



Avio S.p.A.

Registered office in Rome, via Leonida Bissolati No. 76
Administrative offices in Colleferro (Rome), via Ariana Km 5.2
Share Capital Euro 91,764,212 fully paid-in
Rome (RM) Companies Registration Office No.: 09105940960

HALF-YEAR REPORT AT JUNE 30, 2025

CONTENTS

HIGHLIGHTS	4
LETTER TO THE SHAREHOLDERS	5
DIRECTORS' REPORT	7
<i>The Avio Group</i>	8
<i>Profile</i>	9
<i>Corporate Boards and Committees</i>	11
<i>Recent History</i>	12
<i>Business areas</i>	14
<i>Group structure and international presence</i>	14
<i>Strategy</i>	16
<i>Shareholders</i>	19
 <i>H1 2025</i>	20
<i>H1 significant events</i>	21
<i>Market performance and operations</i>	24
<i>Group operating performance and</i>	
<i>financial and equity position</i>	26
<i>Research and Development Activities</i>	35
<i>Human Resources</i>	38
<i>Communication and Social Responsibility</i>	44
<i>Group principal risks and uncertainties</i>	47
<i>Subsequent events to the period-end</i>	54
<i>Outlook</i>	56
<i>Transactions with holding companies, subsidiaries, associates,</i>	
<i>joint ventures and investees</i>	57
<i>Other information</i>	58
<i>Corporate Governance</i>	59
 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS	
AT JUNE 30, 2025	61
<i>Condensed Consolidated Statement of Financial Position</i>	62
<i>Condensed Consolidated Statement of Profit or Loss</i>	64
<i>Condensed Consolidated Statement of Comprehensive Income</i>	65
<i>Condensed Consolidated Statement of changes in Equity</i>	66
<i>Condensed Consolidated Statement of Cash Flow</i>	67
<i>Notes to the Condensed Consolidated Half-Year</i>	
<i>Financial Statements at June 30, 2025</i>	68
▪ <i>General information</i>	68

▪ <i>Significant accounting policies</i>	68
▪ <i>Composition, comment and changes in the main accounts and other disclosures</i>	79
▪ <i>Disclosure by operating and regional segment</i>	120
▪ <i>Commitments and risks</i>	120
▪ <i>Financial instruments and risk management policies</i>	124
▪ <i>Related party transactions</i>	126
▪ <i>List of Group companies at June 30, 2025</i>	129
▪ <i>Information on public grants as per Article 1, paragraphs 125-129, of Law No. 124/2017</i>	130
▪ <i>Subsequent events to the period-end</i>	132
<i>Auditors' Report on the Condensed Consolidated Half-Year Financial Statements at June 30, 2025</i>	135
<i>Declaration of the Executive Officer for Financial Reporting and Corporate Boards</i>	136

HIGHLIGHTS

Net revenues

Euro 234.9 million (+30.0% on H1 2024)

EBITDA

Reported: Euro 10.0 million (+23.7% on H1 2024)

Adjusted (*): Euro 11.4 million (+36.7% on H1 2024)

EBIT

Reported: Euro 0.0 million (loss of Euro 0.4 million in H1 2024)

Adjusted(*): Euro 1.4 million (loss of Euro 0.1 million in H1 2024)

Result before taxes

profit of Euro 0.4 million (loss of Euro 0.5 million in H1 2024)

Net Result

loss of Euro 0.2 million (loss of Euro 1.8 million in H1 2024)

Net cash position

cash of Euro +75.3 million (cash of Euro +90.1 million at December 31, 2024)

Investments

Euro 10.3 million (Euro 6.7 million in H1 2024)

Backlog

Euro 1,670 million at June 30, 2025 (Euro 1,724 million at December 31, 2024)

Research and development

net costs of Euro 80.2 million incurred in H1 2025, equal to 34.1% of net revenues for H1 2025 (net costs of Euro 67 million incurred in H1 2024, equal to 37.1% of net revenues for H1 2024)

Employees at period end

1,533 at June 30, 2025 (1,355 at December 31, 2024)

(*) H1 2024 restated only for illustrative purposes for uniformity with that stated from January 1, 2025 concerning the "costs for exploratory activities of potential new business" related to the activities of the U.S. subsidiary among recurring costs;

LETTER TO THE SHAREHOLDERS

Dear Shareholders

We are delighted to present the Avio Group Financial Report for the first half of 2025.

