

AVIO S.P.A.**EXTRAORDINARY SHAREHOLDERS' MEETING****23 OCTOBER 2025 (single call)****REPORT BY THE BOARD OF DIRECTORS****ON ITEM 2 OF THE AGENDA**

prepared pursuant to Article 125-*ter* of Legislative Decree No. 58 of 24 February 1998, as subsequently amended ("**CFL**"), and pursuant to Article 72 of the Regulations adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended ("**Issuers' Regulation**").

2. PROPOSAL TO GRANT THE BOARD OF DIRECTORS THE DELEGATION, PURSUANT TO ARTICLE 2443 OF THE ITALIAN CIVIL CODE, TO INCREASE THE SHARE CAPITAL, WITH PAYMENT AND IN DIVISIBLE FORM, ON ONE OR MORE TRANCHES, WITHIN THE LIMIT OF 10% OF THE PRE-EXISTING SHARE CAPITAL, WITH THE EXCLUSION OF PREEMPTION RIGHTS PURSUANT TO ARTICLE 2441, PARAGRAPH 4, SECOND SECTION, OF THE ITALIAN CIVIL CODE. RESULTING AMENDMENT TO ARTICLE 5 OF THE BY-LAWS. RELATED AND CONSEQUENT RESOLUTIONS.

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REPORT OF THE BOARD OF DIRECTORS PREPARED PURSUANT TO ARTICLE 125-*ter* OF THE CFL AND ARTICLE 72 OF THE ISSUERS' REGULATION, AS WELL AS ARTICLE 2441, FOURTH PARAGRAPH, SECOND SENTENCE, OF THE ITALIAN CIVIL CODE

Dear Shareholders,

you have been convened to the Shareholders' Meeting of Avio S.p.A. ("**Avio**" or the "**Company**") to discuss and resolve on the proposal to grant to the Board of Directors the power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment and in divisible form, on one or more tranches, within the limits of 10% of the existing share capital, excluding option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, as referred to in item 2 of the agenda (the "**Renewed Delegated Power**").

This Explanatory Report (the "**Report**") has been prepared pursuant to Article 125-*ter* of the CFL and Article 72 of the Issuers' Regulation, as well as for the purposes of Article 2441, fourth paragraph, second sentence, of the Italian Civil Code, in order to illustrate the proposal to the Extraordinary Shareholders' Meeting of Avio regarding the Renewed Delegated Power.

1. PREMISE AND REASONS FOR THE RENEWED DELEGATED POWER

Pursuant to Article 2443 of the Italian Civil Code, the By-Laws may grant directors the power to increase the share capital on one or more tranches up to a fixed amount and for a maximum period of five years. This power may include resolutions pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code.

In compliance with current Article 5 of the By-Laws, the Board of Directors was granted – pursuant to Article 2443, paragraph 1, of the Civil Code – for the maximum period of five years from the date of registration of the By-Laws with the Companies' Register which occurred in April 2017, "*the power to increase the share capital with payment, separable and with exclusion of subscription right, in accordance with Article 2441, fourth paragraph, Italian Civil Code, by a maximum nominal amount of Euro 9,076,167, by issue once or twice of a maximum number of ordinary shares, preferred or having different rights than those of shares issued before or shares and financial instruments provided by Article 2349 Italian Civil Code, equal to 2,316,391, with regular enjoyment, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, solely to persons directly or indirectly invested by the government of Italy of at least 20% of the share capital, or (ii) in other cases, to persons found by the Board of Directors, with the vote in favour of at least all directors in office except one. The unit price of such shares (including any additional paid-in capital) shall be less than the market value of the shares. The resolutions of the Board of Directors to exercise the power shall identify the persons to be assigned the options for subscription of the share capital increase(s), and fix the subscription price based on the market value of the shares and a suitable deadline for subscription of the shares and, pursuant to Art. 2439, second paragraph, Italian Civil Code, if the resolved increase is not subscribed by the deadline fixed each time, shall provide for the capital to be increased by an amount (excluding any additional paid-in capital) equal to the subscriptions collected up until such deadline*".

