

# HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2022

---

## *Disclaimer*

*This Half-Year Financial Report for 2022 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

<b>BOARDS AND COMMITTEES</b> .....	<b>4</b>
<b>GROUP RESULTS AND FINANCIAL POSITION</b> .....	<b>5</b>
• Key performance indicators by sector .....	11
• <i>Outlook</i> .....	15
• Industrial and financial transactions .....	16
• "Non-GAAP" performance indicators.....	19
<b>CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2022</b> .....	<b>23</b>
• Condensed consolidated separate income statement.....	24
• Consolidated statement of comprehensive income .....	25
• Condensed consolidated statement of financial position .....	26
• Consolidated statement of cash flows .....	27
• Consolidated statement of changes in equity.....	28
• Explanatory Notes .....	29
1. <i>GENERAL INFORMATION</i> .....	29
2. <i>FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS</i> .....	29
3. <i>SIGNIFICANT ISSUES AND CRITICAL ESTIMATES BY MANAGEMENT</i> .....	30
4. <i>BUSINESS SEASONALITY</i> .....	30
5. <i>EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED</i> .....	30
6. <i>MAIN EVENTS AND TRANSACTIONS OF THE FIRST 6 MONTHS OF 2022 AND SIGNIFICANT EVENTS OCCURRED AFTER THE PERIOD-END</i> .....	30
7. <i>SEGMENT REPORTING</i> .....	31
8. <i>INTANGIBLE ASSETS</i> .....	33
9. <i>PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES</i> .....	34
10. <i>RIGHT OF USE</i> .....	34
11. <i>OTHER NON-CURRENT ASSETS</i> .....	34
12. <i>BUSINESS COMBINATION</i> .....	35
13. <i>TRADE RECEIVABLES, INCLUDING CONTRACT ASSETS</i> .....	35
14. <i>OTHER CURRENT ASSETS</i> .....	35
15. <i>EQUITY</i> .....	36
16. <i>LOANS AND BORROWINGS</i> .....	37

---

17.	<i>PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES</i> .....	38
18.	<i>EMPLOYEE BENEFITS</i> .....	40
19.	<i>OTHER CURRENT AND NON-CURRENT LIABILITIES</i> .....	41
20.	<i>TRADE PAYABLES, INCLUDING CONTRACT LIABILITIES AND PROVISION FOR ONEROUS CONTRACTS</i> .....	41
21.	<i>REVENUE</i> .....	41
22.	<i>OTHER OPERATING INCOME (EXPENSES)</i> .....	42
23.	<i>PURCHASES AND PERSONNEL EXPENSES</i> .....	42
24.	<i>AMORTISATION, DEPRECIATION AND FINANCIAL ASSETS VALUE ADJUSTMENTS</i> .....	43
25.	<i>FINANCIAL INCOME AND EXPENSES</i> .....	43
26.	<i>SHARE OF PROFITS (LOSSES) OF EQUITY-ACCOUNTED INVESTEEES</i> .....	44
27.	<i>INCOME TAXES</i> .....	44
28.	<i>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</i> .....	44
29.	<i>EARNINGS PER SHARE</i> .....	45
30.	<i>CASH FLOW FROM OPERATING ACTIVITIES AND CHANGE IN WORKING CAPITAL</i> .....	45
31.	<i>RELATED PARTY TRANSACTIONS</i> .....	46
•	Annex: scope of consolidation .....	52
•	Statement on the condensed consolidated half-year financial statements at 30 June 2022 pursuant to Art. 154 bis, paragraph 5, of Legislative Decree no. 58/98 as amended and supplemented .....	58
•	Independent auditors' report on the review of the condensed consolidated half-year financial statements at 30 June 2022 .....	59

## BOARDS AND COMMITTEES

**BOARD OF DIRECTORS**  
*(for the three-year period 2020 - 2022)*

LUCIANO CARTA  
Chairman

ALESSANDRO PROFUMO  
Chief Executive Officer

CARMINE AMERICA  
Director (c, d)

PIERFRANCESCO BARLETTA  
Director (a, c)

ELENA COMPARATO  
Director (b, c)

DARIO FRIGERIO  
Director (a, c)

PATRIZIA MICHELA GIANGUALANO  
Director (b, d)

PAOLA GIANNETAKIS  
Director (a, d)

FEDERICA GUIDI  
Director (b, c)

MAURIZIO PINNARO'  
Director (a, c)

FERRUCCIO RESTA  
Director (b, d)

MARINA RUBINI  
Director (a, b)

**BOARD OF STATUTORY AUDITORS**  
*(for the three-year period 2021 - 2023)*

**Regular Statutory Auditors**

LUCA ROSSI  
Chairman

ANNA RITA DE MAURO

SARA FORNASIERO

LEONARDO QUAGLIATA

AMEDEO SACRESTANO

**Alternate Statutory Auditors**

GIUSEPPE CERATI

EUGENIO PINTO

---

**INDEPENDENT LEGAL AUDITORS**

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

\*\*\*\*\*

LUCIANO ACCIARI  
Secretary of the Board of Directors

- 
- 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 results of the first six months of 2022 confirm the well-established path to growth and increased profitability expected starting from 2020, even more pronounced considering that EBITA for the first half of 2021 - unlike the half-year period under comparison - includes as recurring costs the charges related to the COVID emergency. The restated figures for the comparative periods have been provided in order to make the two periods comparable.

The volume of new orders continued to increase significantly, while Revenues and EBITA showed increases in all the main Business areas.

Cash flows, although affected by the usual interim performance characterised by significant outflows in the first part of the year, are also clearly improving compared to the same period of the prior year.

Furthermore, the Group Net Debt figure reflects the acquisition of the 25.1% investment in the German company Hensoldt (€mil. 606, plus related transaction costs) occurred at the beginning of January 2022.

### Key Performance Indicator (“KPI”)

	June 2021	June 2022	Change	2021
New orders	6,682	7,310	9.4%	14,307
Order backlog	35,883	36,358	1.3%	35,534
Revenue	6,345	6,576	3.6%	14,135
EBITDA	607	679	11.9%	1,626
EBITA	400	418	4.5%	1,123
EBITA Restated (*)	374	418	11.8%	1,069
ROS	6.3%	6.4%	0.1 p.p.	7.9%
ROS Restated (*)	5.9%	6.4%	0.5 p.p.	7.6%
EBIT	347	362	4.3%	911
EBIT Margin	5.5%	5.5%	0.0 p.p.	6.4%
Net Result before extraordinary transactions	177	267	50.8%	587
Net result	177	267	50.8%	587
Group Net Debt	4,613	4,793	3.9%	3,122
FOCF	(1,380)	(962)	30.3%	209
ROI	10.3%	10.5%	0.2 p.p.	12.4%
Workforce	49,980	50,441	0.9%	50,413

(\*): EBITA and ROS have been restated to include charges related to the COVID emergency, which until the 2021 financial statements were excluded from these indicators as they were classified as 'non-recurring charges'."

Please refer to the paragraph “Non-GAAP performance indicators” for definitions.

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

## Half-year financial report at 30 June 2022

	30 June 2021				
	New orders	Order backlog at 31 Dec. 2021	Revenue	EBITA	ROS
Helicopters	2,009	12,377	1,890	148	7.8%
Defense Electronics & Security	3,618	14,237	3,200	297	9.3%
Aeronautics	1,340	10,033	1,511	47	3.1%
<i>of which Aircrafts (*)</i>	1,235		1,234	150	12.2%
<i>of which Aerostructures (*)</i>	133		305	(82)	(26.9%)
<i>of which GIE ATR</i>	n.a.		n.a.	(21)	n.a.
Space	n.a.		n.a.	23	n.a.
Other activities	83	48	195	(115)	(59.0%)
Eliminations	(368)	(1,161)	(451)	-	n.a.
<b>Total</b>	<b>6,682</b>	<b>35,534</b>	<b>6,345</b>	<b>400</b>	<b>6.3%</b>

	30 June 2022				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	2,183	12,436	2,110	151	7.2%
Defense Electronics & Security	3,799	14,701	3,229	314	9.7%
Aeronautics	1,627	10,204	1,475	63	4.3%
<i>of which Aircrafts (*)</i>	1,490		1,261	152	12.1%
<i>of which Aerostructures (*)</i>	158		234	(88)	(37.6%)
<i>of which GIE ATR</i>	n.a.		n.a.	(1)	n.a.
Space	n.a.		n.a.	3	n.a.
Other activities	168	330	260	(113)	(43.5%)
Eliminations	(467)	(1,313)	(498)	-	n.a.
<b>Total</b>	<b>7,310</b>	<b>36,358</b>	<b>6,576</b>	<b>418</b>	<b>6.4%</b>

	Change %				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	8.7%	0.5%	11.6%	2.0%	(0.6) p.p.
Defense Electronics & Security	5.0%	3.3%	0.9%	5.7%	0.4 p.p.
Aeronautics	21.4%	1.7%	(2.4%)	34.0%	1.2 p.p.
<i>of which Aircrafts (*)</i>	20.6%		2.2%	1.3%	(0.1) p.p.
<i>of which Aerostructures (*)</i>	18.8%		(23.3%)	(7.3%)	(10.7) p.p.
<i>of which GIE ATR</i>	n.a.		n.a.	95.2%	n.a.
Space	n.a.	n.a.	n.a.	(87.0%)	n.a.
Other activities	102.4%	587.5%	33.3%	1.7%	15.5 p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total</b>	<b>9.4%</b>	<b>2.3%</b>	<b>3.6%</b>	<b>4.5%</b>	<b>0.1 p.p.</b>

(\*) Amounts before infra-segment eliminations

### Commercial performance

**New orders** came to €bil. 7.3, showing significant growth (+9.4%) compared to the first half of 2021.

An excellent commercial performance was recorded in all core business sectors, and especially in the Aircraft Division, which benefitted from major orders under the Typhoon program.

The order backlog ensures a coverage in terms of production equal to about 2.5 years. The book to bill ratio (the ratio of New Orders for the period to Revenues) is higher than 1.

### Business performance.

**Revenues** of the first half of 2022 (€bil. 6.6) showed a positive trend (+4%) compared to the first half of 2021 (€bil. 6.3), mainly due to the performance of Helicopters.

**EBITA**, equal to €mil. 418, essentially recorded the same growth as noted in Revenues (+5%), with the GIE ATR zeroing out the negative performance reported in the previous six-month period. The figure for the current period also includes costs associated with the COVID-19 emergency, which vice versa had been classified as non-recurring charges in the first half of 2021. The growth in the first half of 2022 in relation to the Restated figure for the first half of 2021 to take account of these charges (€mil.374, with a Restated ROS of 5.9%) shows an improvement of 12%, equal to 0.5 p.p. of ROS.

**EBIT**, equal to €mil. 362, substantially benefitted from an improvement of EBITA, compared to the first half of 2021 (€mil. 347). Non-recurring costs for the period showed the write-down of the exposure to the countries involved in the conflict existing between Russia and Ukraine for an amount of about €mil. 33. On the contrary, the figure for the first half of 2021 had included, as noted, the charges linked to the COVID-19 emergency.

The **Net result before extraordinary transactions**, amounting to €mil. 267 (€mil. 177 in the first half of 2021), is equal to the **Net Result** and benefitted from the EBIT performance, as well as from lower financial and tax charges.

### Reclassified income statement

(€ millions)	Note	For the 6 months ended 30 June		Change	% Change
		2021	2022		
Revenue		6,345	6,576	231	3.6%
Purchases and personnel expenses	(*)	(5,749)	(5,966)		
Other net operating income/(expenses)	(**)	(18)	40		
Equity-accounted strategic investments	(***)	29	29		
Amortisation, depreciation and write-offs	(****)	(207)	(261)		
<b>EBITA</b>		<b>400</b>	<b>418</b>	<b>18</b>	<b>4.5%</b>
ROS		6.3%	6.4%	0.1 p.p.	
<b>EBITA Restated</b>		<b>374</b>	<b>418</b>	<b>44</b>	
<b>ROS Restated</b>		<b>5.9%</b>	<b>6.4%</b>	<b>0.5 p.p.</b>	
Non-recurring income/(expenses)		(35)	(43)		
Restructuring costs		(7)	(2)		
Amortisation of intangible assets acquired as part of business combinations		(11)	(11)		
<b>EBIT</b>		<b>347</b>	<b>362</b>	<b>15</b>	<b>4.3%</b>
EBIT Margin		5.5%	5.5%	0.0 p.p.	
Net financial income/(expenses)	(*****)	(88)	(47)		
Income taxes		(82)	(48)		
<b>Net Result before extraordinary transactions</b>		<b>177</b>	<b>267</b>	<b>90</b>	<b>50.8%</b>
Net result related to discontinued operations and extraordinary transactions	(*****)	-	-		
<b>Net result</b>		<b>177</b>	<b>267</b>	<b>90</b>	<b>50.8%</b>

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

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

## Financial performance

FOCF in the first half-year was negative for €mil. 962, improving significantly compared to the figure at 30 June 2021 (negative for €mil. 1,380). This result, although confirming the usual interim trend that is characterised by significant cash absorptions in the first part of the year, reflects the expected positive trend towards improvement.

