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PRESS RELEASE

Leonardo's Shareholders' Meeting approves 2020 Financial Statements, the Long-Term Incentive Plan and the Remuneration Report, appoints the new Board of Statutory Auditors.

- **Company Financial Statements for 2020 approved**
- **Board of Statutory Auditors for the three-year period 2021-2023 appointed**
- **Chairman of the Board of Statutory Auditors appointed**
- **Remuneration of the members of the Board of Statutory Auditors approved**
- **Long-Term Incentive Plan for the management of the Leonardo Group approved**
- **Remuneration Report approved**
- **Relevant attendance by institutional shareholders, mostly international, representing approx 42.61% of the share capital represented at the Shareholders' Meeting**

Rome, 19 May 2021 – It should be noted that, in compliance with Art. 106 of Law Decree No. 18 of 17 March 2020, converted, with amendments, by the Law no. 27 of 24 April 2020 (as most recently extended by Law No. 21 of 26 February 2021), the attendance at the Shareholders' Meeting by the entitled parties took place exclusively through the representative appointed by the Company pursuant to art. 135-*undecies* of the Consolidated Law on Finance.

The Shareholders' Meeting of Leonardo Spa, convened today in Rome, has resolved on the followings:

Financial Statements at 31 December 2020

Leonardo's Shareholders' Meeting approved the Company's Financial Statements for financial year 2020 and examined the Consolidated Financial Statements.

Leonardo's first Integrated Annual Report

Leonardo's first Integrated Annual Report aims to offer in a single document a complete, measurable and transparent view of the value generated by the company, connecting financial performance with environmental, social and governance information.
In this manner, Leonardo strengthens its focus on sustainability within the vision of the next decade, expressed by the Be Tomorrow – Leonardo 2030 Strategic Plan, which outlines the strategic priorities underlying the path to innovation and sustainable development.
A representation of the development strategies and performances achieved, of the way in which the company creates innovative solutions with its supply chain partners and the scientific research ecosystem, of the way in which it operates responsibly in the countries where it is present, of the use it makes of all its capital, both financial and non-financial.

Key economic and financial data at 31 December 2020

The year 2020 saw the Leonardo Group cope with the effects of the pandemic in a scenario that was out of the ordinary and unprecedented, thanks to the strength and diversification of its portfolio of products and solutions and its widespread presence all over the world.
Even if the Covid-19 pandemic has affected the financial position and performance in 2020, the business fundamentals and prospects in the medium to long-term remain unchanged.
In spite of the serious crisis that struck the civil aviation sector and its main global players, Leonardo gave further proof of its resilience in that its sales performance was at the same level as the previous year, while benefitting from orders gained from domestic customers in government and military sectors.
Even with regard to Revenues, the actions taken to limit the effects of government measures restricting movement and the steps taken for the protection of health, in addition to higher production volumes on the programmes in the defence sector, both in the Aircraft Division and in the Helicopters and Electronics sectors, were responsible for a result that was practically the same as in 2019, thus also offsetting a substantial decline in production rates imposed by the main aviation customers Boeing, Airbus and ATR.
While benefiting from the actions taken to bring the business back to full operation and ensure cost reduction, industrial performance and profitability were impacted by the slowdowns recorded during the first phase of the emergency and by a lower demand in the civil aviation sector that affected in particular the Aerostructures Division, helicopters in the civil sector and the ATR JV, which were heavily hit by the drop in demand from the operators in the sector.
Finally, cash flow, while being affected by lower revenues and the slowdowns caused by the pandemic, posted a slightly positive value thanks to an exceptionally high level of proceeds recorded during the last quarter. The Group's net debt remained stable at pre-Covid 2019 levels, after excluding the effects of dividends paid, strategic M&A transactions and the recognition of financial liabilities deriving from new leases.

- **New Orders,** amounted to **EUR 13,754 million,** thus limiting to just 2.5% the expected downturn for the effects caused by the pandemic compared to the previous year. This occurred thanks to major orders gained from domestic customers in the military and government sectors and in general to a solid performance in all sectors, which confirmed the good positioning of the Group's products and solutions in the target markets, capable of mitigating the effects of a fall in demand in the civil aeronautics sector and of the delays in the completion of export campaigns following the restrictions on sales activities due to the pandemic
- **Backlog,** amounted to **EUR 35,516 million**, ensures a coverage in terms of equivalent production equal to about 2.5 years
- **Revenues,** amounted to **EUR 13,410 million**, substantially in line with the 2019 figure. The reduction in production volumes on civil aviation programmes was offset by the growth resulting from the ramp-up of operations on some contracts in the military sector (in particular EFA Kuwait), while the slowdowns caused by the pandemic actually slackened the expected increase in the Group's revenues
- **EBITA,** amounted to **EUR 938 million,** (with a ROS of 7.0%) showed, compared to the previous year, a decrease of €mil. 313, mainly due to the abovementioned effects of the Covid-19 outbreak, which have also hit the results achieved by the strategic Joint Ventures, in particular GIE ATR, which alone represents about 40% of the above-mentioned decrease
- **EBIT,** amounted to **EUR 517 million**; showed, compared to 2019 (€mil. 1,153), a reduction of €mil. 636 (-55%), which was mainly due, in addition to a decrease in EBITA, to
  - the necessary one-off update of the valuation of tangible and intangible assets in the civil aviation segment as a result of the expected lower production rates imposed by certain customers (€mil. 248)
  - the recognition of one-off costs incurred to comply with the government's guidelines on the Covid-19 pandemic-related measures, including for the protection of workers' health and the support to government bodies in the management of the emergency (€mil. 55).

