RESULTS AT
30 SEPTEMBER 2023

Disclaimer

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LEONARDO

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GROUP RESULTS AND FINANCIAL POSITION

The strong performance already reported by the Group in 2022 continued into the first nine months of 2023. Such performance is far more significant if we compare the adjusted figures, which were restated to make the results of comparison homogeneous and more representative, taking into account the changes in the Group's scope of consolidation, as set out below.

New orders recorded a substantial increase of 13.3% which went up to 14.8% compared with the adjusted figure in September 2022, especially driven by the European component of the Defence Electronics and Security business, thus confirming the strengthening of the Group market positioning in this sector. The commercial growth is even more pronounced considering that new orders in the comparative period reflected the order from the Ministry of Poland related to the AW149 helicopters.

Revenues were up by 3.5% (4.8% against the Adjusted figure), driven by significant recovery in Aerostructures (+32% against the first nine months of 2022) and the performance of Defence Electronics and Security. The growth of Revenues was accompanied by a 4.0% growth of EBITA, which appears more evident in the Adjusted figure (or 6.3% on an adjusted basis), with sound profitability across all business segments.

Free Operating Cash Flow for the period improved by a significant 32% (33% against the adjusted figure), with a consequent positive impact on the Group Net Debt, which decreased by about 13% compared with the comparative period.

Key performance indicators (KPI)

	September 2022	September 2023	Change	2022
New orders	11,719	13,275	13.3%	17,266
Order backlog	37,353	40,186	7.6%	37,506
Revenue	9,917	10,269	3.5%	14,713
EBITDA	1,008	1,070	6.2%	1,763
EBITA	619	644	4.0%	1,218
ROS	*6.2%*	*6.3%*	*0.1 p.p.*	*8.3%*
EBIT	552	537	(2.7%)	961
EBIT Margin	*5.6%*	*5.2%*	*(0.4) p.p.*	*6.5%*
Net Result before extraordinary transactions	387	290	(25.1%)	697
Net result	662	301	(54.5%)	932
Group Net Debt	4,359	3,813	(12.5%)	3,016
FOCF	(894)	(604)	32.4%	539
ROI	*10.3%*	*10.7%*	*0.4 p.p.*	12.0%
Workforce	50,677	52,973	4.5%	51,392

Please refer to Annex 2 on "Non-GAAP performance indicators" for definitions.

As mentioned above, for a better comparability of the Group's operating performance for the period, we report below some Adjusted performance indicators for the comparative period, excluding the main deconsolidation transactions from the Group’s scope of consolidation (GES business which was sold in July 2022). When compared with Adjusted data, the signs of growth in the Group’s New Orders, Revenues, Operating Profit and Free Operating Cash Flow previously reported are further strengthened:

	September 2022 Reported	September 2022 Adjusted	September 2023	Change
New orders	11,719	11,560	13,275	14.8%
Revenue	9,917	9,802	10,269	4.8%
EBITA	619	606	644	6.3%
ROS	*6.2%*	*6.2%*	*6.3%*	*0.1 p.p.*
FOCF	(894)	(904)	(604)	33.2%

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

	30 September 2022				
	New orders	Order backlog at 31 Dec. 2022	Revenue	EBITA	ROS
Helicopters	4,623	13,614	3,153	234	7.4%
Defence Electronics & Security	5,605	15,160	4,856	457	9.4%
Aircraft	1,637	8,554	1,959	238	12.1%
- of which GIE ATR				(4)	
Aerostructures	342	1,075	351	(134)	(38.2%)
Space	-	-	-	10	n.a.
Other activities	206	360	380	(186)	(48.9%)
Eliminations	*(694)*	*(1,257)*	*(782)*	-	*n.a.*
Total	**11,719**	**37,506**	**9,917**	**619**	**6.2%**

	30 September 2023				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	4,177	14,570	3,202	250	7.8%
Defence Electronics & Security	7,125	17,060	5,030	473	9.4%
Aircraft	1,824	8,401	1,938	240	12.4%
- of which GIE ATR				(2)	
Aerostructures	528	1,137	462	(127)	(27.5%)
Space	-	-	-	6	n.a.
Other activities	347	360	516	(198)	(38.4%)
Eliminations	*(726)*	*(1,342)*	*(879)*	-	*n.a.*
Total	**13,275**	**40,186**	**10,269**	**644**	**6.3%**

	Change %				
	New orders	Order backlog	Revenue	EBITA	ROS
Helicopters	(9.6%)	7.0%	1.6%	6.8%	0.4 p.p.
Defence Electronics & Security	27.1%	12.5%	3.6%	3.5%	0.0 p.p.
Aircraft	11.4%	(1.8%)	(1.1%)	0.8%	0.3 p.p.
- of which GIE ATR				50.0%	
Aerostructures	54.4%	5.8%	31.6%	5.2%	10.7 p.p.
Space	n.a.	n.a.	n.a.	(40.0%)	n.a.
Other activities	68.4%	0.0%	35.8%	(6.5%)	10.5 p.p.
Eliminations	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total	**13.3%**	**7.1%**	**3.5%**	**4.0%**	**0.1 p.p.**

Commercial and business performance

New orders came to €bil. 13.3, significantly increased (+13.3% on the Reported value, +14.8% on the Adjusted value) compared to the first nine months of 2022, thanks to the important contribution of the Defence Electronics and Security sector that recorded – in all the business areas of its European component – a sharp growth compared to the first nine months of 2022. The increase in the period is even more substantial considering that the comparative figure included the important acquisition of the order for the AW149 helicopters received from the Polish Ministry of Defence (€bil. 1.4).

The abovesaid Order level is equal to a book to bill (the ratio of New orders to Revenues for the period) of 1.3x. The order backlog ensures a coverage in terms of production exceed 2.5 years.

The successful sales campaigns launched in recent years led the Group to reach - for the first time - an **Order Backlog** exceeding the €bil. 40 threshold.

Revenues (€bil. 10.3) increased compared to the first nine months of 2022 (+3.5% on the Reported value, +4.8% on the Adjusted value), in almost all business sectors, including Aerostructures, which benefitted from resuming deliveries of B-787. The European component of the Defence Electronics and Security sector was particularly important.

