

Leonardo 2021

ACCELERATING TECHNOLOGY EVOLUTION



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LETTER TO STAKEHOLDERS

2021 was an important year: we resumed our path to growth which we had already embarked on and recorded results higher than those finally achieved before the pandemic in all business sectors, except for Aerostructures, which continued to be affected by the impact of COVID-19 on the civil Aeronautics market.

In the context of the continuing uncertainty that underlined 2021, Leonardo demonstrated its resilience and the strength of its commercial, industrial, economic and financial fundamentals, laying the foundations to resume its path to growth and sustainable development.

Once again, Leonardo fulfilled its commitments, and met and exceeded its targets.

We achieved orders above pre-pandemic levels and increased revenues; we achieved excellent operating results and improved profitability, meeting and exceeding targets, with cash generation more than double initial expectations.

The Group's structure is now stronger, supported by its Defence and Government business and further strengthened by the acquisition of 25.1% of Hensoldt, reflecting the long-term vision for the importance of building cooperation in the European Aerospace and Defence sector and Leonardo's determination to play an active role in its development.

A concrete plan has been implemented to recover and relaunch the Aerostructures business, which was affected heavily by the impact of the pandemic, and the first signs of improvement can already be seen. Despite a widespread crisis in the civil aeronautics sector, Leonardo achieved orders of over €bil. 14.3 in 2021 (+4.0% compared to 2020), thus increasing its portfolio to over €bil. 35.5. In particular, a substantial order volume in Helicopters, €mil. 4,370, which sees a partial recovery in the civil aviation segment, was accompanied by the excellent performance of Defence Electronics & Security, €mil. 7,579, in particular of the European component (+14.5% compared to 2020), as well as of Aeronautics, €mil. 2,945, with Aircraft recording growth of over 30%, more than offsetting the decline expected in civil Aeronautics.

Despite the effects of the pandemic, revenues of more than €bil. 14.1 were achieved in 2021, recording an increase of 2.45% compared to the pre-pandemic result of 2019 (+5.4% compared to 2020), thanks to the efforts undertaken and the strength of the Group's fundamentals. All of Leonardo's businesses marked substantial growth and, in particular, Helicopters, which recorded total revenues of €bil. 4.2, with an increase of 4.7% compared to 2020, Defence Electronics & Security, which stood at €bil. 7 (+6.4% compared to 2020) and Aircraft, which closed with €bil. 3.3 (+24% compared to 2020), more than offsetting the decline expected in the civil component.

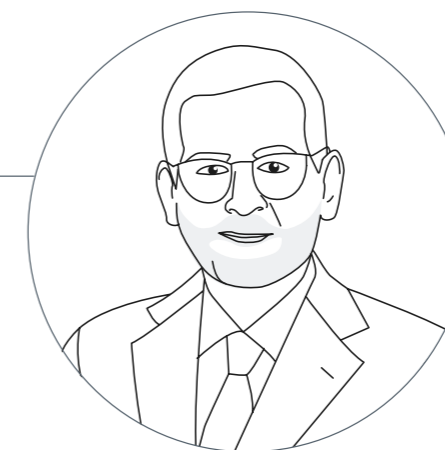
EBITA also showed sharp growth, at €bil. 1.1 (+19.7% compared to 2020), with a RoS of 7.9%, despite the downturn in Aerostructures, which were affected heavily hit by the continuing air traffic crisis resulting from the pandemic. It is worth noting that an excellent performance was recorded by Defence Electronics & Security, which reported an increase of over 30% compared to the previous year and 14.7% compared to 2019, reaching €mil. 703, with a RoS of 10.1%. The Aircraft performance also grew by more than 21% (+35% compared to 2019), with an EBITA of €mil. 432 (RoS 13.2%), and the Helicopters division grew by 6% compared to the previous year, with an EBITA of €mil. 406 and RoS of 9.8%. The Space business segment tripled the results of the previous year, recording an EBITA of €mil. 62.

Despite the costs incurred to ensure the health protection of all personnel, and the costs related to the start of operations for the announced recovery of the civil aeronautics sector pursuant to art. 4 of the "Fornero Act", Leonardo recorded an Operating Result (EBIT) of €mil. 911 with an increase of over 76% compared to the previous year.

From a financial perspective, FOCF 2021 was €mil. 209, more than twice the target set, and the overall debt level was reduced down to €mil. 3,122. The reduction in debt then led to a substantial reduction in the cost of debt, which fell from 5.4% in 2016 to the minimum level of 2.3% in 2021.

We have again proposed the payment of dividends (€0.14 per share) in consideration of our performance and confidence in the path to growth we have embarked upon.

Luciano Carta
CHAIRMAN



Alessandro Profumo
CEO



Such positive results make us increasingly aware of how sustainable our growth must also need to be.

We feel a responsibility to play a key role – together with institutions and governments – in providing security and protection of citizens and territories. This is why we continue to selectively invest 12.8% of our revenues in Research & Development: we invest in complex projects that create value in the long term and drive technological progress. Aware of representing a driver for development, security and progress, we continue to pursue our strategic programme outlined in the Leonardo 2030 plan. We have embarked on a path to sustainable growth in the long term that focuses on innovation and technological development, which are enabling factors and decisive elements that allow us to face the challenges of the present and the future and to seize opportunities in a constantly changing scenario. Looking at Italy, for example, we can only be proud to support the relaunch of the national economic and production system, making our skills and expertise available to the Italian institutions. Think, for example, of the digitisation of the Public Administration, as well as to road infrastructure modernisation and environmental monitoring.

Our commitment to sustainable development has enabled us to achieve important milestones in 2021 too. On the decarbonisation front, we have reduced CO₂ emissions by 23% compared to 2020, mainly due to the replacement of SF₆ gas in the Helicopter sector. This is an important step that brings us closer to the goal we have set ourselves: reducing emissions by 40% by 2030. Important results have also been achieved in terms of diversity and inclusion: the percentage of women hired with a STEM degree has increased, amounting to 19% of total hires with a STEM degree in 2021, as well as the proportion of young people under 30.

Work also continued on our commitment to sustainable finance. In order to increasingly bring our financing strategy into line with sustainability objectives, we have in fact entered into the first ESG-linked Revolving Credit Facility and the first ESG Term Loan, making 50% of the total sources of financing linked to ESG parameters, including the reduction of CO₂ emissions through eco-efficiency of industrial processes and the promotion of female employment with STEM degrees, which are the same as the Long Term Incentive Plan.

On the other hand, we are committed to keeping 50% of the Group's investments in line with the achievement of the Sustainable Development Goals (SDGs), contributing in particular to innovation and digital transformation, creating skilled jobs and developing solutions for the security of people, infrastructure and territories.

The results we have achieved on ESG topics have also been recognised worldwide, following the Group's presence in several major sustainability ratings, indices and rankings. We achieved the highest score in the Aerospace and Defence sector in the Dow Jones Sustainability Index of S&P Global for the third year running, inclusion in the MIB ESG Index launched by Borsa Italiana in 2021, and confirmation in the CDP Climate Change A list and in the Bloomberg Gender Equality Index. These are results that make us proud of the path we have taken so far and that drive us to an ever greater commitment to meet and exceed the targets we have set ourselves.

None of this would have been possible without the important contribution from colleagues across Leonardo, who have once again demonstrated great strength, adaptability and team spirit in working in a constantly evolving world. We extend to them our most heartfelt thanks.

PROFILE



€ 14.1 BIL.

2021 revenues



€ 35.5 BIL.

2021 order portfolio



€ 14.3 BIL.

2021 orders



€ 1,123 MIL.

2021 EBITA

DOMESTIC MARKETS

- Italy
- United Kingdom
- United States
- Poland



50,413

people



106

sites all over the world



150 countries

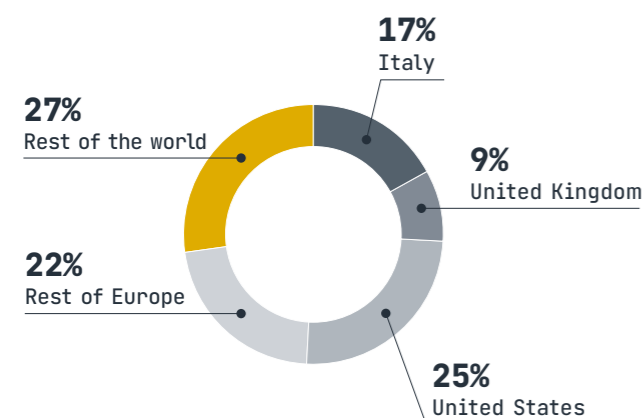
commercial presence



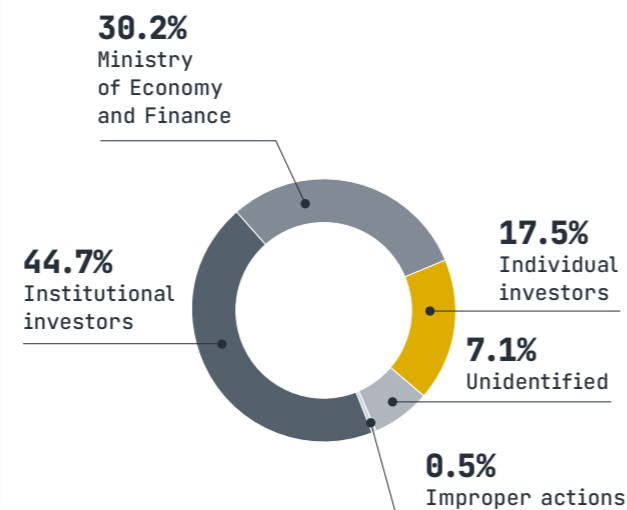
€ 1,803 MIL.

research and development in 2021

Revenues by geographical area



Shareholders



PRINCIPAL COMMERCIAL PERFORMANCE INDICATORS

- 36 TH-73A for the U.S. Navy
- 8 AW139 for the Italian Guardia di Finanza
- Radar update and avionics suite for Luftwaffe EFAs
- 18 AW169M LUH for the Austrian MoD
- 6 M-346 for the Qatar Emirates Air Force
- SICOTE IV system for the Italian Carabinieri
- 9 AW139 for the Saudi Royal Court
- EFA logistical assistance in Italy
- MFoCS (Mounted Family of Computer Systems) for the U.S. Army

INTERNATIONAL PROGRAMMES AND PARTNERSHIPS



TEMPEST

A new generation 'system of systems' for meeting the common defence challenges of the future.