The Board has not implemented this delegated power, which has expired on the date hereof.

For the reasons and objectives described in more detail below, it is proposed to grant the Renewed Delegated Power, to be exercised by October 23, 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code, through the issuance, on one or more tranches and also to service warrants, of ordinary shares, with the same characteristics as the ordinary shares outstanding on the issuance date and to be admitted to trading on the Euronext Milan regulated market organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the date of exercise of the delegated power (excluding any share premium) and within the limits of 10% of the total number of shares of the Company existing on the

date of exercise of the delegated power, reserved: (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, solely to persons directly or indirectly invested by the Italian State for an amount at least equal to 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities that are similar, related, synergistic and/or instrumental to those of the Company and/or having a similar or related purpose to that one of the Company, identified by the Board of Directors, with the favourable vote of at least all but one of the Directors in office, or also (iii) for retention or share incentive purposes in the context of the Group and in compliance with current regulations on the remuneration of members of the administrative body and executives with strategic responsibilities.

The Renewed Delegated Power aims granting the Board of Directors with a suitable tool to complete share capital transactions with the necessary timing and flexibility, in order to promptly seize any opportunities that may arise and, at the same time, obtain the advantages in terms of rapidity of execution and optimization of results. This consents the possibility of avoiding the time and costs that would otherwise be incurred by the company if it were necessary to call a shareholders' meeting for each transaction.

The Renewed Delegated Power – in accordance with the provisions of Articles 2443 and 2441, fourth paragraph, second sentence, of the Italian Civil Code – would allow the Board of Directors to take advantage, at the appropriate time, of the most favorable market conditions for carrying out any extraordinary transactions, taking into account the uncertainty and volatility typical of financial markets. In this context, the Renewed Delegated Power would have the further advantage of allowing the Board itself to establish the conditions of the capital increase – including the maximum number of new shares to be issued and the related subscription price – based on the prevailing market conditions at the time of the effective launch of the transaction. This would mitigate, among other things, the risk of fluctuations stock market rates between the time of announcement and the time of the transaction, which would arise if these matters were decided by the shareholders' meeting.

2 REASONS FOR THE EXCLUSION OF OPTION RIGHTS AND CRITERIA FOR DETERMINING THE ISSUE PRICE

The reasons for the exclusion of the option right are to provide the Board of Directors with a tool to carry out, with the utmost timeliness and flexibility, transactions on the share capital aimed at raising new financial resources through investment in the capital of financial investors or strategic industrial partners of the Company, to share incentive plans in the context of the Group, or aimed at countering any hostile public offering of purchase or carried out by competitors of the Company, it being understood that, pursuant to Article 14.4 of the By-Laws, the completion of such transactions does not require prior authorization by the Shareholders' Meeting pursuant to Article 104 of the CFL.

For the purposes of the above, it is also worth noting the rapidity with which the Renewed Delegated Power may be activated and become effective, a feature that may enable the Board of Directors to respond promptly and effectively to any opportunities that might arise in the contexts described above. Furthermore, also due to its flexibility, the Renewed Delegated Power would constitute a new potential source of financial resources for the group, which could be activated over the five-year period of its duration to meet any financial needs that may arise.

In view of the above, the reasons underlying the request for the Renewed Delegated Power may be summarized as follows:

- i. if the Board of Directors deems it appropriate, in the interests of Avio, to raise financial resources or implement industrial or strategic projects by offering new shares for subscription to (i) financial investors and/or (ii) industrial partners and/or (iii) entities that carry out activities that are similar, related, synergistic and/or instrumental to those of the Company and/or have a similar or related purpose to that of the Company;

- ii. in order to counter any hostile public offering of purchase or carried out by competitors by competitors of the Company, by offering the newly issued shares to entities in which the Italian State has a direct or indirect stake for an amount at least equal to 20% of the share capital;
- iii. in order to pursue retention or incentive objectives in compliance with market practices and in accordance with the current legislation on the remuneration policy.