### Reclassified cash flow statement

(€ millions)	Note	For the 6 months ended 30 June		Change	% Change
		2021	2022		
Cash flows used in operating activities	(*)	(1,146)	(804)		
Dividends received		26	97		
Cash flows from ordinary investing activities	(**)	(260)	(255)		
<b>Free Operating Cash Flow (FOCF)</b>		<b>(1,380)</b>	<b>(962)</b>	<b>418</b>	<b>30.3%</b>
Strategic investments	(***)	(6)	(617)		
Change in other investing activities	(****)	6	-		
Net change in loans and borrowings		(460)	(490)		
Dividends paid		-	(78)		
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,840)</b>	<b>(2,147)</b>		
Cash and cash equivalents at 1 January		2,213	2,479		
Exchange rate differences and other changes		14	34		
<b>Cash and cash equivalents at 30 June</b>		<b>387</b>	<b>366</b>		

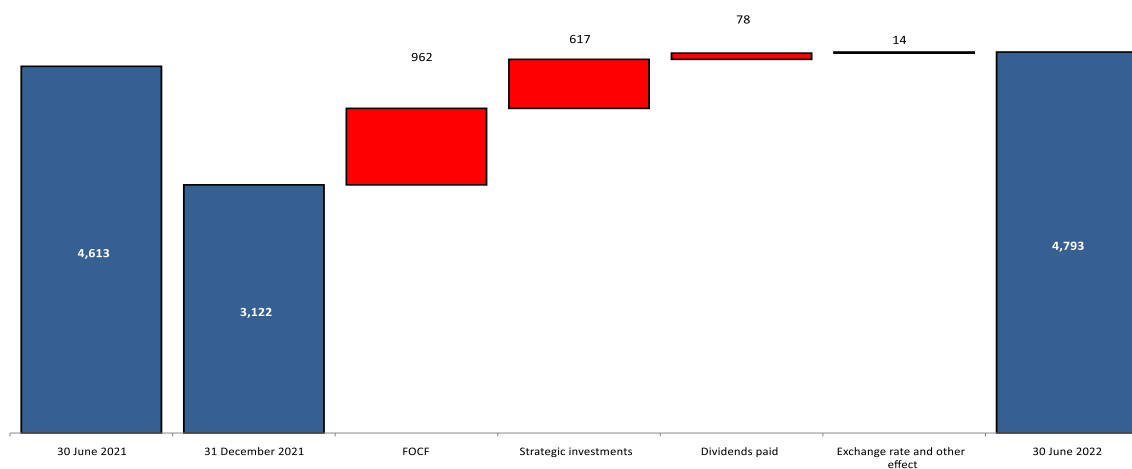
Notes to the reconciliation between the reclassified cash flow statement and the statutory cash flow statement:

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

The **Group Net Debt**, equal to €mil. 4,793, showed an increase compared to 31 December 2021 (€mil. 3,122) mainly as a result of the abovementioned FOCF performance as well as of the acquisition, completed in January 2022, of the investment in Hensoldt AG and the share of the related transaction costs paid by a total amount of €mil. 617.



### Changes in Group Net Debt



### Reclassified statement of financial position

(€ millions)	Note	30 June 2021	31 December 2021	30 June 2022
Non-current assets		12,313	12,810	13,458
Non-current liabilities		(2,001)	(2,216)	(2,111)
<b>Capital assets</b>	(*)	<b>10,312</b>	<b>10,594</b>	<b>11,347</b>
Inventories	(**)	1,888	1,292	1,764
Trade receivables	(***)	3,137	3,203	3,402
Trade payables	(****)	(2,998)	(3,372)	(2,873)
<b>Working capital</b>		<b>2,027</b>	<b>1,123</b>	<b>2,293</b>
Provisions for short-term risks and charges		(1,153)	(1,111)	(1,095)
Other net current assets (liabilities)	(*****)	(789)	(1,046)	(1,216)
<b>Net working capital</b>		<b>85</b>	<b>(1,034)</b>	<b>(18)</b>
<b>Net invested capital</b>		<b>10,397</b>	<b>9,560</b>	<b>11,329</b>
Equity attributable to the Owners of the Parent		5,775	6,428	6,676
Equity attributable to non-controlling interests		9	27	27
<b>Equity</b>		<b>5,784</b>	<b>6,455</b>	<b>6,703</b>
<b>Group Net Debt</b>		<b>4,613</b>	<b>3,122</b>	<b>4,793</b>
<b>Net (assets)/liabilities held for sale</b>	(*****)	<b>-</b>	<b>(17)</b>	<b>(167)</b>

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

(\*) Includes all non-current assets and all non-current liabilities, excluding "Non-current loans and borrowings" and the main non-current financial receivables.

(\*\*) Includes "Inventories", "Contract Assets" and "Contract Liabilities".

(\*\*\*) Includes trade receivables classified among "Trade receivables, including contract assets".

(\*\*\*\*) Includes trade payables classified among "Trade payables, including contract liabilities".

(\*\*\*\*\*) Includes "Other current assets" and "Other current liabilities" (excluding "Hedging derivatives in respect of debt items") and "Income tax payables".

(\*\*\*\*\*\*) Includes the net amount of "Non-current assets held for sale" and "Liabilities associated with assets held for sale".

The increase in non-current assets reflects the above-mentioned acquisition of the equity interest in Hensoldt.

The Group Net Debt breaks down as follows:

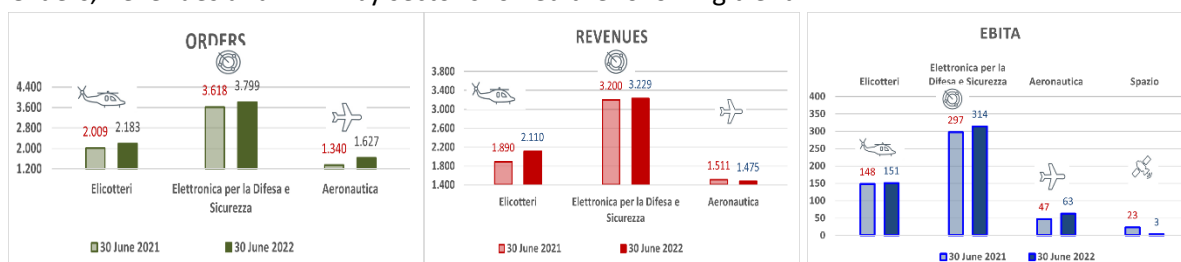
<i>(€ millions)</i>	<b>30 June 2021</b>	<i>of which current</i>	<b>31 December 2021</b>	<i>of which current</i>	<b>30 June 2022</b>	<i>of which current</i>
Bonds	2,429	588	2,481	626	1,902	22
Bank debt	1,176	138	1,648	49	1,687	88
Cash and cash equivalents	<u>(387)</u>	<u>(387)</u>	<u>(2,479)</u>	<u>(2,479)</u>	<u>(366)</u>	<u>(366)</u>
<b>Net bank debt and bonds</b>	<b>3,218</b>		<b>1,650</b>		<b>3,223</b>	
Current loans and receivables from related parties	(83)	(83)	(45)	(45)	(33)	(33)
Other current loans and receivables	<u>(27)</u>	<u>(27)</u>	<u>(16)</u>	<u>(16)</u>	<u>(45)</u>	<u>(45)</u>
<b>Current loans and receivables and</b>	<b>(110)</b>		<b>(61)</b>		<b>(78)</b>	
Hedging derivatives in respect of debt items	(1)	(1)	(8)	(8)	9	9
Related party lease liabilities	31	4	30	4	27	4
Other related party loans and borrowings	851	751	856	756	966	866
Lease liabilities	521	71	538	78	549	75
Other loans and borrowings	103	37	117	45	97	26
<b>Group Net Debt</b>	<u><b>4,613</b></u>		<u><b>3,122</b></u>		<u><b>4,793</b></u>	

As detailed in the section on “Financial transactions”, to which reference should be made, “Bonds” showed a decrease as a result of the repayment of the remaining nominal amount of €mil. 556 (against an initial nominal amount of €mil. 600) of the bond issued in 2009, which reached its natural expiry in January 2022.

As at 30 June 2022 Leonardo had credit facilities available for a total of about €mil. 3,210, to meet the financing needs of the Group’s recurring operations, broken down as follows: an ESG-linked Revolving Credit Facility, for an amount of €mil. 2,400, structured into two tranches, and additional unconfirmed short-term lines of credit of about €mil. 810, which had been used for €mil. 49 as at the reporting date. Furthermore, the subsidiary Leonardo US Holding has short-term revocable lines of credit in dollars, guaranteed by Leonardo Spa, for a total counter-value of €mil. 238, which were entirely unused at 30 June 2022. Finally, Leonardo has unconfirmed unsecured bank lines of credit for a total of €mil. 10,077, an amount of €mil. 3,256 of which was available at 30 June 2022.

## KEY PERFORMANCE INDICATORS BY SECTOR

Leonardo continued the path to growth in all sectors of its core business. The performance of New Orders, Revenues and EBITA by sector showed the following trend:



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

	30 June 2021	30 June 2022	Change	Change %	
<b>1. Helicopters</b>	New orders	2,009	2,183	174	8.7%
	Order backlog at 31 Dec. 2021	12,377	12,436	59	0.5%
	Revenue	1,890	2,110	220	11.6%
	EBITA	148	151	3	2.0%
	ROS	7.8%	7.2%		(0.6) p.p.
<b>2. Defense Electronics &amp; Security</b>	New orders	3,618	3,799	181	5.0%
	Order backlog at 31 Dec. 2021	14,237	14,701	464	3.3%
	Revenue	3,200	3,229	29	0.9%
	EBITA	297	314	17	5.7%
	ROS	9.3%	9.7%		0.4 p.p.
<b>3. Aeronautics</b>	New orders	1,340	1,627	287	21.4%
	Order backlog at 31 Dec. 2021	10,033	10,204	171	1.7%
	Revenue	1,511	1,475	(36)	(2.4%)
	EBITA	47	63	16	34.0%
	ROS	3.1%	4.3%		1.2 p.p.
<b>4. Space</b>	EBITA	23	3	(20)	(87.0%)

### 1. Helicopters

The Sector continued to show a positive performance and increasing values, compared to the first half of 2021, in line with the plan expectations. In particular, New Orders were higher than 9%, excluding the contract for the supply of 32 multi-role helicopters AW149 to the Polish Ministry of Defence, which will be signed in July, 2022. Revenues grew by 12%, with profitability in line, if we exclude pass-through volumes.

**New orders.** They were on the rise due to higher orders of helicopters for commercial use and CS&T, which more than offset a decline in new orders gained from Governments, due to a distribution in the acquisition of orders that was particularly unbalanced in favour of the second half-year. Among the main acquisitions for the period we note:

- The contract concerning the supply of 6 AW189 helicopters for the Rescue and Salvage Bureau of the Chinese Ministry of Transport;
- The order for the supply of 4 AW609 tiltrotors for a commercial flight operator;
- The contract for the Mid Life Upgrade (MLU) of 1 AW101 helicopter for a foreign customer;

- The contract for 5 AW119Kx helicopters for Israel;
- Various orders for AW139 helicopters for commercial use.

**Revenues.** They were on the rise, mainly due to activities on the NH90 programme for Qatar.

**EBITA.** It showed a slight increase, with profitability that was affected by pass-through revenues.

## 2. Defense Electronics & Security

The first half of 2022 was characterised by an improved business performance with respect to that of the comparative period, and volumes of Revenues which were basically in line, despite the deconsolidation of the Automation business occurred in 2022 (the Automation business was consolidated in the “Other activities” starting from 1 January 2022). Margins were on the rise in all the areas of operation in Europe and at Leonardo DRS, which continued to confirm the growth trend envisaged in the plan. A positive impact came from the USD/€ exchange rate.

### Key Performance Indicators of the sector

30 June 2021	New orders	Revenue	EBITA	ROS
DES Europe	2,433	2,092	201	9.6%
Leonardo DRS	1,190	1,111	96	8.7%
Eliminations	(5)	(3)	-	n.a.
<b>Total</b>	<b>3,618</b>	<b>3,200</b>	<b>297</b>	<b>9.3%</b>
30 June 2022	New orders	Revenue	EBITA	ROS
DES Europe	2,540	2,109	210	10.0%
Leonardo DRS	1,307	1,133	104	9.2%
Eliminations	(48)	(13)	-	n.a.
<b>Total</b>	<b>3,799</b>	<b>3,229</b>	<b>314</b>	<b>9.7%</b>
Change %	New orders	Revenue	EBITA	ROS
DES Europe	4.4%	0.8%	4.5%	0.4 p.p.
Leonardo DRS	9.8%	2.0%	8.3%	0.5 p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.
<b>Total</b>	<b>5.0%</b>	<b>0.9%</b>	<b>5.7%</b>	<b>0.4 p.p.</b>

Average €/USD exchange rate: 1.0940 (first six months of 2022) and 1.2057 (first six months of 2021)

**New Orders.** They were on the rise compared to the first half of 2021 due to higher orders for the Defence Systems component in the Electronic Division.

The main acquisitions in the half-year concerned the Electronics Division and included the order for the supply of naval guns and related logistic support, with which four F126-class frigates for the German Navy will be equipped, the order for the provision of a combat system and related logistics for a special operations support unit, to support underwater operations and to rescue damaged submarines (Special and Diving Operations - Submarine Rescue Ship, SDO-SuRS).

As for Leonardo DRS, additional orders were gained for the production of next-generation of U.S. Army mission command computing systems called Mounted Family of Computer Systems (MFoCS) M-SHORAD (Initial Manoeuvre-Short Range Air Defense) order for the initial supply of a Mission

Equipment Package, which will be integrated into heavy Stryker-type vehicles and which will enable the neutralisation of low-altitude aerial threats, including remotely-controlled drones.

**Revenues.** These were basically in line with the same period in 2021. As regards Leonardo DRS, there was a slight decline due to the timing of new acquisitions and to certain postponements in the supply chain. Furthermore, revenues at DRS had benefitted, during the previous year, from the postponement of certain activities from 2020. This decline was neutralised by the positive effect of the USD/€ exchange rate.

**EBITA.** They increased in all the main European business areas and in particular in the Defense Systems. As regards Leonardo DRS, despite lower volumes the growth in margins that began last year is continuing, mainly due to the gradual shift from the development phase to the production phase of some programmes. A positive impact came from the USD/€ exchange rate.

#### Leonardo DRS data in USD

	New orders	Revenue	EBITA	ROS
DRS (\$mil.) June 2021	1,435	1,339	116	8.7%
DRS (\$mil.) June 2022	1,430	1,239	114	9.2%

### 3. Aeronautics

The Sector showed an excellent commercial performance, thus confirming the strength of profitability driven by the Defence business. The Aerostructures Division continued working at lower capacity, but it is expected to increase production in the second half of the year.

From a production point of view:

- for the military programmes of the Aircraft Division 22 wings and 6 final assemblies were delivered to Lockheed Martin under the F-35 programme (22 wings and 3 final assemblies delivered in the same period of the previous year).  
We must note 2 additional deliveries of Typhoon aircraft to Kuwait;
- for the Aerostructures Division 4 fuselage sections and 5 stabilisers were delivered under the B787 programme, decreasing compared to the first half of 2021 (24 fuselages and 12 stabilisers were delivered) since production for 2022 is planned to be more intense in the second half of the year. Moreover, 7 fuselages were delivered under the ATR programme (7 in the first half of the last year);
- the GIE consortium delivered 6 aircraft, in line with the previous year.