EURODRONE

Medium Altitude Long Endurance remotely piloted aircraft for global ISTAR (Intelligence, Surveillance, Target Acquisition & Reconnaissance) missions.



NEXT GENERATION CIVIL TILTROTOR

Research project for development of a new generation tiltrotor, equipped with new technologies and a new aircraft architecture permitting a 50% reduction in CO₂ emissions.



SESAR

European research programme for transforming air traffic management and making it more modular, automated, interoperable and focused on the flow of flights.



EUROFIGHTER

Multi-role fighter born from a collaborative project of the defence industries of Italy, UK, Germany and Spain.



JOINT STRIKE FIGHTER

A new generation network-enabled fighter with stealth features.



NH90

Europe's largest helicopter programme, developed to meet the needs of military operators worldwide, with dedicated mission systems for land and naval operations.



FREMM

The most important naval military programme ever developed at the European level, carried out in cooperation between France and Italy.



ECOSYSTEM OF SHAREHOLDINGS AND JOINT VENTURES



Leonardo DRS
Defence electronics
100%

MBDA
Defence systems
25%

Hensoldt
Defence electronics
25.1%

Electronics
Defence electronics
31.33%

Larimart
Defence electronics
60%

Leonardo UK
Defence electronics/
Helicopters
100%



PZL-Świdnik
Helicopters
100%

Kopter
Helicopters
100%



Telespazio
Satellite services
67%

Thales Alenia Space
Satellite production
33%

Avio
Space propulsion
29.63%



ATR
Regional turboprop
aircraft
50%



Leonardo International
Commercial coordination
100%

Leonardo Global Solutions
Services
100%

Leonardo Logistics
Logistics
100%

SUSTAINABLE BUSINESS MODEL

CAPITAL

PEOPLE AND SKILLS

50,413 employees
4 domestic countries
9,600 people in R&S and engineering

FINANCIAL RESOURCES

€ 9.2 bil. in purchases of goods and services
€ 4.0 bil. in personnel costs
€ 9.6 bil. net invested capital
50% of financing sources with ESG parameters

TECHNOLOGY AND INTELLECTUAL PROPERTY

6.2 petaflops of computing power
27.1 petabytes of storage capacity
10 Leonardo Labs

INDUSTRIAL ASSETS

106 main sites and production plants
€ 322 mil in investments in tangible assets

RELATIONSHIPS AND PARTNERSHIPS

90 universities and research centres
11,000 suppliers

ENERGY AND NATURAL RESOURCES

80% of electricity purchased from renewable sources
51% of waste recovered

RESULTS AND IMPACT

PEOPLE

3,753 new hires, **54%** hold a STEM qualification, **42%** under 30 and **24%** women
1.6 mil hours of training delivered to employees
776 training opportunities activated through internships, apprenticeships, traineeships and work placement programmes
-51% injury rate since 2018

PLANET

-22% intensity of CO_{2e} and scope 1 and 2 emissions compared to 2019
-24% intensity of waste produced compared to 2019
-2% intensity of water consumption compared to 2019
-6% intensity of energy consumption compared to 2019
 Around **117,200 tonnes of CO_{2e}** emissions prevented through use of virtual training systems since 2019

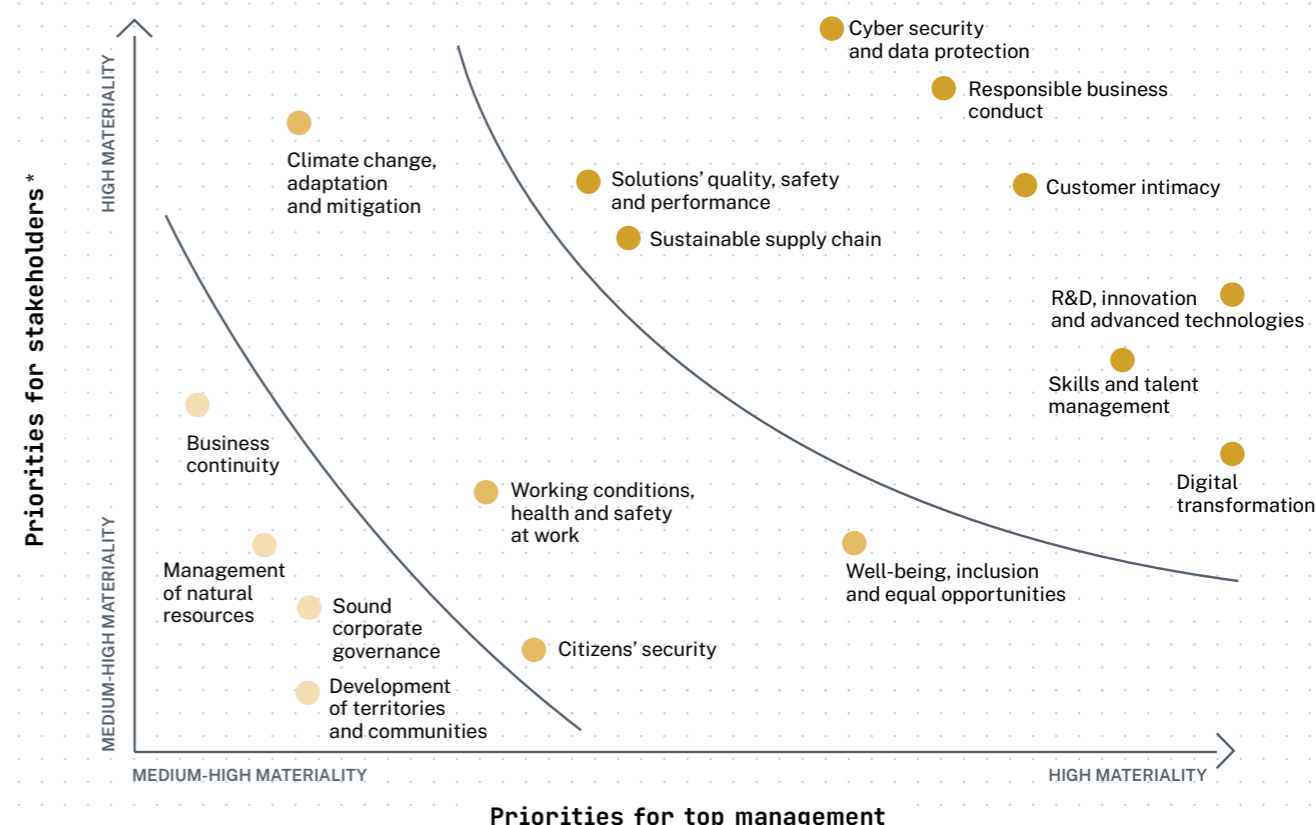
PROSPERITY

50% of 2021-2023 investments in support of SDG
81% of purchases on domestic markets
 Solutions promoting security and progress in **150 nations**
24% of investors have signed PRIs



PRIORITY ANALYSIS

A process aimed at identifying and assessing the strategic priorities of Leonardo and its stakeholders: key themes that will affect the company's capacity to generate value and protect it in the short, medium and long term. The analysis – based on an approach that integrates a data-driven methodology with extensive consultation with stakeholders and top management – supports preparation of the Integrated Financial Statements, defining the company's strategy and Sustainability Plan, and assessing the risks and opportunities connected with each pertinent topic. The results of the most recent analysis, conducted at the end of 2021, identify sixteen strategic priorities.



(*)
 10,829 press articles and more than 450 million tweets analysed
 21 companies in the sector used in the benchmark analysis
 1,877 national and international regulations analysed
 134 stakeholders from 13 countries have responded to the online survey

ESG AWARDS

Sustainability Leader in the Dow Jones Sustainability Indices of S&P Global for twelve years, with the highest score in the Aerospace and Defence industry for the third year in a row.

Recognised **UN Global Compact LEAD** for its commitment to the world's big gest corporate sustainability initiative.

One of six Italian companies and the only one in its field to be confirmed in the **CDP 2021 Climate-A List**.

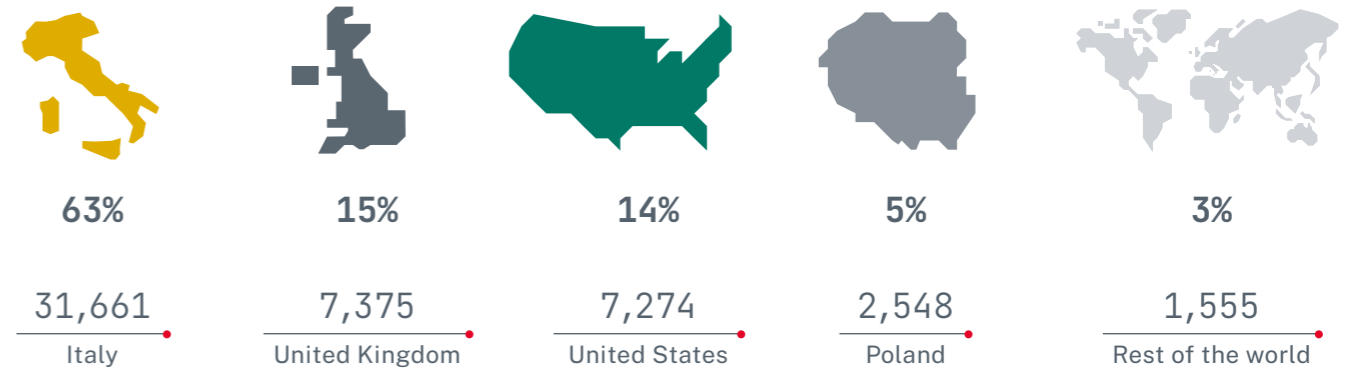
Included in the **Bloomberg Gender-Equality Index 2022** for the second year in a row.

Ranked in the **A band** of the Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI) of **Transparency International**.

