



SHAREHOLDERS' MEETING
APRIL 28, 2023 - 11.00AM IN SINGLE CALL

REPORT OF THE BOARD OF DIRECTORS ON THE MATTERS ON THE AGENDA
*(in accordance with Article 125-ter, Legislative Decree No. 58/1998 and
Article 84-ter of Consob Regulation No. 11971/1999)*

Dear Shareholders,

this report (the “**Report**”) was prepared by the Board of Directors of Avio S.p.A. (“**Avio**” or the “**Company**”) in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented (the “**CFA**”) and Article 84-*ter* of the Regulation adopted with Consob Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented (the “**Issuers’ Regulation**”), to outline the matters on the Agenda of the Shareholders’ Meeting called for April 28, 2023 in single call.

In particular, you are called to consider the following Agenda:

1. Financial Statements at December 31, 2022.
 - 1.1 Approval of the Financial Statements at December 31, 2022. Presentation of the Consolidated Financial Statements at December 31, 2022. Reports of the Board of Directors, Board of Statutory Auditors and of the Independent Audit Firm.
 - 1.2 Allocation of the net profit. Resolutions thereon.
2. Remuneration Policy and Report pursuant to Article 123-*ter*, paragraph 3-*bis* and 6 of Legislative Decree No. 58/98.
 - 2.1. Section I: remuneration policy. Binding motion;
 - 2.2. Section II: report on remuneration paid. Non-binding motion.
3. Appointment of the Board of Directors. Resolutions thereon.
 - 3.1. Number of Board members.
 - 3.2. Establishment of the duration of the mandate of the Board of Directors.
 - 3.3. Appointment of the Board of Directors.
 - 3.4 Establishment of the remuneration of the Board of Directors.
4. Appointment of the Board of Statutory Auditors for the 2023-2025 period. Resolutions thereon.
 - 4.1. Appointment of three Statutory Auditors and two Alternate Auditors.
 - 4.2. Appointment of the Chairperson of the Board of Statutory Auditors.
 - 4.3. Establishment of the remuneration of the Board of Statutory Auditors.
5. Proposal to approval two company share-based remuneration plans as per Article 114-*bis* of Legislative Decree No. 58/98: conferral of power, resolutions thereon;
 - 5.1 Approval of the “2023-2025 Performance Share Plan”;
 - 5.2 Approval of the “2023-2025 Restricted Share Plan”.

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Proposals on the items on the Agenda:

1. **Financial Statements at December 31, 2022.**
 - 1.1 **Approval of the Separate Financial Statements at December 31, 2022. Presentation of the Consolidated Financial Statements at December 31, 2022. Reports of the Board of Directors, Board of Statutory Auditors and of the independent audit firm.**
 - 1.2 **Allocation of the net profit. Resolutions thereon.**

Dear Shareholders,

The Shareholders’ Meeting will be called to approve the separate financial statements at December 31, 2022 of the Company, accompanied by the Directors’ Report.

All the documentation concerning this matter will be made available to the public, within the terms required by applicable provisions and regulations, at the registered office of the Company, on the website www.avio.com, “Investors - Shareholders’ Meeting 2023” section, on the website of Borsa Italiana S.p.A. and on the authorised storage mechanism “eMarket STORAGE”, together with the Board of Statutory Auditors’ Report and the Independent Auditors’ Report on the Statutory Financial Statements for the year ended December 31, 2022. The shareholders have the right to obtain a copy.

Considering the Directors’ Report, we invite you to approve the separate financial statements at December 31, 2022, prepared as per IFRS, together with the accompanying reports, which present a net loss of Euro 1.895.000.

In this regard, meeting on March 13, 2023, the Board of Directors of Avio S.p.A. deemed it appropriate to approve a motion proposal to the Shareholders’ Meeting related to the allocation of the 2022 net loss of Euro 1.895.000, entirely allocated to retained earnings.

Considering that stated above, the shareholders’ resolution will reflect the outcome of the vote.

2. Remuneration Policy and Report pursuant to Article 123-ter, paragraph 3-bis and 6 of Legislative Decree No. 58/98.

2.1 Section I: remuneration policy Binding motion.

2.2 Section II: report on remuneration paid. Non-binding motion.

Dear Shareholders,

the Shareholders’ Meeting will be called to approve, as per Article 123-ter, paragraphs 3-bis and 6, of the CFA, the Remuneration Policy and Report of the company, prepared pursuant to the aforementioned article of the CFA and Article 84-*quater* of the Issuers’ Regulation, which illustrates (i) in the First Section, the remuneration policy regarding the members of the Board of Directors, the General Managers and the Senior Executives, in addition to the procedures utilised for the adoption and implementation of this policy and (ii) in the Second Section, for members of Boards of Directors and Boards of Statutory Auditors, General Managers and, in collective form, Senior Executives, an adequate, clear and comprehensible representation of the items making up their remuneration, including the treatments provided for in the event of termination of office or termination of employment, highlighting their compliance with the Remuneration Policy and the way in which the remuneration contributes to the long-term results of the Company, and the compensation paid during the reporting year in any capacity and in any form by the Company and by its associates and subsidiaries, together with an illustration of the compensation to be paid in one or more subsequent years for service rendered during the reporting year.

