



Remuneration Policy and Report

in accordance with Article 123-*ter* of the CFA and 84-*quater* of the Consob Issuers' Regulation

Issuer: Avio S.p.A.
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Approved by the Board of Directors on March 12, 2026

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Letter of the Chairperson of the Appointments and Remuneration Committee

Dear Shareholders,

In my capacity as Chairperson of the Appointments and Remuneration Committee (hereinafter the “Committee”), and also on behalf of the Committee and the Board, I am proud to present to you the “Remuneration Policy and Report” of Avio S.p.A. (hereinafter “Avio” or the “Company”).

This Report seeks to inform Stakeholders (shareholders, employees and customers) concerning the correspondence between the Company's remuneration policies and business strategies: for Avio, remuneration represents a key tool in aligning the interests of top management with those of our stakeholders, contributing to the pursuit of the Company's corporate strategy, long-term interests and sustainability. The ability to attract, retain and motivate management is a key factor for any company which, like Avio, operates in a highly specialised sector requiring constant and rapid alignment to the requirements imposed by the market and technological development.

For Avio, success is measured on the basis of operating, financial and equity results, but also, in broader terms, on human, social, relational and environmental capital: our policies are inspired by sustainability, inclusiveness and the incentivisation of equal opportunities.

In 2025, your Company launched a new, ambitious growth strategy, laying the groundwork to capitalise on the increasing pace of expansion of the Space and Defence markets, in both Europe and the United States.

On September 11, 2025, the Company approved its new Business Plan and simultaneously launched a Euro 400 million rights issue aimed at enhancing the Company's production capacity in both the space and defence businesses, specifically including the construction in the United States of a solid-propellant engine production facility expected to be operational by the end of 2028. The share capital increase was approved by the Extraordinary Shareholders' Meeting of October 23, 2025, with the favourable vote of more than 99% of the share capital present, and was concluded on November 20, 2025 with the subscription of 100% of the options offered, confirming the significant appreciation by the market of the Company's strategy.

Meanwhile, your company posted its best ever financial and operating results in 2025, with a record order book standing at Euro 2,166 million, revenues of Euro 542 million and the highest profitability in the last five years, with reported EBITDA of Euro 32.3 million. These results represent the consolidation of compound annual growth of around 26% over the past three years for each of these financial and operating performance indicators. These especially positive results have seen the value of your company, as measured by total market capitalisation, grow from approximately 220 million at the end of 2023 to around 1,350 million at the end of 2025, a compound annual growth rate of roughly 150% over the three-year period. Your Company also maintained a positive net financial position throughout the period, reaching a particular high at the end of 2025 (more than 590 million in net cash, of which more than 200 million from operations, the rest relating to funding from the capital increase), reflecting excellent financial health.

With this in mind, the Committee has drafted and submitted for the Board of Directors' approval the Remuneration Policy for 2026, as described in the first section of this Report. The Policy is consistent with the change in Avio's size and also takes into account that significant further growth is expected in the short to medium term, in accordance with the newly approved business plan.

The Committee gave due consideration to the benchmark analysis for the FY 2025 remuneration of the Chairperson of Avio's Board of Directors, its Chief Executive Officer/General Manager and Non-Executive Directors, taking into account the changing size of the company in terms of both operating and financial performance parameters and total market capitalisation.

The benchmark analysis highlighted that the remuneration paid to the Chief Executive Officer/General Manager in 2025 was lower than the first quartile of the companies included in the respective Peer Groups.

The 2026 policy therefore introduces a number of new elements, as listed below, designed to align the remuneration policies with the changes in the Company's size and performance level.

For the Chief Executive Officer/General Manager and Senior Executives the main changes are:

- a proposed revision of the fixed and short-term variable components of the Chief Executive Officer/General Manager's remuneration package, in alignment with a new benchmark, while the long-term component remains unchanged;
- a partial revision of the targets of the long-term variable component, which sees weightings reconfigured, while the form remains that of a long-term, monetary incentive plan with three-year closed-cycle vesting periods.
- Specifically, these changes are as follows:
 - increase in the weighting of the KPI Average return on invested capital;
 - slight reduction in the weighting of the KPI related to US Business Order Intake;
 - no substantial changes were made to the ESG objectives.

For the Chairperson of the Board of Directors, the Non-Executive Directors and all the members of Avio's corporate bodies, and in light of the increased complexity of the Group's scope of activity, the benchmark analysis reveals the need to increase respective remuneration, both for participation in Board activities and for participation in Board Committees; the current remuneration of these Directors is, in fact, distinctly below the Peer Group median, and is therefore neither consistent nor adequate in terms of the prevailing market conditions.

Considering the results of the benchmark analyses, taking into account the indications of the Italian Corporate Governance Code, and having verified the existence of the prerequisites to propose an increase in remuneration, the Committee invites - in accordance with its prerogatives - the Shareholders' Meeting and the Board of Directors to take office for the 2026-2028 term to consider a revision of remuneration.

Throughout the year, Avio maintained an ongoing dialogue with investors and stakeholders, in line with the engagement policy. These stakeholders expressed significant appreciation of our Policies at the most recent Shareholders' Meeting. It should be noted that top management is directly involved in business risk by means of holdings in the share capital of Avio. These are held through the investment vehicle In Orbit S.p.A., which at the publication date of the report held 1% ca of the share capital.

I would like to take this opportunity to thank Directors Giovanni Soccodato and Raffaele Cappiello for their invaluable and invariably thorough support, and to recognise the collective effort that has guided the work of the current Committee during the term that concludes with the 2026 Shareholders' Meeting. This work has been in the service of investors and the Group. I also extend my sincere gratitude to the members of the Board of Statutory Auditors for their expert opinions, which were an invaluable contribution to our work. Last but by no means least, I would like to thank the company departments that have consistently and effectively supported us in the course of our work. On behalf of the entire Committee, I would like to conclude by thanking you, in advance, for the interest you show in our Remuneration Policy each year, and I trust that as Shareholders you will find the information contained in this document both comprehensive and useful.

INTRODUCTION

This Report was prepared by Avio in accordance with Article 123-*ter* of the CFA, Article 84-*quater* of the Issuers' Regulation and Annex 3-A, Schedule 7-*bis*, in addition to, on the basis of self-regulation, Article 5 of the Corporate Governance Code, with which Avio complies.

Pursuant to Article 123-*ter* of the CFA, the Report comprises two sections.

Section I outlines the Remuneration Policy adopted by the Company for Financial Year 2026, with regards to the following parties:

- (i) Members of the Board of Directors, distinguishing between Executive and non-Executive Directors;
- (ii) Members of the Board of Statutory Auditors;
- (iii) Group Senior Executives.

Section I of the Report also outlines the procedures utilised for the preparation and adoption of the Remuneration Policy, in addition to the bodies and parties responsible for the Policy's correct implementation.

The Remuneration Policy was approved by the Board of Directors on March 12, 2026, with the favourable opinion of the Appointments and Remuneration Committee. As resolved, the Remuneration Policy will be updated on an annual basis.

Section II of the Report for the year 2025 outlines each of the items comprising the remuneration of the individuals listed at points (i), (ii) and (iii), as well as an analysis (in a specific table) of the remuneration paid to these parties, in any regard and in any form by the Company or by its subsidiaries in 2025, in addition to remuneration not yet paid at the Report approval date, although relating to 2025. In addition, a comparison for the years 2021-2025 between the change in remuneration for members of the Board of Directors and the Board of Statutory Auditors, employee remuneration and the Company's performance is shown.

A relative table, as per Article 84-*quater*, paragraph 4 of the Issuers' Regulation, presents holdings in the Company or its subsidiaries by these parties and by parties related to them.

This Report is sent to Borsa Italiana and is made available to the public at the registered office of Avio (in Rome, via Leonida Bissolati 76, Rome) and on the Company's website www.avio.com, "Investors - 2026 Shareholders' Meeting" section, at least 21 days before the Shareholders' Meeting called to approve the 2025 Annual Accounts.

On March 12, 2026, Avio's Board of Directors resolved to submit: (i) Section I of the Report on the 2026 Remuneration Policy to a binding vote of the Shareholders' Meeting; and (ii) Section II on remuneration paid in 2025 to an advisory vote.

EXECUTIVE SUMMARY

Introduction

The Remuneration Policy and Report represents the liaison between the Company's strategic development targets and management action. The structure and rationale for the policies are designed to be consistent with the Company's goals of growth and long-term shareholder value creation. In particular, the selection of economic and financial indicators and the processes for defining and monitoring targets are designed to support and incentivise management to achieve the Group's targets.

Avio's business model and long-term sustainability is based on its capacity for development and technological innovation, and therefore on its ability to attract and develop highly qualified resources at both managerial and technical-scientific level. For this, the remuneration policy is a key tool. The criteria and tools adopted in the policy incorporate the most advanced elements of national and international best market practices. In this context, long-term sustainability, a structural characteristic of the Group's long history, is a priority target that led in 2020 to the inclusion of specific parameters, complementary to the economic and financial targets, against which to measure management performance. These sustainability targets reinforce the active role that Avio has always played in collaboration with the main institutional stakeholders at an international level (such as the European Space Agency, the European Union and the European Commission), - at a national level (such as the Italian Space Agency and the Presidency of the Council of Ministers), and at a local level (such as the Municipal Administration of Colleferro).

Principles of Avio's remuneration

Avio's Remuneration Policy for Executive Directors and Senior Executives is based on the following principles and criteria:

- the goal of attracting, retaining and motivating resources with a high level of professionalism, paying particular attention to positions considered key to business development and management;
- a link with Company's performance and risk profile;
- the alignment of the interests of Company Management with the pursuit of the target to contribute to the corporate strategy, to create value for shareholders over the long-term and to achieve sustainable performance over time.

Key performance drivers

Our incentive systems reflect Avio's performance drivers, closely linked to the key priorities of the Company's strategy:

		Profitability and shareholder value	Financial solidity	Value for stakeholders
Our objectives		Ability to achieve results in the short and medium term, valuing return on investment	Maintain an adequate level of liquidity for current operations and adequate cash flow	Implement Avio's sustainability strategy
Indicators used in incentive systems	short-term	- Adjusted EBITDA	- Net Financial Position	
	long-term	- Reported EBITDA	- Return on Invested Capital (ROIC) - Order Intake US Business	ESG KPIs: - Gender diversity - Gender pay gap - Energy efficiency - Employee training

Main changes in 2026 Remuneration Policies

The key changes¹ introduced in the 2026 Policies include:

- a review of the Chief Executive Officer/General Manager's remuneration package to bring it in line with the company's new size and the significant changes in the Company's business, as already communicated to the market, based on the operating and financial performance values achieved in 2025 and consolidated in the three-year period 2023-2025. The company considered remuneration benchmarking analyses performed with the help of an independent advisor on a new panel of 18 listed companies (13 in Europe and five in the USA) that are comparable to Avio in size and complexity and operating in the Aerospace & Defence and Industrial sectors². Compared to this new panel of companies, Avio ranks above the first quartile and below the median in terms of market capitalisation, total asset value, annual revenue, EBITDA, and number of employees.

Upon the Committee's proposal, the Board of Directors' meeting of March 12, 2026 therefore proposed an alignment of total remuneration values (as the sum of fixed and variable components), which were slightly below the first quartile values, in substantial consistency with Avio's positioning compared to this new panel of reference companies, adjusting the pay mix to favour long-term variable components. However, Avio's growth rate is currently higher for each of the benchmarks than that of the panel companies; as such, this assessment may be revised again in the future to ensure, including in the short to medium term, that remuneration levels remain consistent with the company's positioning relative to the panel companies and, moreover, to take into account the new responsibilities formally assumed in the governance of Avio USA.