EBITA (€mil. 644) reflects the solid performance of the Group's businesses, increasing compared to the first nine months of 2022 (+4.0% on the Reported value, +6.3% on the Adjusted value), thanks to the higher volumes recorded especially in Helicopters and in the European component of the Defence Electronics and Security sector.

The **EBIT** performance (€mil. 537) showed a slight decrease compared to the first nine months of 2022 (€mil. 552), due to higher impacts of the expected restructuring costs related to the additions to the agreement for the early retirement of the workforce in the Corporate and Staff functions (€mil. 20), as well as for the amortisation of the Purchase Price Allocation related to the acquisition of Rada, which was completed in the second half of 2022.

The **Net Result before extraordinary transactions**, amounting to €mil. 290 (€mil. 387 in the comparative period) reflected, on the other hand, the increase in borrowing costs, mainly linked to exchange rate operations and the effect of the non-strategic investments valued at equity.

The **Net Result** of €mil. 301 (€mil. 662 in the comparative period) included, in addition to the Net Result before extraordinary transactions, the capital gain of €mil. 11 arising from the sale of the ATM business unit on the part of Selex ES LLC. The figure of the comparative period reflected, on the other hand, the capital gain arising from the sale of the Global Enterprise Solutions and Advanced Acoustic Concepts businesses of Leonardo DRS, for €mil. 275.

Reclassified income statement

(€ millions)	For the 9 months ended 30 September 2022	For the 9 months ended 30 September 2023	Change	% Change
Revenue	9,917	10,269	352	3.5%
Purchases and personnel expenses	(9,005)	(9,223)		
Other net operating income/(expenses)	59	(29)		
Equity-accounted strategic investments	37	53		
Amortisation, depreciation and write-offs	(389)	(426)		
EBITA	**619**	**644**	**25**	**4.0%**
ROS	*6.2%*	*6.3%*	0.1 p.p.	
Non-recurring income/(expenses)	(45)	(49)		
Restructuring costs	(5)	(32)		
Amortisation of intangible assets acquired as part of business combinations	(17)	(26)		
EBIT	**552**	**537**	**(15)**	**(2.7%)**
EBIT Margin	*5.6%*	*5.2%*	(0.4) p.p.	
Net financial income/(expenses)	(96)	(170)		
Income taxes	(69)	(77)		
Net Result before extraordinary transactions	**387**	**290**	**(97)**	**(25.1%)**
Net result related to discontinued operations and extraordinary transactions	275	11		
Net result attributable to:	**662**	**301**	**(361)**	**(54.5%)**
- owners of the parent	*662*	*278*		
- non-controlling interests	-	*23*		

Financial performance

FOCF in the first nine months of 2023 was negative for €mil. 604, improving significantly (+32.4%) compared to the comparative period of 2022 (negative for €mil. 894), thus confirming the path embarked on to reduce interim cash absorptions.

The figure consolidates the positive results of the initiatives aimed at strengthening the performance of operations, streamlining and making working capital more efficient, and of a careful investment policy in a period of business growth and efficient financial strategy.

The expected positive trend towards improvement however confirmed the usual interim trend that is characterised by significant cash absorptions during the year.

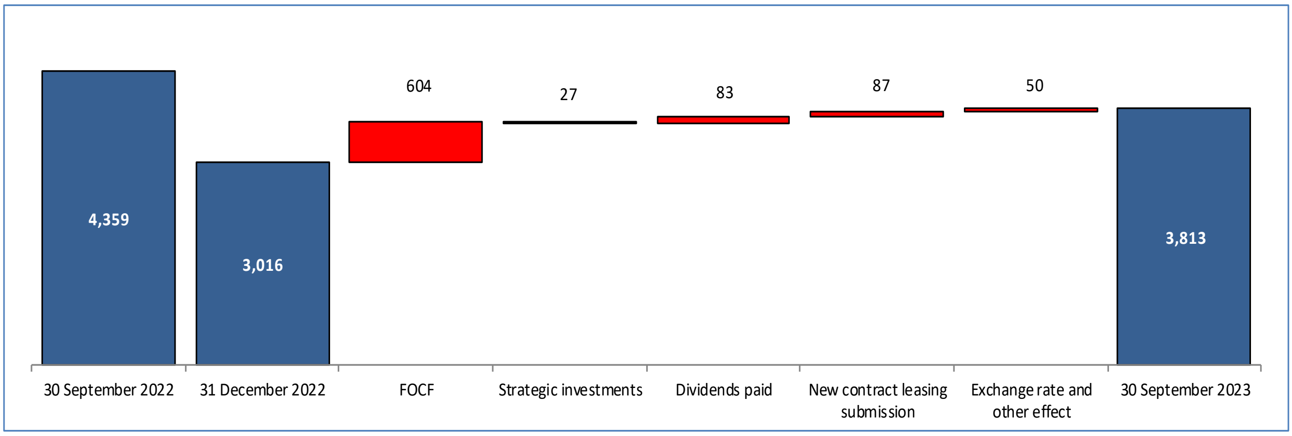
Reclassified cash flow statement

(€ millions)	*For the 9 months ended 30 September*		*Change*	*% Change*
	2022	2023		
Cash flows used in operating activities	(604)	(333)		
Dividends received	124	180		
Cash flows from ordinary investing activities	(414)	(451)		
Free Operating Cash Flow (FOCF)	**(894)**	**(604)**	**290**	**32.4%**
Strategic transactions	(175)	27		
Change in other investing activities	(2)	(36)		
Net change in loans and borrowings	(675)	82		
Dividends paid	(78)	(83)		
Net increase (decrease) in cash and cash equivalents	**(1,824)**	**(614)**		
Cash and cash equivalents at 1 January	2,479	1,511		
Exchange rate differences and other changes	76	(2)		
Cash and cash equivalents at 30 September	**731**	**895**		

The **Group Net Debt**, equal to €mil. 3,813, reduced significantly (approx. €bil. 0.5) against September 2022, driven by the Group's cash generation.

Compared to 31 December 2022 (€mil. 3,016) the figure increased mainly as a result of the seasonal cash flow, as well as of the payment of dividends in July for an amount of €mil. 83 and the signing of new lease agreements in the period, for a value of €mil. 87.