Below is the breakdown of Key Performance Indicators for the sector:

<b>30 June 2021</b>	<b>New orders</b>	<b>Revenue</b>	<b>EBITA</b>	<b>ROS</b>
Aircrafts	1,235	1,234	150	12.2%
Aerostructures	133	305	(82)	(26.9%)
GIE ATR	n.a.	n.a.	(21)	n.a.
Eliminations	(28)	(28)	-	n.a.
<b>Total</b>	<b>1,340</b>	<b>1,511</b>	<b>47</b>	<b>3.1%</b>
<b>30 June 2022</b>	<b>New orders</b>	<b>Revenue</b>	<b>EBITA</b>	<b>ROS</b>
Aircrafts	1,490	1,261	152	12.1%
Aerostructures	158	234	(88)	(37.6%)
GIE ATR	n.a.	n.a.	(1)	n.a.
Eliminations	(21)	(20)	-	n.a.
<b>Total</b>	<b>1,627</b>	<b>1,475</b>	<b>63</b>	<b>4.3%</b>
<b>Change %</b>	<b>New orders</b>	<b>Revenue</b>	<b>EBITA</b>	<b>ROS</b>
Aircrafts	20.6%	2.2%	1.3%	(0.1) p.p.
Aerostructures	18.8%	(23.3%)	(7.3%)	(10.7) p.p.
GIE ATR	n.a.	n.a.	95.2%	n.a.
Eliminations	n.a.	n.a.	n.a.	n.a.
<b>Total</b>	<b>21.4%</b>	<b>(2.4%)</b>	<b>34.0%</b>	<b>1.2 p.p.</b>

**New Orders:** They showed an increase which was mainly driven by the major orders gained in the Aircraft Division and by a slight increase in the civil component. More in detail:

- the Aircraft Division recorded orders higher than those of the same period of 2021 thanks to the acquisition of the export orders for 20 Typhoon aircraft for Spain, 1 C-27J aircraft to the Slovenian MoD and for the first phase of development of the remotely piloted aircraft system Euromale, in addition to further orders on the JSF (Joint Strike Fighter) and logistic support programmes for Typhoon aircraft;
- the Aerostructures Division benefitted from higher orders from customer Airbus, specifically on the A220 programme.

**Revenues.** They were basically in line with the first half of the prior year. We must note:

- higher production volumes in the Aircraft Division, especially on the business lines of the Airlifters for the new C-27J order and greater logistics operations on the Typhoon;
- a decrease in revenues in line with the production expectations.

**EBITA.** It showed growth compared to 2021 as a result of a partial recovery in the business of the GIE-ATR consortium and a higher contribution on the part of the Aircraft Division, which more than offset the slight decline in the Aerostructures Division. Specifically:

- the Aircraft Division benefitted from higher volumes, confirming the high level of profitability;
- the GIE-ATR consortium recorded improved results compared to those of 2021 thanks to actions taken to reduce costs and to the effects from contractual redefinition made during the six-month period;
- the slight decline in the Aerostructures Division was due to the planned concentration of activities during the second half in order to mitigate the impact coming from production sites working at lower capacity.

#### 4. Space

The first half of 2022 showed a decline mainly attributable to the manufacturing business, which for the Italian component had benefitted from the effects of the realignment between the tax and statutory value of goodwill during the first half of 2021. To this must be added, always in relation to the manufacturing business, the recognition of costs for risks associated with a contract in Russia due to the conflict that is now in progress.

As regards the satellite services segment, good industrial performance was confirmed with growing revenues and solid profitability.

### OUTLOOK

The first six months of the year recorded solid results, in terms of growth in orders, increase in profitability and strengthening of cash flow performance, in line with plan

The increased demand for security linked to the current geopolitical environment offers creates positive prospects for the defense sector. At the same time, the complex operational context, in particular relating to supply chain and labour market, represents important challenges to be faced and managed.

In view of the results achieved in the first half, and on the basis of the actions underway to address the aforementioned challenges, the Group confirms the Guidance for the entire year as drawn up when preparing the annual financial statements as at 31 December 2021:

	FY 2021	FY 2022 Guidance <sup>(*)</sup>
New Orders (€bil.)	14.3	ca. 15
Revenues (€bil.)	14.1	14.5 – 15.0
EBITA (€mil.)	1,123	1,180 – 1,220 <sup>(**)</sup>
FOCF (€mil.)	209	ca. 500
Group Net Debt (€bil.)	3.1	ca. 3.1 <sup>(***)</sup>

\* Based on the current assessment of the effects deriving from the geopolitical and global health situation on the supply chain and labour market and the global economy and assuming no additional major deterioration

\*\* Including COVID-related costs previously included among non recurring costs below EBITA

\*\*\* Assuming 25.1% acquisition of Hensoldt for €mil. 606, disposals for ca. €mil. 300. and dividend payment for € 0.14 p.s.

Assuming USD/€ exchange rate at 1.18 and €/GBP exchange rate at 0.90

## INDUSTRIAL AND FINANCIAL TRANSACTIONS

### Industrial transactions:

- **Acquisition of equity investment in Hensoldt AG.** 3 January 2022 saw the completion of the acquisition from Square Lux Holding II S.à r.l., a company controlled by funds advised by Kohlberg Kravis & Roberts & Co. L.P., of a 25.1% stake in Hensoldt AG, a company that is the leading German player in the field of sensor solutions for defence and security applications, with an ever-expanding portfolio in sensors, data management and robotics, at a price of €mil. 606. The transaction is an important step towards achieving the strategic objective of acquiring a leading position in the European Defence Electronics market, as defined in the “Be Tomorrow – Leonardo 2030” Plan, and reflects Leonardo’s determination to play a leading role in the ongoing consolidation process, also with a view to future cooperation programmes at continental level. The effects of the acquisition are highlighted in the notes to the condensed consolidated half-year financial statements.
- **National Strategic Hub for the Cloud.** On 21 March 2022, the partnership composed of TIM, Leonardo, Cassa Depositi e Prestiti (CDP, through the subsidiary CDP Equity) and Sogei, in compliance with the tender procedure, submitted the final bid for the National Strategic Hub (NSH) for the assignment, through a public-private partnership contract, of the design, implementation and management of an infrastructure for the provision of cloud services for the Public Administration. The offer envisages that, in the event of the tender being awarded, a joint venture will be set up between the members of the partnership in the form of an Italian law stock company for the provision of cloud solutions and services in support of the Public Administration with a view to ensuring the highest possible level of data efficiency, security and reliability. On 22 June 2022 the tender was awarded to Fastweb S.p.A. and Aruba S.p.A.. On 7 July 2022 the partnership Leonardo is part of exercised, in compliance with the applicable law, the pre-emption right undertaking to fulfil contractual obligations under the same conditions offered by the current provisional contractor. The partnership above was notified of the tender award on 11 July 2022 and is currently undergoing the verification of compliance with tender requirements. On 21 July 2022 Fastweb S.p.A. and Aruba S.p.A. filed an appeal against the awarding of the contract to the partnership above. In the meantime, the partnership filed a cross-appeal on 25 July 2022 to overrule the initial award of the tender to Fastweb/Aruba due to the different unlawful aspects of the offer presented by the latter.
- **Sale of Global Enterprise Solutions.** On 22 March 2022 the US subsidiary Leonardo DRS signed a definitive agreement to sell its Global Enterprise Solutions (GES) business to SES S.A. for USDmil. 450, gross of taxes, subject to customary working capital adjustments at closing. GES is the largest provider of commercial satellite communications for the US government and offers mission-critical communications and global-class security solutions. The closing of the transaction is expected for the second half of 2022.
- **Sale of equity investment in JV Advanced Acoustic Concepts.** On 26 April 2022 the US subsidiary Leonardo DRS signed a binding agreement to sell its investment in the Advanced Acoustic Concepts (AAC) Joint Venture to TDSI, a subsidiary of the French company Thales, thus marking a further step in the process of refocusing DRS’ business portfolio. The US company AAC is active in the sector of advanced sonar, training and knowledge management systems. The company works with the US Navy as a contractor in the US sector, providing innovative systems and solutions in the underwater sensor domain. The closing of the transaction occurred on 27 July 2022.
- **Acquisition of RADA.** On 21 June 2022, the US subsidiary Leonardo DRS and RADA Electronic Industries Ltd. signed a binding agreement that will lead to the acquisition of 100% of RADA’s



share capital through the merger of RADA by incorporation into Leonardo DRS. RADA Electronic Industries Ltd. is listed on the NASDAQ and Tel Aviv Stock Exchange (TASE) and is a leading provider of advanced software-defined tactical military radars serving attractive and high-growth markets, including critical infrastructure protection, border surveillance, active military protection, and counter-drone applications. This transaction will give Leonardo a stronger position in emerging areas of the tactical operational segment and a domestic footprint in Israel. As a result of the merger, Leonardo DRS will also acquire 100% of RADA's share capital in exchange for the assignment to RADA's current shareholders of about 19.5% in Leonardo DRS, in which Leonardo will continue to hold 80.5% through its US subsidiary Leonardo Holding. Upon closing of the transaction, which is expected by the end of 2022, Leonardo DRS will be listed on both NASDAQ and TASE under the symbol "DRS."

Moreover, we note that on 8 February 2022 Leonardo interrupted the process of selecting a partner for the automation business, as none of the parties that had expressed interest could guarantee the requirements of a long-term vision and an adequate investment plan that Leonardo had always considered to be essential elements. Leonardo is completing the analysis process to identify targeted actions on processes, organisation and governance in order to better face the reference market.

**Financial transactions.** No new transaction was carried out on the financial markets during the first half of 2022. However, in January 2022 the remaining amount of €mil. 556 of the bond issued in December 2009 was repaid, having reached its natural expiry.

Moreover, in June 2022 the EMTN (Euro Medium Term Note) programme was renewed for further 12 months, which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4. At the date of this report, the Programme is used for a total of €bil. 1.6.

Leonardo is the issuer of all the bonds in Euro placed on the market within the mentioned EMTN programme, and also acts as a guarantor for the bond issues launched by Leonardo US Holding Inc. in the US market. The Group's issues 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, the Group's issuers, Leonardo and their Material Subsidiaries (i.e. entities in which Leonardo holds more than 50% of the capital and whose gross revenues and total assets account for at least 10% of consolidated gross revenues and total assets) are specifically prohibited from creating collaterals or any other encumbrance as security for their debt comprised of bonds or financial instruments that are either listed or capable of being listed, unless these guarantees are extended to all the bondholders. This prohibition shall not apply to securitisation transactions and to any set of assets intended for specific businesses pursuant to Articles 2447-bis and ff. of the Italian Civil Code. On the contrary, cross default clauses grant the bondholders the right to request early repayment of bonds in their possession upon the occurrence of an event of default on the part of the Group's issuers and/or Leonardo and/or any of their Material Subsidiaries, the result of which would be their failure to make payments above the established limits.

Financial covenants are also included in the ESG-linked Revolving Credit Facility line of credit for a total of €mil. 2,400, which provide for compliance by Leonardo with two financial ratios (a Group Net Debt (excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities)/EBITDA (including amortisation of the rights of use) of not more than 3.75 and an EBITDA (including amortisation of the rights of use)/Net interest ratio of not less than 3.25), which are tested

on an annual basis on year-end consolidated data and which had been complied with in full at 31 December 2021. These covenants are also included in the loan agreement with CDP for €mil. 100 and in the term-loans of €mil. 500 and €mil. 600, respectively, furthermore, in accordance with contract provisions providing for this option, these covenants were also extended to all the EIB loans in place (used for a total amount of €mil. 537 as at 30 June 2022), and to some loans granted by US banks in favour of Leonardo DRS in previous years.

Finally, it should be noted that Leonardo's Board of Directors has approved the launch of a Framework Multi-Currency Commercial Paper Program on the European market, for a maximum amount of €bil. 1.

Outstanding bond issues are given a medium/long-term financial credit rating by the international rating agencies: Moody's Investors Service (Moody's), Standard & Poor's and Fitch. In July 2022 Moody's upgraded Leonardo's outlook from stable to positive in view of the operational performance Leonardo had recorded over the past two years, the favourable conditions in its industry, and the improvement in credit metrics it had estimated over the next 12 to 18 months. At the date of presentation of this report, Leonardo's credit ratings, compared to those preceding the last change, were then as follows:

Agency	Last update	Previous		Updated	
		Credit Rating	Outlook	Credit Rating	Outlook
Moody's	July 2022	Ba1	stable	Ba1	positive
Standard&Poor's	May 2022	BB+	stable	BB+	positive
Fitch	January 2022	BBB-	negative	BBB-	stable

With regard to the impact of positive or negative changes in Leonardo's credit ratings, there are no default clauses linked to the credit ratings. The only possible effects deriving from further changes, if any, to the credit ratings refer to higher or lower finance costs on certain payables of the Group, especially with reference to the Revolving Credit Facility and to the Term Loan as provided for in the related agreements. Finally, for the sake of completeness, it should be noted that the Funding Agreement between MBDA and its shareholders provides, inter alia, that any downgrade of the rating assigned to the shareholders will result in a gradual increase in interest rates. Additionally, under a pre-set rating limit (for at least two out of three rating agencies: BB- from Standards & Poor's, BB- from Fitch and Ba3 from Moody's) MBDA is entitled to determine the applicable margin each time. Finally, the agreement provides for rating limits the achievement of which allows MBDA to request the issue of a bank guarantee from its shareholders.

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

By resolution of the Board of Directors on 23 January 2013, the Company adopted the simplification regime under Articles 70/8 and 71/1-bis of the Issuers' Regulations, adopted with CONSOB Resolution 11971/1999, as subsequently amended and supplemented. By this resolution, the Company chose the option to make exceptions to the obligation to issue the documents required by the law when transactions of greater importance (such as mergers, spin-offs, capital increases by means of the contribution of assets in kind, acquisitions or disposals) occur.

### *Main Risks for the remaining months of the financial years*

The main risks to which the Group is exposed in the following six months of the financial year are unchanged from those described in fuller detail in the Integrated Annual Report at 31 December 2021 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 2022.

### **RELATED-PARTY TRANSACTIONS**

It should be noted that in 2010 Leonardo adopted a specific “Procedure for Related Parties Transactions” (hereinafter referred to as the “Procedure”), which was recently updated on 17 June 2021, effective from 1 July 2021, 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](http://www.leonardo.com), under Corporate Governance section, “Related Parties” area).