One of the companies included in the **MIB ESG INDEX on the Italian Stock Exchange (Euronext)**, Italy's first blue chip indicator for the forty best companies in terms of ESG performance.



PEOPLE WORLDWIDE



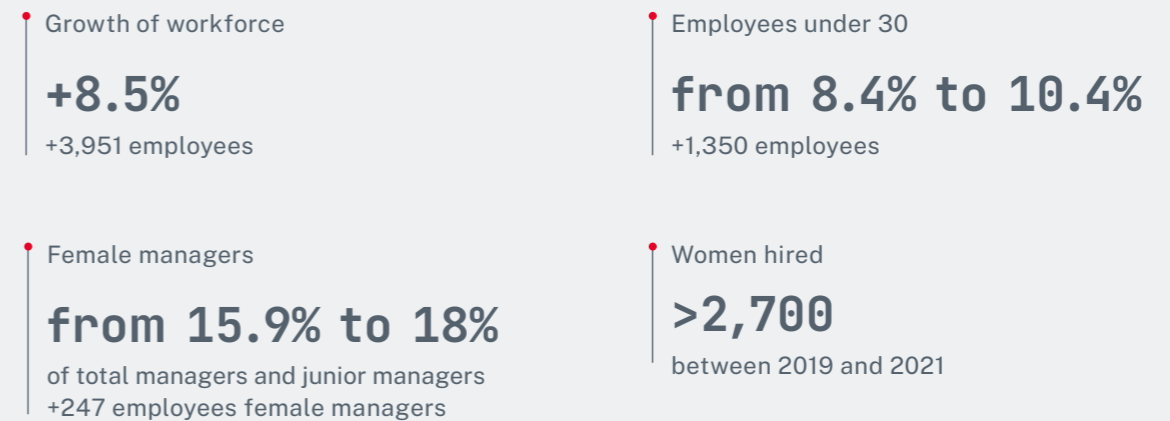
EMPLOYEES BY GENDER AND AGE



2021 data

HUMAN CAPITAL EVOLUTION INDICATORS

(2021 DATA COMPARED TO 2018)



Military Friendly Employer and **Best for Vets Award** in the United States

Investors in People (IiP) at the Gold Level, **Investors in Young People (IiYP)** and **We Invest in WellBeing of IiP** in the United Kingdom

TRAINING

62%

of employees hold a STEM qualification

54%

of new hires in 2021 hold a STEM qualification

~1.6 MIL.

hours of training delivered

776

training opportunities activated, including internships, apprenticeships, traineeships and work placement programmes

LOVE FOR LEARNING: INVESTING IN SKILLS

Leonardo has redesigned its training offerings to enable all resources to keep their professional skills up to date. With the LOVE FOR LEARNING initiative launched in July 2020, Leonardo became the first Italian company to extend Coursera's extensive training services to all its personnel worldwide. One of the world's leading MOOC (Massive Online Open Courses) platforms offers a catalogue of some 4,500 courses produced by the world's top universities, accessible from the home or office, from desktop or mobile devices. The university level of the courses enables all participants to obtain the corresponding certificates.

The efficacy of the initiative is confirmed by the growing number of registered participants: **over 8,900**, with **28,800 courses offered** and **156,200 hours of training provided**. **24% of the courses attended were in Data Science** and **19% in Computer Science**.

SCIENTIFIC CITIZENSHIP

The promotion of scientific citizenship is an integral part of the Leonardo's strategy – which aims to be a reference point for STEM culture in the countries where it operates – in terms of strengthening skills and the innovation pipeline.

> 400,000

people reached with scientific and digital citizenship initiatives

2,800

students, 700 teachers and more than 600 schools participate in STEMLab

9,000

students visited Leonardo's virtual stands and interacted with company representatives during Career Days

> 1,400

hours of instruction by Leonardo employees in 4 Italian Technical High Schools (ITS)



LEONARDO FOR SCHOOLS

2021 saw the conclusion of Leonardo's first crowdfunding project supporting digitisation in Italian schools during the Covid-19 emergency. **Leonardo for Schools** was a fundraising project for all employees in Italy – inclusive of the CEO's 2019 bonus – to provide new electronic devices for **46 schools** identified in agreement with the Ministry for Education: **30 elementary**, junior and senior high schools, including 18 schools which were teaching children undergoing long-term hospitalisation, plus **16 juvenile detention facilities**, in 18 different regions of Italy.

With funding in support of remote teaching and connectivity, these institutions purchased **900 devices**, ranging from tablets to PCs, interactive multimedia boards, video projectors and DVD players.

LEADERSHIP IN AEROSPACE, DEFENCE AND SECURITY

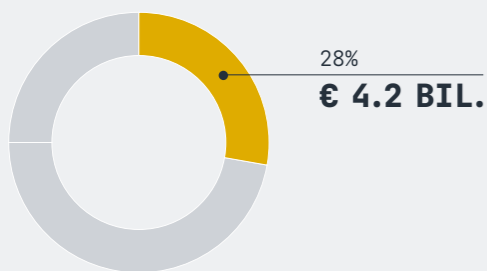


HELICOPTERS

Research, design, development and production of helicopters for civil and defence applications. Leonardo's helicopters, from the 1.8 ton single-engine to the 16 ton three-engine, fulfil missions of public utility, public order, off-shore, search and rescue, EMS (Emergency Medical Services) and defence on land and at sea. To respond to the needs of future vertical mobility, Leonardo is committed to researching innovative technologies and platforms, such as the tiltrotor and the remotely piloted helicopter, and to developing a new generation of light helicopters with hybrid or electrical propulsion.



€ 4.4 BIL. 2021 orders
€ 12.4 BIL. 2021 portfolio



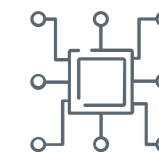
2021 revenues out of total
Ante Sector eliminations

€ 26 BIL. civil market 2021-2030
€ 116 BIL. defence market 2021-2030

+6.1% civil market CAGR 2021-2030
-3.0% defence market CAGR 2021-2030

HIGHLIGHTS

- Over **4,300** helicopters operating in more than **130** countries
- Over **1200** AW139 sold so far, with more than **3 million** flying hours
- Over **40%** of the global market for multiengine passenger helicopters

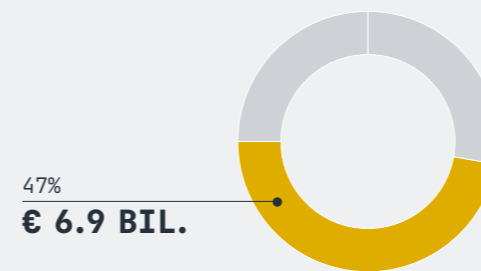


ELECTRONICS FOR DEFENCE AND SECURITY

Multi-domain technological solutions for border security and management of critical infrastructure. C4ISTAR (Command, Control, Communication, Computers, Intelligence, Surveillance, Target Acquisition, Reconnaissance) sensors and systems and self-protection equipment allowing forces in the field to be aware of the operational scenario and obtain superior information.

Services for secure digitisation of processes, infrastructure and applications, with a view to protecting global security; technologies and solutions for mission and business critical communications; systems and platforms for monitoring and responding to physical and cyberspace threats.

€ 7.6 BIL. 2021 orders
€ 14.2 BIL. 2021 portfolio



2021 revenues out of total
Ante Sector eliminations

€ 3,185 BIL. market 2021-2030

6.0% CAGR 2021-2030



HIGHLIGHTS

- 1,000** air defence and surveillance radars in **58** countries
- 1,000** naval units supplied to **70** marines equipped with defence systems
- 200** airports in **110** countries use ATC systems
- 4,000** optronic systems onboard air and land platforms
- 90,000** security events monitored per second by the SOC (Security Operation Centre)
- 70,000** users and **5,000** cyber networks protected in **130** countries
- 75** NATO sites cyber-protected in **29** countries



AERONAUTICS

Design, development and production of latest-generation aircraft that meet the needs of the most complex operational scenarios: from basic training to complex defence and peace enforcement operations; from tactical transport to humanitarian and firefighting support; from command and control to intelligence, surveillance and reconnaissance.

Specific expertise in the production and assembly of large structural components in composite materials and traditional metal components, including the design of aerostructures for some of the most important commercial aircraft, including the class-leading ATR regional transport aircraft.

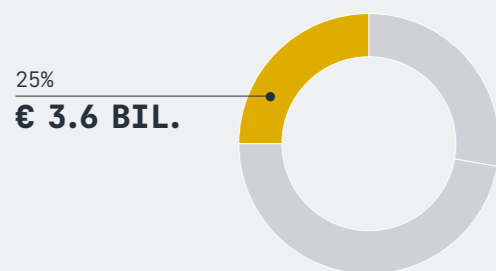


SPACE

Leonardo covers the entire value chain of the space industry, from the manufacture of satellites and orbiting infrastructure and the production of high-tech equipment and sensors to management of satellite services and propulsion and launching systems. These capabilities, stemming from over 60 years of experience, have been consolidated with the aid of a strategic partnership between Leonardo and Thales for the Space Alliance and Leonardo's industrial participation in Avio.