Changes in the Group Net Debt

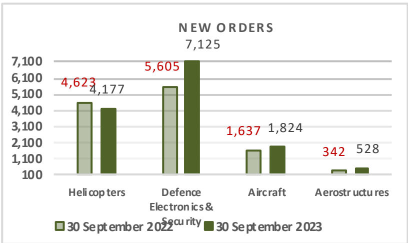


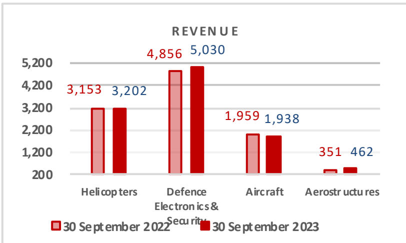
Reclassified statement of financial position

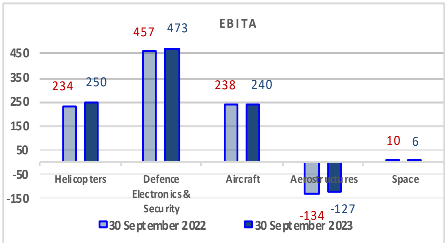
(€ millions)	30 September 2022	31 December 2022	30 September 2023
Non-current assets	13,576	13,943	14,007
Non-current liabilities	(2,116)	(2,174)	(2,193)
Capital assets	**11,460**	**11,769**	**11,814**
Inventories	1,731	975	1,534
Trade receivables	3,558	3,338	3,541
Trade payables	(3,026)	(3,054)	(3,057)
Working capital	**2,263**	**1,259**	**2,018**
Provisions for short-term risks and charges	(1,042)	(1,078)	(1,072)
Other net current assets (liabilities)	(1,301)	(1,260)	(946)
Net working capital	**(80)**	**(1,079)**	**-**
Net invested capital	**11,380**	**10,690**	**11,814**
Equity attributable to the Owners of the Parent	6,993	7,183	7,458
Equity attributable to non-controlling interests	34	516	544
Equity	**7,027**	**7,699**	**8,002**
Group Net Debt	**4,359**	**3,016**	**3,813**
Net (assets)/liabilities held for sale	**(6)**	**(25)**	**(1)**

KEY PERFORMANCE INDICATORS BY SECTOR

The Key Performance Indicators of the business Sectors are reported below. Note that - starting with 2022 financial statements - the Group defined a mode of representing its performance which is increasingly coherent with corporate strategies and underlying business dynamics. The performance in the sectors will therefore be represented and commented on with reference to the operating sectors of Helicopters, Defence Electronics and Security, Aircraft, Aerostructures and Space (the results at 30 September 2022 of Helicopters, Defence Electronics and Security, Aeronautics and Space were restated to facilitate the performance comparison).







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

		30 September 2022	30 September 2023	Change	Change %
1. Helicopters	New orders	4,623	4,177	(446)	(9.6%)
	Order backlog at 31 Dec. 2022	13,614	14,570	956	7.0%
	Revenue	3,153	3,202	49	1.6%
	EBITA	234	250	16	6.8%
	ROS	7.4%	7.8%		0.4 p.p.
2. Defence Electronics & Security	New orders	5,605	7,125	1,520	27.1%
	Order backlog at 31 Dec. 2022	15,160	17,060	1,900	12.5%
	Revenue	4,856	5,030	174	3.6%
	EBITA	457	473	16	3.5%
	ROS	9.4%	9.4%		0.0 p.p.
3. Aircraft	New orders	1,637	1,824	187	11.4%
	Order backlog at 31 Dec. 2022	8,554	8,401	(153)	(1.8%)
	Revenue	1,959	1,938	(21)	(1.1%)
	EBITA	238	240	2	0.8%
	ROS	12.1%	12.4%		0.3 p.p.
3. Aerostructures	New orders	342	528	186	54.4%
	Order backlog at 31 Dec. 2022	1,075	1,137	62	5.8%
	Revenue	351	462	111	31.6%
	EBITA	(134)	(127)	7	5.2%
	ROS	(38.2%)	(27.5%)		10.7 p.p.
5. Space	EBITA	10	6	(4)	(40.0%)

1. Helicopters

In the first nine months of 2023, this sector continued to show a positive commercial performance in line with expectations. Excluding the major contract signed in 2022 for the supply of 32 AW149 helicopters to the Polish Ministry of Defence, new orders increased significantly compared to the same period of the prior year. Revenues showed a slight increase, with profitability improving marginally. During the period, 120 new helicopters were delivered compared to 87 in the first nine months of 2022.

New orders. These decreased as a result of the recording in 2022 of the abovesaid order for the Polish Ministry of Defence, partially offset by higher acquisitions in the commercial and the good performance of orders in the government context. Among the main acquisitions for the period we note:

- the contract, signed as part of the Italy-Austria Government-to-Government (G2G) Agreement Amendment, for the supply of additional 18 AW169M LUH (Light Utility Helicopter) helicopters for the Austrian Ministry of Defence;
- the contracts relating to 3 AW159 helicopters and to 10 AW109 Trekker helicopters and the order for AW101 helicopters including mid-life update (MLU) for export customers;
- the contract with Boeing for the supply of 13 helicopters related to the starting of the production phase of the MH-139 programme for the US Air Force;
- the order for 6 AW139 helicopters to be used in offshore transport missions from the operator Abu Dhabi Aviation (ADA), the order for additional 6 AW139 helicopters to be used in VIP rescue and transport missions from the operator The Helicopter Company in Saudi Arabia and other miscellaneous orders for helicopters in the Commercial sector.

Revenues. These showed a slight growth due to increases in dual use helicopter lines, as well as on the CS&T, mitigated by a lower contribution of the NH90 Qatar programme.

EBITA. This figure increased due to higher revenues and improved profitability, which benefitted from a more favourable mix of activities carried out during the period.

2. Defence Electronics & Security

The results for the period confirm the growth trend recorded in the previous months and are marked by a substantial commercial performance in all the business areas (+27.1% on the Reported value, +30.8% on the Adjusted value), with volumes and profits mainly increasing in the European component. With particular reference to DRS, excluding the impact of the disposal of the GES business occurred on 1 August 2022, the subsidiary recorded a level of acquisition considerably higher than those of the same period of the prior year with growing volumes and profits.