Article 2441, paragraph 4, second sentence, of the Italian Civil Code also establishes – as a condition for exercising the exclusion of option right within the limits set forth therein – that the issue price must correspond to the market value of the shares and that this must be confirmed in a specific report by an independent auditor or an auditing firm.

On the occasion of each exercise of the Renewed Delegated Power, the aforementioned reports will be acquired by the Company's Board of Directors and – together with the explanatory report of the Board of Directors pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code and Article 72, paragraphs 1 and 6, of the Issuers' Regulation – made available to the public in the manner and within the terms provided for by the laws and regulations in force and applicable from time to time.

Under the Renewed Delegated Power, the unit price of the newly issued shares (including any share premium) shall not be less than the market value of the shares. The resolutions of the Board of Directors exercising the Renewed Delegated Power shall identify the persons to whom the options for subscribing to the capital increase(s) will be assigned and shall set the subscription price based on the market value of the shares. The exercise of the delegation may also pursue the objective of issuing shares to be used for the conversion of warrants.

3 DURATION AND PERIOD FOR EXERCISING THE DELEGATED POWER

It is proposed that the duration of the delegated power will be effective for the five year legal maximum term, starting from the date of the Shareholders' Meeting resolution (and therefore until October 23, 2030), and to establish that it can be exercised on one or more tranches. '

The timing of the exercise of the delegated power, pursuant to Article 2443 of the Italian Civil Code, as well as the terms of such exercise, will depend on the circumstances and concrete opportunities that arise and will be communicated to the market as soon as they are determined by the Board of Directors.

4 AMENDMENTS OF THE BY-LAWS

Below is a comparison of the aforementioned Article 5.4 in the text in force at the date of the Report and in the proposed text. The proposed amendments to the text are shown in bold.

Article 5.4	Article 5.4
5.4 Under Article 2443, first paragraph, Italian Civil Code, for a period of at most five years from the registration date of this by-laws in the Register of Companies, the Board of Directors has the power to increase the share capital with payment, separable and with exclusion of subscription right, in accordance with Article 2441, fourth paragraph, Italian Civil Code, by a maximum nominal amount of Euro 9,076,167, by issue once or twice of a maximum number of ordinary shares, preferred or having different rights than those of shares issued before or shares and financial instruments provided by Article 2349 Italian Civil Code, equal to 2,316,391, with regular enjoyment, reserved (i) in	5.4 Under Article 2443, first paragraph, of the Italian Civil Code, the Board of Directors is granted the power, to be exercised by October 23, 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code, by issuing, on one or more tranches, of ordinary shares, with regular entitlement and the same characteristics as the outstanding ordinary shares on the issuance date , to be admitted to trading on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the

<p>the event of hostile public offering of purchase or carried out by competitors of the Company, solely to persons directly or indirectly invested by the government of Italy of at least 20% of the share capital, or (ii) in other cases, to persons found by the Board of Directors, with the vote in favour of at least all directors in office except one. The unit price of such shares (including any additional paid-in capital) shall be less than the market value of the shares. The resolutions of the Board of Directors to exercise the power shall identify the persons to be assigned the options for subscription of the share capital increase(s), and fix the subscription price based on the market value of the shares and a suitable deadline for subscription of the shares and, pursuant to Art. 2439, second paragraph, Italian Civil Code, if the resolved increase is not subscribed by the deadline fixed each time, shall provide for the capital to be increased by an amount (excluding any additional paid-in capital) equal to the subscriptions collected up until such deadline.</p> <p>The Board of Directors is vested with all powers for such acts, issue of new shares and for making any modifications to this article of the company by-laws.</p>	<p>date of exercise of the delegated power (excluding any share premium), and within the limits of 10% of the total number of shares of the Company existing on the date of exercise of the delegated power, also to service warrants, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, solely to persons directly or indirectly invested by the government of Italy of at least 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities similar, related, synergistic and/or instrumental to those of the Company and/or having a purpose similar or related to that of the Company, identified by the Board of Directors, with the favourable vote of at least all the Directors in office minus one, or also (iii) to service of shares incentive plans. The unit price of these shares (including any share premium) shall not be less than the market value of the shares. The resolutions of the Board of Directors exercising the delegated power shall set the subscription price as indicated above, as well as a specific deadline for the subscription of the shares and shall provide, pursuant to Article 2439, second paragraph, of the Italian Civil Code, that if the resolved increase is not subscribed by the deadline fixed each time, shall provide for the capital to be increased by an amount (excluding any additional paid-in capital) equal to the subscriptions collected up until such deadline.</p> <p>The Board of Directors is vested with all powers for such acts, issue of new shares and for making any modifications to this article of the company by-laws.</p>
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5 RIGHT OF WITHDRAWAL