Pursuant to Article 5.8 of the Regulation, it should be noted that no transactions of greater importance (as defined by Article 4.1.a) and identified by the abovementioned Procedure pursuant to Annex 3 attached to the Regulation were carried out during the first half of 2022, nor were other related-party transactions, which would affect, in a significant manner, the consolidated financial position or the Leonardo Group’s results for the reporting period. Finally, it should be noted that no changes or developments took place in relation to the related party transactions described in the 2021 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 marginality 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 includes sales contracts signed with customers in the period, which provide for the counterparties’ obligation to comply therewith.
- **Order backlog:** this figure is the sum of the order backlog for the preceding period and new orders, less revenues during the reference period.
- **EBITDA:** this is given by EBITA, as defined below, before amortisation and depreciation (excluding amortisation of intangible assets arising from business combinations) and impairment losses (net of those relating to goodwill or classified among “non-recurring costs”).
- **EBITA:** it is arrived at by eliminating from EBIT, as defined below, the following items:
  - any impairment in goodwill;

- amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3;
- restructuring costs that are a part of defined and significant plans. This item includes personnel costs as well as any and all other costs deriving from the reorganisation (e.g. impairment of assets, costs for the closure of sites, relocation costs, etc.);
- other non-recurring costs or income, i.e. connected to particularly significant and extraordinary events that are not related to the ordinary performance of the business. This item includes costs incurred in M&A transactions, as well as costs connected with businesses and/or products and systems held for disposal, and the recognition of losses on contracts that have become onerous as a result of events that are not connected with operations.

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

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

(€ millions)

	For the 6 months ended 30 June	
	2021	2022
<b>Income before tax and financial expenses</b>	318	333
Equity-accounted strategic investments	29	29
<b>EBIT</b>	<b>347</b>	<b>362</b>
Amortisation of intangible assets acquired as part of business combinations	11	11
Restructuring costs	7	2
Non-recurring (income) expense	35	43
<b>EBITA</b>	<b>400</b>	<b>418</b>

Non-recurring charges for the period mainly relate to the effects of the write-down of the financial exposure to the countries involved in the current world conflict between Russia and Ukraine.

- **Return on Sales (ROS):** this is calculated as the ratio of EBITA to revenue.
- **EBIT:** this is obtained by adding to Income before tax and financial expenses (defined as earnings before “financial income and expense”, “share of profits (losses) of equity-accounted investees”, “income taxes” and “Profit (loss) from discontinued operations”) the Group’s share of profit in the results of its strategic investments (MBDA, GIE ATR, TAS, Telespazio and Hensoldt), reported in the “share of profits (losses) of equity-accounted investees”. Until 31 December 2021 this indicator included solely the part of the results of the strategic joint ventures (MBDA, GIE ATR, TAS and Telespazio) pertaining to the Group.
- **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).
- **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:

	31 December 2021	30 June 2022
Net financial debt com. CONSOB n. DEM/6064293/ESMA	3,287	4,961
Payables to MED (Law no. 808/85)	(165)	(168)
<b>Group net debt (KPI)</b>	<b>3,122</b>	<b>4,793</b>

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

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:

	Scheme	PPA amortis.	Restruct. and non recurring costs	Strategic investments	Onerous contracts (losses at completion)	Reclassified scheme
Revenue	6,576					6,576
Purchase and personnel expenses	(5,981)		12		3	(5,966)
Other net operating income/(expenses)	41		2		(3)	40
Equity-accounted strategic investments				29		29
Amortisation, depreciation and financial assets value adjustments	(303)	11	31			(261)
<b>EBITA</b>						<b>418</b>
Non-recurring income/(expenses)			(43)			(43)
Restructuring costs			(2)			(2)
Amortisation of intangible assets acquired as part of business combinations		(11)				(11)
<b>EBIT</b>						<b>362</b>
Financial income/(expenses)	(58)					
Share of profits/(losses) of equity-accounted investees	40					
Net financial income/(expenses)	(18)					
Income taxes	(48)			(29)		(47)
<b>Net Result before extraordinary transactions</b>						<b>267</b>
Net result related to discontinued operations and extraordinary transactions	-					-
<b>Net result</b>	<b>267</b>					<b>267</b>

## Half-year financial report at 30 June 2022

	Scheme	Financial receivables and cash	Financial payables	Hedging derivatives on debt items	Reclassified scheme
Non-current assets	13,458	-			13,458
Non-current liabilities	(6,258)		4,147		(2,111)
<b>Capital assets</b>					<b>11,347</b>
Current assets	13,694	(444)		9	13,259
Current liabilities	(14,358)		1,081		(13,277)
<b>Net working capital</b>					<b>(18)</b>
Equity attributable to the owners of the parent	6,676				6,676
Equity attributable to non-controlling interests	27				27
<b>Total equity</b>	<b>6,703</b>				<b>6,703</b>
<b>Group Net Debt</b>		(444)	5,228	9	<b>4,793</b>
<b>Net (assets)/liabilities held for sale</b>	<b>(167)</b>				<b>(167)</b>

	Scheme	Dividends	Cash out from Law no. 808/85 payables	Strategic investments	Reclassified scheme
<b>Cash flows used in operating activities</b>	(803)		(1)		(804)
Dividends received		97			97
Investments in property, plant and equipment and intangible assets	(268)				
Sales of property, plant and equipment and intangible assets	12				
Cash flows from ordinary investing activities	(256)		1		(255)
<b>Free Operating Cash Flow (FOCF)</b>					<b>(962)</b>
Strategic investments				(617)	(617)
Other investing activities	(520)	(97)		617	-
<b>Cash flows used in investing activities</b>					
Dividends paid	(78)				(78)
Net change in loans and borrowings	(490)				(490)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,147)</b>				<b>(2,147)</b>
Cash and cash equivalents at 1 January	2,479				2,479
Exchange rate differences and other changes	34				34
<b>Cash and cash equivalents at 30 June</b>	<b>366</b>				<b>366</b>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE  
2022**

## CONDENSED CONSOLIDATED SEPARATE INCOME STATEMENT

(€ millions)	Note	For the 6 months ended 30 June			
		2021	of which with related parties	2022	of which with related parties
Revenue	21	6,345	740	6,576	835
Purchase and personnel expenses	23	(5,796)	(371)	(5,981)	(410)
Amortisation, depreciation and financial assets value adjustments	24	(218)		(303)	
Other net operating income/(expenses)	22	(13)	2	41	2
<b>Income before tax and financial expenses</b>		<b>318</b>		<b>333</b>	
Financial income/(expenses)	25	(94)	(2)	(58)	(2)
Share of profits/(losses) of equity-accounted investees	26	35		40	
<b>Operating profit (loss) before income taxes and discontinued operations</b>		<b>259</b>		<b>315</b>	
Income taxes	27	(82)		(48)	
<b>Net profit/(loss) for the period attributable to:</b>		<b>177</b>		<b>267</b>	
- owners of the parent		176		266	
- non-controlling interests		1		1	
<b>Earnings/(losses) per share</b>	29	0.306		0.462	
- basic and diluted from continuing operations		0.306		0.462	
- basic and diluted from discontinued operations		n.a		n.a	



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Note	For the 6 months ended 30 June	
		2021	2022
Profit (loss) for the period		<b>177</b>	<b>267</b>
<b>Other comprehensive income (expenses):</b>			
<u>Comprehensive income/expenses which will not be subsequently reclassified within the profit (loss) for the period:</u>			
- Measurement of defined-benefit plans:	15	169	(96)
- revaluation		161	(77)
- exchange rate gains (losses)		8	(19)
- Tax effect	15	(55)	29
		114	(67)
<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	(12)	(152)
- change generated in the period		(23)	(183)
- transferred to the profit (loss) for the period		10	31
- exchange rate gains (losses)		1	-
- Translation differences	15	175	165
- change generated in the period		175	165
- Tax effect	15	2	37
		165	50
<u>Current portion of "Other comprehensive income (expense)", equity-accounted investees</u>		42	78
		<b>321</b>	<b>61</b>
<b>Total other comprehensive income (expenses), net of tax:</b>			
		<b>498</b>	<b>328</b>
<b>Total comprehensive income (expenses), attributable to:</b>			
- Owners of the parent		497	327
- Non-controlling interests		1	1
		<b>497</b>	<b>327</b>
<b>Total comprehensive income (expenses), attributable to Owners of the parent</b>			
- from continuing operations		497	327
- from discontinued operations		-	-

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Note	31 December 2021	of which with related parties	30 June 2022	of which with related parties
Intangible assets	8	7,079		7,114	
Property, plant and equipment and investment properties	9	2,168		2,191	
Rights of use	10	530		541	
Deferred tax assets		1,035		1,071	
Other non-current assets	11	1,998	13	2,541	12
<i>Non-current assets</i>		<b>12,810</b>		<b>13,458</b>	
Inventories		5,486		5,693	
Trade receivables, including contract assets	13	6,951	640	6,968	729
Loans and receivables		61	45	78	33
Other current assets	14	575	6	589	5
Cash and cash equivalents		2,479		366	
<i>Current assets</i>		<b>15,552</b>		<b>13,694</b>	
Non-current assets held for sale		17		209	
<b>Total assets</b>		<b>28,379</b>		<b>27,361</b>	
Share capital	15	2,499		2,499	
Other reserves		3,929		4,177	
Equity attributable to the owners of the parent		<b>6,428</b>		<b>6,676</b>	
Equity attributable to non-controlling interests		27		27	
<i>Total equity</i>		<b>6,455</b>		<b>6,703</b>	
Loans and borrowings (non-current)	16	4,112	126	4,147	123
Employee benefits	18	362		348	
Provisions for risks and charges	17	583		492	
Deferred tax liabilities		340		322	
Other non-current liabilities	19	931	-	949	-
<i>Non-current liabilities</i>		<b>6,328</b>		<b>6,258</b>	
Trade payables, including contract liabilities	20	11,314	347	10,368	374
Loans and borrowings (current)	16	1,558	760	1,081	870
Income tax payables		44		50	
Provisions for short-term risks and charges	17	1,111		1,095	
Other current liabilities	19	1,569	12	1,764	8
<i>Current liabilities</i>		<b>15,596</b>		<b>14,358</b>	
<i>Liabilities associated with assets held for sale</i>	28	-		42	
<b>Total liabilities</b>		<b>21,924</b>		<b>20,658</b>	
<b>Total liabilities and equity</b>		<b>28,379</b>		<b>27,361</b>	

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(€ millions)</i>	<i>Note</i>	<i>For the 6 months ended 30 June</i>			
		<i>2021</i>	<i>of which with related parties</i>	<i>2022</i>	<i>of which with related parties</i>
Gross cash flows from operating activities	30	595		646	
Change in working capital	30	(1,510)	(117)	(1,170)	(83)
Change in other operating assets and liabilities and provisions for risks and charges		(51)	17	(119)	-
Interests paid		(152)	(2)	(129)	(2)
Income taxes paid		(28)	-	(31)	-
<b>Cash flows used in operating activities</b>		<b>(1,146)</b>		<b>(803)</b>	
Investments in property, plant and equipment and		(270)		(268)	
Sales of property, plant and equipment and		10		12	
Other investing activities		26	-	(520)	-
<b>Cash flows used in investing activities</b>		<b>(234)</b>		<b>(776)</b>	
Dividends paid		-		(78)	
Bond issue/repayment		(739)		(556)	
Net change in other loans and borrowings		279	28	66	121
<b>Cash flows generated from financing activities</b>		<b>(460)</b>		<b>(568)</b>	
Cash and cash equivalents at 1 January		2,213		2,479	
Net increase (decrease) in cash and cash equivalents		(1,840)		(2,147)	
Exchange rate differences and other changes		14		34	
<b>Cash and cash equivalents at 30 June</b>		<b>387</b>		<b>366</b>	

**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
<b>1 January 2021</b>	<b>2,498</b>	<b>3,574</b>	<b>5</b>	<b>(212)</b>	<b>(598)</b>	<b>5,267</b>	<b>11</b>	<b>5,278</b>
Profit (loss) for the period		176				176	1	177
Other comprehensive income (expenses)			(14)	153	182	321	-	321
<b>Total comprehensive income (expenses)</b>	<b>-</b>	<b>176</b>	<b>(14)</b>	<b>153</b>	<b>182</b>	<b>497</b>	<b>1</b>	<b>498</b>
Dividends resolved						-		-
Repurchase of treasury shares less shares sold						-		-
<b>Total transactions with owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other changes		11			-	11	(3)	8
<b>30 June 2021</b>	<b>2,498</b>	<b>3,761</b>	<b>(9)</b>	<b>(59)</b>	<b>(416)</b>	<b>5,775</b>	<b>9</b>	<b>5,784</b>
<b>1 January 2022</b>	<b>2,499</b>	<b>4,185</b>	<b>(53)</b>	<b>55</b>	<b>(258)</b>	<b>6,428</b>	<b>27</b>	<b>6,455</b>
Profit (loss) for the period		266				266	1	267
Other comprehensive income (expenses)		(10)	(130)	25	176	61	-	61
<b>Total comprehensive income (expenses)</b>	<b>-</b>	<b>256</b>	<b>(130)</b>	<b>25</b>	<b>176</b>	<b>327</b>	<b>1</b>	<b>328</b>
Dividends resolved		(80)				(80)	(1)	(81)
Repurchase of treasury shares less shares sold						-		-
<b>Total transactions with owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80)</b>	<b>(1)</b>	<b>(81)</b>
Other changes		19		(14)	(4)	1		1
<b>30 June 2022</b>	<b>2,499</b>	<b>4,380</b>	<b>(183)</b>	<b>66</b>	<b>(86)</b>	<b>6,676</b>	<b>27</b>	<b>6,703</b>

## EXPLANATORY NOTES

### 1. GENERAL INFORMATION

Leonardo S.p.A. is a company limited by shares based in Rome (Italy), at Piazza Monte Grappa 4, and is listed on the Italian Stock Exchange (FTSE MIB). The Group is a major Italian high technology organization operating in the *Helicopters, Defence Electronics & Security, Aeronautics and Space* sectors.

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

The half-year financial report of the Group at 30 June 2022 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 2022, 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 2021 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 2021 and the half-year financial report at 30 June 2021.

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 2021		31 December 2021	30 June 2022	
	average	final	final	average	final
US dollar	1.2057	1.1884	1.1326	1.0940	1.0387
Pound sterling	0.8684	0.8581	0.8403	0.8422	0.8582

The Leonardo Group's condensed consolidated half-year financial statements at 30 June 2022 were approved by the Board of Directors' meeting held on 28 July 2022 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 2021 consolidated financial statements, to which reference should be made.

### **4. BUSINESS SEASONALITY**

#### **Cash flows relating to operations**

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

### **5. EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED**

During the period there were no significant changes in the accounting standards applied by the Group. In particular, it should be noted that Amendment to IAS 37 concerning the recognition of additional costs on onerous contracts - effective from 1 January 2022 - did not have any significant effects on the Group's half-year figures.