In 2025, in fact, Avio achieved its best historical results in terms of net order backlog (Euro 2.2 billion), revenues (Euro 542 million) and net cash position (Euro 592 million). Between 2023 and 2025 Avio consolidated an annual compounded growth in net order backlog, revenues and Reported EBITDA of 26%, a figure that is very high in itself. Market capitalisation grew from Euro 220 million at the end of 2023 to approximately Euro 1,350 million at the end of 2025 (a compound annual growth rate of about 150%). The company has no net debt and enjoys a net cash position of 592 million at the end of 2025, reflecting financial solidity and value creation for shareholders.

¹ These changes will become effective following the Shareholders' Meeting's approval of this Report.

² Carel Industries S.p.A., Cembre S.p.A., Chemring Group PLC, De'Longhi S.p.A., EL.En. S.p.A., Industrie De Nora S.p.A., Intercos S.p.A., Italmobiliare S.p.A., Lisi S.A., Maire S.p.A., Montana Aerospace AG, OHB SE, Senior plc, Rocketlab, Firefly, Rocketlab, Redwire, Planet Labs.

In September 2025, Avio also approved a business plan to significantly increase revenues by 2030, including, among other activities, the establishment of a major industrial facility in the United States. To meet its growth and development plans, Avio also concluded a capital increase worth Euro 400 million in November 2025, which involved a significant reorganisation of the shareholder structure. As announced to the market on January 29, 2026, the Company revised upwards the guidance for 2025 following the increase in order backlog and revenues. It had also exceeded market expectations in terms of net cash position. These results confirm the Company's future growth prospects while also highlighting the increased complexity of the challenges it will face in the coming years. The Company also reported that more than 20% of Avio's share capital is held by US investors, the average stock liquidity recorded in 2025 was more than 10 times higher than in the previous year, the volumes traded on foreign markets increased from approximately 20% in early 2024 to approximately 50% in late 2025, and finally that its stock market capitalisation increased to more than Euro 1.5 billion.

Most recently, in February 2026, and precisely because of its stock market performance, Avio became part of Borsa Italiana Euronext's FTSE MIB index, a segment that brings together the 40 most liquid stocks on the market. This is a prestigious achievement in itself and is useful in further supporting the liquidity of the stock, with obvious value for shareholders.

These data testify to very significant changes at Avio in recent years. These changes have motivated the identification, as outlined above, of a new panel of benchmark companies for remuneration, anchored by Avio's own positioning with respect to the new Group of companies.

- Considering the above, the main changes to the Remuneration Policy interventions are as follows:
 - the value of the fixed component of the Chief Executive Officer/General Manager's remuneration is increased to Euro 575,000; this is positioned between the first quartile and the market median of the benchmark with the new panel of companies indicated above³. The value may also be re-assessed in the short/medium term in line with the Company's positioning compared to the panel of companies in the benchmark;
 - for the short-term variable component, the target incentive value as a % of fixed remuneration is increased to 90% with cap at 138%, thus positioning itself slightly below the market median of the benchmark (93% at target);
 - regarding the long-term variable component, the value of the target allocation as a % of fixed remuneration remains at 120%, with a cap at 180%, thus positioning itself slightly below the market median of the benchmark (154% at target);
 - adoption of a pay mix that aligns with best practices in the Italian and European markets, with a greater weighting for the long-term variable remuneration compared to the overall package (32% fixed, 29% short-term variable, 39% long-term variable);
 - overall total target remuneration (Euro 1,782,000) ranks below the top quartile of the new benchmark market panel of firms (Euro 1,938,000)
- the introduction of a Long-Term Monetary Incentive Plan, which, compared with the corresponding plan introduced in 2025 (the 2025-2027 Incentive Plan), includes the partial revision of targets with a rebalancing of weightings, through:
 - the adjustment of the KPI related to the achievement of US Business results in terms of Order Intake, with a weighting of 20%;
 - the confirmation of the weighting related to cumulative EBITDA KPIs at 35%;
 - the increase in ROIC, from 20% to 25%;
 - the maintenance of the four ESG KPIs.
- The Board of Directors also highlighted the advisability of potentially proposing that the Shareholders' Meeting introduce long-term equity-type incentive instruments for management, subject to the publication, as required under current regulations, of a special Prospectus on the instruments;
- The proposal to the Shareholders' Meeting to revise the remuneration of the Non-Executive Directors to Euro 55,000 annually each and the Non-Executive Chairperson to Euro 225,000 annually. This takes into account the increased size, complexity of the business and international projection, which require more sophisticated skills (as already expressed in the market guidance opinion on the qualitative and quantitative composition of the BoD). These remunerations are higher than the median (Euro 41,000 for Directors and Euro 189,000 for the Chairperson)

³ This alignment approach also takes into account the fact that, during the 2017-2026 period, there was only one change in the fixed Chief Executive Officer/General Manager's remuneration in 2024 (10%) while real inflation over the same period was more than 20%.

but lower than the third quartile (Euro 63,000 for Directors and Euro 267,000 for the Chairperson) of market benchmarks of reference companies (60 companies in the FTSE Italy MID Cap segment) and are appropriate in ensuring the availability of skills and commitment functional to the Company's management needs and characteristics.

- The invitation to shareholders to formulate, in line with the benchmark evidence, a proposed remuneration to be paid to the members of the Board of Statutory Auditors of Euro 45,000 per year for each Statutory Auditor and Euro 65,000 per year for the Chairperson of the Board of Statutory Auditors; this is in line with the third quartile (Euro 43,000 for Statutory Auditors and Euro 67,000 for the Chairperson of the Board of Statutory Auditors) of the market benchmark of reference companies and responds to the increased size, complexity of the business and international projection, and the commitment required to carry out increasingly complex, multi-faceted control activities that imply a much greater workload than in the past.

2026 Remuneration Policy at a glance

The following table outlines the key elements regarding the remuneration of the Chief Executive Officer/General Manager and Senior Executives explored subsequently in the Report.

In view of the renewal of the corporate bodies in 2026, and without prejudice to the additional and specific Shareholders' Meeting powers on remuneration matters - including those pursuant to Articles 2389 and 2402 of the Civil Code and Article 114-*bis* of the CFA (as defined below) - the guidelines illustrated, to the extent permitted, may be specified upon adoption by the new Board of Directors, at the proposal of the Remuneration Committee, following consultation with the Board of Statutory Auditors to the extent within its remit, in compliance with the regulations on related party transactions, in order to ensure adequate alignment with Avio's strategies.

In this regard, in 2026 - in accordance with market practices, consistent with the objectives set forth in the strategic plan and in compliance with the current regulations on remuneration policy and self-governance - the Board of Directors may consider submitting for Shareholders' Meeting approval medium-long term incentive plans based on financial instruments for Directors and Senior Executives. To service such plans, newly issued shares may also be used, partially in application of the proxy to increase the share capital for cash pursuant to Article 2441, paragraph 4, second sentence, of the Civil Code granted to the Board of Directors pursuant to Article 2443 of the Civil Code by the Extraordinary Shareholders' Meeting held on October 23, 2025, as provided for in Article 5.4 of the By-Laws.

Member	Features and parameters
Fixed remuneration component <i>This is the fixed component, determined by taking into account the breadth and strategic nature of the role held.</i>	This is determined in consideration of the role, market practices for comparable positions, qualifications and individual expertise, and measured through the application of an independent evaluation methodology of the roles (Hay Method). ▪ Chief Executive Officer/General Manager: fixed gross remuneration of Euro 575,000 ▪ Senior Executives: determined based on pre-established criteria, in line with market median

Short-term variable component <i>Annual monetary incentive plan, which provides for the payment of a monetary bonus on the reaching of the pre-set annual targets.</i>	<u>Beneficiaries:</u> ▪ Chief Executive Officer/General Manager ▪ Senior Executives ▪ <i>Managers and key professionals</i> <u>Size</u> ▪ Chief Executive Officer/General Manager: 90% of fixed remuneration for target performance; 138% of fixed remuneration for maximum performance ▪ SEs: 30% of fixed remuneration for target performance; 50% of fixed remuneration for maximum performance (average values) <u>Performance Targets</u> ▪ On/off conditions, valid for all beneficiaries: Adjusted EBITDA and Group Net Financial Position ▪ Chief Executive Officer/General Manager: Adjusted EBITDA, Net Financial Position ▪ SEs: • Group targets (Adjusted EBITDA, Net Financial Position) • targets that are primarily quantitative, economic/financial and operational. ▪ Matured bonuses are subject to a clawback clause.
Medium/long-term variable component <i>Long-term incentive plan, subject to approval by the Shareholders' Meeting, which provides for the payment of an award in monetary form and a three-year performance measurement period.</i>	<u>Beneficiaries:</u> ▪ Chief Executive Officer/General Manager ▪ Senior Executives ▪ other selected Managers with key roles within the Company. <u>Size</u> ▪ Chief Executive Officer/General Manager: 120% of fixed remuneration for target performance; 180% of fixed remuneration for maximum performance ▪ COO: 60% of fixed remuneration for target performance; 90% of fixed remuneration for maximum performance ▪ SEs: 35% of fixed remuneration for target performance; 52.5% of fixed remuneration for maximum performance <u>Three-Year Performance Targets:</u> ▪ Cumulative Reported EBITDA ▪ Order Intake US Business ▪ Three-year average Return on Invested Capital ▪ ESG targets (Gender diversity, Gender pay gap, Energy Efficiency and Employee training) The plan includes a clawback clause.

Benefits <i>Non-monetary benefits in addition to those provided under the applicable contract defined in accordance with market practices</i>	They include supplementary pensions, insurance coverage, mixed-use car, lodging.
Remuneration in the event of early termination of employment	▪ Chief Executive Officer/General Manager: with regard to benefits in the case of termination of employment contract by the Company for any reason other than just cause, an all-inclusive gross amount will be recognised equal to two years of the sum of fixed remuneration and the short-term variable bonus (calculated as 100% of fixed remuneration). This amount is inclusive of mandatory contractual provisions relating to notice⁴ ▪ SE: The provisions of the national contract for industry Executives apply. The Company may define remuneration in advance in the event of termination of employment, but the remuneration for early termination of employment may correspond to no more than two years' payment of the sum of fixed remuneration and short-term variable bonus, including mandatory contractual provisions relating to notice.
Non-competition agreement	▪ A 12-month non-competition agreement is in place for the Chief Executive Officer/General Manager, which provides for payment of 50% of fixed remuneration. ▪ The Company reserves the right to enter into non-competition agreements involving specific roles with strategic knowledge, in compliance with statutory provisions and limitations of a maximum duration of 12 months which envisages payment equal to 50% of fixed remuneration (without prejudice to previous individual agreements already entered into).

Pay-mix of the Chief Executive Officer/General Manager and Senior Executives

Consistent with the general principles of this Policy, the remuneration structure ("pay-mix") for the Chief Executive Officer/General Manager and Senior Executives is defined in accordance with the pursuit of the sustainable success of the Company.

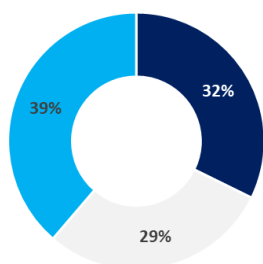
On March 12, 2026, the Board of Directors, upon the proposal of the Appointments and Remuneration Committee, proposed to identify the fixed remuneration for the Chief Executive Officer/General Manager as Euro 575,000. This determination considered the skills profile, the professional experience of the appointee, including in international contexts, the scope of the delegated powers conferred, and the remuneration benchmarks; it may also be re-assessed in the short/medium term in line with the company's positioning against the panel of benchmark companies.

The make-up of the remuneration package of the Chief Executive Officer/General Manager and the Senior Executives, in the case of achieving the target and maximum performance levels, is as follows:

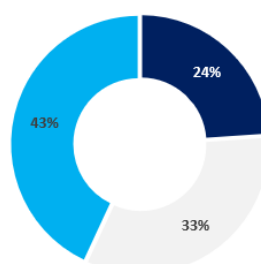
⁴ As of the date of publication of this report, the number of months' pay provided by the national collective bargaining agreements for notice equals 10.

