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Oggetto : Leonardo announces closing of merger
between its US subsidiary Leonardo DRS
and RADA

Testo del comunicato

Leonardo announces closing of merger between its US subsidiary
Leonardo DRS and RADA

PRESS RELEASE

Leonardo announces closing of merger between its US subsidiary Leonardo DRS and RADA

- Leonardo strengthens its leadership position in the rapidly growing force protection market
- The combination is an excellent fit strategically, commercially and financially for Leonardo
- RADA is an excellent fit for both Leonardo DRS and the wider Leonardo Group
- The transaction also achieves listing Leonardo DRS in the current context of highly volatile markets, delivering on promises

Rome, 29/11/2022 – Leonardo announced the completion of the all-stock merger between its US subsidiary Leonardo DRS, Inc. (“Leonardo DRS”) and RADA Electronic Industries Ltd. (“RADA”), together also becoming a combined publicly listed company (the “Combined Company”).

As previously disclosed, Leonardo will retain an 80.5% ownership in the Combined Company through its US subsidiary Leonardo US Holding, with RADA existing shareholders owning the remaining 19.5%. Leonardo DRS’ stock will be listed on the NASDAQ and the Tel Aviv Stock Exchange (“TASE”) under the symbol “DRS” effective at the opening of NASDAQ trading on November 29, 2022 and TASE trading on November 30, 2022.

The combination is an excellent fit strategically, commercially and financially for Leonardo, allowing the Group to achieve a unique position in the land radar segment thanks to the synergy from its product portfolio together with that of RADA, Hensoldt and GEM. The transaction will also give Leonardo a stable domestic presence in the Israeli industrial context, supporting the further development of Leonardo's international markets, while allowing RADA to access opportunities in European and export markets and programmes, leveraging Leonardo's global presence.

The transaction will also allow the opportunity to realise the benefits deriving from the listing of Leonardo DRS.

Alessandro Profumo, Leonardo CEO, stated: *“This is the finalization of the process of combining Leonardo DRS and RADA, an important strategic move by Leonardo in the rapidly growing force protection market, which is at the core of today’s and tomorrow’s defence market. There is an excellent fit between our US subsidiary Leonardo DRS, RADA and Leonardo Group that will provide growth, further margin expansion and opportunities in the Group. With this transaction we also seizing the opportunity of listing Leonardo DRS in the current context of volatile markets, thus delivering on what we promised.”*

In recent years, Leonardo has successfully reinforced Leonardo DRS’s competitive positioning, delivering on promises, focusing it on its core business, through the previously announced dispositions of GES and AAC, and now making a significant strategic step forward, with the combination with RADA, adding a strong business in active defence solutions.

“We look forward to bringing Leonardo DRS’s mid-tier strength to the public markets with the addition of RADA’s leading tactical radar capabilities” said **William J. Lynn III**, Chairman & CEO of Leonardo DRS. *“Leonardo DRS’s broad exposure to fast growing segments in the defence market and market leading positions in advanced sensing, force protection, network computing and electric power & propulsion make us a unique defence contractor with a compelling growth outlook, margin expansion capabilities and a largely unlevered balance sheet”*.

Advisors

J.P. Morgan Securities LLC is serving as financial advisor to Leonardo DRS. Sullivan & Cromwell LLP and Herzog Fox & Neeman are serving as legal advisors to Leonardo DRS.

Forward-Looking Statements

This communication contains statements that constitute “forward-looking statements,” including with respect Leonardo DRS, Inc., RADA Electronic Industries Limited and the Combined Company’s business. Forward-looking statements are subject to numerous conditions, many of which are beyond our control. Neither Leonardo, RADA nor Leonardo DRS undertake any obligation to update these statements, except as required by law.

Leonardo, a global high-technology company, is among the top world players in Aerospace, Defense and Security and Italy’s main industrial company. Organized into five business divisions, Leonardo has a significant industrial presence in Italy, the United Kingdom, Poland and the USA, where it also operates through subsidiaries that include Leonardo DRS (defense electronics), and joint ventures and partnerships: ATR, MBDA, Telespazio, Thales Alenia Space and Avio. Leonardo competes in the most important international markets by leveraging its areas of technological and product leadership (Helicopters, Aircraft, Aerostructures, Electronics, Cyber & Security Solutions and Space). Listed on the Milan Stock Exchange (LDO), in 2021 Leonardo recorded consolidated revenues of €14.1 billion and invested €1.8 billion in Research and Development. The company has been part of the Dow Jones Sustainability Indices (DJSI) since 2010 and has been confirmed among the global sustainability leaders in 2021. Leonardo is also included in the MIB ESG index.

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