### **6. MAIN EVENTS AND TRANSACTIONS OF THE FIRST 6 MONTHS OF 2022 AND SIGNIFICANT EVENTS OCCURRED AFTER THE PERIOD-END**

At the end of February 2022, the offensive launched by the Russian government against Ukraine – which is still ongoing – generated profound changes in the context of the world's geopolitical and economic equilibrium. The process of integration and creation of a European Defence and Security and, at the same time, the increase in Defence spending in EU and neighbouring countries have brought accelerations with consequent opportunities for companies operating in the sector. On the other hand, relations with Russia are significantly affected by the numerous logistical and economic sanctions imposed by the European Union, other countries and other International Bodies. Leonardo has no particularly significant exposure to these two countries and is continuing to monitor the situation to precisely identify the consequences on its current and prospective position. In view of the continuation of this scenario, which does not suggest a resolution in the short term, Leonardo has written down its net exposure to the two countries involved (mainly relating to Russia) by a total amount of €mil. 38, including tax effects.

With regard to the economic and financial scenarios that are emerging as a result of a higher demand for goods and services in the markets due to the aforementioned conflict in Ukraine, Leonardo has been taking some actions aimed at monitoring and mitigating the effects in the short and medium-term since the first signs of recovery in economy. Specifically, with respect to the recent inflationary pressures on the energy market and the consequent increase in the prices of raw materials and products used in its production processes, Leonardo has promptly entered into medium-term contracts to secure adequate supply conditions in good time, as well as has increased its inventory stock of raw materials and components, thus limiting the effects of both inflation and the shortage of mechanical and electronic components for the current financial year. Likewise, the measures put

in place, based on the information available to date, ensure adequate coverage of potential effects for the year 2023 as well, although further tensions in price trends might require a revision of the forward-looking scenarios. As regards the current increases in interest rates on financial markets, Leonardo has carried out an analysis of the effects on discount rates in order to verify whether trigger events are occurring. At present, this analysis has not revealed findings that are such as to require the performance of new impairment tests in the half-year financial report, nor any evidence of impacts on existing contract assets. The aforesaid analyses will be performed again in the annual report in order to take account of any possible further development.

Furthermore, in June 2022 the Norwegian Defence Materiel Agency (NDMA) formalized a termination for default of a contract - governed by Norwegian law - for the supply of 14 NH90 helicopters, which had been entered into in 2001 with NH Industries (NHI), a company incorporated under French law the shareholdings of which are held by Leonardo, Airbus Helicopters and Fokker Aerostructure, due to alleged delays and product non-conformities. The contract has been subject to extensions and amendments over the years and was now expected to be completed by the end of 2023. NDMA's request is to return the 13 helicopters that have already been delivered and accepted and claim repayment of the disbursed amounts, including interest (furthermore, a request for enforcement has been filed for the portion of guarantees that are still pending, against contract advances paid out). At present, NHI is considering the most appropriate actions to oppose this request for termination, which it considers legally groundless and reasonably challengeable in any appropriate forum due to lack of factual and legal basis for a termination for default, misinterpretation of the contract and the Norwegian law as well as breach of confidentiality obligations.

Finally, it should be noted that on 27 July 2022 DRS finalised the disposal of the equity interest in the Joint Venture Advanced Acoustic Concepts (AAC) to TDSI, a company controlled by Thales.

With regard to the comparative period, taking account of the effects of the pandemic on the civil sector and the changed perspectives of the commercial aviation market, Leonardo had implemented the actions to mitigate the effects on the industrial performance of the Aerostructures Division. In this context, on 21 July 2021 trade union agreements were signed to make operational the instruments identified for the early retirement of employees up to 500 employees who would meet the criteria for early retirement in the three-year period 2021-2023.

## 7. SEGMENT REPORTING

The Divisions and the companies through which the Group operates are combined together, for the purposes of the internal and external reporting, into the relevant four business sectors: *Helicopters*, *Defence Electronics and Security*, *Aeronautics* and *Space*. The *Other activities* segment includes the corporate activities and the residual ones.

The Group assesses the performance of its operating segments and the allocation of financial resources on the basis of revenue and EBITA (reference should also be made to the paragraph on "NON-GAAP performance indicators" in the report on Operations). For the purpose of a correct interpretation of the information provided we note that the results of the equity-accounted strategic investees (ATR, MBDA, Thales Alenia Space, Telespazio and Hensoldt) have been included within the EBITA of the sectors to which they belong; however, these sectors do not reflect the relevant share of revenues. The indicator included only the Group's share of the results of strategic Joint Ventures (MBDA, GIE ATR, TAS and Telespazio) until the financial statements as at 31 December 2021.

The results for each sector at 30 June 2022, as compared with those of the same period of the previous year are as follows:

<b>For the 6 months ended 30 June 2021</b>	<b>Helicopters</b>	<b>Defense Electronics &amp; Security</b>	<b>Aeronautics</b>	<b>Space</b>	<b>Other Activities</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	1,890	3,200	1,511	-	195	(451)	<b>6,345</b>
Inter-segment revenue (*)	(5)	(285)	(2)	-	(159)	451	-
Third party revenue	1,885	2,915	1,509	-	36	-	<b>6,345</b>
<b>EBITA</b>	148	297	47	23	(115)	-	<b>400</b>
Investments	96	99	40	-	16	-	<b>251</b>

<b>For the 6 months ended 30 June 2022</b>	<b>Helicopters</b>	<b>Defense Electronics &amp; Security</b>	<b>Aeronautics</b>	<b>Space</b>	<b>Other Activities</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	2,110	3,229	1,475	-	260	(498)	<b>6,576</b>
Inter-segment revenue (*)	(6)	(311)	(4)	-	(177)	498	-
Third party revenue	2,104	2,918	1,471	-	83	-	<b>6,576</b>
<b>EBITA</b>	151	314	63	3	(113)	-	<b>418</b>
Investments	100	90	45	-	27	-	<b>262</b>

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

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

<b>For the 6 months ended 30 June 2021</b>	<b>Defense</b>					<b>Total</b>
	<b>Helicopters</b>	<b>Electronics &amp; Security</b>	<b>Aeronautics</b>	<b>Other Activities</b>	<b>Eliminations</b>	
Italy	420	774	125	187	(357)	<b>1,149</b>
United Kingdom	240	462	-	-	(88)	<b>614</b>
Rest of Europe	563	429	345	2	-	<b>1,339</b>
North America	157	1,231	325	-	(4)	<b>1,709</b>
Rest of world	510	304	716	6	(2)	<b>1,534</b>
<b>Revenue</b>	<b>1,890</b>	<b>3,200</b>	<b>1,511</b>	<b>195</b>	<b>(451)</b>	<b>6,345</b>
Inter-segment revenue (*)	(5)	(285)	(2)	(159)	451	-
<b>Third party revenue</b>	<b>1,885</b>	<b>2,915</b>	<b>1,509</b>	<b>36</b>	<b>-</b>	<b>6,345</b>

<b>For the 6 months ended 30 June 2022</b>	<b>Defense</b>					<b>Total</b>
	<b>Helicopters</b>	<b>Electronics &amp; Security</b>	<b>Aeronautics</b>	<b>Other Activities</b>	<b>Eliminations</b>	
Italy	388	828	121	213	(442)	<b>1,108</b>
United Kingdom	255	511	-	11	(50)	<b>727</b>
Rest of Europe	428	462	455	28	(1)	<b>1,372</b>
North America	181	1,223	280	-	(3)	<b>1,681</b>
Rest of world	858	205	619	8	(2)	<b>1,688</b>
<b>Revenue</b>	<b>2,110</b>	<b>3,229</b>	<b>1,475</b>	<b>260</b>	<b>(498)</b>	<b>6,576</b>
Inter-segment revenue (*)	(6)	(311)	(4)	(177)	498	-
<b>Third party revenue</b>	<b>2,104</b>	<b>2,918</b>	<b>1,471</b>	<b>83</b>	<b>-</b>	<b>6,576</b>

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



The reconciliation between EBITA and Profit before taxes and interest for the periods compared is as follows:

<b>For the 6 months ended 30 June 2021</b>	Defense					Total
	Helicopters	Electronics & Security	Aeronautics	Space	Other Activities	
<b>EBITA</b>	<b>148</b>	<b>297</b>	<b>47</b>	<b>23</b>	<b>(115)</b>	<b>400</b>
Amortisation of intangible assets acquired as part of business combinations	(3)	(8)	-	-	-	(11)
Restructuring costs	-	(4)	(2)	-	(1)	(7)
Non-recurring income/expense	(8)	(9)	(16)	-	(2)	(35)
<b>EBIT</b>	<b>137</b>	<b>276</b>	<b>29</b>	<b>23</b>	<b>(118)</b>	<b>347</b>
Equity-accounted strategic investments	-	(27)	21	(23)	-	(29)
<b>Income before tax and financial expenses</b>	<b>137</b>	<b>249</b>	<b>50</b>	<b>-</b>	<b>(118)</b>	<b>318</b>

<b>For the 6 months ended 30 June 2022</b>	Defense					Total
	Helicopters	Electronics & Security	Aeronautics	Space	Other Activities	
<b>EBITA</b>	<b>151</b>	<b>314</b>	<b>63</b>	<b>3</b>	<b>(113)</b>	<b>418</b>
Amortisation of intangible assets acquired as part of business combinations	(2)	(9)	-	-	-	(11)
Restructuring costs	-	(2)	-	-	-	(2)
Non-recurring income/expense	(26)	(11)	(5)	-	(1)	(43)
<b>EBIT</b>	<b>123</b>	<b>292</b>	<b>58</b>	<b>3</b>	<b>(114)</b>	<b>362</b>
Equity-accounted strategic investments	-	(27)	1	(3)	-	(29)
<b>Income before tax and financial expenses</b>	<b>123</b>	<b>265</b>	<b>59</b>	<b>-</b>	<b>(114)</b>	<b>333</b>

## 8. INTANGIBLE ASSETS

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

	31 December 2021	30 June 2022	Investments for the 6 months at	
			30 June 2021	30 June 2022
Goodwill	3,836	3,796	-	-
Development costs	849	906	92	58
Non-recurring costs	1,760	1,788	53	53
Concessions, licences and trademarks	228	232	3	4
Acquired through business combinations	260	249	-	-
Other intangible assets	146	143	13	17
	<b>7,079</b>	<b>7,114</b>	<b>161</b>	<b>132</b>

Goodwill decreased due to the reclassification of the portion relating to the GES business (€mil. 148) among assets held for sale and to the differences deriving from the conversion of the GBP assets, partially offset by the positive effect relating to the translation differences referable to amounts in USD. The portion of goodwill allocated to the GES business has been determined according to the method of relative fair value, as calculated according to the Group's policy, on the basis of relative equity value using industry multiples.

The impairment tests carried out at 31 December 2021 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 2022 there were no impairment indicators that could require a revision of these tests.

It should be noted that with reference to development costs and non-recurring charges no impairment indicator emerged compared to the valuations conducted during the preparation of the 2021 Financial Statements, in relation also to the considerations around climate change issues.

Commitments are in place for the purchase of intangible assets for €mil. 17 (€mil. 33 as at 31 December 2021).

## 9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	31 December 2021	30 June 2022	Investments for the 6 months at	
			30 June 2021	30 June 2022
Land and buildings	901	898	2	1
Plant and machinery	375	368	6	5
Equipment	310	338	15	17
Other tangible assets	582	587	67	107
	<b>2,168</b>	<b>2,191</b>	<b>90</b>	<b>130</b>

Purchase commitments of property, plant and equipment are recorded in the amount of €mil. 157 (€mil. 173 at 31 December 2021).

## 10. RIGHT OF USE

	31 December 2021	30 June 2022	Investments for the 6 months at	
			30 June 2021	30 June 2022
Right of use of land and buildings	483	496	8	38
Right of use of plant and machinery	10	14	2	6
Right of use of other tangible assets	37	31	14	3
	<b>530</b>	<b>541</b>	<b>24</b>	<b>47</b>

## 11. OTHER NON-CURRENT ASSETS

	31 December 2021	30 June 2022
Financing to third parties	1	2
Deferred grants under Law no. 808/85	10	9
Defined benefit plan assets, net	585	496
Related party receivables (Note 31)	13	12
Other non-current receivables	10	12
<b>Non-current receivables</b>	<b>619</b>	<b>531</b>
Prepayments - non-current portion	19	19
Equity investments	1,345	1,969
Non-recurring costs pending under Law no. 808/1985	15	22
<b>Non-current assets</b>	<b>1,379</b>	<b>2,010</b>
	<b>1,998</b>	<b>2,541</b>

The increase in equity investments is influenced by the acquisition of the interest in Hensoldt AG, which is described in the paragraph "Industrial and financial transactions" of the report on operations and the result of strategic investments.

With regard to the acquisition of Hensoldt AG, the allocation of the difference between the price paid and the corresponding share of equity acquired by the Leonardo Group is being evaluated at the moment. The portion that is preliminarily allocated to the goodwill component is equal to about €mil. 365.

## 12. BUSINESS COMBINATION

No business combinations were reported during the first half of 2022, as had occurred in the first half of 2021.

## 13. TRADE RECEIVABLES, INCLUDING CONTRACT ASSETS

	31 December 2021	30 June 2022
Trade receivables	2,563	2,673
Related party trade receivables (Note 31)	640	729
	<b>3,203</b>	<b>3,402</b>
Contract assets	3,748	3,566
	<b>6,951</b>	<b>6,968</b>

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 2021.

