>10</b>	<b>36</b>	<b>(18)</b>	<b>18</b>
	<b>865</b>	<b>(96)</b>	<b>769</b>	<b>795</b>	<b>(90)</b>	<b>705</b>



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