Please note that the proposed amendments to Avio's By-Laws referred to in the Report do not give rise to a right of withdrawal pursuant to Article 2437 of the Italian Civil Code for shareholders who did not participate in the resolutions referred to in the Report.

6 PROPOSED RESOLUTION OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

In view of the above, the Board of Directors submits the following resolution proposal to the Avio Shareholders' Meeting convened for 23 October 2025, in extraordinary session, in a single call:

"The Shareholders' Meeting of Avio S.p.A., in extraordinary session":

– having acknowledged the report prepared by the directors, pursuant to Articles 2441, paragraph 4, second sentence, and 2443 of the Italian Civil Code, Article 72 of the regulations adopted by Consob Resolution No. 11971 of 14 May 1999 and subsequent additions and amendments, as well as Article 125-ter of Legislative Decree No. 58 of 24 February 1998 and subsequent;

RESOLVES:

- to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, under the terms and conditions set out in the aforementioned Report and in the amendment to the By-Laws referred to in the following point, the power, to be exercised by October 23, 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441, fourth*

paragraph, second sentence, of the Italian Civil Code, through the issuance, on one or more tranches, of ordinary shares with regular entitlement and the same characteristics of the outstanding ordinary shares on the issuance date, to be admitted to trading on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the date of exercise of the delegated power (excluding any share premium) and within the limits of 10% of the total number of shares of the Company existing on the date of exercise of the delegated power, also to service warrants, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, exclusively to entities in which the Italian State has a direct or indirect stake of at least 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities that are similar, connected, synergistic and/or instrumental to those of the Company and/or having a purpose similar or related to that of the Company, identified by the Board of Directors, with the favourable vote of at least all but one of the Directors in office, or (iii) to service of shares incentive plans;

2. *to amend Article 5.4 of the By-Laws as indicated in the Report;*
3. *without prejudice to the collective nature of the resolutions to exercise the delegation of powers as conferred above, to grant the Chairman and the Chief Executive Officer, severally, with the conferral of all the widest powers to provide for all that is necessary or even just appropriate, including through special attorneys and with the power to sub-delegate, within the limits of the law, for the implementation of the resolutions adopted, and – in particular, in the event of the exercise of the mandate to increase the share capital – to: (i) file and publish, in accordance with the law, the updated text of the By-Laws with the changes made thereto as a result of the resolution and, therefore, of the execution of the capital increase; and (ii) prepare, amend and submit to the competent authorities any application, request or document that may be appropriate or required, including the fulfilment of the formalities necessary to proceed with the admission to listing on Euronext Milan, organised and managed by Borsa Italiana S.p.A., of the newly issued shares resulting from the capital increase;*
4. *to grant the Chairman and the Chief Executive Officer, severally, the widest powers to provide for all that is necessary or even just appropriate, including through special attorneys and with the power to sub-delegate within the limits of the law, to obtain the registration of this resolution, including the power to make any non-substantial amendments or additions to the resolutions that are necessary or appropriate for registration in the Companies' Register, or in any case required by the competent authorities, generally taking all necessary steps for the full implementation of the resolutions, including changes or additions of a non-substantial nature necessary for registration in the Companies' Register, or otherwise required by the competent authorities, generally providing for everything required for the complete implementation of the resolutions themselves, with all powers necessary and appropriate for this purpose, without exception or exclusion."*

Rome, 2 October 2025

The Board of Directors