The period just ended principally saw the consolidation of the launch activities for the Vega C launcher. On July 26, 2025, Vega C successfully completed the VV27 mission, which was particularly significant and challenging as it placed five satellites in orbit at two different altitudes: the 4 CO3D satellites, developed by Airbus Defence and Space, which seek to map the Earth's surface in 3D and provide 2D images for institutional and commercial customers. The MicroCarb satellite developed by CNES, on the other hand, is designed to study sources and sinks of carbon dioxide (CO₂), the greenhouse gas that is contributing most to climate change.

This major achievement follows that of the VV26 mission, which concluded successfully on April 29, 2025. This saw the Vega C launcher carry the Biomass satellite into orbit for the European Space Agency. Biomass is the first satellite equipped with a P-band synthetic aperture radar that can penetrate forest cover to measure biomass, i.e. the trunks, branches and stems of trees, which store most of the carbon. The satellite is designed to provide crucial data on the status and changes of our planet's forests, contributing to a deeper understanding of their role in the carbon cycle.

Meanwhile, work also continued on the Ariane 6 launchers in H1. Avio is a partner of the programme, providing the P120C solid rocket boosters and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. Following its maiden flight, which was completed successfully on July 9, 2024, Ariane 6 carried out two additional missions in H1 2025: the first, on March 6, 2025, carrying the CSO-3 satellite for the French Armed Forces into orbit, and the second on August 13, 2025, positioning the Metop-SGA1 satellite for the company EUMETSAT. Avio will continue to supply P120C boosters that will be used in a dual configuration as for the first two flights, or four to carry larger loads.

H1 2025 also saw significant developments in the evolution of solid-propellant propulsion systems for the European launchers. On April 24, 2025, the qualification test of the P160C engine, an evolution of the P120C engine currently in use on the Ariane 6 and Vega C launchers, concluded successfully. Developed in collaboration between ArianeGroup and Avio through their 50/50 joint venture, Europropulsion S.A., the P160C contains 157 tonnes of propellant, making it one of the world's largest solid propellant thrusters with a monolithic carbon fibre structure. The new thruster will be shared by the two European launchers and will be used as a booster for Ariane 6 and as a first stage for Vega C and the forthcoming Vega E.

The beginning of 2025 also saw important agreements regarding the redefinition of the European launcher system. With the approval of the new Launchers Exploitation Declaration ("LED") on July 10, 2025, Avio was assigned the role of launch service provider for the Vega family of launchers. On August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana. This is the first time an Italian company has been enabled to provide space access services, and is based on its recognised technological and industrial capabilities and its strategic positioning as part of the European space industry.

The growth of defence propulsion was also further consolidated in 2025: in Europe, cooperation with the MBDA Group was further strengthened by the signing of new production orders with MBDA in France in July, worth approx. Euro 60 million. Growth in the defence sector also continued in the United States, where Avio delivered a historic achievement by signing a supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles.

On April 30, 2025, Avio's Shareholders' Meeting unanimously approved the distribution of a dividend of Euro 3.75 million (equivalent to Euro 0.14841 per share). The dividend was paid on May 7, 2025.

Looking to the operating and financial performance, H1 2025 closed with an order backlog of Euro 1.67 billion (-3.1% compared to December 31, 2024), with orders of approx. Euro 0.2 billion mainly relating to the Vega launch service contracts acquired as part of the transfer of responsibility from Arianespace to Avio.

Net Revenues of Euro 235 million were up 30% on the previous year due to the increased production activities for Vega and for the boosters for the Ariane 6 launcher.

Reported EBITDA was Euro 10.0 million, up approx. 24% on H1 2024, reflecting the improvement in revenues that was partially offset by the increased energy costs in the period.

The net cash position was Euro 75.3 million, a decrease of Euro 14.8 million on December 31, 2024, reflecting the typical business cycle with the transfer to sub-contractors of some advances previously collected from customers.

The 2025 Guidance announced in March 2025 is confirmed.

Finally, we are pleased to highlight how shareholder and investor confidence in H1 2025 also enabled the Avio stock to reach new highs, with the share price up approx. 70% since the beginning of the year. The milestones achieved in terms of increasing capitalisation and improving overall stock liquidity meant that Avio has been included, since June 23, 2025, in the FTSE Italia Mid Cap Index and Euronext Tech Leaders segment, a group that includes 110 high-growth European companies in a range of technology sectors, including Aerospace & Defence.

While 2024 constituted a major turning point in Avio's business, thanks to the major milestones achieved both in the space sector and business development in defence, 2025 has begun with a consolidation of these achievements. This is especially the case in relation to the launch activities for the Vega C launcher, which proved its reliability by successfully concluding two separate missions just three months apart. In this regard, Avio is also ready to commit to gradually increasing Vega C's flight frequency and take on new responsibilities as the next launch operator.