Chief Executive Officer/General Manager

Pay-mix - performance target

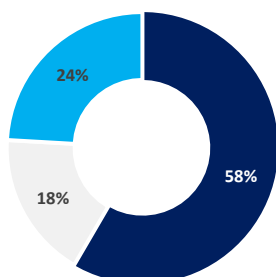


Pay-mix - maximum performance

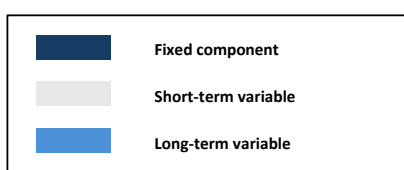
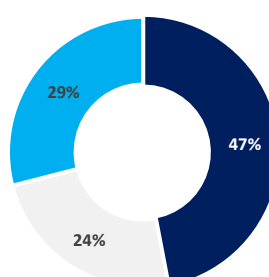


Senior Executives

Pay-mix - performance target



Pay-mix - maximum performance

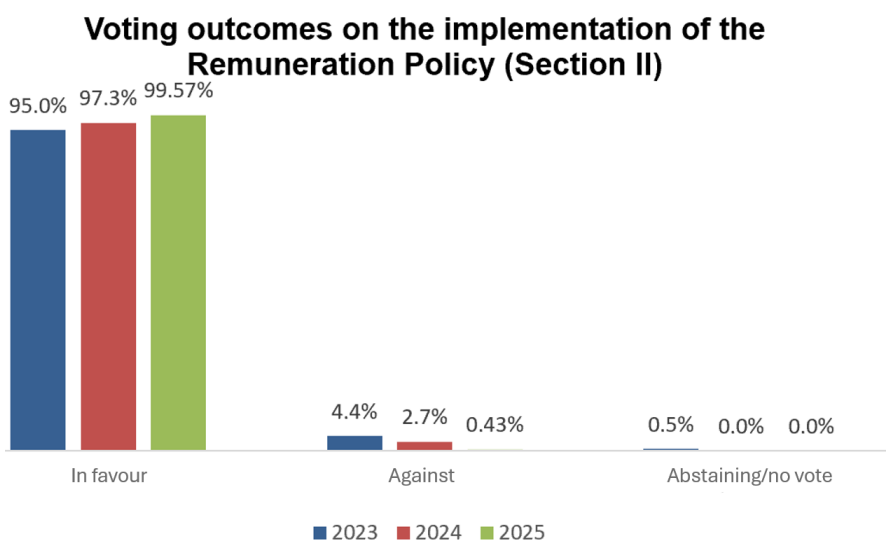
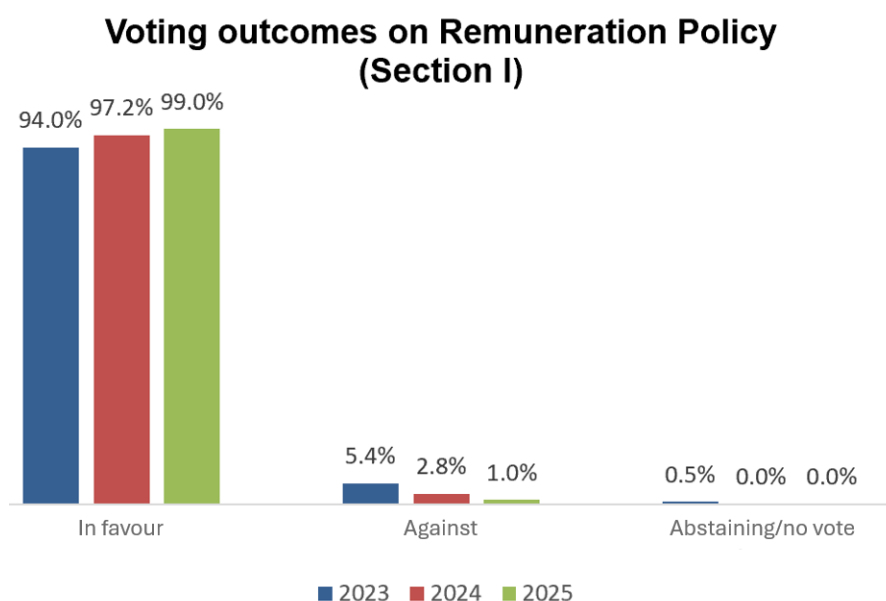


Engagement activities and results of voting on 2025 Policies

Avio considers it fundamental to build and maintain open, ongoing dialogue with shareholders and stakeholders. In 2025 and early 2026, Avio continued its engagement activities with the objective of constantly improving and aligning itself with market best practices.

These engagement activities and the results of votes expressed by shareholders are elements that have been taken into strong consideration in the definition of the 2026 Remuneration Policy.

The 2025 Shareholders' Meeting cast a binding vote on Section I of the Report, expressing **99%** favourable votes of the total votes cast, and an advisory vote on Section II of the Report, expressing **99%** favourable votes of the total votes cast. The following graphs show the voting trends with regard to Section I and Section II of the Remuneration Policy Report over the 2023-2025 period.



SECTION I

The Remuneration Policy defines the principles and guidelines adopted by Avio for the remuneration of the members of the Board of Directors and Senior Executives. The Remuneration Policy was approved by the Board of Directors on March 12, 2026, with the favourable opinion of the Appointments and Remuneration Committee. As resolved, the Remuneration Policy will be updated on an annual basis.

1. GOVERNANCE - PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

1.1. Parties involved in the preparation, approval and any revision, as well as implementation of the Remuneration Policy

The principal parties and boards involved in the preparation, approval and any revision of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Appointments and Remuneration Committee and the Board of Statutory Auditors. The Board of Directors, the Board of Statutory Auditors and the Appointments and Remuneration Committee are also responsible for the correct implementation of the Remuneration Policy and oversee its correct implementation. A brief description of the duties, which in accordance with the applicable regulation and the company By-Laws are required of these Boards with regards to the remuneration of the Directors, is provided below.

Shareholders' Meeting

The Shareholders' Meeting:

- (i) establishes the total remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- (ii) resolves, with a binding vote, as regards Section I of the Report, in accordance with Article 123-ter, paragraph 3-ter of the CFA;
- (iii) resolves, with a non-binding vote, as regards Section II of the Report, in accordance with Article 123-ter, paragraph 6 of the CFA;
- (iv) establishes any share-based remuneration plans or other financial instruments for Directors, employees or collaborators, including Senior Executives, where existing, in accordance with Article 114-bis of the CFA.

Board of Directors

The Board of Directors:

- (i) establishes internally an Appointments and Remuneration Committee;
- (ii) establishes the remuneration of the Executive Directors on the proposal of the Appointments and Remuneration Committee (and, where established, of the Related Parties Committee), with prior opinion from the Board of Statutory Auditors, within any remuneration established by the Shareholders' Meeting in accordance with Article 2389, paragraph 3 of the Civil Code and breaks down the fixed annual remuneration for execution of office, established in totality by the Shareholders' Meeting for Non-Executive Directors, as set out by Article 15 of the By-Laws;
- (iii) defines and reviews, on the proposal of the Appointments and Remuneration Committee, the Remuneration Policy;
- (iv) approves the Report in accordance with Articles 123-ter of the CFA and 84-quater of the Issuers' Regulation;

- (v) prepares any remuneration plans based on shares or other financial instruments for Directors, employees and collaborators, including Senior Executives, where existing, submitting such for the approval of the Shareholders' Meeting in accordance with Article 114-*bis* of the CFA and oversees their implementation.

Appointments and Remuneration Committee

The Committee provides consultation and proposals, and in terms of remuneration:

- a. assists the Board of Directors in developing and revising the Remuneration Policy;
- b. periodically evaluates the adequacy, the overall consistency and the concrete application of the remuneration policy of Directors and Senior Executives of the Company, utilising for this latter the information provided by the Chief Executive Officer/ General Manager and draws up for the Board of Directors related proposals;
- c. presents proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other senior Directors in office, as well as establishing the performance targets related to the variable component of this remuneration and monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance targets;
- d. reviews in advance the annual remuneration report to be made available to the public as per the applicable regulation;
- e. reports to the Shareholders' Meeting called to approve the financial statements - through the Chairperson of the Committee or another member appointed by the latter - upon the means to perform their duties, with respect to remuneration-related tasks attributed to the Committee.

The Committee is also assigned, with respect to remuneration issues alone, the duties allocated to the committee responsible for related party transactions as per the Related Party Transactions Policy adopted by the company. For significant related party transactions, where the Committee does not include at least three Independent Directors, the controls at Article 14 of the stated Policy apply.

This committee guarantees the broadest scope of information and transparency on the remuneration of the Executive Directors, as well as the manner for determining their remuneration. In any case, as per Article 2389, paragraph 3 of the Civil Code, the Committee has solely the function of presenting proposals, while the power of determining the remuneration of Executive Directors remains with the Board of Directors, having consulted with the Board of Statutory Auditors and in any case with the abstention of the interested Directors regarding decisions upon their own remuneration.

At the date of approval of this Report, the Committee consists of three Non-Executive Directors, of whom two were independently appointed by Board of Directors' resolution of April 9, 2023, namely:

- Donatella Isaia - Independent (Chairperson);
- Giovanni Soccodato;
- Raffaele Capiello - Independent.

At the time of their appointment, the Board of Directors positively assessed the Independent Directors Raffaele Capiello and Donatella Isaia as having adequate knowledge and expertise in financial matters and experience in the field of remuneration policies. The assessment of independence and professionalism requirements is also carried out annually.

The composition, tasks and procedures of the Committee are governed by the Corporate Governance Code and the regulation adopted by the Committee.

The meetings of the Committee are chaired by the Chairperson or, in his/her absence or impediment, the eldest

member of the Committee. The meetings are held as a collective and are appropriately minuted.

Directors do not take part in Committee meetings concerning proposals on their remuneration to the Board of Directors.

Meetings of the Committee are attended by the Chairperson of the Board of Statutory Auditors and its members and, on invitation, by representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue.

Where considered necessary or beneficial for the execution of its duties, the Committee may utilise external remuneration policy consultants. During FY 2025 and up to the date of this Report, the Committee met 15 times (10 in FY2025 and five in FY 2026 up to the date of this Report). The meeting attendance of Committee members at the meetings held in the 2025 financial year is reported in the table at the bottom of Section 4.2.1 of the Corporate Governance and Ownership Structure Report, available on the company website *internet* www.avio.com, Section “Investors – Shareholders’ Meeting 28 April 2026”.

The Chairperson of the Board of Statutory Auditors, the Chief Executive Officer/General Manager, the Human Resources Director and collaborators, the General Counsel, the Legal Department collaborators, in addition to consultants supporting the Company on specific projects reviewed by the Committee, usually attended the Committee meetings, on its invitation. The Chief Executive Officer/General Manager did not take part in the Committee’s discussions concerning decisions upon his remuneration or which would put him in a conflict of interest situation.

In 2025 and, in any event, up to the date of this Report, the Committee's activities were primarily concerned with:

- the assessment and the monitoring of the adequacy, overall consistency and concrete application of the remuneration policy for Directors and Senior Executives, with reference to 2025;
- as regards the annual incentive system, assessment of the degree of annual performance target achievement for 2025 and the setting of the targets for 2026 for the Chief Executive Officer/General Manager and the Senior Executives;
- as regards the long-term stock incentive system, the definition of performance targets for the 2025-2027 grant cycle;
- the drawing up of the proposal to the Board with regards to the 2026 Remuneration Policy;
- the identification of the scope of Senior Executives; the final accounting for short-term variable remuneration for 2025;
- the final accounting of long-term variable remuneration for the three-year period 2023-2025;
- the proposal regarding the long-term incentive plan of the Chief Executive Officer/General Manager and Senior Executives for the period 2026-2028;

Executive Director

The Executive Director delegated for the purpose is responsible for:

- providing the Committee, with the support of the Group Human Resources Department, with any useful information for this latter to assess the adequacy and concrete implementation of the Policy, with specific regard to the remuneration of Senior Executives;
- submitting to the Committee the draft share-based incentive plans, stock option plans, stock ownership plans and incentive and loyalty plans established for the management of Group companies or, where appropriate, assists the Committee in drafting such, also with the support of the Group Human Resources Department;

- implementing the Remuneration Policy of the Company in accordance with this document.