## 14. OTHER CURRENT ASSETS

	31 December 2021	30 June 2022
Income tax receivables	86	75
Derivatives	108	122
Other current assets:	381	392
<i>Prepaid expenses - current portion</i>	104	103
<i>Receivables for grants</i>	57	59
<i>Receivables from employees and social security</i>	49	53
<i>Indirect tax receivables</i>	40	37
<i>Deferred receivables under Law no. 808/85</i>	4	5
<i>Other related party receivables (Note 31)</i>	6	5
<i>Other assets</i>	121	130
	<b>575</b>	<b>589</b>

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 2021			30 June 2022		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Non-current assets	-	-	-	-	-	-
Current assets	108	-	108	122	-	122
Non-current liabilities	-	17	17	-	17	17
Current liabilities	161	-	161	306	-	306

## 15. EQUITY

	Number of ordinary shares	Par value	Treasury shares	Costs incurred (net of tax effect)	Total
Share capital					
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(2,843,120)	-	(26)	-	(26)
<b>31 December 2021</b>	<b>575,307,275</b>	<b>2,544</b>	<b>(26)</b>	<b>(19)</b>	<b>2,499</b>
Repurchase of treasury shares less shares sold	-	-	-	-	-
<b>30 June 2022</b>	<b>575,307,275</b>	<b>2,544</b>	<b>(26)</b>	<b>(19)</b>	<b>2,499</b>
<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 2022, 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 and the related tax effects:

	Group - consolidated entities			Group - equity accounted investments		
	Amount before taxes	Tax effect	Net amount	Amount before taxes	Tax effect	Net amount
<b>For the 6 months ended 30 June 2021</b>						
Revaluation of defined-benefit plans	169	(55)	114	44	(5)	39
Changes in cash-flow hedges	(12)	2	(10)	(4)		(4)
Foreign currency translation difference	175		175	7		7
<b>Total</b>	<b>332</b>	<b>(53)</b>	<b>279</b>	<b>47</b>	<b>(5)</b>	<b>42</b>
<b>For the 6 months ended 30 June 2022</b>						
Revaluation of defined-benefit plans	(96)	29	(67)	110	(18)	92
Changes in cash-flow hedges	(152)	37	(115)	(18)	3	(15)
Foreign currency translation difference	165		165	11		11
<b>Total</b>	<b>(83)</b>	<b>66</b>	<b>(17)</b>	<b>103</b>	<b>(15)</b>	<b>88</b>

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

## 16. LOANS AND BORROWINGS

	31 December 2021		30 June 2022	
	Non-current	Current	Non-current	Current
Bonds	1,855	626	1,880	22
Bank loans and borrowings	1,599	49	1,599	88
Lease liabilities	460	78	474	75
Related party lease liabilities	26	4	23	4
Other related party loans and borrowings (Note 31)	100	756	100	866
Other loans and borrowings	72	45	71	26
	<b>4,112</b>	<b>1,558</b>	<b>4,147</b>	<b>1,081</b>

The decrease in bonds compared to 31 December 2021 is attributable to the repayment of the remaining nominal amount of €mil. 556 of the bond issued (original nominal amount of €mil. 600), which reached its natural expiry in January 2022.

During this half-year receivables were assigned without recourse for a total value of about €mil. 86 (€mil. 277 in the first half of 2021).

Some credit lines and debt positions of the Group imply the compliance with financial covenants, linked to two Financial ratios: the ratio of Group Net Debt (excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities) to EBITDA (including amortisation of rights of use) must not be higher than 3.75 and the ratio of EBITDA (including amortisation of rights of use) to Net interest must not be less than 3.25. These covenants are tested annually based on consolidated year-end data and the probability of default is not regarded as significant by the management. As reported in the Integrated Annual Report as at 31 December 2021, the tests on the data of the 2021 financial statements highlighted values largely within the ratios described above.

Below is the detail of the bonds at 30 June 2022 which shows the bonds issued by Leonardo (“LDO”) and by Leonardo US Holding, Inc (“LH”).

Issuer	Year of issue	Maturity	Currency	Outstanding nominal amount (mil.)(* )	Annual coupon	Type of offer	
LDO	(**)	2005	2025	€	500	4.875%	European Institutional
LH	(***)	2009	2039	USD	124	7.375%	American Institutional
LH	(***)	2009	2040	USD	182	6.250%	American Institutional
LDO	(**)	2017	2024	€	600	1.500%	European Institutional
LDO	(**)	2020	2026	€	500	2.375%	European Institutional

(\*) Residual nominal amounts for the bond issues subject to buy-back

(\*\*) Bonds 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.

(\*\*\*) Bonds issued under Rule 144A, Regulation S of the US Securities Act. The proceeds of this issue were entirely used by Leonardo US Holding, Inc to finance the purchase of Leonardo DRS replacing the dollar-issue bonds originally issued by the company. These bonds were redeemed early following Leonardo’s purchase of Leonardo DRS. As a result, these issues were not hedged against exchange rate risk

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 2021	30 June 2022
A - Cash	(2,479)	(366)
C - Other current financial assets	(61)	(78)
<b>D - Liquidity</b>	<b>(2,540)</b>	<b>(444)</b>
E - Current financial debt (*)	932	1,059
F - Current portion of non-current financial debt	626	22
<b>G - Current financial debt</b>	<b>1,558</b>	<b>1,081</b>
<b>H - Net current financial debt (funds)</b>	<b>(982)</b>	<b>637</b>
I - Non-current financial debt (*)	4,112	4,147
J - Debt instruments (**)	(8)	9
K - Trade payables and other non-current debt	165	168
<b>L - Non-current financial debt</b>	<b>4,269</b>	<b>4,324</b>
<b>M - Total financial debt</b>	<b>3,287</b>	<b>4,961</b>

(\*) Includes payables for leases of €mil. 576, of which €mil. 79 current (€mil. 568 as at 31 December 2021, of which €mil. 82 current)

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

## 17. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	31 December 2021		30 June 2022	
	Non-current	Current	Non-current	Current
Guarantees given	10	21	10	20
Restructuring	65	56	62	39
Tax	16	62	6	58
Product guarantees	97	168	93	176
Onerous contracts (losses at completion)	-	398	-	465
Other provisions	395	406	321	337
	<b>583</b>	<b>1,111</b>	<b>492</b>	<b>1,095</b>

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

In the Notes to the consolidated financial statements as of 31 December 2021, reference is made, in relation to risks, to criminal proceedings involving, for various reasons, Group companies. With respect to the information provided in such financial statements, to which reference should be made for a fuller description, the updates occurred in the first six months of 2022 are highlighted below, with reference to the criminal proceedings that are currently underway against a number of Group’s companies or Leonardo itself as well as certain former directors and executives, concerning acts committed during the performance of their duties at Group’s companies or at Leonardo itself.

- With reference to legal actions brought by Leonardo S.p.a. against notices of invitation to appear at the hearing before the Patiala House Court of New Delhi within proceedings brought by the Indian Judicial Authority (Central Bureau of Investigation and Directorate of Enforcement) in relation to the supply of 12 AW 101 VIP/VVIP helicopters to the Indian Government, the Judge for Preliminary Investigations of the Court of Milan with order filed on 22 March 2022 accepted the applications for enforcement review submitted by the Company, revoking the decrees through which the notices had been ordered by the Public Prosecutor of Milan;
- As regards the criminal proceedings before the Court of Naples against some suppliers and subcontractors of the then Selex SeMa (now Selex ES) concerning the SISTRI system within

which the company appeared as an aggrieved party in the proceedings, following the hearing held on 22 March 2022 the Court declared that the offence was extinguished on grounds of the statute of limitations.

Based upon the information gathered and the results of the analysis carried out so far, the Directors of Leonardo did not allocate any specific provisions in relation to these cases. Any negative developments - which cannot be foreseen, nor determined to date - arising from any internal investigations or judicial investigations being conducted, will be subject to consistent assessment for the purposes of provisions (if any).

\* \* \* \* \*

With regard to the provisions for civil, tax and administrative disputes, it is underlined that the Leonardo Group companies' operations regard industries and markets where many disputes, both as petitioner and plaintiff, are settled only after a considerable period of time, especially in cases where the customer is a government entity. Pursuant to the IFRSs, provisions have only been set aside for risks that are deemed probable and for which the amount can be determined. No specific provisions have been set aside for certain disputes in which the Group is defendant as these disputes are reasonably expected to be settled, based on current knowledge, satisfactorily and without significantly impacting the Group. Compared to what was already described during the preparation of the 2021 consolidated financial statements, to which reference should be made, note the following updates:

- the proceedings brought by Firema under extraordinary management before the Court of Naples against the directors and statutory and independent auditors of Firema Trasporti (R.G. 32257/13) in order to have them declared responsible for the financial collapse caused to the company, within which Leonardo and AnsaldoBreda have been summoned as parties concerned by some of the latter with a request for an order for direct compensation to the benefit of the plaintiff for the damage that should be established (presumptively stated at €mil. 262, a sum equal to the liabilities of Firema), have been postponed to the hearing scheduled on 4 October 2022, in order to discuss whether they must be joined to proceedings R.G. no. 16312/15 described below. As to the action brought by GMR against Leonardo and AnsaldoBreda before the Court of Naples (R.G. 16312/15), the court referred the case to the President for the possible joinder of the case with that described above s at the hearing held on 1 October 2020.

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

- The proceedings brought by Mr Pio Deiana before the Rome Court of Appeal – which were discontinued due to his subsequent death – have been resumed by one of the heirs. Following the hearing held on 26 January 2022, the Court noting a lack of documentation attesting to the claimant's capacity as heir of the deceased person, adjourned the case to the hearing of 26

October 2022 for the discussion and to verify the additions on the part of Mrs Deiana made to the documentation already filed and the service of the deed of appeal on Mr Roberto Deiana by 20 June 2022.

- With regard to the action brought before the Court of Rome by Selex Service Management (now Selex ES S.p.A. in liquidation) against the Ministry of the Environment, Land and Sea (now the Ministry for Ecological Transition) in relation to the performance of the Sistri contract, by a judgment published on 20 January 2022, the Court of Rome ordered the Ministry to settle the invoices that had not yet been paid and related to the variable quota set out as per contract for an amount of about €mil. 80 (in addition to VAT) plus interest. The Company and the Ministry have mutually agreed to let the time limit for the appeal to elapse (25 February 2022) as part of a broader settlement and acknowledgment agreement that will be further formalised in the coming months.

\* \* \* \* \*

Moreover, given their complexity, their cutting-edge technological content and the nature of customers, the Group's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Group adjusts the estimated contract costs for foreseeable issues, also taking into account the possible developments in the relevant disputes. With regard to contracts in progress affected by uncertainties and issues under discussion with customers, it should be noted that as part of the arbitration proceedings initiated by Leonardo S.p.a. and PSC S.p.A. (collectively referred to as "LP" unincorporated joint venture) against Galfar Misnad Engineering & Contracting W.L.L., Salini-Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. (collectively referred to "GSIC" unincorporated joint venture), following the hearing that took place in Doha from 4 to 15 July 2022, the Court of Arbitration revised the procedural schedule according to which the arbitration award is expected to be finally issued in June-July 2023, after a final exchange between the parties of statements of claim and reply, and of expense accounts (October – December 2022).

## 18. EMPLOYEE BENEFITS

	31 December 2021			30 June 2022		
	Liabilities	Assets	Net	Liabilities	Assets	Net
Severance pay provision	256	-	256	218	-	218
Defined-benefit plans	73	585	(512)	100	496	(396)
Defined contribution plans	33	-	33	30	-	30
	<b>362</b>	<b>585</b>	<b>(223)</b>	<b>348</b>	<b>496</b>	<b>(148)</b>

The change in pension plans was affected by the substantial increase in discount rates, arising from the present market situation.

Specifically, the surplus of the UK plans decreased by more than €mil. 90, of which an amount of about €mil. 80 due to the effect of discounting, which also impacted the performance of plan assets downward.



## 19. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 December 2021		30 June 2022	
	Non-current	Current	Non-current	Current
Employee obligations	62	468	49	584
Deferred income	80	134	80	125
Amounts due to social security institutions	-	218	-	223
Payables to MED (Law no. 808/85)	165	-	168	-
Payables to MED for royalties (Law no. 808/85)	220	16	213	18
Indirect tax liabilities	-	106	-	103
Derivatives	-	161	-	306
Other liabilities	404	454	439	397
Other payables to related parties (Note 31)	-	12	-	8
	<b>931</b>	<b>1,569</b>	<b>949</b>	<b>1,764</b>

Other non-current liabilities include, in particular, the payable due to Bell Helicopter of €mil. 275 (€mil. 252 at 31 December 2021), deriving from the acquisition of 100% of the AW609 programme.

## 20. TRADE PAYABLES, INCLUDING CONTRACT LIABILITIES AND PROVISION FOR ONEROUS CONTRACTS

	31 December 2021		30 June 2022	
Suppliers		3,025		2,499
Trade payables to related parties (Note 31)		347		374
<b>Trade payables</b>		<b>3,372</b>		<b>2,873</b>
Contract liabilities		7,942		7,495
		<b>11,314</b>		<b>10,368</b>

## 21. REVENUE

	For the 6 months ended 30 June	
	2021	2022
Revenue from contract with customers	5,039	5,432
Change in contract assets	566	309
Revenue from related parties (Note 31)	740	835
	<b>6,345</b>	<b>6,576</b>

The breakdown by recognition timing is reported below:

	For the 6 months ended 30 June	
	2021	2022
Revenue at point in time	1,039	1,340
Revenue over time	5,306	5,236
	<b>6,345</b>	<b>6,576</b>

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					
	2021			2022		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs	18	-	18	22	-	22
Exchange rate differences on operating items	65	(73)	(8)	67	(80)	(13)
Indirect taxes	-	(17)	(17)	-	(18)	(18)
Restructuring costs	-	(11)	(11)	-	-	-
Reversal of (accruals to) provisions for risks	110	(79)	31	180	(131)	49
Other income (expenses)	19	(47)	(28)	20	(21)	(1)
Other from/to related parties (Note 31)	2	-	2	2	-	2
	<b>214</b>	<b>(227)</b>	<b>(13)</b>	<b>291</b>	<b>(250)</b>	<b>41</b>

## 23. PURCHASES AND PERSONNEL EXPENSES

	For the 6 months ended 30 June	
	2021	2022
Purchases	2,128	2,307
Services	1,664	1,608
Costs to related parties (Note 31)	371	410
Personnel expenses	1,865	2,003
<i>Wages, salaries and contributions</i>	1,688	1,831
<i>Defined-benefit plans costs</i>	39	35
<i>Defined contribution plans costs</i>	65	72
<i>Net restructuring costs</i>	6	2
<i>Other personnel expenses</i>	67	63
Change in finished goods, work in progress and semi-finished products	(77)	(222)
Work performed by the Group and capitalised	(155)	(125)
	<b>5,796</b>	<b>5,981</b>

The Group recorded short-term lease rentals for €mil. 27 and lease rentals for low-value assets for €mil. 6 during the half-year.

The average workforce at 30 June 2022 (49,879 people) showed an increase compared to 30 June 2021 (49,470). The breakdown of the total workforce is instead as follows:

	31 December 2021	30 June 2022	Change
Senior managers (*)	1,219	1,206	(13)
Middle managers	6,243	6,208	(35)
Clerical employees	29,413	29,632	219
Manual labourers (**)	13,538	13,395	(143)
	<b>50,413</b>	<b>50,441</b>	<b>28</b>

(\*) include pilots

(\*\*) include senior manual labourers

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

	31 December 2021	30 June 2022	Change
Helicopters	12,392	12,310	(82)
Defense Electronics & Security	24,871	24,098	(773)
Aeronautics	11,342	11,207	(135)
Other	1,808	2,826	1,018
	<b>50,413</b>	<b>50,441</b>	<b>28</b>

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

	For the 6 months ended 30 June	
	2021	2022
Amortisation of intangible assets	59	74
<i>Development costs</i>	9	15
<i>Non-recurring costs</i>	16	21
<i>Acquired through business combinations</i>	11	11
<i>Concessions, licences and trademarks</i>	8	10
<i>Other intangible assets</i>	15	17
Depreciation of property, plant and equipment and investment properties	119	132
Depreciation of right of use	44	45
Impairment of other assets	-	2
financial assets value adjustments	(4)	50
	<b>218</b>	<b>303</b>

The increase in the item reflects the effects of write-downs of financial exposures to Russia and Ukraine (€mil. 33), due to the current scenario and the sanctions that are affecting Russia.