Key Performance Indicators of the sector

30 September 2022	New orders	Revenue	EBITA	ROS
DES Europe	3,495	3,149	306	9.7%
Leonardo DRS	2,163	1,759	151	8.6%
Eliminations	*(53)*	*(52)*	-	*n.a.*
Total	**5,605**	**4,856**	**457**	**9.4%**
30 September 2023	New orders	Revenue	EBITA	ROS
DES Europe	4,855	3,294	327	9.9%
Leonardo DRS	2,309	1,753	146	8.3%
Eliminations	*(39)*	*(17)*	-	*n.a.*
Total	**7,125**	**5,030**	**473**	**9.4%**
Change %	New orders	Revenue	EBITA	ROS
DES Europe	38.9%	4.6%	6.9%	0.2 p.p.
Leonardo DRS	6.7%	(0.3%)	(3.3%)	(0.3) p.p.
Eliminations	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total	**27.1%**	**3.6%**	**3.5%**	**0.0 p.p.**

Average €/USD exchange rate: 1.08352 (first nine months of 2023) and 1.0650 (first nine months of 2022)

As previously indicated, the figures of the first nine months of 2022 included the contribution of the GES business disposed of in July 2022. Below are the adjusted performance indicators of the sector for the comparative period:

	September 2022 Reported	September 2022 Adjusted	September 2023	Change
New orders	5,605	5,446	7,125	30.8%
Revenue	4,856	4,741	5,030	6.1%
EBITA	457	444	473	6.5%
ROS	*9.4%*	*9.4%*	*9.4%*	*0.0 p.p.*

New orders. These increased in all the business areas, despite the abovementioned different perimeter. Among the main acquisitions of the period in the European component are:

- the order to complete the development and integration of the new ECRS Mk2 (European Common Radar System) radar for the Royal Air Force (RAF) Typhoon fleet in the United Kingdom. The new sensor will ensure that RAF aircraft can simultaneously detect, identify and track multiple targets on land and at sea, thus enabling increased capabilities in terms of air power;

- the domestic contract for the supply of tented Command Posts for Brigades and Regiments to the Italian Army, which is part of the broader programme for the modernisation of land-based multi-domain Command and Control (C2) Capabilities;
- as part of the broader SAMP/T NG next generation air defence ground systems programme, we note the order for the supply of Kronos Grand Mobile High Power (KGM-HP) radars that will be integrated with the FCU (Fire Control Unit) system provided by MBDA Italia for the Italian Air Force;
- for the Cyber division, note the order for the construction of the Joint Operation Center (JOC) of the Joint Operations Command (Comando Operativo di Vertice Interforze, COVI) of the Italian Defence, through the setting up of Operations Rooms and Data Centres and the development of functionalities such as Joint Common Operational Picture (JCOP), Political Military Economic Social Information Infrastructure (PMESII) and Information Knowledge Management (IKM).

Leonardo DRS, as part of the broader Ohio-submarine class Replacement Programme (ORP), received an additional order to supply integrated electric propulsion components for the next-generation Columbia-class submarine for the US Navy.

Revenues. They showed growing volumes (+3.6% on the Reported value, +6.1% on the Adjusted value), especially in the European component. Despite the different perimeter, the Leonardo DRS volumes were substantially in line compared to the same period of the prior year. These volumes, with the perimeter being equal, would highlight a growth of 6.6%.

EBITA. They showed an increase in the main business areas of the European component. Leonardo DRS recorded a profitability in line with the same period of the previous year, despite the aforementioned different business perimeter and a particularly favourable mix of activities in the same period of the previous year.

Leonardo DRS data

	New orders	Revenue	EBITA	ROS
DRS ($mil.) September 2022 Reported	2,304	1,873	161	8.6%
DRS ($mil.) September 2022 Adjusted	2,135	1,750	148	8.5%
DRS ($mil.) September 2023	2,502	1,900	158	8.3%

	New orders	Revenue	EBITA	ROS
DRS (€mil.) September 2022	2,163	1,759	151	8.6%
DRS (€mil.) September 2022 Adjusted	2,004	1,644	138	8.5%
DRS (€mil.) September 2023	2,309	1,753	146	8.3%

3. Aircraft

The Sector confirmed a high profitability level and recorded an important resumption in deliveries on the part of the GIE-ATR consortium.

From a production point of view:

- under the military programmes of the Aircraft Division 30 wings and 8 final assemblies were delivered to Lockheed Martin under the F-35 programme (31 wings and 8 final assemblies delivered in the first nine months of 2022);

  Furthermore, we must note 3 deliveries of Typhoon aircraft to Kuwait, compared to 4 recorded in the same period of 2022;

- with regard to GIE, 21 deliveries were recorded compared to 10 in the previous period, thus confirming the recovery trend in volume growth.

Key Performance Indicators of the sector

30 September 2022	New orders	Revenue	EBITA	ROS
Aircraft	1,637	1,959	242	12.4%
GIE ATR	*n.a.*	*n.a.*	*(4)*	*n.a.*
Total	**1,637**	**1,959**	**238**	**12.1%**

30 September 2023	New orders	Revenue	EBITA	ROS
Aircraft	1,824	1,938	242	12.5%
GIE ATR	*n.a.*	*n.a.*	(2)	*n.a.*
Total	**1,824**	**1,938**	**240**	**12.4%**

Change %	New orders	Revenue	EBITA	ROS
Aircraft	11.4%	(1.1%)	n.a.	0.1 p.p.
GIE ATR	*n.a.*	*n.a.*	50.0%	*n.a.*
Total	**11.4%**	**(1.1%)**	**0.8%**	**0.3 p.p.**

New orders. They increased compared to the same period of 2022, when the Euromale contract was signed. The sector benefitted from the acquisition of a large export order for no. 2 C-27J aircraft, higher orders for the logistic component of EFA, two special version ATR aircraft and the orders for the JSF programme.

Revenues. Volumes were substantially in line with the first nine months of 2022.

EBITA. In line with the comparative period with reference to both the Aircraft Division and GIE ATR. Specifically, thanks to the considerable increase in deliveries, the GIE consortium recorded operating results in line with those of the prior year, which benefitted from one-off events reported in 2022 for the finalization of major contractual redefinitions.

4. Aerostructures

The Sector confirms the expected improvement trend, in line with expectations of OEM recovery and effectiveness of the actions taken in terms of manufacturing. The use of the full capacity of industrial sites is gradually improving thanks to a gradual increase in production volumes.