Board of Statutory Auditors

The Board of Statutory Auditors expresses an opinion upon the remuneration proposals of the Executive Directors, in accordance with Article 2389, paragraph 3 of the Civil Code, verifying the consistency of such with the Remuneration Policy adopted by the Company.

Independent Audit Firm

The independent audit firm of Avio verifies that the Directors have prepared the second section of the Report, as required by Article 123-ter, paragraph 8-bis of the CFA.

2. MARKET PRACTICES AND INDEPENDENT EXPERTS INVOLVED IN PREPARING THE REMUNERATION POLICY

Avio regularly monitors Italian and international market practices, with particular attention to the practices of the Space & Defence sector, also through the implementation of specific analyses in order to verify the consistency of its remuneration policy.

In preparing the remuneration policy, the Company was assisted by the independent experts WTW, a leading consultancy firm in human resources development and organisation, for the preparation of salary benchmarks and as an advisor in the definition of the 2026 Policies.

3. REMUNERATION POLICY

3.1. TARGETS AND PRINCIPLES OF THE REMUNERATION POLICY

Avio's Remuneration Policy is based on the following key principles and is defined according to the following criteria:

- this policy seeks to attract, retain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, through a remuneration structure which recognises the value of the individual and their contribution to company growth.
- the link with the Company's performance and strategy: the remuneration recognises the achievement of individual and corporate performance targets, referring to quantitative economic-financial indicators consistent with the targets set by the Company's industrial, business and sustainability plan. Targets are set and measurable, and rewards are attributed according to the level of performance achieved.
- the alignment of the interests of Company management with the pursuit of the target to create value for the shareholders and stakeholders of Avio over the long-term through an appropriately balanced system of fixed and variable components, on the basis of the strategic targets and the risk management policy of the Company, and the setting of limits for the variable components which also reward results which exceed the assigned targets, the integration of targets with the sustainability strategy of the Company.

3.2. REMUNERATION AND WORKING CONDITIONS OF EMPLOYEES

Avio's Remuneration Policy contributes to the attainment of the Company's mission, values and strategies, taking into account the remuneration and conditions of Group employees, through:

- a fair and inclusive approach to all Company employees, to promote equal opportunities and recognise skills;
- a reward system that recognises individual contributions and the responsibilities of the role covered, and takes into account market benchmarks, in line with the "weighting" of positions within the organisation;
- a structured remuneration package that takes into account employees' needs and the annual remuneration benchmarks prepared by the Company.
- initiatives to support employees' purchasing power.

During 2025, the Avio People Caring initiative continued, the well-being agenda dedicated to all employees and based on four key pillars: Physical, Emotional, Financial and Social. The initiative is aimed at ensuring well-being in the company by encouraging employee creativity and productivity through a series of activities to improve daily life.

On February 21, 2025, the Company obtained the Certification on Gender Equality, confirming Avio's ongoing commitment to enhancing and promoting equal opportunities in all aspects of labour relations.

3.3. OUTLINE OF THE REMUNERATION POLICY

The Remuneration Policy provides that the fixed and variable components (this latter in turn split between short and medium/long-term) are established on the basis of principles and processes according to the beneficiary category.

The Company in any case considered it appropriate to create a remuneration system based on the Executive/managerial responsibilities of the parties concerned and therefore independently set the criteria for determining the remuneration of:

- (i) Directors, and more specifically:

- (a) Non-Executive Directors;
- (b) Executive Director;
- (ii) Board of Statutory Auditors;
- (iii) Senior Executives.

Avio's perimeter of Senior Executive includes four Executives, namely the Chief Financial Officer, the Chief Operating Officer, the Director of Engineering, and the Programme Director.

(i) DIRECTORS

All Directors receive a fixed remuneration which appropriately compensates the work and commitment they provide to the Company.

On April 28, 2023, the Ordinary Shareholders' Meeting resolved to award each Director, for the years 2023-2025, a gross annual remuneration of Euro 40,000 and a gross annual remuneration of Euro 130,000 to the Chairperson of the Board of Directors, in line with market practices referring to the company size and complexity highlighted in 2023.

On May 9, 2023, the Board of Directors also resolved to award the members of the internal Board Committees the following fees, in line with market practices, for the 2023-2025 mandate:

- (i) to the members of the Control and Risks Committee, a gross annual fee for the Chairperson of Euro 30,000
- (ii) and for the other members of Euro 15,000 each;
- (iii) to the members of the Appointments and Remuneration Committee and the Sustainability Committee - a gross annual fee for the Chairperson of Euro 25,000 each and for the other members of Euro 10,000 each.

Within the scope of its prerogatives, the 2026 Shareholders' Meeting will decide on the remuneration of the administrative body for the 2026-2028 term of office, pursuant to Article 2389, paragraph 1. Upon the proposal of the Committee in charge of remuneration, having heard the opinion of the Board of Statutory Auditors, and in compliance with the regulations on related party transactions, the Board of Directors to take office after the 2026 Shareholders' Meeting will deliberate, to the extent within its remit, on remuneration pursuant to Article 2389, paragraph 3 of the Civil Code, subject to compliance with the guidelines of this Policy, prepared in accordance with market best practices for companies comparable to Avio and with the Company's strategic and long-term objectives.

(a) NON-EXECUTIVE DIRECTORS

The Non-Executive Directors (whether independent or not) are granted a fixed remuneration, the overall amount of which is established by the Shareholders' Meeting, allocated on an individual basis by the Board of Directors pursuant to Article 2389 of the Civil Code.

The remuneration of these Directors is commensurate with the commitment required, also in relation to participation on internal Board Committees, for which specific remuneration is allocated. Notwithstanding the foregoing, in addition to the fixed components, the Company may provide for the future adoption of a Plan based on equity instruments, subject to the publication of a special Prospectus pursuant to Articles 114-*bis* of the CFA and 84-*bis* of the Issuers' Regulation, ensuring in all cases compliance with the provisions of applicable regulations, self-regulation and best practices.

Notwithstanding the foregoing, at its meeting of March 12, 2026, upon the proposal of the Appointments and Remuneration Committee, having heard the opinion of the Board of Statutory Auditors and in view of the renewal of the Board of Directors, the Board of Directors currently in office resolved to invite the Shareholders to formulate a proposal to revise the remuneration pursuant to Article 2389 paragraph 1, setting them at Euro 225,000 for the Chairperson of the Board of Directors and Euro 55,000 for each Director. This remuneration is

above the median (Euro 189,000 for the Chairperson and Euro 41,000 for the Directors) but below the third quartile (Euro 267,000 for the Chairperson and Euro 63,000 for the Directors) of the benchmark carried out on a sample of companies belonging to the same stock market segment as Avio, i.e. the FTSE Italia Mid Cap, which comprises the second 60 stocks in terms of capitalisation on the Italian Stock Exchange. The level thus determined is deemed appropriate to ensure the availability of functional skills and commitment to the Company's management needs and characteristics considering the Company's increased business complexity, increased international exposure, and the need for additional and more sophisticated skills, as already expressed in the guidance opinion.

The Board of Directors to take office after the Shareholders' Meeting of April 28, 2026 will also resolve on the establishment of the internal Board committees; upon the proposal of the Committee in charge of remuneration and having consulted the Board of Statutory Auditors, it will also establish the fees for participation in the internal Board committees, in compliance with the guidelines of this Policy.

In accordance with the recommendations of the Corporate Governance Code, the Board of Directors to take office following the Shareholders' Meeting of April 28, 2026 will, at its first meeting, establish among its members a number of committees with investigative, propositional, and advisory functions, such as, indicatively, the Control and Risks Committee and the Appointments and Remuneration Committee.

Following the establishment of these committees and the appointment of their members, the Board of Directors, upon the proposal of the newly established Committee in charge of remuneration, having consulted the Board of Statutory Auditors and in compliance with the regulations on related party transactions, will deliberate on the additional remuneration to be awarded to the members of these committees.

This remuneration will be determined in full compliance with the principles and guidelines set forth in this Remuneration Policy and will take into account the following factors:

- **Commitment Required:** The number of meetings scheduled and the complexity of the subjects covered by each committee.
- **Skills and Experience:** The specific professionalism required of members of the various committees.
- **Market Practices:** Remuneration for committee membership in companies comparable by industry and size, including with reference to national and international benchmarks, as recommended by the Corporate Governance Code

(b) EXECUTIVE DIRECTORS

The remuneration of the Executive Director (Chief Executive Officer/General Manager) is adequately balanced between short-term development targets and the sustainable creation of value for Shareholders over the long-term period.

Specifically, the Executive Director's remuneration structure is made up of:

- a fixed component: this component takes into account the breadth and strategic relevance of the role played and the distinctive subjective characteristics and strategic skills of the managers assigned to the role. The amount is sufficient to remunerate the service also in the case of the partial reaching of the performance targets upon which the variable remuneration component is based, and therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propensity of the company. More specifically, the fixed component is calculated according to the size of the business managed, the various areas of responsibility covered, Avio Group's complex corporate structure, including internationally, also taking account of market practice taken from benchmarks.
- a short-term variable component: the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Avio Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors, upon proposal by the Appointments and Remuneration Committee. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning parameters, as described below.

This Policy establishes the following parameters for quantifying the annual variable component for the position of Chief Executive Officer/General Manager:

- **Target value:** The value of the component, where the targets are fully achieved, is set at an amount equal to **90% of fixed remuneration**.
- **Maximum Value (Cap):** The maximum value payable, in the event of over-performance, may not exceed **138% of fixed remuneration**.

The payment of purely discretionary bonuses is not envisaged.

- a long-term variable component: this component seeks to incentivise Executive Directors to maximise the value of the Group and to align their interests with those of the shareholders. The payment of this remuneration will be deferred to the conclusion of a three-year timeframe, subject to the achievement of the performance conditions (as per the following paragraphs) measured over a multi-year period.
The long-term incentive plan, the principles of which are defined in this Policy, includes the following remuneration parameters:

- **For the Chief Executive Officer/General Manager:** the value of the target bonus is set at **120% of fixed remuneration**, with a maximum value (cap) payable equal to **180%** thereof.
- fringe benefits: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations. In particular, the Executive Director of Avio, in addition to the benefits under the Industry Executives Collective Bargaining Agreement, is assigned three company cars and supplementary life and total and permanent invalidity accident insurance.

For a description of the short-term variable component and of the long term component of the remuneration of the Chief Executive Officer/General Manager, reference should be made to Paragraph 3.4.

On March 12, 2026, following a proposal by the Appointments and Remuneration Committee, in view of the upcoming renewal of the corporate bodies, the Board of Directors considered the proposal to review the overall remuneration package for the Chief Executive Officer/General Manager, in view of the benchmarking analysis carried out with the help of an independent advisor and based on a new panel of companies comparable in sector and size, and the need to ensure an attractive remuneration offer in a particularly competitive environment, aligning it with the first quartile of the panel⁵, as follows:

- fixed remuneration: increase to Euro 575,000 from Euro 500,000 as provided under the previous mandate; this value may also be reassessed in the short/medium term in line with the company's positioning against the panel of benchmark companies;
- short-term variable component: the value of the target incentive as a percentage of fixed remuneration is set at 90%;
- long-term monetary variable component: the value of the target allocation as a percentage of fixed remuneration remains unchanged from the value established in the previous year, at 120%;
- Overall total target remuneration ranks below the top quartile of the new benchmark market panel of firms.