€ 2.9 BIL.
2021 orders

€ 10 BIL.
2021 portfolio



2021 revenues out of total
Ante Sector eliminations

€ 1,312 BIL.
civil market
2021-2030

€ 700 BIL.
defence market
2021-2030

7.8%
civil market
CAGR 2021-2030

6.3%
defence market
CAGR 2021-2030



HIGHLIGHTS

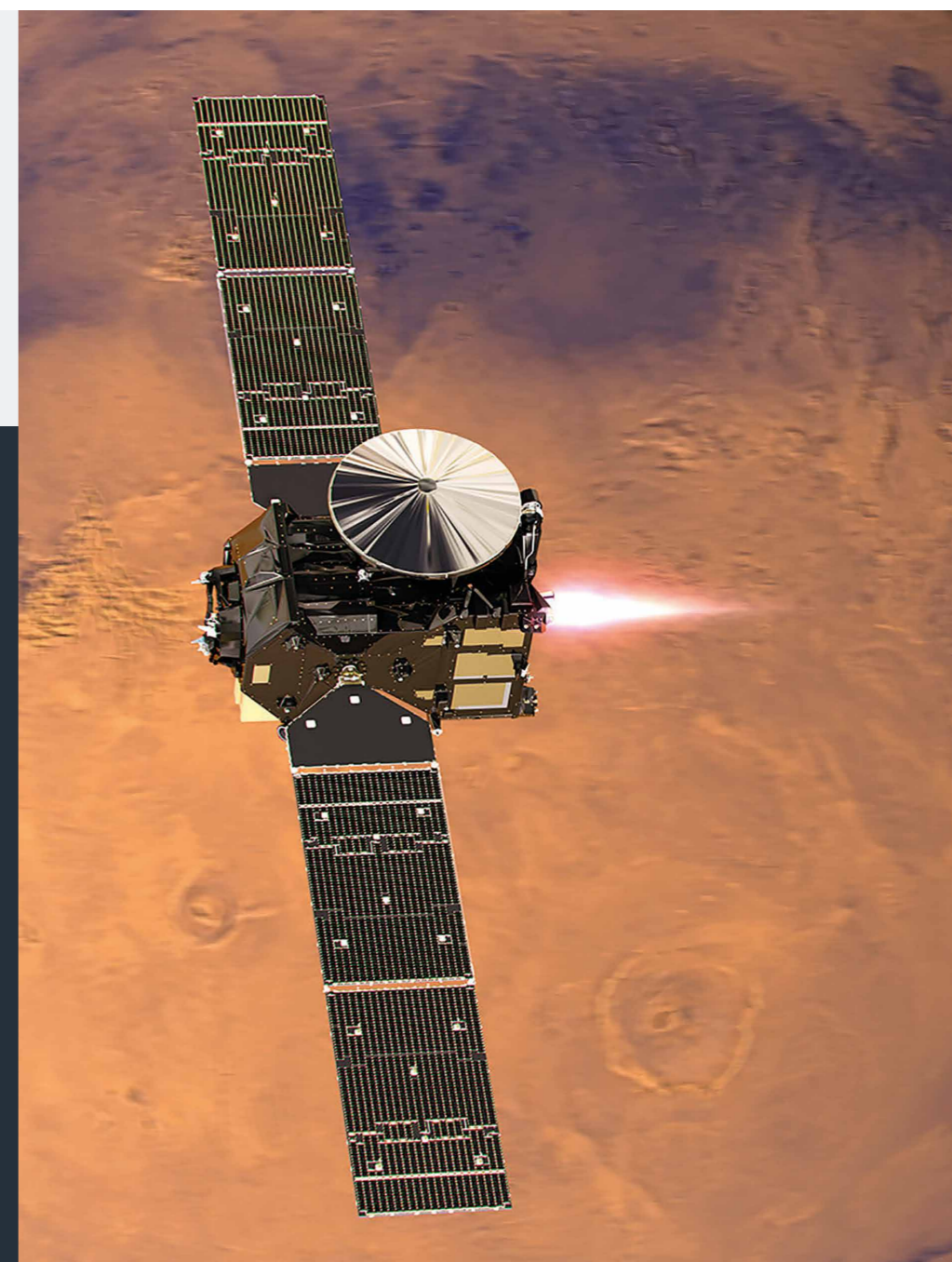
- 102 M-346 ordered to date
- More than 1,800 ATR ordered by 200 airlines in over 100 countries worldwide
- 87 C-27J ordered from 15 countries

€ 1,391 BIL.
market 2021-2030

4.7%
CAGR 2021-2030

HIGHLIGHTS

- The world's most powerful **hyper spectral instrument** on board the ASI PRISMA satellite
- Over **2,000,000** radar images acquired by the COSMO-SkyMed constellation developed by ASI in cooperation with the Italian Ministry of Defence
- 2 metres** is the depth to which Leonardo's drill will penetrate on the ESA's ExoMars mission
- Over **50%** of the living volume of the International Space Station is developed by Thales Alenia Space
- Over **170** antennas in operation at the Fucino Space Centre, the world's first and most important "teleport" for civilian use



DAVINCI-1

DAVINCI-1

The **davinci-1** supercomputer, one of the world's most powerful HPCs for AD&S, represents the digital backbone of Leonardo, cutting across all business areas and the Leonardo Labs network. **davinci-1** supports the Group's digital transformation process.

The **davinci-1** High Performance Computing architecture is an integrated supercomputing and cloud computing platform that combines flexibility with computing power, enabling the use of algorithms (from deep learning to artificial intelligence), the customisation of technological platforms, and the calculation of countless interactions between the data generated (data analysis and big data).

davinci-1 is a digital enabler for improving product legacy and accelerating evolution of the ecosystem of Leonardo technologies.



200
servers
installed at
Torre Fiumara in
Genoa



5
million billion
of operations
per second



20
million
gigabytes of
memory



Among the
most powerful
HPCs in the
AD&S industry
worldwide

MILESTONES IN 2021

START OF THE JOINT LAB

Establishment of laboratories in partnership with industrial partners (Solvay) and research centres (IIT -Istituto Italiano di Tecnologia) for development of Leonardo's technological and product portfolio.



A109 AND AW139 ANNIVERSARIES

50 years since the first flight of the A109 light transport helicopter, and 20 years since the launch of the AW139, the bestselling helicopter in its category, with over 1,000 units in service all over the world.



"SUMERI" DEMONSTRATION

"Sumeri sets sail!" is Italy's first, and one of the world's first, examples of an electric propulsion drone for urban cargo transport.



SUPPLEMENTARY CONTRACT AGREEMENT

The Supplementary Contract, inspired by the principles of sustainability, growth, trust, joint responsibility and flexibility as a new model for labour relations, was renewed in Italy and signed by the trade unions.



FIRST ESG-LINKED LINE OF CREDIT

Subscription of the first ESG-linked revolving line of credit-linked with ESG targets in line with the sustainability strategy underlying the Group's Industrial Plan-with a syndicate of domestic and international banks.



AWHERO CERTIFICATION

AWHero obtains the world's first military certification for a remotely piloted helicopter in its category, obtaining basic military certification from the DAAA (Direction of Aeronautic Armaments and Airworthiness).



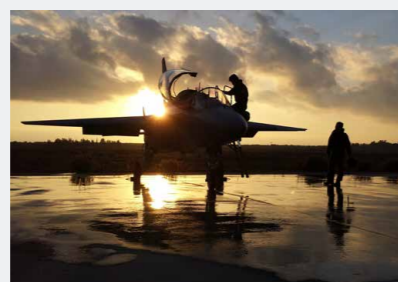
HENSOLDT TAKEOVER

Purchase (finalised in 2022) of a 25.1% share in HENSOLDT, a German leader in sensors for defence and security applications, strengthening the partnership the two companies have had under way for some time.



PARTNERSHIP WITH BABCOCK

Partnership agreement with Babcock, a world leader in AD&S, to offer joint solutions for the Future Aircrew Training (FAcT) programme for Canadian air force pilots.



GENOA TECHNOLOGICAL HUB

Launch of a national competence centre for Leonardo's industrial digitisation, based in Genoa, to implement Leonardo's digital transformation and improve its technological and product competitiveness.



60 YEARS OF TELESPAZIO

Celebrating the sixtieth anniversary of the establishment of Telespazio, a Leonardo subsidiary which is now one of the world's principal providers of satellite solutions and services, founded in 1961 by Rai and Italcable.



FIRST DELIVERY OF EFA AIRCRAFT

Delivery to Kuwait of the first two Eurofighter Typhoons, the most advanced aircraft ever made in the history of the European programme, made by Leonardo in response to the specific needs of the Kuwaiti Air Force.



25TH ANNIVERSARY OF THE MIRACH 100/5

25th anniversary of the first official flight of the Mirach 100/5 aerial target system, with a NATO certified reliability coefficient (98%) and more than 2,000 launches to its credit.



STRATEGIC PLAN FOR 2030

Leonardo's 2030 strategic plan sets out a clear vision for the path the Group intends to take over the next ten years and beyond: to strengthen and transform the business in order to grow, accelerate the process of innovation and increase long-term competitiveness in the pursuit of sustainability. The aim is to develop new skills, in both the civil and military domain, to respond to the challenges posed by the complexity of the digital age: interdependence, interrelation and rapid evolution.

GUIDELINES FOR DEVELOPMENT

1. STRENGTHENING OUR CORE BUSINESS

Further developing our core business and activities, with the aid of a more focused and homogeneous portfolio



2. PURSUING TRANSFORMATION

Making the organisation more modern and flexible and adopting more effective innovative business models to expand the business and respond to customers' needs



3. MASTERING NEW TECHNOLOGIES

Innovating and creating new technologies and new high-tech markets



TARGETS FOR 2030



1. SOLID

Investment grade
Profitable
Solid cash conversion capacity



2. GLOBAL

Global Leader in Helicopters and in Simulation and Training solutions
European number one in defence electronics
Key player in collaborative international aviation programmes
Key Player in Europe in Unmanned systems and solutions for all domains
Partner of security institutions
Key Partner of the Big Primes and US DoD to consolidate our presence in the country



3. DRIVER OF INNOVATION

Fully digitalised processes, production and offering
The engine of an innovative ecosystem along interconnected technological lines
Point of reference for green innovation in A,D&S

NATIONAL RECOVERY AND RESILIENCE PLAN (PNRR)

Leonardo is Italy's partner in the country's digital, ecological and industrial transition, having the competences required to intercept all six missions of the **National Recovery and Resilience Plan (PNRR)** with the involvement of private and public stakeholders.



Leonardo has identified **six clusters of interest** in relation to which it has developed more than **30 projects**.



GLOBAL MONITORING

Continuous monitoring and securing of critical infrastructure



SMART CITIES

Increasing the safety and resilience of cities by promoting sustainable mobility



SPACE

Contributing to the growth of the Space Economy as a strategic aspect of the country's development



DIGITAL PA

Facilitating the delivery of easily usable, efficient and secure digital public services



DIGITAL LOGISTICS

Contributing to the development of connected, automated and secure multimodal logistics



HEALTH

Contributing to the development of an efficient and interconnected health system

It leverages core assets and distinctive competences as **enabling factors**.