From the production point of view, 27 fuselage sections and 23 stabilisers were delivered for the B787 programme (16 fuselages and 9 stabilisers delivered in 2022) and 21 fuselages delivered for the ATR programme (14 in 2022).

New orders. The commercial performance showed a significant increase, benefitting from the restart of demand for OEM. Orders were recorded for the B787 and ATR series, in addition to contracts related to new programmes.

Revenues. These increased by over 30% compared to the same period of the prior year, thanks to higher activities to ready products on all the lines.

EBITA. The recovery in production volumes under various programmes entails an improvement in the use of the full capacity of industrial assets (in particular at Grottaglie) and workforce resulting in a recovery of profitability.

5. Space

The first nine months of 2023 showed a decreasing result compared to the same period of the prior year, attributable to the manufacturing segment with significant costs related to developments of the telecommunications business.

The business segment of satellite services confirmed and consolidated the ongoing positive trend and recorded a growing operating result, which offset the impact of the costs associated with signing the early retirement agreement in accordance with Article 4 of the Fornero Act.

OUTLOOK

In view of the results achieved in the first nine months of of 2023 and the expectations for the coming periods, we confirm the guidance for the entire year as drawn up when preparing the annual financial statements as at 31 December 2022:

	FY 2022	*FY2023 Guidance* (1)
New Orders (€bn)	17.3	ca. 17
Revenues (€bn)	14.7	15.0 – 15.6
EBITA (€mln.)	1.218	1.260 - 1.310
FOCF (€mln.)	539	ca. 600
Group Net debt (€bn.)	3.0	ca. 2.6 (2)

2023 exchange rate assumptions: € / USD = 1.10 and € / GBP = 0.87

1) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration
2) Assuming dividend payment of € 0.14 per share and new leases for ca 100 mln.

Main transactions of the first 9 months of 2023 and significant events occurred after the period-end

With regard to the **Industrial Transactions**, it should be noted that on 1 May 2023 the US company Selex ES, Llc completed the sale of the business unit of air navigation radio aids (ATM) to Indra Air Traffic, Inc., which is wholly owned by the Spanish company Indra Sistemas S.A., for an amount of, net of costs of disposal, around USDmil. 37. As a result of this transaction the Group recognised a capital gain of about €mil. 11.

During the period work continued on concentrating the assets held by Leonardo in the USA in a single legal entity started in 2022. The following transactions were completed during the nine months:

- Leonardo US Corporation established Leonardo US Subholding, wholly owned;
- Leonardo US Corporation contributed its stake in Leonardo US Aircraft to Leonardo US Subholding;
- Leonardo International contributed its stake in Selex ES, Llc to Leonardo US Holding. The same stake was subsequently transferred from Leonardo US Holding to Leonardo US Corporation, and from the latter to Leonardo US Subholding.

In May 2023 Leonardo made additions to the agreement signed in December 2022 (early retirement plan under Article 4 of Law 92/2012, Fornero Act) up to a maximum of 490 employees and executives working in the Corporate and Staff functions of Leonardo S.p.a., Leonardo Global Solutions and Leonardo Logistics, who will meet any requirement for retirement by 30 November 2028, with planned exits during the two-year period from 2023 to 2024. The expansion of the scope of this measure resulted in the recognition in the period of additional charges of €mil. 20.

On 27 September 2023, Leonardo DRS Inc. announced that it had initiated a process to voluntarily withdraw its ordinary shares from the Tel Aviv Stock Exchange (TASE). Under Israeli law, this transaction is expected to take effect three months after the Company's request. During the transitory period, the ordinary shares of Leonardo DRS will continue to be traded on the TASE. This transaction will not affect Leonardo listing on Nasdaq under the DRS symbol and all the ordinary shares currently traded on the TASE can be transferred to Nasdaq. Furthermore, this transaction will have no impact on the commitment of Leonardo and Leonardo DRS to the Israeli market or any transaction in the country. The Company will continue to file public reports and to public information in compliance with the regulations of the US Securities and Exchange Commission and Nasdaq.

Financial transactions. No new transaction was carried out on the financial markets during the first nine months of 2023.

As at 30 September 2023 Leonardo SpA had sources of liquidity for a total of about €mil. 4,210, to meet the financing needs of the Group's recurring operations, all unused at the reporting date and broken-down as follows:

- an ESG-linked Revolving Credit Facility for an amount of €mil. 2,400, divided into two tranches of €mil. 600 and €mil. 1,800 expiring on 7 October 2024 and 7 October 2026 respectively;
- additional unconfirmed short-term lines of credit of about €mil. 810;

- a framework programme for the issue of commercial papers on the European market (Multi-Currency Commercial Paper Programme) for a maximum amount of €bil. 1 expiring on 2 August 2025.

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

Furthermore, Leonardo has unconfirmed revocable lines of credit for a total of €mil. 10,735, of which €mil. 3,387, still available as at 30 September 2023.

Finally, other Group subsidiaries have the following credit facilities:

- Leonardo DRS has a Revolving Credit Facility for an amount of USDmil. 275 (€mil. 260), which was entered into at the same time as the completion of the merger with RADA, and was used for USDmil. 110 (€mil. 104) at 30 September 2023;
- Leonardo US Holding has short-term revocable credit lines, guaranteed by Leonardo Spa, for USDmil. 40 (€mil. 38), which were used for USDmil. 21 (€mil. 20) at 30 September 2023;
- Leonardo US Corporation has short-term revocable credit lines, guaranteed by Leonardo Spa, for USDmil. 170 (€mil. 160), which were used for USDmil. 27 (€mil. 25) at 30 September 2023.

Finally, it should be noted that in May 2023 Leonardo renewed the EMTN (Euro Medium Term Note) programme for further 12 months, which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4 that, at the date of this report, was still available for €mil. 2,400. Outstanding bond issues (equal to a total nominal amount of €mil 1,600) 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.