Notwithstanding the foregoing, in addition to the fixed and variable components for the Chief Executive Officer/General Manager, the Company may provide, in compliance with the statutory procedures and applicable regulations, for the possibility of participation in equity incentive instruments where approved by the Shareholders' Meeting, subject to the publication of an appropriate Prospectus.

(ii) BOARD OF STATUTORY AUDITORS

⁵ As part of the Committee's investigative functions, the benchmark analysis highlighted that the remuneration paid to the Chief Executive Officer/General Manager in 2025 was lower than the median of the companies included in the Peer Group.

All the members of the Board of Statutory Auditors receive a fixed remuneration which appropriately compensates the work and commitment provided by the Statutory Auditors to the Company.

The Shareholders' Meeting held on April 28, 2023 resolved, for the 2023-2025 three-year period, to grant to the Chairperson of the Board of Statutory Auditors a remuneration of Euro 55,000 per year and to the Statutory Auditors a remuneration of Euro 38,000 per year, in line with the practices of the listed companies of the STAR segment with levels of capitalisation comparable to Avio.

On April 28, 2026, the Shareholders' Meeting will be called to appoint the Board of Statutory Auditors for the financial years 2026-2028, establishing upon appointment the corresponding remuneration. Taking into account the changed complexity of Avio's business and the commitment required of the Control Board, the Board of Directors in office as of today's meeting on March 12, 2026 resolved to invite the Shareholders to formulate a proposal to revise the remuneration to the third quartile of the benchmark carried out on a sample of companies belonging to the same stock market segment as Avio, i.e. the FTSE Italia Mid Cap, which comprises the second 60 stocks in terms of capitalisation on the Italian Stock Exchange. The results of the benchmarking thus lead to the proposal of remuneration of Euro 65,000 for the Chairperson of the Board of Statutory Auditors and Euro 45,000 each for the two Statutory Auditors.

(iii) SENIOR EXECUTIVES

The remuneration of Senior Executives is structured so as to focus management on company results and the creation of value.

The remuneration of Senior Executives is composed of:

- a fixed component: this component takes into account the breadth and strategic relevance of the role played⁶ and the distinctive subjective characteristics and strategic skills of the beneficiary, in addition to market practice for comparable positions. The amount is sufficient to remunerate the service also in the case of the non-reaching of the performance targets upon which the variable remuneration component is based;
- a short-term variable component: the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Avio Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors, upon proposal by the Appointments and Remuneration Committee. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning parameters. Each Executive is also assigned individual targets specifically related to specific areas of responsibility, measured according to predominantly quantitative, financial and earnings indicators, or operating indicators. In determining the short-term variable component, the achievement of business results and individual/area/function results are therefore combined.

The value of the annual variable component for Avio Senior Executives is 30% of the fixed remuneration on achievement of targets, with a maximum amount (capped) of 50% of the fixed remuneration. No forms of discretionary variable remuneration are envisaged.

- a long-term variable monetary component: this component seeks to incentivise Senior Executives to operate with the aim of maximising the value of the Group and aligning their interests with those of the shareholders. The payment of this remuneration will be deferred to the conclusion of a three-year timeframe, subject to the achievement of the performance conditions measured over a multi-year period.

⁶ Any fees from participation as a Director of a subsidiary or investee company may be subject to the criterion of reversibility or waiver.

For Senior Executives, excluding the COO - for whom a target bonus of 60% and a maximum of 90% is provided - the value of the target bonus, subject to approval by the Shareholders' Meeting, is 35% of fixed remuneration, with a maximum value of 52.5%.

- *fringe benefits*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations. In particular, the Senior Executives of Avio, in addition to the benefits under the Industry Executives Collective Bargaining Agreement, are assigned a company car and/or accommodation and supplementary life and total and permanent invalidity accident insurance.

For the description of the short-term variable component and the long-term variable component for Senior Executives, reference should be made to Paragraph 3.4.

Notwithstanding the foregoing, in addition to the fixed and variable components for SEs, the Company may provide for the future introduction of a Plan based on equity instruments, subject to the publication of a special Prospectus pursuant to Articles 114-*bis* of the CFA and 84-*bis* of the Issuers' Regulation.

3.4. VARIABLE REMUNERATION COMPONENT

The variable remuneration system of Avio includes a short-term variable component and a medium/long-term variable component.

3.4.1 SHORT-TERM VARIABLE COMPONENT

The annual incentive system provides for the payment of a monetary bonus on the reaching of the pre-set annual targets. This system is reviewed every year by the Appointments and Remuneration Committee, which proposes to the Board of Directors the targets for the Chief Executive Officer/General Manager and the Senior Executives, identifying the metrics.

The beneficiaries of the system are, in addition to the Chief Executive Officer/General Manager and the Senior Executives, Avio's managers and professionals.

The value of the target bonus is based also on the level of responsibility of the role, according to pre-set "brackets"; each beneficiary, depending on their bracket, is assigned a variable target bonus expressed as a percentage of the fixed remuneration on achieving the pre-set targets; a maximum amount is established where the targets are exceeded.

The right to receive the variable bonus is conditional upon achieving a minimum performance threshold with respect to the Group's predetermined economic and financial objectives, measured in terms of Adjusted EBITDA and Net Financial Position.

The choice of the two economic-financial indicators allows for a balanced reflection of the Company's economic and financial performance, in line with the practices of the benchmark. Specifically, the Adjusted EBITDA expresses the capacity to generate profits independently of any non-recurring effects attributable to a single year; the Net Financial Position expresses the ability to maintain the net cash position within the value pre-set for the reference year.

For the **Chief Executive Officer/General Manager**, the bonus is exclusively linked to company objectives in terms of *Adjusted EBITDA* and *Net Financial Position*, establishing:

- a **minimum performance** level (threshold⁷), on reaching which **48% of fixed remuneration** is paid; no bonus is paid below the threshold level. The minimum is 85% of the target value for Group Adjusted EBITDA and 85% for the Group Net Financial Position parameter;
- a **target performance** level, on the achievement of which the *target* bonus of **90% of the fixed remuneration** is recognised;
- a **maximum performance level**, on achievement of which the maximum value of the relative bonus,

⁷ Specifically, the performance target for the Adjusted EBITDA is defined in line with that disclosed to investors on March 12, 2026, on the occasion of the presentation of the 2025 financial results, and with the guidance for 2026.

equal to **138% of the fixed remuneration (cap)**, is recognised. The maximum performance level is 115% of the target value for Group Adjusted EBITDA and 115% for the Group Net Financial Position parameter.

The following table shows the **link between targets and the bonus** for achieving the minimum, target and maximum targets for the Chief Executive Officer/General Manager (the value of the bonus is expressed as a % of fixed remuneration).

Target	Description	Weighting	Performance scenarios		Bonus (% GAR)
Adjusted EBITDA	Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortisation) is a measure of the Company's profitability that is not affected by non-recurring items	50%	Minimum	<i>Budget target – 15%</i>	48%
			Target	<i>Budget target</i>	90%
			Maximum	<i>Budget target + 15%</i>	138%
Net Financial Position	The indicator meets the need to measure management's ability to maintain a level of liquidity adequate for current operations during the reporting period	50%	Minimum	<i>Budget target -15%</i>	48%
			Target	<i>Budget target</i>	90%
			Maximum	<i>Budget target +15%</i>	138%

Given the confidential nature of the economic and financial targets, it is not possible to provide a greater level of detail of individual ex-ante parameters. Various economic and financial performance targets, and their minimum and maximum ranges, are, however, subject to market disclosure, and can be found in the related press releases. Upon the proposal of the Appointments and Remuneration Committee, the Board of Directors may revise the minimum threshold of the Adjusted EBITDA parameter when finalising results, taking into account the possible negative impacts - which are currently difficult to determine - caused by increased energy costs as a result of war and geopolitical tensions.

Section II of the Report provides a detailed summary of the results achieved.

For **Senior Executives**, the bonus is linked for 50% to company objectives (Adjusted EBITDA, Net Financial Position) and for 50% to individual objectives: between four and five specific management objectives, linked to economic-financial indicators or annual operating indicators. In determining the overall individual performance, each target is assigned a differing weight.

The **annual target** for the theoretical bonus for Senior Executives is **30% of the fixed remuneration on achieving the target targets**; the maximum amount (capped) is **50%** while the **minimum** amount is **8%** (corresponding to the individual and corporate threshold value below which no bonus is earned).

The following table shows the **link between targets and the bonus** expected upon achievement of the minimum target, target, maximum for Senior Executives (the value of the bonus is expressed as a percentage of fixed remuneration) for 2026:

Target	Description	Weighting	Performance scenarios		Bonus (% GAR)
Adjusted EBITDA	Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortisation) is a measure of the Company's profitability that is not affected by non-recurring items	25%	Minimum	<i>Budget target – 15%</i>	8%
			Target	<i>Budget target</i>	30%
			Maximum	<i>Budget target + 15%</i>	50%
Net Financial Position	The indicator meets the need to measure management's ability to maintain a level of liquidity adequate for current operations during the reporting period	25%	Minimum	<i>Budget target – 15%</i>	8%
			Target	<i>Budget target</i>	30%
			Maximum	<i>Budget target + 15%</i>	50%
Specific function targets	Quantitative targets linked to economic-financial (e.g. costs) and/or operational and/or project indicators (e.g. project milestones). There are two or three targets that fall into this category.	40%	Minimum		8%
			Target		30%
			Maximum		50%
Individual objectives	Qualitative targets, e.g. assessment of managerial qualities, team management.	10%	Minimum		8%
			Target		30%
			Maximum		50%

In the event of failure to achieve the economic-financial targets, no bonuses are paid, not even for the part relating to the specific function or individual targets.

Upon the proposal of the Appointments and Remuneration Committee, the Board of Directors may revise the minimum threshold of the Adjusted EBITDA parameter when finalising results, taking into account the possible negative impacts - which are currently difficult to determine - caused by increased energy costs as a result of war and geopolitical tensions.

3.4.2 MEDIUM/LONG-TERM VARIABLE COMPONENT

2026-2028 Incentive plan

On March 12, 2026, the Board of Directors approved, upon the proposal of the Appointments and Remuneration Committee, the new Incentive Plan for the period 2026-2028 (the "**Plan**"), whose beneficiaries are the Chief Executive Officer/General Manager, COO, Senior Executives and other Managers with strategic roles within the Company.

The Plan provides for the payment of a monetary bonus at the end of a three-year performance period, based on the degree of achievement of predetermined targets. The choice of a cash plan was also made considering the fact that Avio's top management is already directly involved in business risk through their participation in the capital of Avio, held through the investment vehicle In Orbit S.p.A., which currently represents about 1% of the share capital.

The long-term incentive plan is linked to three three-year cumulative economic and financial performance indicators of the business plan and to ESG indicators: the economic and financial indicators are the three-year cumulative Reported EBITDA, the Return on Invested Capital⁸ and the Order Intake of the US Business⁹; there are

⁸ Defined as the Reported EBIT/Net Invested Capital.

⁹ Defined as order intake over the three-year period 2025-27 ("firm order backlog") as well as commitments with customers or long-term strategic agreements to produce a guaranteed minimum volume subsequent to the three-year period 2025-27 ("soft order backlog"), considering that buildings and production facilities may be built subsequent to the three-year period 2025-27.

four ESG indicators, as indicated below: (i) Gender diversity¹⁰; (ii) Gender pay gap¹¹; (iii) Energy Efficiency¹²; (iv) Employee Training¹³.

The economic and financial indicators weigh 80% overall and ESG metrics weigh 20% (5% for each of the four indicators).

The Plan's beneficiaries will be identified at a later date and will be subject to Shareholders' Meeting approval. They will include the Chief Executive Officer/General Manager and Senior Executives, and Managers with strategic impact roles for Avio identified by the Board of Directors.

With regard to the financial performance levels linked to the indicators outlined, it was decided to utilise the three-year target values of the Business Plan for 2035, already communicated to the market in September 2025. For ESG metrics, reference is made to the performance levels decided by the Board of Directors; performance targets for the Employee Training indicator are defined as a three-year average value; for the indicators Gender Diversity, Gender Pay Gap, and Energy Efficiency, the data at the end of the last year of the three-year performance period is considered.