Project development involves all of **Leonardo's areas of business**.



STRATEGIC NATIONAL HUB (SNH)

Leonardo is a candidate participant, with other entities, of the creation of a National Strategic Hub, a new cloud infrastructure offering cyber & security services for the secure management of data and of critical and strategic services of the Public Administration (PA).

LEONARDO LABS NETWORK

Laboratories dedicated to long-term research and development of the most innovative technologies. A network of laboratories operating out of multiple centres across Italy and abroad, connected to the global research ecosystem through an international network of collaborations with industrial partners such as universities and research centres.

90

researchers and PhD students involved

25

terabytes of data available in data lakes

10 LEONARDO LABS



Applied artificial intelligence



Future aircraft technologies



Future electronics & sensing



Future rotorcraft technologies



Future security & safety technologies



HPC/Cloud/Big data technologies



Intelligent autonomous system



Materials technologies



Quantum technologies



Space technologies

4 JOINT LABS

Solvay



New materials

IIT (Istituto Italiano di Tecnologia)



Industrial robotics



Space robotic



High performance computing

8 AREAS OF TECHNOLOGICAL RESEARCH



Digital twins and advanced simulation



Artificial Intelligence



Big Data



HPC/Cloud



Robotics and Autonomous Systems



Quantum Technologies



Electrification



New materials



DIGITAL TWIN IN LEONARDO

Virtual modelling of mechanical apparatuses, fluid dynamics and platform subsystems

Modelling of the ECS – Environment Control System – to simulate the behaviour of the helicopter in various real-life contexts

Simulation of simultaneous take-off and landing of several helicopters on aircraft carriers and predictive models of wing ice formation for the British Navy

Numerical simulation and data for the production line at the Pomigliano plant: the first example of Industry 4.0 in the group

Facilitating the study of new materials such as thermoplastics and RF shielding

Modelling of helicopter propulsion systems for validation and testing activities

Evaluation of commercial and open source platforms for multi-domain analysis and orchestration functionalities, through the implementation of aeronautical use cases

Creation of the virtual regional aircraft model electrified

Experimentation with enabling technologies such as ROM (Read Only Memory) and FMI/ FMU (Functional Mock-up Interface / Functional Mock-up Unit)

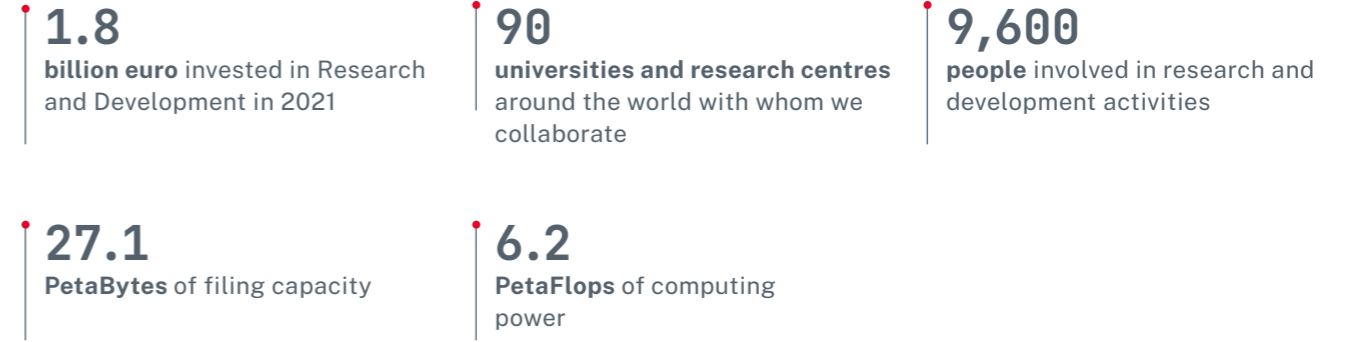
Porting of workflows and engineering computing tools on davinci-1 for LHD, LAD and LED

LEONARDO AND ITS RESEARCH

15 TECHNOLOGICAL AREAS



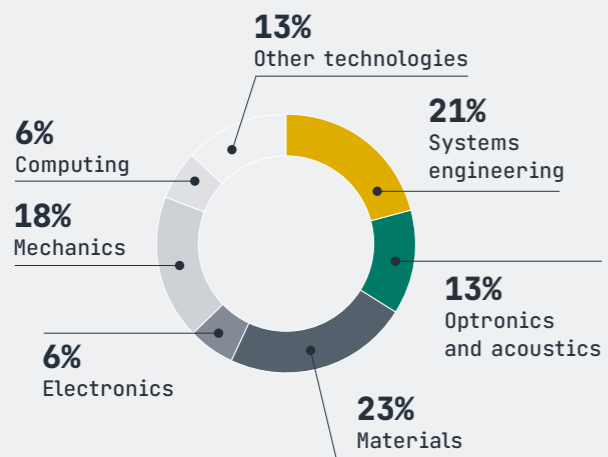
THE FIGURES ON INNOVATION



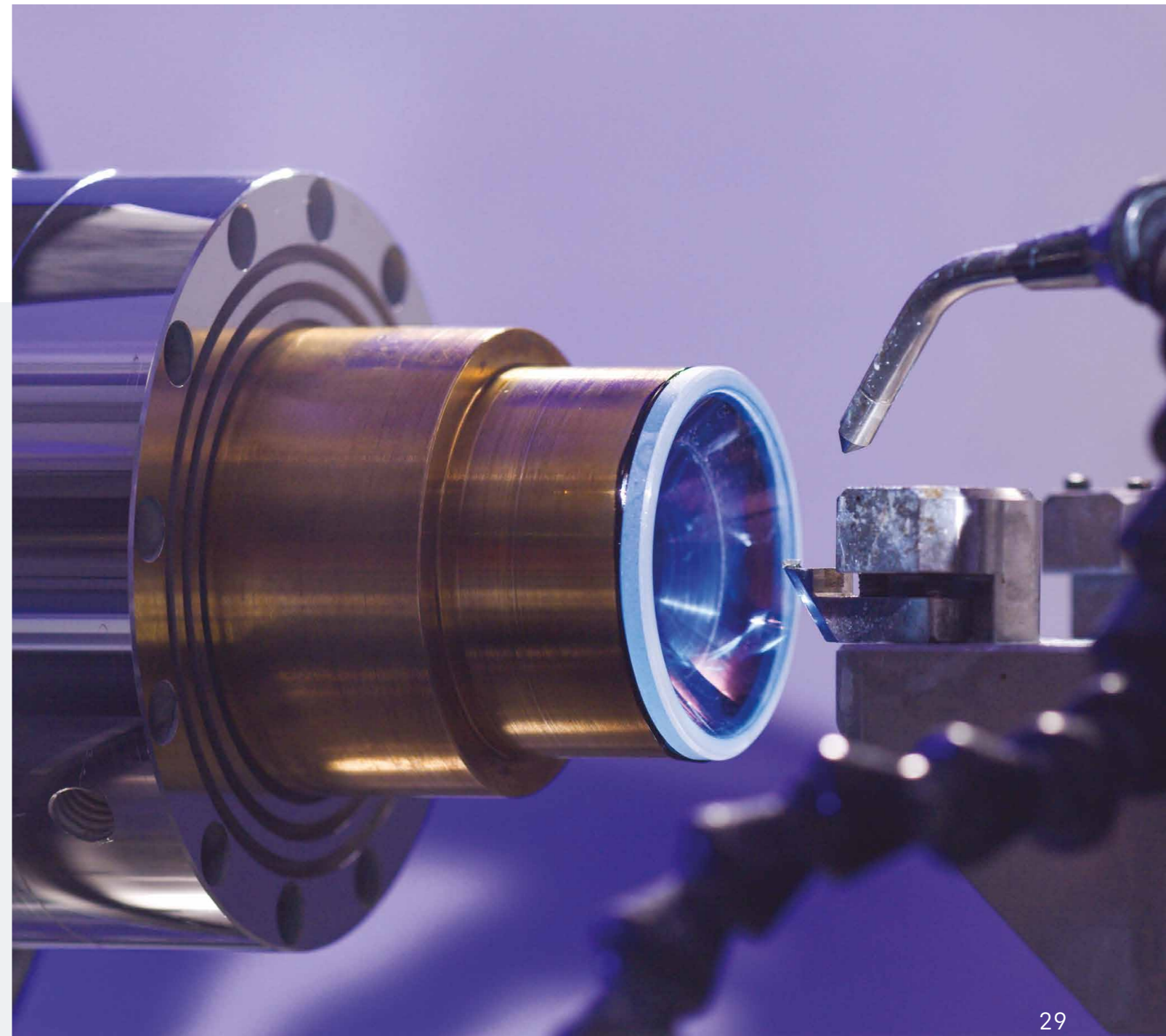
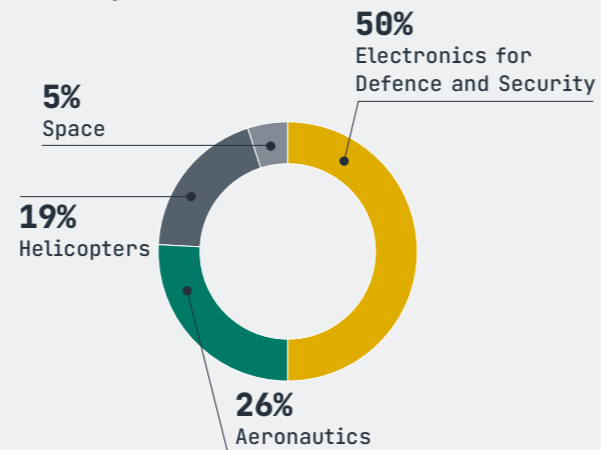
INTELLECTUAL PROPERTY

The type of patents developed mainly focus on dual use of technologies in sectors close to AD&S (Aerospace, Defence & Security), assisting small and medium-sized enterprises in the development of their products and supporting emerging start-ups.

Patents by key technology



Patents by sector



UNMANNED TECHNOLOGY

The development of unmanned technology is a frontier of innovation for which Leonardo is producing remote piloting systems for air and sea use in civil and military missions.