Following the early redemption of bonds issued by Leonardo US Holding in the U.S. market as at the reporting date, Leonardo S.p.A. turns out to be the Group's only issuer in the bond market. Leonardo’s issuance programmes are governed by regulations laying down standard legal clauses for this type of transactions carried out by corporate entities in institutional markets, which do not require any commitment with respect to specific financial covenants, while they include, among others, negative pledge and cross default clauses. According to negative pledge clauses, Leonardo and its Material Subsidiaries (i.e. entities in which Leonardo holds more than 50% of the capital and whose gross revenues and total assets account for at least 10% of consolidated gross revenues and total assets) are specifically prohibited from creating collaterals or any other encumbrance as security for their debt comprised of bonds or financial instruments that are either listed or capable of being listed, unless these guarantees are extended to all the bondholders. This prohibition shall not apply to securitisation transactions and to any set of assets intended for specific businesses pursuant to Articles 2447-bis and ff. of the Italian Civil Code. On the contrary, cross default clauses grant the bondholders the right to request early repayment of bonds in their possession upon the occurrence of an event of default on the part of Leonardo and/or any of its Material Subsidiaries, the result of which would be their failure to make payments above the established limits.

Financial covenants are also included both in the ESG-linked Revolving Credit Facility and in the Term Loan ESG-linked signed in 2021, which provide for compliance by Leonardo with two financial ratios (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 consolidated data and which had been complied with in full at 31 December 2022. These covenants, which are always tested on an annual basis, are also included in the loan agreement with CDP for €mil. 100, as well as in any and all EIB loans in place (used for a total amount of €mil. 500 as at 30 September 2023).

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

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

Financial covenants, in line with U.S. standard practices, are also provided for in bank loans granted in favour of Leonardo DRS, following its listing on the market. Also such financial ratios (Net debt / adj. EBITA no higher than 3.75 and adj. EBITA /Net interest no lower than 3.0, to be determined based on the data obtainable from the US GAAP financial statements of the Leonardo DRS Group) were met at the date of the last reported data.

Outstanding bond issues are given a medium/long-term financial credit rating by the international rating agencies: Moody's, Standard & Poor's and Fitch. In this regard, it should be noted that:

- on 3 May 2023 Moody's deemed it appropriate to upgrade Leonardo's rating, bringing it back to an Investment Grade level, Baa3, compared to the previous rating Ba1, with stable outlook; this improvement was essentially due to:
    - the Group's proper execution of the Business Plan, even during the pandemic period;
    - a significant debt reduction achieved in the last 12-18 months and the confirmed commitment to further reduce it at a later time;
    - the maintenance of stable remuneration to shareholders;
    - the strong growth prospects for the Group, which are also demonstrated by the profile of new orders gained in 2022, in the geopolitical environment of reference;
- on 4 August 2023, also Standard&Poor's decided to improve Leonardo's rating bringing it to a BBB- Investment Grade level compared to the prior BB+, with stable outlook; such improvement was mainly attributable to:
    - the solid operating performance highlighted by the Group;
    - the commitment shown by management in keeping solid financial statements;
    - the strengthening of profitability and cash flows accompanied by a growing cash generation which will mainly be destined to reduce gross debt.

[1] Calculated as the ratio between emissions intensity/revenues generated by the Group.
[2] Calculated as the number of flops/number of the Group's Italian employees.

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	May 2023	Ba1	positive	Baa3	stable
Standard&Poor's	August 2023	BB+	positive	BBB-	stable
Fitch	January 2022	BBB-	negative	BBB-	stable

With regard to the impact of positive or negative changes in Leonardo's credit ratings, the only possible effects deriving from further changes, if any, to the credit ratings refer to higher or lower finance costs on certain payables of the Group (Revolving Credit Facility and Term Loan).

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

THE RESULTS OF THE THIRD QUARTER

Reclassified income statement

(€ millions)	*For the Three months ended 30 September*	
	2022	*2023*
Revenue	3,341	3,375
Purchases and personnel expenses	(3,039)	(3,022)
Other net operating income/(expenses)	19	(9)
Equity-accounted strategic investments	8	24
Amortisation, depreciation and write-offs	(128)	(154)
EBITA	**201**	**214**
ROS	*6.0%*	*6.3%*
Non-recurring income/(expenses)	(2)	(36)
Restructuring costs	(3)	(1)
Amortisation of intangible assets acquired as part of business combinations	(6)	(8)
EBIT	**190**	**169**
EBIT Margin	*5.7%*	*5.0%*
Net financial income/(expenses)	(49)	(73)
Income taxes	(21)	(3)
Net Result before extraordinary transactions	**120**	**93**
Net result related to discontinued operations and extraordinary transactions	275	-
Net result	**395**	**93**

Below is a breakdown of the indicators by sector for the third quarter:

Third quarter 2022	New orders	Revenue	EBITA	ROS
Helicopters	2,440	1,043	83	8.0%
Defence Electronics & Security	1,806	1,627	143	8.8%
Aircraft	147	698	89	12.8%
Aerostructures	184	117	(46)	*n.a.*
Space	-	-	7	*n.a.*
Other activities	38	120	(75)	(62.5%)
Eliminations	*(206)*	*(264)*	-	*n.a.*
Total	**4,409**	**3,341**	**201**	**6.0%**

Third quarter 2023	New orders	Revenue	EBITA	ROS
Helicopters	1,372	1,042	93	8.9%
Defence Electronics & Security	2,770	1,734	164	9.5%
Aircraft	327	590	85	14.4%
Aerostructures	303	135	(55)	*n.a.*
Space	-	-	4	*n.a.*
Other activities	24	153	(77)	(50.3%)
Eliminations	*(212)*	*(279)*	-	*n.a.*
Total	**4,584**	**3,375**	**214**	**6.3%**

Change %	New orders	Revenue	EBITA	ROS
Helicopters	(43.8%)	(0.1%)	12.0%	0.9 p.p.
Defence Electronics & Security	53.4%	6.6%	14.7%	0.7 p.p.
Aircraft	122.4%	(15.5%)	(4.5%)	1.6 p.p.
Aerostructures	64.7%	15.4%	(19.6%)	n.a.
Space	n.a.	n.a.	(42.9%)	n.a.
Other activities	(36.8%)	27.5%	(2.7%)	12.2 p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.
Total	**4.0%**	**1.0%**	**6.5%**	**0.3 p.p.**

EXPLANATORY NOTES

This interim reporting approved today by the Board of Directors, was made available to the public at the registered office, with Borsa Italiana S.p.A., on the Company website (www.leonardo.com , in the section Investors/Results and Reports), as well as on the website of the authorised storage mechanism NIS-Storage (www.emarketstorage.com).