For each of the selected indicators, there is:

- a **minimum performance** level (threshold) of 75% of the target value for the cumulative three-year Reported EBITDA, 50% for the Order Intake US Business, 70% for the average three-year Return on Invested Capital, 94.1% for Gender Diversity, 99% for the Gender Pay Gap, 83.3% for Energy Efficiency and 91.9% for Employee Training; no bonus is recognised below the threshold level;
- a **target performance** level, on the achievement of which the target bonus is recognised for each of the two indicators considered;
- a **maximum performance** level, equal to 125% of the target value for the cumulative three-year Reported EBITDA, 150% for the Order Intake US Business, 130% for the average three-year Return on Invested Capital, 105.9% for Gender Diversity, 102% for the Gender Pay Gap, 116.7% for Energy Efficiency and 108.3% for Employee Training, on achievement of which the maximum relative bonus value (capped) is recognised.

On achieving the intermediary performance levels, the bonus value is calculated for the linear interpolation. The performance levels are in line with that established by the Group's Business Plan. Therefore, the value of the bonus for the 2026 allocation is:

- For the Chief Executive Officer/General Manager at 120% of fixed remuneration for target results, 180% in the event of maximum performance, 60% in the event of minimum performance;
- For the COO at 60% of fixed remuneration for target results, 90% in the event of maximum performance, 30% in the event of minimum performance;
- For Senior Executives at 35% of fixed remuneration for target results, 52.5% in the event of maximum performance, 17.5% in the event of minimum performance.

¹⁰ Defined as the ratio between the number of female employees and total employees at the end of the reporting period.

¹¹ Defined as the ratio between the remuneration of female employees and male employees at the same grade at the end of the reporting period.

¹² Defined as the ratio of electricity consumption in the industrial scope, expressed in kWh, to labour hours.

¹³ Defined as the annual average number of training hours provided over the three-year reference period.

The following table shows the link between targets and the bonus for the achievement of the minimum, target and maximum target for the Chief Executive Officer/General Manager for each of the indicators set, each valid independently of the others, with reference to its relative weight:

Indicator	Description	Weighting	Performance scenarios		Bonus vs target
Cumulative three-year Reported EBITDA	Reported EBITDA (Earnings before interest, taxes, depreciation, and amortisation) allows for a measurement of medium term profitability that does not take into account non-recurring components	35%	Minimum	<i>Budget target - 25%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target + 25%</i>	180%
Order Intake US Business	Defined as order intake over the three-year period 2025-27 ("firm order backlog") as well as commitments with customers or long-term strategic agreements to produce a guaranteed minimum volume subsequent to the three-year period 2025-27 ("soft order backlog"), considering that buildings and production facilities may be built subsequent to the three-year period 2025-27.	20%	Minimum	<i>Budget target - 50%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +50%</i>	180%
Average Return on Invested Capital	Defined as the Reported EBIT/Net Invested Capital	25%	Minimum	<i>Budget target – 30%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +30%</i>	180%
ESG Indicators	Gender diversity: the ratio of female employees to total employees	5%	Minimum	<i>Budget target – 5.9%¹⁴</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +5.9%</i>	180%
	Gender pay gap¹⁵: the ratio between the remuneration of female employees and male employees at the same grade	5%	Minimum	<i>Budget target – 1%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target + 1%</i>	180%
	Energy efficiency ratio of kWh of electricity to labour hours	5%	Minimum	<i>Budget target –16.7%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +16.7%</i>	180%
	Employee training: average total training hours/year provided (in the three-year reference period)	5%	Minimum	<i>Budget target – 8.1%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target + 8.1%</i>	180%

Given the confidential nature of the long-term economic and financial targets, it is not possible to provide more in-depth ex-ante details. However, in its disclosures to the market, the company regularly provides qualitative indications on its multi-year outlook (which is largely in line with the Company's order book). Furthermore, Section II of the Report provides a detailed summary of the results achieved.

3.4.3 CLAWBACK

Avio's incentive plans - both short- and long-term - include a clawback clause which permits the recovery of amounts issued on the basis of manifestly erroneous or false data in the 5 years subsequent to issue.

¹⁴ The Gender diversity target requires the achievement of a minimum value for each plan year, failing which the target is considered not achieved.

¹⁵ The minimum and maximum performance range for the Gender Pay Gap is 98% at the minimum value and 100% at the maximum value.

3.4.4 EXCEPTIONS

In exceptional circumstances that may jeopardise the pursuit of the Company's long-term interests or its ability to stay in the market, as provided for in Article 123-ter, paragraph 3-bis of the CFA, and Article 84-quater of the Issuers' Regulation, Avio's Board of Directors, following a proposal by the Committee and in compliance with the Related Parties Procedure, may lay down temporary exceptions to the remuneration policy in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market.

For the purposes of the above, "exceptional events" are defined as: (i) events of an extraordinary and/or non-recurring nature and/or not attributable to the core business of the Avio Group (including, without limitation, acquisitions or disposals of equity investments or business units) considered of particular importance and/or currently not provided for in company planning that entail a significant change in the scope of the Company or the Avio Group; (ii) significant changes in the macroeconomic and/or competitive scenario or other extraordinary factors with a significant impact beyond the actions within the management's control; and/or (iii) significant events, not only of an economic or financial nature.

In such circumstances, the elements of the remuneration policy from which the Company's Board of Directors may deviate, following a proposal by the Committee and in compliance with the Related Parties Procedure, are:

- the targets in the incentive plans, making such adjustments as are necessary to keep the substantive and economic contents of the plan unchanged. Any changes to performance targets must safeguard the principles and guidelines according to which the plan has been formulated by not introducing undue advantages or penalties for either the beneficiaries of the plan or the Company.

4. POLICY UPON BENEFITS ON CONCLUSION OF OFFICE

For the Chief Executive Officer/General Manager alone, in the case of resolution of contract by the Company or dismissal for just cause, the payment of an all-inclusive indemnity is envisaged equal to two gross annual remunerations, that is, the sum of the gross annual fixed remuneration and the short-term variable remuneration at 100% of the fixed remuneration. This value includes any penalty, indemnity (notice or additional) or other sum provided for under the law or the National Collective Bargaining Agreements for Industry Executives.

For Senior Executives, the protections established by law and set out in the relevant national collective bargaining agreements for industry executives are usually applied, which take into account the role and age of the executive at the time of termination of employment, in addition to the annual salary received. However, the Company may set remuneration in advance for the termination of employment of Senior Executives, but the remuneration for early termination of employment may correspond to no more than two years' payment of the sum of the fixed remuneration and short-term variable bonus, including mandatory contractual provisions relating to notice. There is currently an agreement in place for one of the Senior Executives governing remuneration in the event of termination of employment.

Regarding the effects of early termination of the employment relationship on long-term incentives, it is provided, as also by applicable regulations, that:

- In the case of good leaver¹⁶, with reference to the Monetary Plan that is submitted to the Shareholders' Meeting for approval on April 28, 2026, within the 2023-2025 and 2024-2026 Performance Share Plans, as well as the 2023-2025 and 2024-2026 Restricted Share Plans, there is the possibility for the beneficiary to retain the right to receive the monetary award or shares according to a *pro rata temporis* principle, based on the level of achievement of performance targets;
- In bad leaver scenarios, the beneficiary will permanently and fully forfeit the right to receive the allocations - monetary or in shares - under the plans.

The Company reserves the right to enter into consulting or collaboration agreements after the termination of the employment relationship, aimed at preserving the transfer of know-how and business continuity.

The Company in addition reserves the right to sign non-competition agreements involving specific roles requiring strategic knowledge, for whom this restriction is necessary in compliance with the statutory provisions and limitations. Currently, a non-competition agreement with the Chief Executive Officer and the General Manager is applicable for a total gross amount of 50% of fixed remuneration. There are no specific insurance coverage, social security and pension payments for the Chief Executive Officer/General Manager following resolution of contract with the Company, except for those provided for by the National Collective Bargaining Agreement for Industrial Executives.

¹⁶ Good leaver scenarios include:

- removal from the office of Director prior to the conclusion of the term of office without cause;
- resignation from the office of Director if the beneficiary, without just cause, undergoes a revocation or non-confirmation of the proxies such that his or her relationship with the Company or the subsidiary is substantially altered;
- conclusion of the Company's Board of Directors not followed by renewal;
- with particular reference to Senior Executives and Managers, dismissal without just cause;
- death or disability of the beneficiary (due to illness or injury ascertained by a medical-legal expert report by a professional appointed by the Company) that entails the abstention from carrying out his or her duties for a period, continuous or non-continuous, of more than eight (8) months;
- voluntary resignation, only on the condition that the beneficiary fulfils the statutory retirement requirements and in the 30 subsequent days presents a request to access the relative benefits.

SECTION II

PART 1

In the first part of Section II of this Report, the following information is provided regarding the implementation of the 2025 Policies:

1. Avio 2025 performance and incentives;
2. adequate, clear and understandable disclosure on each of the items comprising remuneration matured for the financial year 2025 in favour:
 - (i) of the members of the Board of Directors;
 - (ii) of the members of the Board of Statutory Auditors;
 - (iii) of the other Senior Executives (information provided at aggregate level);highlighting its compliance with the 2025 Policies and how remuneration contributes to the Company's long-term results;
3. the pay mix of the Chief Executive Officer/General Manager and Senior Executives in application of 2025 Policies;
4. the change in remuneration for members of the Board of Directors and the Board of Statutory Auditors, employee remuneration and the Company's performance is shown.

The remuneration policy in 2025, as verified by the Appointments and Remuneration Committee through the periodic assessment under the Corporate Governance Code, was implemented in line with the general standards approved by the Board of Directors and shared by the Committee.

The independent audit firm has verified the preparation of Section II of the Policies.

Avio performance and incentives

The past year also marked the further consolidation of the significant results achieved during the previous 2024 fiscal year, both in the space sector and in defence.

In the space sector, the launch activities of the Vega C launcher have continued successfully, completing three different missions over the past year. On December 1, 2025, Vega C successfully completed the VV28 mission, carrying the KOMPSAT-7 (Korea Multi-Purpose SATellite-7) satellite into orbit for the Korea Aerospace Research Institute (KARI). This major achievement follows that of the VV27 and VV26 missions, which respectively concluded successfully on July 26 and April 29 of last year, placing into orbit the four CO3D satellites (Airbus), the MicroCarb satellite (CNES) and the Biomass satellite (ESA). These successful missions confirm the reliability and versatility of the Vega C launcher, and have further strengthened our partnerships with key institutional and private customers.

Meanwhile, work also continued on the Ariane 6 launchers in the year. Avio is a partner of the programme, providing the P120C solid-propellant boosters and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. Following the March 6 and August 13 launches, Ariane 6 successfully completed missions VA265 and VA266 on November 4 and December 17, taking the Sentinel-1D and two Galileo satellites into orbit. Building on this momentum, Avio will continue to supply P120C boosters, in configurations of two or four to increase payload capacity. Furthermore, in November 2025, Avio and ArianeGroup signed a major Ariane 6 component contract worth over Euro 200 million through until 2029, including P120C/P160C boosters, and liquid oxygen turbopumps.

Our Defence activities continued to grow throughout 2025, with the Company signing over Euro 250 million in new orders. In Europe, the co-operation with the MBDA Group was further strengthened with the signing of new production orders, including those concluded in July and December for a total of approximately Euro 100 million. Meanwhile, the development of the defence business in the United States continued further, partly in preparation for the establishment of the solid propellant engine production facility in Virginia. The partnership with the US military was strengthened during the year by, for example, signing a supplementary agreement for the production, assembly, integration and testing of solid propellant engines for tactical missiles.