Modular, flexible solutions that integrate platforms, radar and electrooptical sensors, mission systems and ground control stations. In this context, Leonardo supplies technologies and services for the management and protection of drone air traffic Unmanned Traffic Management (UTM).

50

Falco remotely piloted aircraft systems sold worldwide

825

unmanned systems – including 125 surveillance aircraft and 700 target drones – delivered worldwide

2nd

edition of the Leonardo Drone Contest, the only open innovation project in Italy, held in partnership with six Italian universities, promoting the development of AI for application to unmanned systems

>30 KM

the route travelled by an experimental electric drone, in partnership with the Bambino Gesù Paediatric Hospital, to transport biomedical material

up to

100 KG

the maximum load carried by electrical propulsion drones for logistics services developed by Leonardo and FlyingBasket and used to transport freight for Poste Italiane



EURODRONE

Remotely piloted aircraft for medium-altitude long-endurance operations, developed as part of a four-nation programme between France, Germany, Italy and Spain. The twin-turboprop Eurodrone is the **first unmanned system designed to fly in non-segregated airspace** in military and civil missions, with strategic capabilities and advanced performance. Its features include mission modularity for operational superiority in Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) missions.

4 countries involved

7 Bil. Euro project value

7,000 jobs created

Initial production of 20 systems

100% European technologies



Desert mission © Airbus

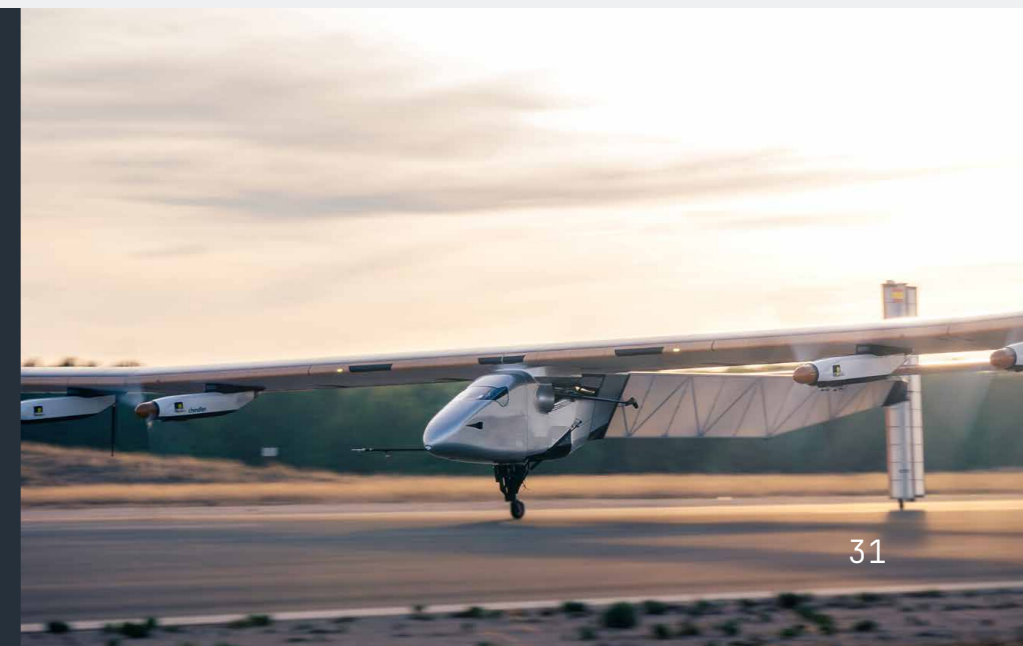
SKYDWELLER

Leonardo is a technological partner in the Skydweller project, developed by Skydweller Aero Inc., a US and Spanish start-up specialising in remotely piloted aircraft powered by solar energy. This is **the first solar-powered drone** with unlimited flight persistence and a significant load-carrying capacity. Designed to fly at a maximum altitude of **14,000 metres**, the drone can be used for land and sea surveillance, environmental and infrastructure monitoring, geo-information services, telecommunications and precision navigation.

The world's first solar drone with a high load-bearing capacity and unlimited persistence

Maximum load capacity **400 kg**

More than **1,250 hours of flight accumulated**



LEONARDO PRODUCTION SYSTEM

The **LPS programme** is an advanced production system that improves the process of transformation from raw materials to finished products through process standardisation and the development of professional skills. LPS also leverages the **digital transformation (LPS Digital)**, adopting instruments that facilitate data collection and their use in process management, implementation of new digital platforms and ongoing monitoring of Industry 4.0 technologies on the market.

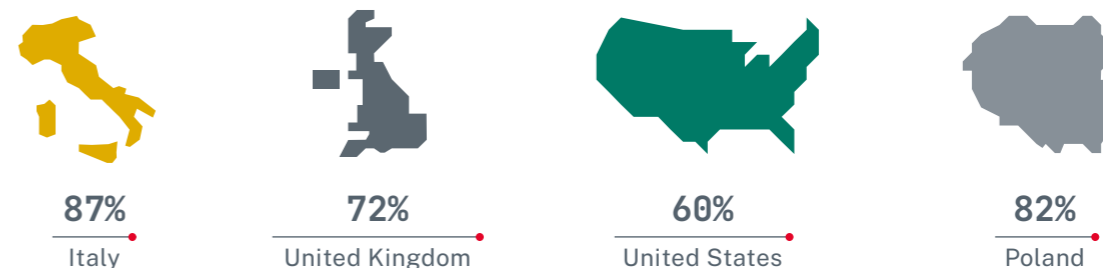


Baseline 2019

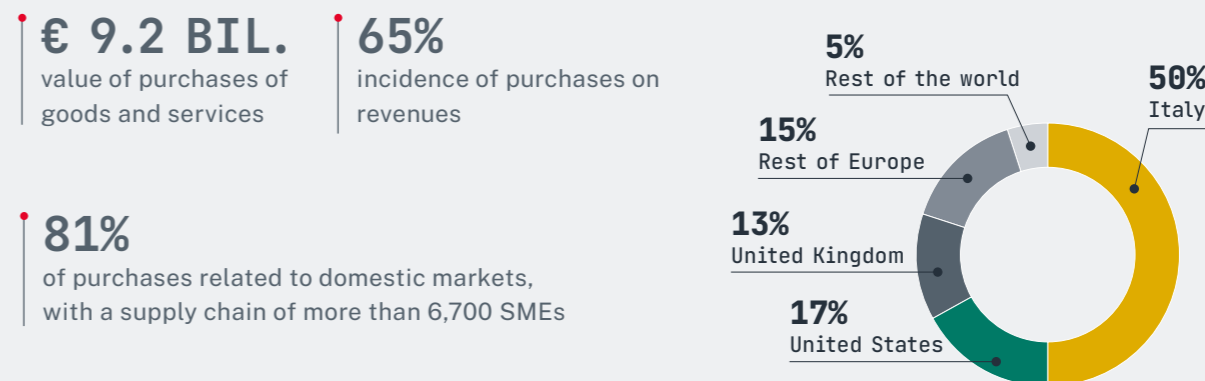
LEONARDO AND THE ECOSYSTEM OF ENTERPRISES

Leonardo's activity develops an interconnected and innovation-driven supply chain. A system that translates into a supply chain present in 77 countries and made up of 11,000 companies –over 4,000 in Italy alone–with an order value of around 9.2 billion euros, 4.5 billion of which is generated in Italy. Leonardo, in Italy, is at the heart of an ecosystem employing over 126,000 people and generating 10.4 billion euros in added value.

LOCAL SUPPLY CHAINS: SMES AS A PERCENTAGE OF THE TOTAL



Purchases by country



LEAP PROGRAMME

The **LEAP (Leonardo Empowering Advanced Partnerships)** programme is a new supply chain management and improvement model. Through LEAP, Leonardo acts as a driver and accelerator of the growth of SMEs in the national ecosystem to create stronger, more sustainable relations with the supply chain.

Around **200** suppliers have initially been assessed for inclusion in partnerships. Improvement and development projects are already under way with **120** suppliers, including managerial training programmes, commercial partnership agreements, financing, and support for technology transfer, digital transformation and cyber security.

LEADS SUPPLIER EVALUATION MODEL

LEADS, Leonardo Assessment and Development for Sustainability, is a supplier evaluation model which has been introduced to improve assessment of suppliers' performance in relation to key suppliers' sustainability and development risks. Operative performance, capability and sustainability have been integrated into a new, single supplier assessment tool. In 2021, more than **500** key suppliers were assessed in terms of ESG sustainability, identifying strong points and areas for improvement in the supply chain.



CUSTOMER CENTRICITY



TRAINING AND SIMULATION

Civil and military training services for pilots, maintainers and operators, through a structured network of Training Academies, digital platforms and dedicated services. Leonardo's training capability uses proprietary methods, simulation systems and Live-Virtual-Constructive (LVC) learning environments, as well as comprehensive classroom- and computer-based training programmes.



MAINTENANCE AND SUPPORT

Leonardo ensures round-the-clock operativity of products and systems, whether proprietary or otherwise, through maintenance centres worldwide, both in its own facilities and in those of its civil and military customers. Leonardo offers both front-line operational support and heavy maintenance/storage activities in its plants and, due in part to the introduction of 4.0 technologies, can manage any kind of platform and system upgrade, from Mid-Life to Long Term Evolution, and from product support engineering to onsite renovation and dismantling.



TECHNICAL AND LOGISTICS SERVICES

A global support structure ensuring technical and logistics services 24/7, wherever and whenever required. Support is provided on the field and remotely through AOG centres and e-commerce activities to satisfy the needs of military and civil customers, and encompasses site management, in-service data acquisition, installation and development, management of configurations and their obsolescence, info-logistics services and technical publications.



FULL SERVICE

Leonardo provides high-value turnkey solutions in all business areas, using and managing its resources, systems, equipment and expertise, while greatly reducing the level of risk and investment for the customer.