## 25. FINANCIAL INCOME AND EXPENSES

	For the 6 months ended 30 June					
	2021			2022		
	Income	Expenses	Net	Income	Expenses	Net
Interest	1	(61)	(60)	-	(47)	(47)
Interest on lease liabilities	-	(10)	(10)	-	(10)	(10)
Loan fees	-	(8)	(8)	-	(4)	(4)
Fair value gains (losses) through profit or loss	21	(13)	8	39	(3)	36
Premiums (paid) received on forwards	17	(26)	(9)	20	(39)	(19)
Exchange rate differences	21	(20)	1	35	(35)	-
Net interest cost on defined-benefit plans	-	(1)	(1)	-	2	2
Financial income (expenses) - related parties (Note 31)	-	(2)	(2)	-	(2)	(2)
Other financial income and expenses	4	(17)	(13)	6	(20)	(14)
	<b>64</b>	<b>(158)</b>	<b>(94)</b>	<b>100</b>	<b>(158)</b>	<b>(58)</b>

The decrease in net expenses compared to the previous period was attributable to the results of the fair value measurement of derivatives, only partially offset by higher premiums paid on forwards, and lower interest arising from the redemption of the bond issue occurred in January 2022.

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

	For the 6 months ended 30 June	
	2021	2022
<i>Space Alliance</i>	23	3
MBDA	27	27
GIE ATR	(21)	5
Hensoldt	-	(6)
<b>Strategic investments</b>	<b>29</b>	<b>29</b>
Other	6	11
	<b>35</b>	<b>40</b>

The effect of the measurement of investments according to the equity method was substantially in line with that of the first half of 2021. The lower result recorded in the manufacturing sector of the Space Alliance, which had been influenced in 2021 by a good industrial performance, as well as by the economic benefit registered by the Italian component deriving from the effects of the realignment between the tax and statutory value of goodwill (in compliance with the tax concessions provided for by the Decree “Urgent measures to support and revive the economy”), was offset by the better contribution given by the GIE-ATR consortium, which closed the period substantially with a breakeven result.

## 27. INCOME TAXES

	For the 6 months ended 30 June	
	2021	2022
Current taxes	(45)	(35)
Tax related to previous periods	-	4
(Provisions) reversal for tax disputes	-	10
Deferred tax - net	(37)	(27)
	<b>(82)</b>	<b>(48)</b>

## 28. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The value of assets and liabilities held for sale includes, for a net value of €mil. 160, the contribution given by Global Enterprise Solutions, a company owned by DRS, the completion of whose sale is expected during the second half of 2022. As stated in Note 8, to which reference should be made, the asset value of the branch of business largely consists of DRS's share of goodwill allocated to the business to be sold in the future (€mil. 148).

The assets owned by Leonardo Global Solutions intended for disposal were also classified as held for sale for €mil. 6 (€mil. 17 at 31 December 2021).

Below is the related breakdown:

	31 December 2021	30 June 2022
Non-current assets	17	191
Current assets	-	18
<b>Assets held for sale</b>	<b>17</b>	<b>209</b>
Non-current liabilities	-	3
Current liabilities	-	39
<b>Liabilities associated with assets held for sale</b>	<b>-</b>	<b>42</b>
	<b>17</b>	<b>167</b>

No effects arising from discontinued operations had been recognised through profit or loss as at 30 June 2022 and 2021.

## 29. EARNINGS PER SHARE

	For the 6 months ended 30 June	
	2021	2022
Average shares outstanding during the reporting period (in thousands)	575,174	575,307
Earnings for the period (excluding non-controlling interests) (€ millions)	176	266
Earnings from continuing operations (excluding non-controlling interests) (€ millions)	176	266
Earnings from discontinued operations (excluding non-controlling interests) (€ millions)	-	-
<b>Basic and Diluted EPS (€)</b>	<b>0.306</b>	<b>0.462</b>
<i>Basic and Diluted EPS from continuing operations (€)</i>	<i>0.306</i>	<i>0.462</i>
<i>Basic and Diluted EPS from discontinued operations (€)</i>	<i>n.a.</i>	<i>n.a.</i>

Basic earnings per share at 30 June 2022, 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 CHANGE IN WORKING CAPITAL

	For the 6 months ended 30 June	
	2021	2022
Net result	177	267
Amortisation, depreciation and write-offs	218	303
Share of profits/(losses) of equity-accounted investees	(35)	(40)
Income taxes	82	48
Costs for defined-benefit plans	39	35
Net financial expenses/(income)	94	58
Net allocations to the provisions for risks and inventory write-downs	2	(30)
Other non-monetary items	18	5
	<b>595</b>	<b>646</b>

The changes in working capital, net of the effects from the acquisition and sale of consolidated companies and foreign currency translation differences, are as follows:

	For the 6 months ended 30 June	
	2021	2022
Inventories	(107)	(169)
contract assets and liabilities	(623)	(249)
Trade receivables and payables	(780)	(752)
	<b>(1,510)</b>	<b>(1,170)</b>

### 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.

<i>RECEIVABLES at 31 December 2021</i>	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
<b><u>Associates</u></b>						
NH Industries SAS				192		192
Eurofighter Jagdflugzeug GmbH				119		119
AgustaWestland Aviation Services LLC				17		17
Advanced Air Traffic Systems SDH BHD				12		12
Iveco - Oto Melara Scarl				11		11
Other with unit amount lower than €mil. 10	1		5	23		29
<b><u>Joint Ventures</u></b>						
Thales Alenia Space SAS			37	7		44
Orizzonte - Sistemi Navali SpA				39		39
Joint Stock Company Helivert				23		23
GIE ATR				23		23
MBDA SAS				19		19
Telespazio SpA	12		1	4	5	22
Other with unit amount lower than €mil. 10				8	1	9
<b><u>Consortia (*)</u></b>						
Other with unit amount lower than €mil. 10			2	10		12
<b><u>Companies subject to the control or considerable influence of the MEF</u></b>						
Cassa Depositi e Prestiti SpA				69		69
Ferrovie dello Stato Italiane SpA				31		31
ENAV SpA				14		14
Other with unit amount lower than €mil. 10				19		19
<b>Total</b>	<b>13</b>	<b>-</b>	<b>45</b>	<b>640</b>	<b>6</b>	<b>704</b>
<i>% against total for the period</i>	<i>92.9%</i>	<i>-</i>	<i>73.8%</i>	<i>20.0%</i>	<i>3.8%</i>	

## Half-year financial report at 30 June 2022

<b>RECEIVABLES at 30 June 2022</b>	<b>Non-current loans and receivables</b>	<b>Other non-current receivables</b>	<b>Current loans and receivables</b>	<b>Trade receivables</b>	<b>Other current receivables</b>	<b>Total</b>
<b><u>Associates</u></b>						
NH Industries SAS				203		203
Eurofighter Jagdflugzeug GmbH				166		166
Iveco - Oto Melara Scarl				46		46
Macchi Hurel Dubois SAS				17		17
AgustaWestland Aviation Services LLC				16		16
Other with unit amount lower than €mil. 10	1		10	31		42
<b><u>Joint Ventures</u></b>						
Orizzonte - Sistemi Navali SpA				37		37
MBDA SAS				15		15
GIE ATR				14	4	18
Thales Alenia Space SAS			16	12		28
Telespazio SpA	11		4	5		20
Other with unit amount lower than €mil. 10				12		12
<b><u>Consortia (*)</u></b>						
Other with unit amount lower than €mil. 10			3	11		14
<b><u>Companies subject to the control or considerable influence of the MEF</u></b>						
Cassa Depositi e Prestiti SpA				93		93
Ferrovie dello Stato Italiane SpA				27		27
Other with unit amount lower than €mil. 10				24	1	25
<b>Total</b>	<b>12</b>	<b>-</b>	<b>33</b>	<b>729</b>	<b>5</b>	<b>779</b>
<i>% against total for the period</i>	<i>85.7%</i>	<i>-</i>	<i>42.3%</i>	<i>21.4%</i>	<i>3.1%</i>	

## Half-year financial report at 30 June 2022

<b>PAYABLES at 31 December 2021</b>	<b>Non-current loans and borrowings</b>	<b>Other non-current borrowings</b>	<b>Current loans and borrowings</b>	<b>Trade payables</b>	<b>Other current payables</b>	<b>Total</b>
<b><u>Associates</u></b>						
NH Industries SAS				93		93
Eurofighter Jagdflugzeug GmbH			37	40		77
Gulf System Logistic Services Company WLL				24		24
Elettronica SpA				14		14
Leonardo Helicopteres Algerie			20			20
Other with unit amount lower than €mil. 10			1	7	4	12
<b><u>Joint Ventures</u></b>						
MBDA SAS			664	56		720
Telespazio SpA			31	2	2	35
GIE ATR				57	2	59
Rotorsim Srl				18		18
Other with unit amount lower than €mil. 10				12	1	13
<b><u>Consortia (*)</u></b>						
Other with unit amount lower than €mil. 10				3		3
<b><u>Companies subject to the control or considerable influence of the MEF</u></b>						
Cassa Depositi e Prestiti SpA	100			1	3	104
Enel SpA				14		14
Other with unit amount lower than €mil. 10			3	6		9
<b>Total</b>	<b>100</b>	<b>-</b>	<b>756</b>	<b>347</b>	<b>12</b>	<b>1,215</b>
<i>% against total for the period</i>	<i>2.4%</i>	<i>-</i>	<i>48.5%</i>	<i>10.3%</i>	<i>0.9%</i>	

<b>PAYABLES at 30 June 2022</b>	<b>Non-current loans and borrowings</b>	<b>Other non-current borrowings</b>	<b>Current loans and borrowings</b>	<b>Trade payables</b>	<b>Other current payables</b>	<b>Total</b>
<b><u>Associates</u></b>						
NH Industries SAS				160		160
Gulf System Logistic Services Company WLL				27		27
Hensoldt AG				25		25
Eurofighter Jagdflugzeug GmbH			49	15		64
Elettronica SpA				15		15
Leonardo Helicopteres Algerie			20			20
Other with unit amount lower than €mil. 10			2	9	4	15
<b><u>Joint Ventures</u></b>						
MBDA SAS			792	14		806
GIE ATR				58		58
Rotorsim Srl				22		22
Other with unit amount lower than €mil. 10				12	3	15
<b><u>Consortia (*)</u></b>						
Other with unit amount lower than €mil. 10				3		3
<b><u>Companies subject to the control or considerable influence of the MEF</u></b>						
Cassa Depositi e Prestiti SpA	100			1	1	102
Other with unit amount lower than €mil. 10			3	13		16
<b>Total</b>	<b>100</b>	<b>-</b>	<b>866</b>	<b>374</b>	<b>8</b>	<b>1,348</b>
<i>% against total for the period</i>	<i>2.4%</i>	<i>-</i>	<i>80.1%</i>	<i>13.0%</i>	<i>0.6%</i>	

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



## Half-year financial report at 30 June 2022

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. 792 (€mil. 664 at 31 December 2021) due by Group companies to the joint venture MBDA and payables for €mil. 49 (€mil. 37 at 31 December 2021) to Eurofighter, as well as payables of €mil. 20 to Leonardo Helicopteres Algeria 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.

### *For the 6 months ended 30 June 2021*

	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
<b><u>Associates</u></b>						
Eurofighter Jagdflugzeug GmbH	199		230			
NH Industries SAS	157					
Iveco-Oto Melara Scarl	28		1			
Macchi Hurel Dubois SAS	17					
Elettronica SpA	1		20			
Gulf System Logistic Services Company WLL			16			
Other with unit amount lower than €mil. 10	20		4			1
<b><u>Joint Ventures</u></b>						
Orizzonte - Sistemi Navali SpA	55					
GIE ATR	35		3			
MBDA SAS	34		38			1
Thales Alenia Space SAS	23		1			
Other with unit amount lower than €mil. 10	11	2	11			
<b><u>Consortia (*)</u></b>						
Other with unit amount lower than €mil. 10	11		1			
<b><u>Companies subject to the control or considerable influence of the MEF</u></b>						
Cassa Depositi e Prestiti SpA	104					
Poste Italiane SpA	11					
ENAV SpA	10					
ENEL SpA	6		45			
Other with unit amount lower than €mil. 10	18		1			
<b>Total</b>	<b>740</b>	<b>2</b>	<b>371</b>	<b>-</b>	<b>-</b>	<b>2</b>
<i>% against total for the period</i>	<i>11.7%</i>	<i>0.9%</i>	<i>6.4%</i>	<i>-</i>	<i>-</i>	<i>1.3%</i>

*For the 6 months ended 30 June 2022*

**Associates**

Eurofighter Jagdflugzeug GmbH  
 NH Industries SAS  
 Iveco-Oto Melara Scarl  
 Macchi Hurel Dubois SAS  
 Hensoldt AG  
 Euromids SAS  
 Elettronica SpA  
 Gulf System Logistic Services Company WLL  
 Other with unit amount lower than €mil. 10

**Joint Ventures**

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

**Consortia (\*)**

Other with unit amount lower than €mil. 10

**Companies subject to the control or considerable influence of the MEF**

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

**Total**

	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Eurofighter Jagdflugzeug GmbH	295		220			
NH Industries SAS	119		3			
Iveco-Oto Melara Scarl	60		1			
Macchi Hurel Dubois SAS	21					
Hensoldt AG	16		46			
Euromids SAS	11		1			
Elettronica SpA	1		29			
Gulf System Logistic Services Company WLL			11			
Other with unit amount lower than €mil. 10	16		9			
<b>Orizzonte - Sistemi Navali SpA</b>	<b>57</b>					
<b>GIE ATR</b>	<b>36</b>		<b>7</b>			
<b>MBDA SAS</b>	<b>32</b>		<b>24</b>			<b>2</b>
<b>Thales Alenia Space SAS</b>	<b>24</b>					
<b>Other with unit amount lower than €mil. 10</b>	<b>8</b>	<b>1</b>	<b>13</b>			
<b>Other with unit amount lower than €mil. 10</b>	<b>14</b>		<b>1</b>			
<b>Cassa Depositi e Prestiti SpA</b>	<b>87</b>		<b>1</b>			
<b>Poste Italiane SpA</b>	<b>10</b>					
<b>ENEL SpA</b>	<b>4</b>		<b>30</b>			
<b>ENI SpA</b>	<b>1</b>		<b>13</b>			
<b>Other with unit amount lower than €mil. 10</b>	<b>23</b>		<b>1</b>			
<b>Total</b>	<b>835</b>	<b>1</b>	<b>410</b>	<b>-</b>	<b>-</b>	<b>2</b>

*% against total for the period*

**12.7%**    **0.3%**    **6.9%**    -    -    **1.3%**

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

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

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

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

- Eurofighter and Gulf System for operations in the scope of the EFA/Kuwait aeronautical programme; in particular the decrease in costs to Eurofighter is justified by lower deliveries of spare parts compared to the period under comparison, while that to Gulf reflects the completion of the infrastructures built in Kuwait in 2021;
- Elettronica S.p.A. for the support to the fleet of EFA vehicles;
- Hensoldt AG for Radar and Praetorian systems installed on Typhoon aircraft;

- Subsidiaries or entities subject to significant influence on the part of the Ministry of Economy and Finance, in particular linked to the Qatar Emiri Naval Forces (QENF) – Corvette programme.