In 2025, Avio achieved its best historical results in terms of Net Order Backlog (Euro 2.2 billion), Revenues (Euro 542 million) and Net Cash Position (Euro 592 million). Between 2023 and 2025 Avio consolidated an annual compounded growth in Net Order Backlog, Revenues and Reported EBITDA of 26%, a figure that is very high in itself and above than the median of comparable industry companies. Market capitalisation grew from Euro 220 million at the end of 2023 to approximately Euro 1,350 million at the end of 2025 (a compound annual growth rate of about 150%). The company has no net debt and in fact enjoys a net cash position of 592 million at the end of 2025, reflecting significant financial solidity and value creation for shareholders.

Collaboration continued with Raytheon, a leading defence solutions company for the US government and its allies. A purchase order was signed with the company to continue engineering activities on the Mk 104 dual-thrust engine (supporting the Standard Missile line) up to the Critical Design Review stage, as was a memorandum of understanding to support Avio in constructing its facility in the United States. On November 10, Avio finalised an agreement with Lockheed Martin, effectively granting two of the world's leading defence players preferential access to the production capacity of the planned facility.

In terms of the main corporate indicators included in the annual incentive system, the result obtained for the Adjusted EBITDA indicator is slightly lower than the target set at the beginning of 2025, while it exceeds the maximum level for the Net Financial Position. The actual values for the two indicators over the last five years and the target value for 2025 are set out below.

	2021	2022	2023	2024	2025	
	Actual	Actual	Actual	Actual	Actual	Target
Adjusted EBITDA (€m)	37.7	27.8	28	31.3	34.8	35.6
Net Financial Position (€m)	57.2	74.4	76.1	90.1	591.7¹⁷	26.7

As regards the Executive Director, the value of the 2025 bonus falls between the target value and the maximum value (97.2% of the fixed component). With respect to Senior Executives, the 2025 bonus value averages 36% of the fixed component.

¹⁷ The actual value, excluding the capital increase, is approximately Euro 217 million.

1. Items comprising 2025 remuneration

Chairperson of the Board of Directors, Non-Executive Directors and Board of Statutory Auditors

With reference to **the Chairperson and Non-Executive Directors of the Board of Directors** and the **Chairperson and members of the Board of Statutory Auditors** in office as at the date of this report, please note that:

- On April 28, 2023, the Shareholders' Meeting resolved to award each **Director** gross annual remuneration of Euro 40,000 and a gross annual remuneration of Euro 130,000 to the Chairperson of the **Board of Directors**. On May 9, 2023, the Board of Directors also resolved to award the members of the internal Board Committees the following fees:
 - i) to the members of the Control and Risks Committee, a gross annual fee for the Chairperson of Euro 30,000 and for the other members of Euro 15,000 each;
 - ii) to the members of the other internal Board Committees - i.e. the Appointments and Remuneration Committee and Sustainability Committee - a gross annual fee for the Chairperson of Euro 25,000 each and for the other members of Euro 10,000 each.
- The Shareholders' Meeting held on April 28, 2023 resolved, for the 2023-2025 three-year period, to grant the **Chairperson of the Board of Statutory Auditors** annual remuneration of Euro 55,000 and the **Statutory Auditors** annual remuneration of Euro 38,000, in line with the remuneration attributed to the Board of Statutory Auditors for the 2017-2020 three-year period and with the practices of the listed companies of the STAR segment with levels of capitalisation comparable to Avio.

The tables in Part 2 of this Section provide details of the remuneration paid, consistent with the 2025 Policies and the Shareholders' Meeting motions noted above.

As of the date of this Report reversibility agreements are in place for the remuneration of some Directors. Specifically, Mr. Roberto Italia, Chairperson of Avio's Board of Directors, and RBC Holding S.r.l. signed a reversionary agreement whereby the remuneration accrued for the position held by him is paid to RBC Holding S.r.l. As regards the above, at December 31, 2025, the Company's payable towards RBC Holding S.r.l. amounted to Euro 140,000.

For the 2023-2025 mandate, the sole Executive Director (i.e. the Chief Executive Officer/General Manager) will not receive any additional remuneration for the positions taken on the Board of Directors and its internal Committees, as already receiving remuneration for the position of General Manager.

Finally, the Board of Directors of the Company identified, further to the Executive Director of the company, an additional 4 Senior Executives.

Chief Executive Officer/General Manager, Giulio Ranzo

The remuneration of **Giulio Ranzo** (Chief Executive Officer/General Manager) for 2025 includes the following components:

- (i) fixed remuneration as an Executive of the Company, amounting to Euro 500,000;
- (ii) annual variable remuneration relating to 2025, amounting to Euro 486,000.

The following table contains a comparison between the target values set by the annual incentive plan and actual results.

Targets 2025	Weighting	Performance scenarios	Result 2025	Performance level	Bonus vs target	Target bonus €	Actual bonus €
Adjusted EBITDA	50%	<u>Min</u> 31.6€/m <u>Target</u> 35.6€/m <u>Max</u> 37.6€/m	34.8	<i>Between minimum and target</i>	89% of the target	400,000	486,000
Net Financial Position	50%	<u>Min</u> 11.7€/m <u>Target</u> 26.7€/m <u>Max</u> 41.7€/m	591.7 ¹⁸	<i>Overperformance</i>	153% of the target (cap)	Euro	Euro

- (iii) the long-term variable remuneration relative to the 2023-2025 Performance Share Plan, equal to 38,694 shares due¹⁹

The following table provides a comparison of the target values set by the long-term incentive plan, the actual results and the number of shares due.

Indicator	Weighting	Performance scenarios	2023-25 Results	Performance level	No. rights granted at target	No. shares due
Cumulative three-year Reported EBITDA (€m)	42%	Minimum 66.32 Target 82.9 Maximum 99.48	82.8	<i>Between minimum and target</i>	29,624	38,694
Average Return on Invested Capital	20%	Minimum 1.95% Target 2.60% Maximum 3.25%	6.4%	Over-performance		
ESG Indicators	Gender diversity the ratio of female employees to male employees.	Minimum 14.9 Target 16.6 Maximum 18.3	17.97%	<i>Between target and maximum</i>		
		Minimum 94% Target 98% Maximum 100%	98.32%	<i>Between target and maximum</i>		
		Minimum 55% Target 60% Maximum 65%	70.1%	Over-performance		
	Waste management % of waste recovered	Minimum 26 Target 28 Maximum 30	40.74	Over-performance		

- (iv) non-monetary benefits

In addition, Giulio Ranzo is covered by a non-competition agreement which establishes, against a restriction lasting 12 months from resolution of contract, the payment of 50% of the fixed remuneration. In the case of resolution of contract by the Company or dismissal for just cause, the payment of an all-inclusive indemnity is

¹⁸ The actual value, excluding the capital increase, is approximately Euro 217 million.

¹⁹ The bonus will vest upon resolution of the Board of Directors, which will meet on a date after the Shareholders' Meeting to approve the 2025 financial statements.

envisaged equal to two gross annual remunerations, that is, the sum of the gross annual fixed remuneration and the short-term variable remuneration (this latter conventionally calculated at 100% of the fixed remuneration). These values include any component concerning obligatory contractual provisions, which shall not be paid in the case of resolution of contract by the Company or dismissal for just cause.

Senior Executives

The remuneration of the Senior Executives employed by the Company, reported in aggregate, for 2025 includes the following components:

- (i) fixed remuneration as executives, amounting to Euro 1,244,243;
- (ii) annual variable remuneration relating to 2025, amounting to Euro 284,475;

The following table contains a comparison between the target values set by the annual incentive plan and actual results.

2025 Targets	Weighting	Performance scenarios		2025 Result	Performance level	Target bonus €	Actual bonus €
Adjusted EBITDA	25%	<u>Min</u>	<u>31.6 €/m</u>	34.8	Between minimum and target	238,950 Euro	284,475 Euro
		<u>Target</u>	<u>37.6 €/m</u>				
		<u>Max</u>	<u>37.6 €/m</u>				
Net Financial Position	25%	<u>Min</u>	<u>11.7 €/m</u>	591.7	Over-performance		
		<u>Target</u>	<u>26.7 €/m</u>				
		<u>Max</u>	<u>41.7 €/m</u>				
Function/individual targets	50%	<u>Min</u>	<u>1</u>	2.2	Between maximum and target		
		<u>Target</u>	<u>2</u>				
		<u>Max</u>	<u>3</u>				

- (iii) the long-term variable remuneration relative to the 2023-2025 Performance Share Plan, equal to 20,946 shares due²⁰

²⁰ The bonus will vest upon resolution of the Board of Directors, which will meet on a date after the Shareholders' Meeting to approve the 2025 financial statements.

The following table provides a comparison of the target values set by the long-term incentive plan, the actual results and the number of shares due.

Indicator	Weighting	Performance scenarios	2023-25 Results	Performance level	No. rights granted at target ²¹	No. shares due
Cumulative three-year Reported EBITDA (€m)	42%	Minimum 66.32 Target 82.9 Maximum 99.48	82.8	Between minimum and target	16,584	20,946
Average Return on Invested Capital	20%	Minimum 1.95% Target 2.60% Maximum 3.25%	6.4%	Over-performance		
ESG Indicators	Gender diversity the ratio of female employees to male employees.	Minimum 14.9 Target 16.6 Maximum 18.3	17.97%	Between target and maximum		
		Minimum 94% Target 98% Maximum 100%	98.32%	Between target and maximum		
	Gender pay gap the ratio between the remuneration of female employees and male employees at the same grade	Minimum 55% Target 60% Maximum 65%	70.1%	Over-performance		
		Minimum 26 Target 28 Maximum 30	40.74	Over-performance		
	Waste management % of waste recovered					
	Employee training ('000) total number of hours of training carried out					

(iv) Non-monetary benefits

The fixed remuneration values (i) refer to the total scope of five Senior Executives, two of whom succeeded each other in 2025; in this case the pro-rata figure is indicated. Short-term variable remuneration, on the other hand, refers to the total scope of three Senior Executives, as the two SEs who succeeded each other did not accrue this remuneration in 2025.

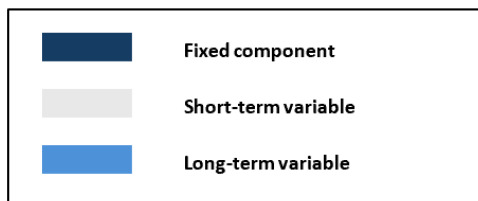
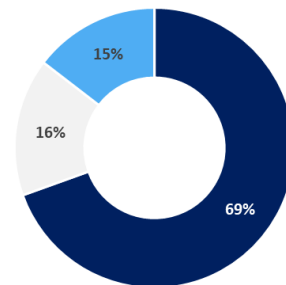
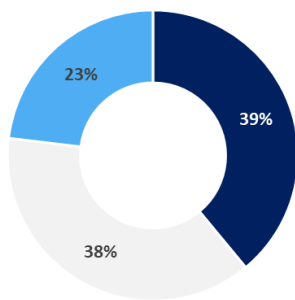
²¹ The current scope of SEs has changed since the date the rights were granted.

2. Pay mix in application of 2025 Policies

The pay mix of the Chief Executive Officer/General Manager and the Senior Executives is shown below with reference to the remuneration awarded during 2025, pursuant to the Policies described in Section I of the 2025 Report.

Chief Executive Officer/General Manager²²

Senior Executives²³



²² The long-term variable component refers to the fair value accruing in 2025 for the 2022-2024 Performance Share, 2023-2025 Performance Share and 2024-2026 Performance Share Plans.

²³ The long-term variable component refers to the fair value accruing in 2025 for the 2022-2024 Performance Share, 2023-2025 Performance Share and 2024-2026 Performance Share Plans.

3. Changes in the Company's remuneration and performance

The following table shows, for the 2021-2025 period, the change in:

- Remuneration of the Chief Executive Officer/General Manager, the Chairperson, the Directors and the members of the Board of Statutory Auditors;
- Remuneration of employees;
- Company performance.