30%

of total 2021 revenues from Customer Support, Service and Training

>33,700

hours of training delivered using flight simulators

~11,000

helicopter and aircraft pilots and operators trained

1st

for the third year running in the ProPilot ranking of helicopter companies by quality of post-sales service

1st

in the Product Support Survey ranking of AIN (Aviation International News)

DIGITISATION OF CUSTOMER SERVICE

Leonardo has developed new Customer Relationship Management and e-commerce platforms permitting digitised customer management, offering a shared tool for access to all post-sales services (Leonardo Customer Portal).

LEONARDO FLAGSHIP

Helicopters

AW09

A new-generation single-engine helicopter characterised by high performance, the roomiest cabin in its category, and state-of-the-art avionics.

AWHERO

A remote piloted helicopter in the 200kg class for government and civil use. The first in its class to obtain military certification.

AW139

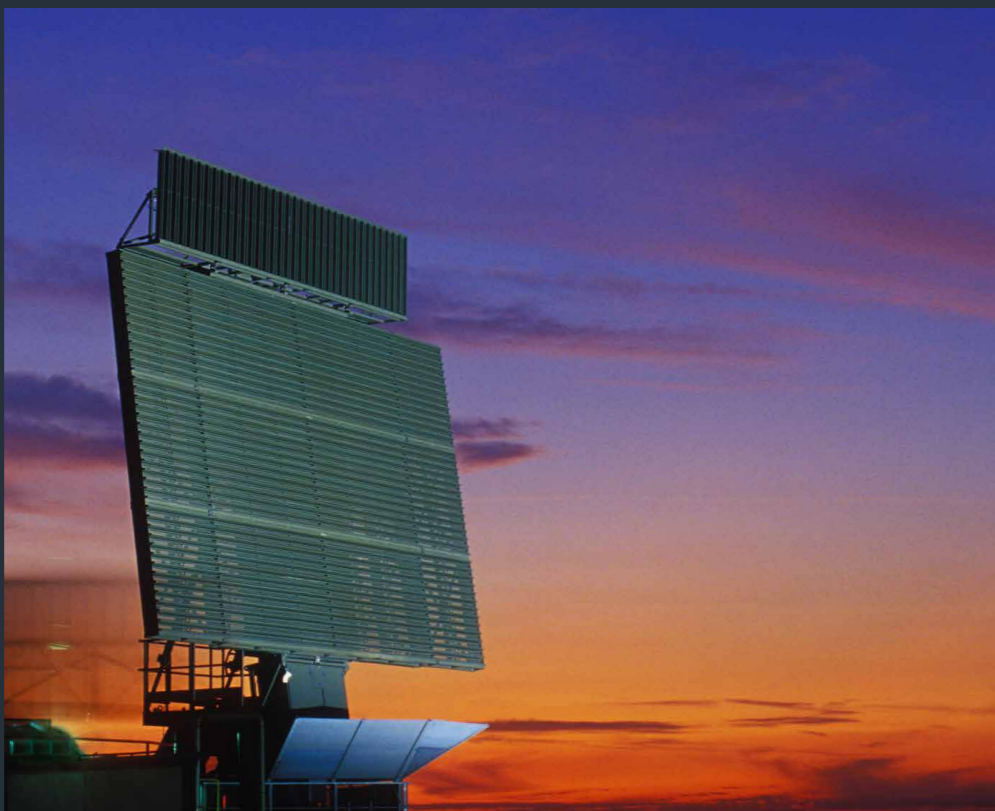
A multirole helicopter capable of carrying out any type of mission: search and rescue, security, offshore, private and executive transport.

AW101

The most advanced and powerful multi-role aircraft available on the market today. Equipped with sophisticated avionics and mission systems, it guarantees maximum operational efficiency, also thanks to its high degree of autonomy.

AW609

The first tiltrotor for civil and governmental applications. It combines the benefits of helicopters with those of airplanes.



Electronics for Defence and Security

FALCO Xplorer

Unmanned system providing 24/7 surveillance under all conditions, covering a wide range of military and civil missions.

SeaSpray

Air-to-air and ground-to-ground surveillance radar with AESA (Active Electronic Scanned Array) single face or multiple face electronic scanning, offering advanced performance in terms of capacity, operating methods and resolution.

KRONOS

A family of state-of-the-art, multi-function, multi-mission radars for land and naval air surveillance and defence.

ATHENA

Advanced naval theatre management system for all ship types, from patrol vessels to the largest aircraft carriers.

DIRCM

(Directed InfraRed CounterMeasure) System for protecting aircraft against potential threats.

IRST

(InfraRed Search & Track) Family of radars for supporting air-to-air and air-to-surface missions with long-range target discovery and tracking capability in all scenarios and modes.

Software Defined Radio

Family of radios for strategic, tactical, platform and individual applications, for secure communications, with operating methods (waveforms) modifiable via software.

SICOTE

Territorial control system supplied to the Carabinieri, with threat prevention and analysis functions.

Aircraft

C-27J

World benchmark for new generation medium-sized tactical turboprop transport aircraft.

M-346

Among the most advanced jet aircraft for training military pilots. It offers extensive training capabilities, long-term reliability and reduced costs in operation.

M-345

Trainer for the basic to advanced phases of military pilot training with the performance typical of a jet aircraft and operating costs comparable to those of high-power tiltrotor training craft.



Space

Cosmo SkyMED 2

Italian Earth observation satellite system, equipped with synthetic aperture radar sensors, ensuring global coverage of the planet under all weather conditions.

SICRAL 3

Italian satellite system for military communications, guaranteeing interoperability of defence, public safety and civil protection networks.

Copernicus

European satellite programme for monitoring the Earth, the marine environment, the atmosphere and climate change.

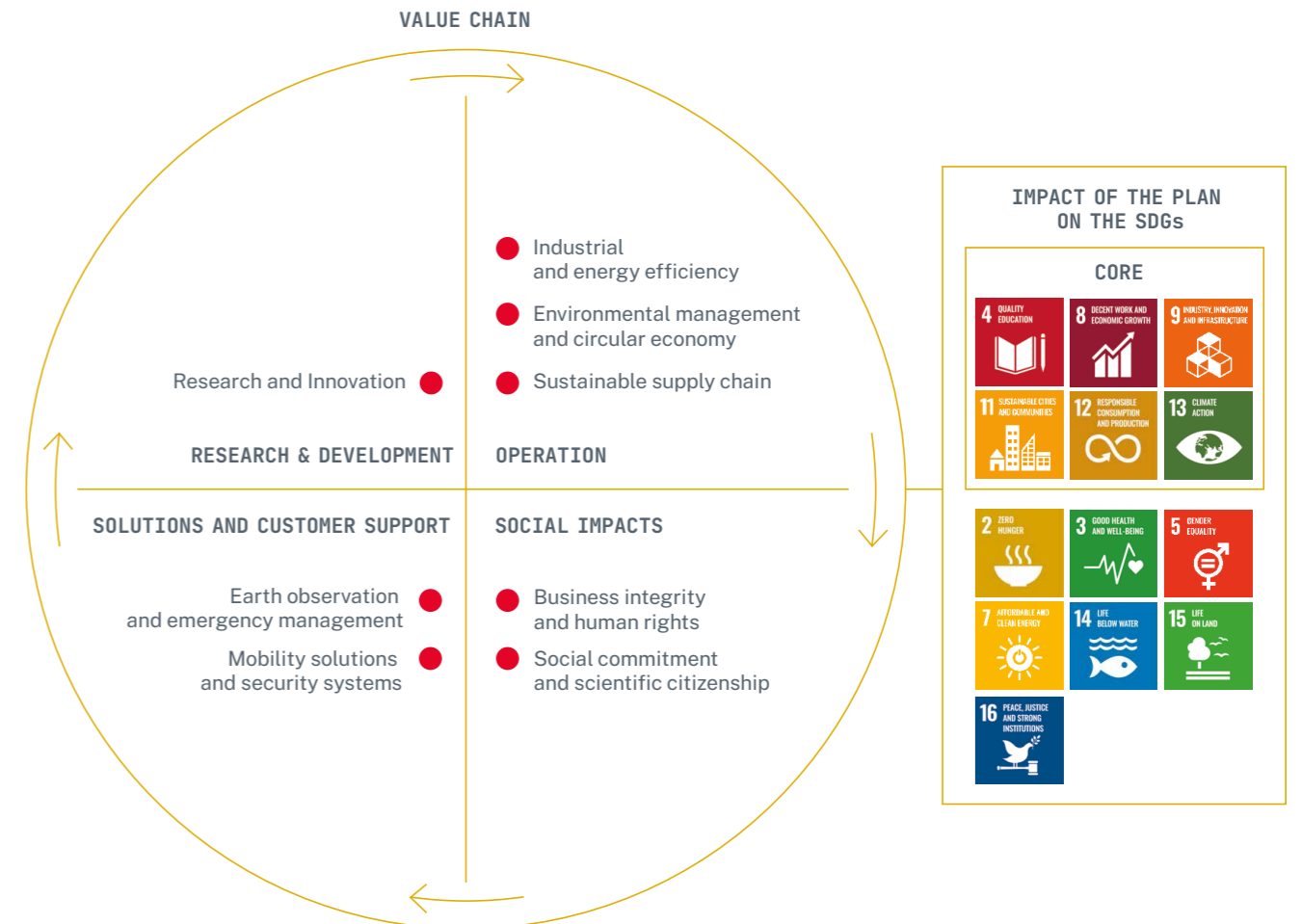
Galileo

The European Union's Global Navigation Satellite System (GNSS).



SUSTAINABILITY PLAN

Leonardo's Sustainability Plan covers the entire value chain, identifying eight thematic areas (clusters) to accelerate the transition to a sustainable business model, in line with the targets of the UN Agenda and the European Green Deal. Technological innovation and digitisation are the main drivers of the Plan, and are keys to addressing the challenges of sustainability at the global level and accelerating a sustainable, inclusive transition. Each of the eight clusters may be divided into specific actions and projects identified taking into account their short and long term measurability.



DATA-DRIVEN PLAN AND SUSTAINABILITY

In line with the new operating model and related procedures and policies, the Plan implements data-driven sustainability. Through monitoring with specific Key Performance Indicators (KPIs), data management makes it possible to analyse performance and effectively guide decisions and the sustainability strategy. The Plan consists of projects that look at short-term benefits, in line with public sustainability objectives, as well as “transformational” initiatives that, by looking at future trends and needs, will produce medium-to-long term impacts.