The accounting policies, measurement criteria and consolidation methods used for this interim reporting at 30 September 2023, which should be read in conjunction with the Consolidated Financial Statements at 31 December 2022, are unchanged from those of the Consolidated Financial Statements at 31 December 2022 (except for those specifically applicable to interim financial reports) and the interim reporting at 30 September 2022.

This interim reporting, approved by the Board of Directors on 9 November 2023, was not subject to any statutory review.

FINANCIAL INCOME AND EXPENSE

(€ millions)	*For the 9 months ended 30 September*	
	2022	2023
Interest	(84)	(89)
Commissions	(6)	(8)
Fair value gains (losses) through profit or loss	21	(3)
Premiums (paid) received on forwards	(17)	(7)
Exchange rate differences	1	(3)
Other financial income and expenses	(24)	(48)
Share of profits/(losses) of equity-accounted investees	13	(12)
	(96)	**(170)**

The increase in net financial expenses is attributable to the lower value (fair value) of derivatives, partially offset by lower premiums paid on forwards.

Moreover, financial income and expenses for the period were negatively affected by the lower contribution of the non-strategic investments valued at equity.

LOANS AND BORROWINGS

The Group Net Debt breaks down as follows:

(€ millions)	30 September 2022	*of which current*	31 December 2022	*of which current*	30 September 2023	*of which current*
Bonds	1,928	*28*	1,628	*36*	1,619	*623*
Bank debt	1,605	*6*	1,350	*71*	1,465	*192*
Cash and cash equivalents	(731)	*(731)*	(1,511)	*(1,511)*	(895)	*(895)*
Net bank debt and bonds	**2,802**		**1,467**		**2,189**	
Current loans and receivables from related parties	(78)	*(78)*	(56)	*(56)*	(195)	*(195)*
Other current loans and receivables	(18)	*(18)*	(49)	*(49)*	(20)	*(20)*
Current loans and receivables and securities	**(96)**		**(105)**		**(215)**	
Hedging derivatives in respect of debt items	30	*30*	19	*19*	4	*4*
Other related party loans and borrowings	932	*832*	962	*862*	1,126	*1,026*
Lease liabilities	587	*86*	570	*78*	622	*93*
Other loans and borrowings	104	*31*	103	*35*	87	*36*
Group Net Debt	**4,359**		**3,016**		**3,813**	

The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006, updated by the provisions of ESMA Guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021, is provided in Annex 2.

It should be noted that financial covenants are included both in the ESG-linked Revolving Credit Facility and in the ESG-linked Term Loan, which were signed in 2021 and which require Leonardo to comply with two financial ratios (the ratio of Group net debt - excluding payables to the joint ventures MBDA and Thales Alenia Space and lease liabilities /EBITDA, including amortisation of the right of use assets, must be no higher than 3.75 and the ratio of EBITDA, including amortisation of the right of use assets / Net interest must be no lower than 3.25), tested annually based on consolidated data, which were largely complied with at 31 December 2022. These covenants, tested on an annual basis, are included in the loan agreement with CDP of €mil. 100, as well as in all EIB loans in place (they were used for a total amount of €mil. 500 at 30 September 2023).

In addition, there are margin adjustment clauses based on the achievement of certain indicators (KPIs) related to ESG objectives under the ESG-linked financing agreements illustrated above.

Financial covenants, in line with U.S. standard practices, are also provided for in bank loans granted in favour of Leonardo DRS. Also such financial ratios (Net debt / adj. EBITA no higher than 3.75 and adj. EBITA /Net interest no lower than 3.0, to be determined based on the data obtainable from the US GAAP financial statements of the Leonardo DRS Group) were met at the last financial reporting date.

CONTINGENT LIABILITIES

The Notes to the consolidated financial statements as of 31 December 2022 made reference, 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, as well as to developments contained in the half-year financial report at 30 June 2023, the updates occurred in the third quarter of 2023 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.

On 20 September 2023 Leonardo S.p.a., during the preliminary hearing, entered an appearance in the civil action within the criminal proceedings pending before the Court of Gorizia, in which are involved, inter alia, certain former directors of the then Ansaldo Componenti S.p.a., the then Ansaldo S.p.a. and the then Ansaldo Industria S.p.a., in office in the period between 1979 and 1991, charged with having committed the crimes under Articles 589 paragraphs 1, 2 and 4, 40 and 41 of the Italian Criminal Code for violation of the rules governing the prevention of occupational diseases, and in particular Article 2087 of the Italian Civil Code, Presidential Decree 547/55 and Presidential Decree 303/56 .

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 reference to provisions for risks against 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 half-year financial report at 30 June 2023, to which reference should be made, note the following updates:

- with reference to the proceedings brought by Firema under extraordinary management before the Court of Naples against the directors and statutory and independent auditors of Firema Trasporti (General Register 32257/13) in order to have them declared responsible for the financial collapse caused to the company, who then summoned Leonardo and AnsaldoBreda requesting for direct compensation in favour of the plaintiff for the damages that should be ascertained (presumptively €mil. 262, equal to the Firema's statement of liabilities), at the hearing of 19 October 2023 the Judge reserved the right to rule on the joinder of such proceedings with the pending case under General Register no. 16312/15 described below, on the preliminary objections and preliminary motions. As to the action brought by GMR against Leonardo and AnsaldoBreda before the Court of Naples (General Register 16312/15), at the hearing of 1 October 2020 the Judge referred the case to the

President for the possible joinder of the proceedings with the case described above (both under the Judge's pending decision on the matters described above).

It should be noted that, within these proceedings, the plaintiff states that Firema Trasporti was allegedly subject, during the period in which Leonardo held a participation in it (from 1993 to 2005), to management and coordination activities that were carried out to its detriment and in the sole interest of Leonardo Group and that, even after the sale of the aforesaid participation, in execution of the existing contracts with AnsaldoBreda, Firema Trasporti was allegedly subject to economic dependence exercised abusively from the abovementioned Leonardo Group.

* * * * * * * *

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 as "GSIC" unincorporated joint venture), on 6 October 2023 the Arbitral Tribunal notified the award which ordered GSIC to pay LP about net €mil. 152; this amount could be slightly modified following LP's application for the correction of the award, on the one hand, and GSIC's application for additional award on the other hand.