For further information, reference should be made to the text made available to the public at the registered office of the Company on its website at www.avio.com, in the “Investors - Shareholders’ Meeting 2023” section, on the Borsa Italiana S.p.A. website, and on the authorised storage mechanism “eMarket STORAGE”, at least twenty-one days before the date fixed for the Shareholders’ Meeting.

The shareholders are reminded that:

- pursuant to Article 123-ter, paragraph 3-ter, of the CFA, will be called to vote on Section I of the Remuneration Policy and Report (in favour or against). The motion is binding;
- pursuant to Article 123-ter, paragraph 6 of the CFA, will be called to vote on Section II of the “Remuneration Policy and Report” (in favour or against). The motion is not binding. The results of the vote will be made available to the public in accordance with Article 125-quater, paragraph 2 of the CFA.

Considering that stated above, the shareholders' resolution will reflect the outcome of the vote.

3. Appointment of the Board of Directors. Resolutions thereon. 3.1 Establishment of the number of Directors. 3.2 Establishment of the duration of mandate of the Board of Directors. 3.3 Appointment of the members of the Board of Directors. 3.4 Establishment of the remuneration of the Board of Directors.

Dear Shareholders,

the Shareholders' Meeting will be called on to resolve on the appointment of the Company's boards according to the slates presented at least 25 days prior to the date fixed for the Shareholders' Meeting and published at least 21 days prior to the date of the Shareholders' Meeting. For further information on this subject, see the Report on the appointment of the Board of Directors and the Board of Statutory Auditors, already made available to the public today at the registered office of the Company, on the company website at www.avio.com, “Investors - Shareholders' Meeting 2023” section and on the authorised storage mechanism “eMarket STORAGE”.

4. Appointment of the Board of Statutory Auditors for the 2023-2025 period. Resolutions thereon. 4.1 Appointment of three Statutory Auditors and two Alternate Auditors. 4.2 Appointment of the Chairperson of the Board of Statutory Auditors. 4.3 Establishment of the remuneration of the Board of Statutory Auditors.

Dear Shareholders,

the Shareholders' Meeting will be called on to resolve on the appointment of the Company's boards according to the slates presented at least 25 days prior to the date fixed for the Shareholders' Meeting and published at least 21 days prior to the date of the Shareholders' Meeting. For further information on this subject, see the Report on the appointment of the Board of Directors and the Board of Statutory Auditors, already made available to the public today at the registered office of the Company, on the company website at www.avio.com, “Investors - Shareholders' Meeting 2023” section and on the authorised storage mechanism “eMarket STORAGE”.

5. Proposal to approval two company share-based remuneration plans as per Article 114-bis of Legislative Decree No. 58/98: resolutions thereon; 5.1 Approval of the “2023-2025 Performance Share Plan”; 5.2 Approval of the “2023-2025 Restricted Share Plan”.

Dear Shareholders,

the Board of Directors resolved at the AVIO Board meeting held on March 13, 2023, to submit for the Shareholders' Meeting approval a proposal to adopt two different remuneration plans based on

financial instruments, drawn up on the proposal of the Appointments and Remuneration Committee, for executives and employees of the Company and the Avio Group.

Specifically, the Board of Directors submits to you the following plans:

- a share-based incentive plan called the “2023-2025 Performance Share Plan” for the Chief Executive Officer/General Manager, Senior Executives and other Managers;
- a retention plan called the “2023-2025 Restricted Share Plan” for AVIO Group employees, identified by the Board of Directors from among those who play a key role in achieving AVIO's strategic goals. The beneficiaries of the 2023-2025 Restricted Share Plan do not include the Chief Executive Officer/General Manager or the Senior Executives of the Company.

In line with best practice in the relevant industry, the "2023-2025 Performance Share Plan" provides for a three-year performance period, the award and allocation of shares subject to Board of Directors verification of the performance targets achieved over the three-year period, in order to incentivise and engender loyalty.

The "2023-2025 Restricted Share Plan" provides for the award and allocation of shares free of charge to beneficiaries identified by the Board of Directors at the conclusion of a vesting period which lasts 36 months from the date of allocation.

The description of the purposes and characteristics of the 2023-2025 Performance Share Plan and the 2023-2025 Restricted Share Plan is contained in more detail in the respective Prospectuses prepared by the Board of Directors pursuant to Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation, attached to this Report and available to the public within the terms and in the manner provided for by current regulations, including by publication on the Company's website.

Considering that stated above, the shareholders' resolution will reflect the outcome of the vote.

Rome, March 13, 2023

The Board of Directors