COMMITMENT TO THE PLANET

To counter and mitigate the effects of human and industrial activities on the planet, Leonardo has defined a sustainable business strategy. Through the Sustainability Plan and by leveraging technological innovation, the Group is countering climate change and promoting ecological transition. The actions envisaged range from efficiency of production processes, reducing emissions, energy consumption and the use of resources, to the development of lower environmental impact solutions.

In this context, the transition to a circular economic model is another integral part of the strategy and projects of the Leonardo Sustainability Plan, with a transformative approach across the entire value chain.

THE CIRCULAR ECONOMY MODEL

OPTIMISE

Reducing materials through advanced design systems

Applying the Product Life Cycle Management and Ecodesign approach

Using composite materials to reduce weight, consumption and impact

Studying new materials to promote reuse and limit disposal

Reducing fuel consumption by 10-15% and emissions by 20% with the use of carbon fibre for aerostructures of aircraft and helicopters

About 60% less scraps thanks to Additive Manufacturing for the construction of primary composite parts of the Tiltrotor

Training programme in Life Cycle Assessment and the applicable ISO 14040 and ISO 14044 standards for employees in the areas of R&D and of new product engineering and production

SHARE AND DEMATERIALISE

“Product as a service”: selling flight hours instead of products

Virtual product testing

Virtual training systems

Elimination of printed documents from production processes

~41,450 tonnes of CO₂ avoided through use of virtual training systems in 2021

From 50 data centres to two new-generation computing hubs, virtualising services offered on the cloud and optimising performance, resulting in energy savings of ~20%

EXTEND USEFUL LIFE

Optimising maintenance cycle

Implementing predictive maintenance of helicopters

Replacing only those components that reach end of life

Upgrading software to extend the life of hardware components

Buy-back of pre-owned helicopters

>70% of aircraft and helicopters in circulation manufactured with recyclable metal parts

Aircraft structures with a useful life of > 20 years of operation

RECYCLE/REUSE

Using recyclable metal materials

Regenerating used components

Recycling and reusing auxiliary materials, packaging, assembly platforms and metal equipment

Recycling of composite materials (such as carboresins)

Centralisation and digitisation of archives at the Aprilia site; further centralisation in 2022

Reclamation of about ~600 kg of unused material and reduction of costs due to restoration of helicopter flight apparatuses reaching end of life

51% of produced waste recovered in 2021














>1.3 tonnes of WEEE material reclaimed (10.2 tonnes since 2019) from obsolete servers in data centres

Research into creation of circular economy uses for composite materials (Carbon Fiber Reinforced Polymer -CFRP), promoting reuse and recycling of carbon fibre





Reuse in a number of areas of plastic packaging from production materials and study of new reusable standard packaging, with the involvement of suppliers



SUSTAINABILITY TARGETS

PILLAR	AREA	TARGETS	PRO-GRESS	TARGET YEAR	SDG Material themes
GOVERNANCE	Promote a responsible business model	Issue of a Trade Compliance Guideline including Human Rights Impact Assessment (HRIA) and development of country risk assessment tools for Leonardo SpA	✓	2021	 Target 16.5, 16.6 Responsible business conduct
		Extending Trade Compliance Directive to the Group	✓	2022	
		Renewal/maintenance of the ISO 37001:2016 "Anti-Bribery Management System" certification standard	III	2023	
		Expanding the business compliance training to other types of third parties (distributors/resellers), making it a mandatory prerequisite for completion of the engagement	III	2022	
PEOPLE	Attract and promote talent	More than 100 training hours per employee in the period 2018-2022	III	2022	  
		Under 30s equal to at least 40% of total new hires	III	2022	
	Promote an inclusive environment	Women equal to at least 32% of total new hires ¹	III	2022-2025	
		Women equal to 30% of total new hires in STEM areas	III	2025	
		20% female representation at management levels	III	2025	
		20% female representation among all employees	+	2025	
27% female representation in succession plans	+	2025			
PLANET	Reduce energy consumption and CO ₂ emissions	Reduction of electricity consumption from the grid by 10% ²	III	2025	   
		4% reduction in Scope 1 + Scope 2 emissions (location-based) ²	III	2025	
		40% reduction in Scope 1 + Scope 2 emissions (market-based) ³	III	2030	
	Reduce environmental impacts	10% reduction in water withdrawals ²	III	2025	
		10% reduction in the amount of waste produced ²	III	2025	
PROSPERITY	Develop the supply chain	Implement supply chain development programmes and medium/long-term partnerships, focused on SMEs, to improve business sustainability	III	2023	    
		Manage more than 75% of the value of orders placed by Leonardo Divisions through digital collaboration platforms ⁴	III	2022	
		Raise awareness of/deliver training on SDGs and supporting tools for reporting to more than 80% of key suppliers (over 500 suppliers)	III	2023	
		100% of LEAP partners with set targets and plans on green energy, CO ₂ , emission reduction, waste recycling, water consumption	III	2023	
	Strengthen digitisation and processing capacity	Increase computing power by 40% per capita ⁵	III	2025	
		Increase storage capacity by 40% per capita ⁵	III	2025	

(1) Updated target of 32% female representation out of total hires over year 2020 in response to the features of the AD&S sector. Set intermediate target for hiring (excluding blue-collar workers) for 2022, postponing the target for total hires to 2025.
 (2) Calculated in relation to revenues. 2019 year baseline
 (3) Reduction in absolute value. 2019 year baseline
 (4) Includes recurring suppliers. Leonardo DRS is not included in the scope
 (5) Calculated as the number of flops (floating point operations per second) and bytes in relation to employees in Italy. 2020 year baseline

 TARGET ACHIEVED
  NEW TARGET
 ON TRACK
  RESTATED (new scope/year)

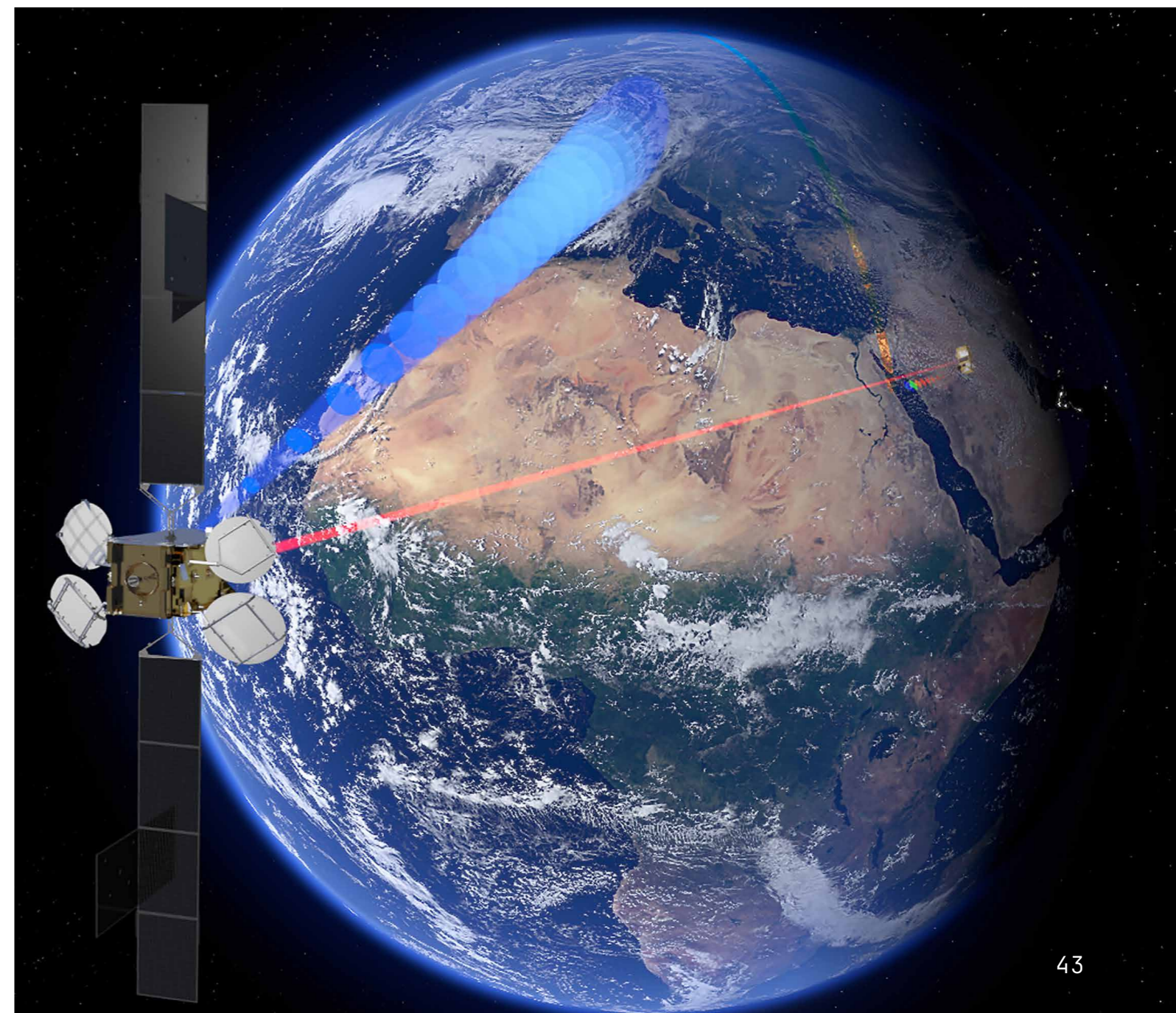
SDG-ALIGNED INVESTMENTS

In 2021-2023, Leonardo will invest an average of €600-700 million annually*

Leonardo is committed to keeping about **50% of its investments aligned with the SDGs**

The initiatives mainly impact SDG 9 "Enterprise, Innovation and Infrastructure", SDG 8 "Decent Work and Economic Growth", and SDG 11 "Sustainable Cities and Communities"

* Includes gross capitalised R&D, investment in tangible assets, equipment and other intangible assets



For more information:
leonardo.com/en/investors/results-and-reports

leonardo.com