	2021	2022	2023	2024	2025
Employees					
Average remuneration (€/000)	46,450	46,534	47,798	50,895	52,651
<i>% Change</i>	-2%	-	-	6%	3%
Giulio Ranzo, Chief Executive Officer/General Manager					
Remuneration (€/000)	952,003	833,475	965,074	1,135,292	986,000
<i>% Change</i>	-9%	-13%	15%	17%	-14%
Roberto Italia Chairperson					
Remuneration (€/000)	130,000	130,000	136,109	140,000	140,000
<i>% Change</i>	3%	-	-	2%	0%
Giovanni Gorno Tempini, Director/Vice-Chairperson					
Remuneration (€/000)	60,000	60,000	65,055	70,000	70,000
<i>% Change</i>	-5%	-	-	7%	0%
Donatella Sciuto, Director					
Remuneration (€/000)	65,000	65,000	70,934	75,000	75,000
<i>% Change</i>	7%	-	-	5%	0%
Donatella Isaia, Director					
Remuneration (€/000)	45,000	45,000	57,167	65,000	65,000.00
<i>% Change</i>	54%	-	-	13%	0%
Marcella Logli, Director					
Remuneration (€/000)	1,356	45,000	48,237	50,000	50,000.00
<i>% Change</i>	-	-	7%	3%	0%
Raffaele Capiello, Director					
Remuneration (€/000)	41,250	41,250	59,757	65,000	65,000.00
<i>% Change</i>	27%	-	-	8%	0%
Luigi Pasquali, Director					
Remuneration (€/000)	35,000	35,000	38,288	40,000	13,333
<i>% Change</i>	-13%	-	-	4%	-67%

Elena Pisonero Ruiz, Director					
Remuneration (€/000)	60,000	60,000	62,835	65,000	65,000.00
<i>% Change</i>	56%	-	-	3%	0%
Letizia Colucci, Director					
Remuneration (€/000)	50,000	50,000	52,795	55,000	55,000.00
<i>% Change</i>	118%	-	-	4%	0%
Giovanni Soccodato, Director					
Remuneration (€/000)			27,068	50,000	50,000.00
<i>% Change</i>	-	-	-	-	0%
Carmen Milena Antonia Lerario, Director					
Remuneration (€/000)					26,667.00
<i>% Change</i>	-	-	-	-	-
Vito Di Battista, Chairperson Board of Statutory Auditors					
Remuneration (€/000)	50,000	50,000	53,247	55,000	55,000.00
<i>% Change</i>	53%	-	-	3%	0%
Mario Matteo Busso, Statutory Auditor					
Remuneration (€/000)	35,000	35,000	36,934	38,000	38,000.00
<i>% Change</i>	53%	-	-	2%	0%
Michela Zeme, Statutory Auditor					
Remuneration (€/000)	35,000	35,000	36,934	38,000	38,000.00
<i>% Change</i>	-	-	-	2%	0%
Avio Performance					
Net Financial Position (€m)	57.2	74.4	76.1	90.1	217
<i>% Change</i>	-9%	31%	3%	19%	186%
Adjusted EBITDA (€m)	37.7	27.8	28	31.3	34.8
<i>% Change</i>	-13%	-27%	0%	11%	11%

Key:

- **Remuneration component considered:** the values shown refer to total remuneration (fixed + annual variable component + long-term monetary incentive matured in the reference year). With reference to the annual variable remuneration, the figures used to calculate the total annual remuneration of employees are estimates, based on the information available at the date of this Report, in view of the fact that the actual value of the bonuses has not yet been determined on an individual basis for all the

recipients of variable remuneration

- **Employee perimeter:** this refers to Avio employees at December 31, 2025; the values of remuneration are reported on a full-time equivalent basis. The following are not included in the analyses: the Chief Executive Officer/General Manager, as this is one of the persons for whom individual information is reported, and employees seconded to other Group companies.

PART 2 - TABLES

TABLE 1: REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Roberto Italia (1)	Chairperson of the BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	130,000						140,000		
	Member Sustainability Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		10,000							
Giovanni Gorno Tempini	Vice-Chairperson BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	30,000						70,000		
	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000								
Giulio Ranzo	CEO and General Manager	1/1/2025-31/12/2025	Approval 2025 Accounts	500,000	-	486,000		20,863		1,006,863	296,053	
Raffaele Capiello	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						65,000		
	Member Appointments and Remuneration Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		10,000							
	Member Control and Risks Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		15,000							
Letizia Colucci (2)	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						55,000		
	Member Control and Risks Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		15,000							
Donatella Isaia	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						65,000		
	Chairperson Appointments and Remuneration Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		25,000							
Marcella Logli	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						50,000		
	Member Sustainability Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		10,000							
Luigi Pasquali (3)	Director BoD	1/1/2025-30/04/2025	Approval 2025 Accounts	13,333						13,333		
Elena Pisonero	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						65,000		
	Chairperson Sustainability Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		25,000							
Donatella Sciuto	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						75,000		
	Chairperson Control and Risks Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		35,000							

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Giovanni Soccodato (4)	Director BoD	1/1/2025-31/12/2025	Approval 2025 Accounts	40,000						50,000		
	Member Appointments and Remuneration Committee	1/1/2025-31/12/2025	Approval 2025 Accounts		10,000							
Carmen Milena Antonia Lerario (5)	Director BoD	15/05/2025-31/12/2025	Approval 2025 Accounts	26,667						26,667		
Senior Executives				1,029,243		544,475		66,619		1,640,337	261,025	

Notes

(A) **NON-EQUITY VARIABLE REMUNERATION:** annual bonus value for the period considered (2025 short-term incentive plan) and ab entry bonus.

(B) **NON-MONETARY BENEFITS:** Car benefit, life and invalidity insurance.

(1) Roberto Italia reversed his remuneration to RBC Holding S.r.l.

(2) Letizia Colucci reversed her remuneration to Leonardo S.p.A.

(3) Director Luigi Pasquali resigned from his position effective April 30, 2025.

(4) Giovanni Soccodato reversed his remuneration for Q1 2025 to the employer

(5) Director Lerario was co-opted by resolution of the Board of Directors on May 15, 2025, and subsequently confirmed by the Shareholders' Meeting on October 23, 2025, in ordinary session, with the same term of office as the other Directors, in accordance with the applicable provisions of the law and the By-Laws.

BOARD OF STATUTORY AUDITORS

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Vito Di Battista	Chairperson Board of Statutory Auditors	1/1/2025-31/12/2025	Approval 2025 Accounts	55,000						55,000		
Mario Matteo Busso	Statutory Auditor	1/1/2025-31/12/2025	Approval 2025 Accounts	38,000						38,000		
Michela Zeme	Statutory Auditor	1/1/2025-31/12/2025	Approval 2025 Accounts	38,000						38,000		

OTHER SENIOR EXECUTIVES*

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Senior Executives				1,029,243		544,475		66,619		1,640,337	-	

(*) At December 31, 2025, in addition to the Chief Executive Officer/General Manager, four other Senior Executives were employed by the Company. There was a turnover of two SEs in 2025. Fixed remuneration was calculated pro-rata while non-equity variable remuneration did not accrue for either SE

Notes

(A) **NON-EQUITY VARIABLE REMUNERATION:** annual bonus value for the period considered (2025 short-term incentive plan) and two entry bonuses.

(B) **NON-MONETARY BENEFITS:** Car benefit, supplementary life and invalidity insurance.

TABLE 3A

FINANCIAL INSTRUMENT-BASED INCENTIVE PLANS, OTHER THAN STOCK OPTIONS, IN FAVOUR OF MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES*

Name	Office	Plan	Financial instruments granted in previous years not vested in the year		Financial instruments granted in the year					Financial instruments vested in the year and not allocated	Financial instruments vested during the year which may be allocated		Financial instruments accruing in the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price on grant	Number and type of financial instruments	Issuable/Issued (3B)	Still deferred (3C)	
Giulio Ranzo	Chief Executive Officer/General Manager	2022-2024 Performance Share Plan (April 28, 2022)									875,519		62,304
		2023-2025 Performance Share Plan (April 28, 2023)	29,624 - Shares	01/01/2023-31/12/2025									99,834
		2024-2026 Performance Share Plan (April 23, 2024)	33,296 - Shares	01/01/2024-31/12/2026									133,915
Senior Executives		2022-2024 Performance Share Plan (April 28, 2022)									122,461		17,430
		2023-2025 Performance Share Plan (April 28, 2023)	25,110 - Shares	01/01/2023-31/12/2025									43,271
		2024-2026 Performance Share Plan (April 23, 2024)	49,808 - Shares	01/01/2024-31/12/2026									200,324

(*) At December 31, 2025, in addition to the Chief Executive Officer/General Manager, four other Senior Executives were employed by the Company

TABLE 3B

MONETARY INCENTIVE FOR DIRECTORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES

Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			Issuable/Issued (2A)	Deferred (2B)	Deferred period	No longer issuable (3A)	Issuable/Issued (3B)	Still deferred (3C)	
Giulio Ranzo	Chief Executive Officer	2025 Short-term variable incentive plan (March 13, 2025)	486,000						
Senior Executives		2025 Short-term variable incentive plan (March 13, 2025)	284,475						
		Entry Bonus							260,000

(*) At December 31, 2025, in addition to the Chief Executive Officer/General Manager, four other Senior Executives were employed by the Company

TABLE 4: HOLDINGS OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES

Pursuant to Article 84-*quater*, paragraph four, of the Consob Issuers' Regulation, the following table shows the shareholdings in Avio S.p.A. and its subsidiaries that are held by the Directors, Statutory Auditors, the General Manager and other Senior Executives, and by their respective spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or nominees, as resulting from the register of shareholders, communications received and other information acquired from the same persons.

BOARD OF DIRECTORS

Name	Office	Investee	Number of shares held at 31.12.2024	No. of shares acquired in 2025	No. of shares sold in 2025	Number of shares held at 31.12.2025
Roberto Italia	Chairperson of the BoD	Avio	20,000	15,000	--	35,000
Giovanni Gorno Tempini	Vice-Chairperson BoD	Avio	10,000	7,500	--	17,500
Giulio Ranzo	CEO and General Manager	Avio	--	45,152	45,152	--
Giovanni Soccodato	Director BoD	--	--	--	--	--
Raffaele Cappiello	Director BoD	Avio	2,500	1,875	--	4,375
Letizia Colucci	Director BoD	--	--	--	--	--
Donatella Isaia	Director BoD	--	--	--	--	--
Carmen Milena Antonia Lerario* Director Lerario was co-opted by resolution of the Board of Directors on May 15, 2025, and subsequently confirmed by the Shareholders' Meeting on October 23, 2025. The data shown refer to the period when she was a Director at Avio	Director BoD	--	--	--	--	--

Luigi Pasquali ** **Director Pasquali resigned from his position effective April 30, 2025. The data shown refer to the Director's tenure on Avio's Board of Directors						
Marcella Logli	Director BoD	--	--		--	--
Elena Pisonero	Director BoD	--	--		--	--
Donatella Sciuto	Director BoD	--	--		--	--

BOARD OF STATUTORY AUDITORS

Name	Office	Investee	Number of shares held at 31.12.2024	No. of shares acquired in 2025	No. of shares sold in 2025	Number of shares held at 31.12.2025
Vito Di Battista	Chairperson of the Board of Statutory Auditors	--	--	--	--	--
Mario Matteo Busso	Statutory Auditor	--	--	--	--	--
Michela Zeme	Statutory Auditor	--	--	--	--	--

SENIOR EXECUTIVES OTHER THAN THE CHIEF EXECUTIVE OFFICER

Name	Office(*)	Investee	Number of shares held at 31.12.2024	No. of shares acquired in 2025	No. of shares sold in 2025	Number of shares held at 31.12.2025
Senior Executives	Senior Executive	Avio	--	12,631	12,631	--

(*) Values include shares held by one SE until September 11, 2025 and shares held by one SE from October 27, 2025.