With reference to the request for termination for default due to alleged delays and non-compliant products formalised during 2022 by the governmental Norwegian Defence Materiel Agency (NDMA) under the contract for the supply of 14 NH90 helicopters entered into with NH Industries (NHI, whose shareholders are Leonardo, Airbus Helicopters and Fokker Aerostructure), the parties started a mediation process in April 2023, which should be completed in the next months. The NHI position, confirmed by Leonardo, is unchanged compared to what was reported in the financial statements as at 31 December 2022, considering this request to be legally ungrounded and reasonably disputable in the appropriate forum due to a lack of factual and legal basis and misinterpretation of the contract and Norwegian law, as well as due to a breach of confidentiality obligations.

For the Board of Directors

The Chairman

Stefano Pontecorvo

ANNEXES

ANNEX 1: SCOPE OF CONSOLIDATION

Below are the changes in the scope of consolidation at 30 September 2023 in comparison with 30 September 2022:

Company	Event	Month
Companies which entered the scope of consolidation:		
Leonardo Logistics Poland Sp. Z o.o	newly established	October 2022
Rada Electronic Industries Ltd	acquired	November 2022
Rada Sensors Inc	acquired	November 2022
Rada Usa Llc	acquired	November 2022
Rada Innovations Llc	acquired	November 2022
Rada Technologies Llc	acquired	November 2022
Blcat Inc (**)	acquired	December 2022
Leonardo Us Subholding Llc	newly established	March 2023
Cnbm Leonardo (Shanghai) Aerostructures Co. Ltd (**)	newly established	April 2023

Companies which left the scope of consolidation:

World's Wing Sa (in liq.) (**)	derecognised	December 2022
Chongqing Chuanyi Ansaldobreda Railway Transportation Equipment Company ltd (in liq.) (*)	derecognised	December 2022

Companies involved in merger transactions:

Merged company	Merging company	Month
Blackstart Ltd	Rada Electronic Industries Ltd	November 2022

Companies which changed their name:

Old name	New name	Month
Leonardo US Holding Inc	Leonardo US Holding Llc	October 2022
Rada Electronic Industries Ltd	Drs Rada Technologies Ltd	December 2022
Leonardo US Aircraft Inc	Leonardo US Aircraft Llc	March 2023
Selex Es Inc	Selex Es Llc	March 2023

(*): companies valued at cost
(**): companies valued at equity

ANNEX 2: "NON-GAAP" PERFORMANCE INDICATORS

Leonardo Management assesses the Group's performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs. Specifically, EBITA is used as the primary indicator of profitability, since it allows us to analyse the Group's margins by eliminating the impact of the volatility associated with non-recurring/extraordinary items or items unrelated to ordinary operations.

As required by Consob Communication 0092543 of 3 December 2015 implementing the ESMA guidelines 2015/1415 on alternative performance indicators, below is a description of the components of each of these indicators:

- **New orders:** this figure includes sales contracts signed with customers in the period, which are of a commercial nature and which provide for the counterparties' obligation to comply therewith.
- **Order backlog:** this figure is the sum of the order backlog for the preceding period and new orders, less revenues during the reference period.
- **EBITDA:** this is given by EBITA, as defined below, before amortisation and depreciation (excluding amortisation of intangible assets arising from business combinations) and impairment losses (net of those relating to goodwill or classified among "non-recurring costs").
- **EBITA**: it is arrived at by eliminating from EBIT, as defined below, the following items:
  - any impairment in goodwill;
  - amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3;
  - restructuring costs that are a part of defined and significant plans. This item includes personnel costs as well as any and all other costs deriving from the reorganisation (e.g. impairment of assets, costs for the closure of sites, relocation costs, etc.);
  - other non-recurring costs or income, i.e. connected to particularly significant and extraordinary events that are not related to the ordinary performance of the business. This item includes costs incurred in M&A transactions, as well as costs connected with businesses and/or products and systems held for disposal, and the recognition of losses on contracts that have become onerous as a result of events that are not connected with operations.

  L'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 9 months ended 30 September*	
	2022	*2023*
Income before tax and financial expenses	515	484
Equity-accounted strategic investments	37	53
EBIT	**552**	**537**
Amortisation of intangible assets acquired as part of business combinations	17	26
Restructuring costs	5	32
Non-recurring (income) expense	45	49
EBITA	**619**	**644**

Restructuring costs for the period are linked, for €mil. 20, to the additions to the agreement for the early retirement of the workforce in the Corporate and Staff functions. The amortisation of the Purchase Price Allocation includes the component related to the acquisition of Rada, which was completed in the second half of 2022, not included in the comparative figures.

- **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".
- **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:

(€ millions)	**31 December 2022**	**30 September 2023**
A - Cash	(1,511)	(895)
C - Other current financial assets	(105)	(215)
D - Liquidity	**(1,616)**	**(1,110)**
E - Current financial debt (*)	1,046	1,347
F - Current portion of non-current financial debt	36	623
G - Current financial debt	**1,082**	**1,970**
H - Net current financial debt (funds)	**(534)**	**860**
I - Non-current financial debt (*)	3,531	2,949
J - Debt instruments (**)	19	4
K- Trade payables and other non-current debt	170	171
L - Non-current financial debt	**3,720**	**3,124**
M - Total financial debt	**3,186**	**3,984**

(*) Includes payables for leases of €mil 93 in current payables and €mil. 529 in non-current payables (€mil. 78 current and €mil. 492 non-current at 31 December 2022)

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

- **Free Operating Cash-Flow (FOCF)**: this is the sum of the cash flows generated by (used in) operating activities (excluding the changes in the Group Net Debt), the cash flows generated by (used in) ordinary investing activities (property, plant and equipment, intangible assets, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered “strategic investments”) 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.

STATEMENT OF THE OFFICER IN CHARGE OF FINANCIAL REPORTING PURSUANT TO ART. 154 BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED

In accordance with the provisions of article 154-bis, paragraph 2 of Legislative Decree no. 58/1998 as amended and supplemented, the undersigned Alessandra Genco, the Officer in charge of Financial Reporting of Leonardo Società per azioni certifies that this interim reporting at 30 September 2023 corresponds to the related accounting records, books and supporting documentation.

Rome, 9 November 2023

Officer in charge of Financial Reporting

(Alessandra Genco)