- **Net Result before extraordinary transactions,** amounted to **EUR 241 million**, was affected by a reduction in EBIT, net of the tax benefit associated with a lower tax base and the recognition of tax income from previous years, beside a lower impact of financial costs
- **Net Result** amounted to **EUR 243 million** included the effects of the space business of Vitrociset, which is classified among Discontinued Operations. The comparative figure benefited from the effects of the transaction with Hitachi concerning the guarantees given upon the sale of the transport business of Ansaldobreda S.p.A.
- **Free Operating Cash Flow (FOCF),** positive **EUR 40 million** (€mil. 241 in 2019). The figure confirms the updated cash generation forecasts communicated to the Group's stakeholders during the year, although it was significantly affected by the ongoing pandemic emergency that makes it difficult to compare the figure to the value posted in the previous year
- **Group Net Debt,** of **EUR 3,318 million**, showed an increase, compared to 31 December 2019 (€mil. 2,847), mainly as a result of the following events, net of FOCF for the period:
  - Acquisition of Kopter Group AG in April 2020, with an impact of €mil. 198 on the Net Financial Position;
  - Recognition of liabilities for new lease agreements entered into in the year for €mil. 190;
  - Payment of dividends of €mil. 81 in May;
  - Acquisition of an additional amount of shares in Avio for €mil. 14 in June

Appointment of the Board of Statutory Auditors

The Shareholders' Meeting also appointed the new Board of Statutory Auditors, which will remain in office for the period 2021-2023 and, therefore, until the approval of the financial statements for financial year 2023. The Board of Statutory Auditors is composed as follows:

Regular Auditors: Anna Rita De Mauro, Sara Fornasiero, Leonardo Quagliata, Luca Rossi and Amedeo Sacrestano; Alternate Auditors: Giuseppe Cerati and Eugenio Pinto.

Leonardo Quagliata, Amedeo Sacrestano, Anna Rita De Mauro and Eugenio Pinto were presented in the list submitted by the Ministry of Economy and Finance, holding around 30.204% of the Leonardo's share capital, which, at the vote, has obtained the voting majority (about 96.220% of the share capital represented at the Shareholders' Meeting on the related proposal subject to vote).

Luca Rossi, Sara Fornasiero and Giuseppe Cerati were presented in the list submitted by a group of asset management and institutional investors, together holding around 0.848% of the Leonardo's share capital, which, at the vote, has obtained the voting minority (about 3.608% of the share capital represented at the Shareholders' Meeting on the related proposal subject to vote).

The Shareholders' Meeting also appointed Chairman of the Board of Statutory Auditors, from the Statutory Auditors taken from the minority list, as required by art. 148, par. 2-*bis* of the Consolidated Law on Finance and by art. 28.3, par.15, of the Company's By Laws, also proceeding to determine the remuneration due to the control body (euro 80.000 gross per annum for the Chairman; euro 70.000 gross per annum for each Regular Auditor).

The *curricula* of the new Auditors are available on the Company's website (www.leonardocompany.com).

The new Board of Statutory Auditors will proceed, at the first possible meeting, to the assessment of the existence of independence requirements for its members, in accordance with the law and with the Corporate Governance Code.

Remuneration Report and Long Term Incentive Plan

The Shareholders' Meeting resolved to approve the new Long Term Incentive Plan for the management of the Leonardo Group, for the contents of which reference is made to the Information Document already made available to the public.

With reference to the Report on the remuneration policy and the fees paid, the Shareholders' Meeting approved - in compliance with the reference legislation - with binding resolution the first section of the Report (with 97.465% of the share capital represented at the Shareholders' Meeting on the related proposal subject to vote) and with non- binding resolution the second section of the Report (with 97.337% of the share capital represented at the Shareholders' Meeting on the related proposal subject to vote).

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Finally, the Shareholders’ Meeting rejected the proposal for a liability action against the Chief Executive Officer Alessandro Profumo – presented within the terms and in the manner set out in the notice of call of the Meeting by a shareholder holding no. 25 shares (equal to 0.0000043% of the share capital) – with the opposing vote of 99.334% of the share capital represented at the Shareholders' Meeting on the related proposal subject to vote.

Attendance at the Shareholders’ Meeting

The Meeting recorded a considerable attendance by institutional shareholders – mostly foreign – who were present with the 42.61% of the share capital represented at the Meeting.

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A summary report of the voting will be made available on the Company’s Website (www.leonardocompany.com), in compliance with and within the terms referred to in art. 125-*quater* of the Consolidated Law on Finance.

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The officer in charge of the company’s financial reporting, Alessandra Genco, hereby declares, in accordance with the provisions of art. 154-*bis*, par. 2, of the Consolidated Law on Finance, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.