



SHAREHOLDERS' MEETING

APRIL 30, 2025 - 11.00AM IN SINGLE CALL

**BOARD OF DIRECTORS' EXPLANATORY REPORT ON THE MATTERS ON THE
AGENDA**

***(IN ACCORDANCE WITH ARTICLE 125-TER OF 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 30, 2025 in single call.

Specifically, you are called to consider the following Agenda:

1. Financial Statements at December 31, 2024.
 - 1.1. Approval of the Financial Statements at December 31, 2024. Presentation of the Consolidated Financial Statements at December 31, 2024. 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*, paragraphs 3-*bis* and 6 of Legislative Decree No. 58/1998.
 - 2.1. Section I: remuneration policy. Binding resolution;
 - 2.2. Section II: report on remuneration paid. Non-binding resolution.

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Proposals on the items on the Agenda:

1. Financial statements at December 31, 2024:

- 1.1. Approval of the Financial Statements at December 31, 2024. Presentation of the Consolidated Financial Statements at December 31, 2024. 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, 2024 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, in the "Investors - Shareholders' Meeting 2025" 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, 2024. The shareholders have the right to obtain a copy.

Considering the Directors' Report, we invite you to approve the separate financial statements of Avio S.p.A. at December 31, 2024, prepared as per IFRS, together with the accompanying reports, which present a net profit for 2024 of Euro 7,991,577.

In this regard, meeting on March 13, 2025, 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 2024 net profit of Euro 7,991,577 to dividends for Euro 3,750,000.

Considering the above, we present for your approval the following motion on point 1.1 of the Agenda:

"The ordinary session of the Shareholders' Meeting of Avio S.p.A.:

- *having examined the Financial Statements of Avio S.p.A. at and for the year ended December 31, 2024, accompanied by the Directors' Report, Board of Statutory Auditors' Report, Independent Auditors' Report and additional documentation required by law,*

RESOLVES

- *to approve the 2024 Separate Financial Statements of Avio S.p.A.”*

We therefore present for your approval the following motion on point 1.2 of the Agenda:

“The ordinary session of the Shareholders' Meeting of Avio S.p.A.:

- *having examined the Financial Statements of Avio S.p.A. at and for the year ended December 31, 2024, accompanied by the Directors' Report, Board of Statutory Auditors' Report, Independent Auditors' Report and additional documentation required by law,*
- *having acknowledged that the legal reserve is at least equal to one-fifth of the share capital as per the requirements of Article 2430, paragraph 1 of the Civil Code;*

RESOLVES

- *to allocate the net profit of Avio S.p.A. for 2024 totalling Euro 7,991,577, as follows:*
 - o *Euro 3,750,000 as dividend;*
- *distributing a unitary dividend of Euro 0.14841, before withholding taxes, for each of the ordinary shares in circulation with no par value, net of treasury shares. It should be noted that in the event that the total number of shares of the Company currently in circulation increases, the total amount of dividend will remain unchanged and the unitary amount will be automatically adjusted to the new number of shares in circulation. In accordance with Article 2357-ter of the Civil Code, no dividend was attributed to treasury shares held in the portfolio on the ex-dividend date. The dividend will be paid out with ex-dividend date of May 5, 2025, date of dividend distribution rights as per Article 83-terdecies of Legislative Decree No. 58 of February 24, 1998 (record date) of May 6, 2025, and payment date of May 7, 2025;*
 - o *Euro 4,241,577 to retained earnings;*
- *to confer upon the Chairperson and the Chief Executive Officer, freely and severally, all the powers to execute this resolution;*

2. Remuneration Policy and Report pursuant to Article 123-ter, paragraphs 3-bis and 6 of Legislative Decree No. 58/1998.

2.1. Section I: remuneration policy. Binding resolution.

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

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-ter of Consob Regulation No. 11971/1999 (the Issuers' Regulation), which illustrates (i) in the Section I, 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 Section II, by name 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 2025" section, on the Borsa Italiana S.p.A. website, and on the authorised storage mechanism "eMarket STORAGE", at least 21 days before the date fixed for the Shareholders' Meeting.

The shareholders are reminded that:

- pursuant to Article 123-ter, paragraph 3, of the CFA, will be called to vote on Section I of the Remuneration Policy and Report (in favour or against). The resolution 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 resolution 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 the above, we present for your approval the following motion on point 2.1 of the Agenda:

“The ordinary session of the Shareholders’ Meeting of Avio S.p.A.:

having examined the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, made available to the public on March 31, 2025,

RESOLVES

- *to approve Section I of the Remuneration Policy and Report, drawn up as per Article 123-ter of the CFA, paragraph 3, containing the remuneration policies of Avio S.p.A.”*

We present for your approval the following motion on point 2.2 of the Agenda:

“The ordinary session of the Shareholders’ Meeting of Avio S.p.A.:

having examined the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, made available to the public on March 31, 2025,

RESOLVES

- *in favour, pursuant to Article 123-ter of the CFA, paragraph 6 (consultative, non-binding vote), of Section II of the Remuneration Policy and Report, drawn up as per Article 123-ter, paragraph 4 of the CFA.”*

Rome, March 13, 2025

The Board of Directors