For the Board of Directors

The Chairman

Luciano Carta

**ANNEX: SCOPE OF CONSOLIDATION**

## Half-year financial report at 30 June 2022

### 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	100
AGUSTAWESTLAND INDIA PRIVATE LTD (IN LIQ.)	New Delhi (India)	AGUSTAWESTLAND SPA AGUSTAWESTLAND LTD	INR	11,519,450		100	100
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (UK)	AGUSTAWESTLAND SPA AGUSTAWESTLAND LTD	GBP	511,000		100	100
AGUSTAWESTLAND LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1,520,304		100	100
AGUSTAWESTLAND PHILADELPHIA CO	Wilmington, Delaware (USA)	LEONARDO SPA	USD	20,000,000	100		100
AGUSTAWESTLAND SPA	Rome	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
ALEA SRL	Polcenigo (Pordenone)	LEONARDO SPA	EUR	120,000	69.93		69.93
ALENIA AERMACCHI SPA	Rome	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
ANSALDOBREDA SPA	Naples	LEONARDO SPA	EUR	10,000,000	100		100
DAYLIGHT DEFENCE LLC	Wilmington, Delaware (USA)	DAYLIGHT SOLUTIONS INC	USD	-		100	100
DAYLIGHT SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DISPOSITIVI PROTEZIONE INDIVIDUALE D.P.I. SRL	Rome	LARIMART SPA	EUR	309,600		77.92	46.75
DRS ADVANCED ISR LLC	Wilmington, Delaware (USA)	DRS D.S. LLC	USD	-		100	100
DRS C3 & AVIATION COMPANY	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1		100	100
DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	100
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	2		100	100
DRS GLOBAL ENTERPRISE SOLUTIONS INC	Baltimore, Maryland (USA)	DRS D.S. LLC	USD	50		100	100
DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS INTERNATIONAL INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS NAVAL POWER SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS NETWORK & IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	100
DRS RADAR SYSTEMS LLC	Wilmington, Delaware (USA)	DRS C3 & AVIATION COMPANY	USD	-		100	100
DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)	DRS D.S. LLC	USD	10		100	100
DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	100
DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS SYSTEMS INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)	DRS TECHNOLOGIES CANADA INC	CAD	100		100	100
DRS TECHNOLOGIES SAUDI ARABIA LLC	Riyadh (Saudi Arabia)	LEONARDO DRS INC	SAR	2,000,000		49	49
DRS TECHNOLOGIES UK LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
DRS TECHNOLOGIES VERWALTUNGS GMBH	Stuttgart (Germany)	DRS GLOBAL ENT. SOLUTIONS INC	EUR	25,000		100	100
DRS TRAINING & CONTROL SYSTEMS LLC	Tallahassee, Florida (USA)	DRS D.S. LLC	USD	510		100	100
DRS TSI INTERNATIONAL LLC	Wilmington, Delaware (USA)	DRS GLOBAL ENT. SOLUTIONS INC	USD	-		100	100
DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)	DRS T. & C. SYSTEMS LLC	USD	1		100	100
ENGINEERED COIL COMPANY	Jefferson City, Missouri (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1,000		100	100
ENGINEERED SUPPORT SYSTEMS INC	Jefferson City, Missouri (USA)	LEONARDO DRS INC	USD	1		100	100
ESSI RESOURCES LLC	Frankfort, Kentucky (USA)	DRS SUSTAINMENT SYSTEMS INC	USD	-		100	100
GLOBAL NETWORK SERVICES LLC	Wilmington, Delaware (USA)	DRS GLOBAL ENT. SOLUTIONS INC.	USD	1		100	100
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
KOPTER NORTH AMERICA LLC	Wilmington, Delaware (USA)	KOPTER GROUP AG	USD	1,000		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	100
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	29,040,000	50		50
LEONARDO DO BRASIL LTDA	Itapevi (Brasile)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	BRL	48,241,788		100	100
LEONARDO DRS INC	Wilmington, Delaware (USA)	LEONARDO US HOLDING, INC	USD	1		100	100
LEONARDO ELECTRONICS US INC	Wilmington, Delaware (USA)	LEONARDO UK LTD	USD	32,750,000		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

## Half-year financial report at 30 June 2022

### 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 HELICOPTERS USA, INC.	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	-		100	100
LEONARDO HISPANIA SAU	Loriguilla, Valencia (Spain)	LEONARDO INTERNATIONAL SPA	EUR	5,189,019		100	100
LEONARDO INTERNATIONAL SPA	Rome	LEONARDO SPA	EUR	1,000,000	100		100
LEONARDO LOGISTICS SPA	Rome	LEONARDO GLOBAL SOLUTIONS SPA	EUR	100,000		100	100
LEONARDO MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	LEONARDO INTERNATIONAL SPA	MYR	2,500,000		100	100
LEONARDO PARTECIPAZIONI SPA	Rome	LEONARDO SPA	EUR	1,000,000	100		100
LEONARDO PORTUGAL SA	Porto Salvo Oeiras (Portogallo)	LEONARDO INTERNATIONAL SPA	EUR	100,000		100	100
LEONARDO ROMANIA AEROSPACE, DEFENCE & SECURITY SA	Ploiesti (Romania)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	RON	10,847,960		100	100
LEONARDO SAUDI LTD	Riyadh (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 & 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 INC	Wilmington, Delaware (USA)	LEONARDO US HOLDING, INC	USD	44		100	100
LEONARDO US HOLDING INC	Wilmington, Delaware (USA)	LEONARDO SPA	USD	10	100		100
OTO MELARA NORTH AMERICA LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	100
PARTECH SYSTEMS PTY LTD	Yerrilyong (Australia)	LEONARDO AUSTRALIA PTY LTD	AUD	330,00		100	100
PIVOTAL POWER INC	Halifax, Nova Scotia (Canada)	3083683 NOVA SCOTIA LIMITED	CAD	-		100	100
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
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z OO	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
SELEX ES INC	Wilmington, Delaware (USA)	LEONARDO INTERNATIONAL SPA	USD	1		100	100
SELEX ES INTERNATIONAL LTD	Basildon, Essex (UK)	LEONARDO SPA	GBP	100	100		100
SELEX ES MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	LEONARDO INTERNATIONAL SPA	MYR	500,000		100	100
SELEX ES SPA (IN LIQ.)	Rome	LEONARDO PARTECIPAZIONI SPA	EUR	120,000		100	100
T - S HOLDING CORPORATION	Austin, Texas (USA)	TECH-SYM LLC	USD	280,000		100	100
TECH-SYM LLC	Carson City, Nevada (USA)	LEONARDO DRS INC	USD	10		100	100
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	89
VEGA DEUTSCHLAND GMBH	Cologne (Germany)	SELEX ES SPA (IN LIQ.)	EUR	25,700		100	100
WYTWORNIA SPRZETU KOMUNIKACYJNEGO "PZL-SWIDNIK" SPOLKA AKCYJNA	Swidnik (Poland)	LEONARDO SPA	PLN	137,401,350	100		100

## Half-year financial report at 30 June 2022

### 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 ACOUSTIC CONCEPTS LLC	Wilmington, Delaware (USA)	DRS D.S. LLC	USD	-		51	51
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
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
E - GEOS SPA	Matera	TELESPAZIO SPA	EUR	5,000,000		80	53.60
ELETTRONICA SPA	Rome	LEONARDO SPA	EUR	9,000,000	31.33		31.33
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germany)	LEONARDO SPA	EUR	2,556,459	21		21
EUROFIGHTER SIMULATION SYSTEMS GMBH	Munich (Germany)	LEONARDO SPA	EUR	260,000	24		24
EUROMIDS SAS	Paris (France)	LEONARDO SPA	EUR	40,500	25		25
GAF AG	Munich (Germany)	E - GEOS SPA	EUR	256,000		100	53.60
GULF SYSTEMS LOGISTICS SERVICES COMPANY WLL	Kuwait City (Kuwait)	ALENIA AERMACCHI SPA	KWD	75,000		40	40
G.E.M. ELETTRONICA SRL	San Benedetto del Tronto	LEONARDO SPA	EUR	4,500,000	30		30
HENSOLDT AG	Taufkirchen (Germany)	LEONARDO SPA	EUR	105,000,000	25.10		25.10
IAMCO - INTERNATIONAL AEROSPACE	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	21,050,000	28.65		28.65
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
JOINT STOCK COMPANY HELIVERT	Moscow (Russia)	LEONARDO SPA	RUB	325,010,000	50		50
LEONARDO AEROSPACE DEFENSE & SECURITY INDIA PRIVATE LTD	New Delhi (India)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	INR	30,000,000		100	100
LEONARDO CANADA CO	Halifax, Nova Scotia (Canada)	LEONARDO INTERNATIONAL SPA	CAD	298,421		100	100
LEONARDO (CHINA) CO. LTD	Beijing (China)	LEONARDO INTERNATIONAL SPA	USD	800,000		100	100
LEONARDO ELECTRONICS PENSION SCHEME (TRUSTEE) LTD	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	100		100	100
LEONARDO FOR AVIATION SERVICES (SPC)	Kuwait City (Kuwait)	LEONARDO SPA	KWD	300,000	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 LIMITED	Yeovil, Somerset (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO MW LTD	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	1		100	100
LEONARDO POLAND SP. Z OO	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	Maricà (Brazil)	LEONARDO INTERNATIONAL SPA	BRL	2,010,000		51	51
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libya)	LEONARDO SPA AGUSTAWESTLAND SPA	EUR	8,000,000	25	25	50
MACCHI HUREL DUBOIS SAS	Versailles (France)	LEONARDO SPA	EUR	100,000	50		50
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
RARTEL SA	Bucharest (Romania)	TELESPAZIO SPA	RON	468,500		61.06	40.91
ROTORSIM SRL	Sesto Calende (Varese)	LEONARDO SPA	EUR	9,800,000	50		50
ROTORSIM USA LLC	Wilmington, Delaware (USA)	AGUSTAWESTLAND PHILADELPHIA CO	USD	12,607,452		50	50
SELEX ES (PROJECTS) LTD	Basildon, Essex (UK)	LEONARDO UK LTD	GBP	100		100	100
SPACEOPAL GMBH	Munich (Germany)	TELESPAZIO SPA	EUR	500,000		50	33.50

## Half-year financial report at 30 June 2022

### 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	
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	TELESPAZIO SPA TELESPAZIO BRASIL SA	ARS	9,950,000		100	66.96
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
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
WORLD'S WING SA (IN LIQ.)	Geneva (Switzerland)	LEONARDO SPA	CHF	811,876	100		100

### 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
CHONGQING CHUANYI ANSALDOBREDA RAILWAY TRANSPORT. EQUIP.CO.LTD	Chongqing (China)	ANSALDOBREDA SPA	CNY	50,000,000		50.00	50.00
EARTHLAB LUXEMBOURG S.A.	Mamer (Luxembourg)	TELESPAZIO FRANCE SAS E - GEOS SPA	EUR	4,875,000		54	34
ELSAKOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ukraine)	LEONARDO PARTECIPAZIONI SPA	UAH	7,945,000		49.0	49.00



Below are the changes in the scope of consolidation at 30 June 2022 in comparison with 30 June 2021:

<b>COMPANY</b>	<b>EVENT</b>	<b>MONTH</b>
<b><u>Companies which entered the scope of consolidation:</u></b>		
Alea Srl	acquired	August 2021
Hensoldt Ag (**)	acquired	January 2022
<b><u>Companies which left the scope of consolidation:</u></b>		
CCRT Sistemi Spa (in bankruptcy) (*)	sale	December 2021
Agustawestland Holdings Ltd	cancellation	January 2022
Industrie Aeronautiche e Meccaniche Rinaldo Piaggio Spa (*)	sale	June 2022
<b><u>Companies involved in merger transactions:</u></b>		
<b>Merged company</b>	<b>Merging company</b>	<b>Month</b>
Vitrociset Spa	Leonardo Spa	January 2022
<b><u>Companies which changed their name:</u></b>		
<b>Old name</b>	<b>New name</b>	<b>Month</b>
Fata Logistic Systems Spa	Leonardo Logistics Spa	September 2021
So.Ge.Pa. – Società Generale di Partecipazioni Spa	Leonardo Partecipazioni Spa	June 2022

(\*): companies valued at cost

(\*\*): companies valued at equity

**STATEMENT ON THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2022 PURSUANT TO ART. 154 BIS, PARAGRAPH 5, OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED**

1. The undersigned Alessandro Profumo as Chief Executive Officer 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 2022.
2. In this respect it is noted that no significant matters arose.
3. It is also certified that:
  - 3.1 The condensed consolidated half-year financial statements:
    - were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - correspond to the entries in the books and accounting records;
    - were prepared in accordance with Article 154-ter of the aforesaid Legislative Decree 58/98 and subsequent amendments and integrations and they provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.
  - 3.2 The directors' interim report on operations provides a reliable analysis of the important events taking place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the key risks and uncertainties for the remaining six months of the year. The directors' interim report on operations also includes a reliable analysis of significant transactions with related parties.

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

Rome, 28 July 2022

---

Chief Executive Officer  
(Alessandro Profumo)

---

Officer in charge of financial  
reporting  
(Alessandra Genco)

**INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED  
CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2022**



# Leonardo S.p.A.

Review report on the interim condensed consolidated financial statements as of 30 June 2022

(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 2022. 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 2022 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, 29 July 2022

EY S.p.A.  
Signed by: Riccardo Rossi, Partner

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