



**REPORT OF THE BOARD OF DIRECTORS
REGARDING MERGER BY INCORPORATION OPERATION
INTO LEONARDO – SOCIETÀ PER AZIONI
OF THE COMPANY VITROCISSET S.P.A.**

LEONARDO - Società per azioni
Registered office in Rome, Piazza Monte Grappa 4
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Fully paid up registered capital € 2,543,861,738.00
Tax Code & Company Register No. 00401990585
VAT No. 00881841001

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REPORT OF THE BOARD OF DIRECTORS

REGARDING MERGER BY INCORPORATION OPERATION (hereinafter referred as the “Operation”) INTO LEONARDO – SOCIETA’ PER AZIONI (hereinafter referred as the “Incorporating Company” or the “Company” or “Leonardo”) OF THE COMPANY VITROCISSET S.P.A. (hereinafter referred as the “Merged Company” or “Vitrociset”)

This report of the Board of Directors of Leonardo - Società per azioni has been drafted – also based on the provisions of Article 2501 – *quinquies*, first paragraph of the Italian Civil Code and of Article 70, second paragraph, of the Issuer’s Regulations (CONSOB Resolution No. 11971/1999 as amended and supplemented) - in order to provide the broadest information to the public regarding the economic and legal purposes of the Operation, although not required pursuant to the provisions of Article 2505, first paragraph, of the Italian Civil Code.

The mentioned Operation is proposed both for economic and organisational reasons and, more generally, is part of the overall strategic/corporate rationalisation project of the assets of the Leonardo group already started with the “One Company” model. In particular, the proposed Operation represents, both from an industrial and commercial point of view, the natural completion of the integration/interaction process, at both organizational and management level, between the Merged Company and Leonardo - already launched in 2019 (through the acquisition of the entire share capital of Vitrociset, with the aim of strengthening the Vitrociset's offer in Leonardo) and continued in 2021 (with the partial demerger of Vitrociset's space business unit in favour of Telespazio S.p.A.).

With regard to the economic aspects, the proposed Merger will generate a reduction of structural costs and of costs related to the legal and administrative obligations of a legally separate legal entity and will satisfy the requirements of efficiency and cost-effectiveness ensuring - at the same time - the achievement of the objectives of optimisation/smoothing of the decision-making/authorisation processes also for the purpose of a better and more effective product marketing strategy.

The choice of operating by means of merger by incorporation of Vitrociset appears to be the best legal and economic solution, because it meets the need of incorporating all the activities of the Merged Company into Leonardo and consequently to enhance the skills and the specific know how gained by Vitrociset into a more structured corporate context, with the necessary financial and economic solidity.

As the share capital of the Merged Company is entirely held by Leonardo and such shareholding structure will remain as such upon completion of the Operation, consequently the Incorporating Company shall not issue any new shares nor assign Company's shares; the Operation shall be performed applying the simplified procedure laid down in Article 2505 of the Italian Civil Code; therefore, the Merger plan do not include the information referred to in numbers 3), 4) and 5) of the first paragraph of Article 2501 *ter* of the Italian Civil Code and the Experts' report about consistency of the exchange ratio according to Article 2501 *sexies* of the Italian Civil Code has not been prepared, nor – by the Merged Company - the Board of Directors' report ex Article 2501 *quinques* of the Italian Civil Code.

The Operation shall be effective, also for accounting and tax purposes, as from 1st January 2022. If the last of the registrations pursuant to Article 2504 of the Italian Civil Code should take place after 1st January 2022, the Operation shall be effective as from the first day of the month after that last registration; in such case, for accounting and tax purposes the Operation shall anyway be effective as from 1st January 2022.

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

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

With reference to Leonardo and Vitrociset (taking also into account the fact that the Merged Company's is totally owned by Leonardo), there are no results of significant

shareholder's agreements pursuant to Article 122 of Legislative Decree no. 58 of 24 February 1998 ("Consolidated Law on Finance").

The Operation shall be conducted based on the Financial statements as of 30 June 2021, approved by the Boards of Directors of Vitrociset and Leonardo on 29 July 2021.

According to the law the following documents will be filed at the Merging Companies registered offices: i) the Merger plan, approved by the Board of Directors of the Merging Companies, also filed with the relevant Companies Register, and ii) the Financial statement as of 30 June 2021, as well as iii) the Financial statements of the last three financial years of both companies.

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

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

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

Rome, 29 July 2021

On behalf of the Board of Director
The Chairman
(Luciano Carta)