Meanwhile, the measures recently introduced at the global and European level to increase defence spending by NATO member states, including possibly through the activation of the Safeguard Clause by European Union member countries, create as yet unexplored scenarios that offer significant development potential for your Company in the defence propulsion sector. Last but not least, the recent orders signed in Europe and the United States confirm Avio's role and commitment to supporting European and U.S. defence needs through its capabilities.

Applying its expertise and determination, Avio will be ready to face new challenges and tap into new opportunities in its target markets, continuing on the trajectory that has enabled it to achieve the key milestones of the past few months.

Giulio Ranzo
Chief Executive Officer and General Manager
Avio S.p.A.

DIRECTORS' REPORT

THE AVIO GROUP

PROFILE

The Avio Group (hereafter in this Directors' Report also "Avio" or the "Group") is an aerospace sector global leader. The experience and know-how built up over more than 50 years lies behind Avio's embodiment of excellence in terms of launch systems, solid, liquid and cryogenic propulsion and military systems propulsion.

The Group directly employs in Italy and overseas over one thousand highly-qualified personnel at the main Colleferro facilities on the outskirts of Rome and at other locations in Campania, Piedmont and Sardinia. Additional operating sites are located overseas (in France and French Guiana).

The Group is currently involved in the Launch Systems and space propulsion sector, particularly with regards to the design, development, production and integration of:

- space transport systems (Vega Launcher and future developments);
- solid and liquid propulsion systems for launchers (Ariane 6 Launcher, Vega family of launchers);
- solid propulsion systems for tactical missiles (Aspide, Aster, CAMM-ER, MARTE, TESEO);
- liquid propulsion systems for satellites;
- new environmentally-friendly liquid propulsion systems for future launchers and orbital modules;
- ground infrastructure for launcher preparation and launch.

Acting as the Launch Service Provider for the Vega C launcher, the Group also develops the Launch Service User Manual, conducts marketing and commercialisation activities, functions as a single interface with launch service customers, is responsible for the development of the launch manifest, and defines customer requirements and specification of payload interfaces for the launch system.

The current **Launch Systems** with Avio components are:

- Vega C, an evolution of the current Vega model, a launcher which made its maiden flight on July 13, 2022. Vega C has the capacity for a greater payload than the Vega and optimises production costs thanks to the sharing of the new first stage (P120C) with Ariane 6;
- Ariane 6, whose test launch took place on July 9, 2024. The launcher has two distinct configurations for feasible missions, guaranteeing greater payload flexibility. In particular, the A62, with two P120C solid propulsion boosters, and the A64, with four P120C solid propulsion boosters, will be used for both GEO (geostationary) satellite positioning, at an altitude of 36,000 km, and other kinds of mission, such as launches to LEO orbits, SSO (sun-synchronous) polar orbits, MEO (medium earth) orbits, 4.5 tonne satellites to GEO orbits, and 20 tonne satellites to LEO orbits. In this context, Avio supplies solid boosters for both Ariane 6 configurations, as well as two oxygen turbopumps for the liquid stages of the Vulcain 2 and Vinci engines;

Regarding **defence activities**, Avio participates in major national and international programmes. These include:

- ASTER, a ground-air defence system;
- CAMM-ER, ground-air defence system currently under development;
- MARTE, a helicopter and ship launched anti-ship weapon.

In addition, on July 24, 2024, Avio announced the launch of two *partnerships* with Raytheon (RTX) and the U.S. Army¹, in addition to the signing of a new order with the U.S. Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration, and testing of solid propulsion engines for tactical missiles².

In the field of **satellite propulsion**, Avio has developed and supplied the European Space Agency (ESA) and the Italian Space Agency (ASI) with propulsion subsystems for the launching and control of several satellites, including the latest SICRAL, Small GEO and EDRS-C satellites. It participated in the development and qualification of the propulsion systems of the Hera satellite and of the Mars Sample Return mission, for the Orbit Insertion Module and for the Return Module.

¹ See press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-raytheon-rtx-produzione-di-motori-propellente-solido>

See press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-lesercito-degli-stati-uniti>

² See also the August 27, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/avio-rafforza-collaborazione-con-le-forze-armate-statunitensi>

The Group operates in the following business lines:

- **Ariane**

Ariane is a space programme for ESA-sponsored GEO missions, in which ArianeGroup ("AG") is the prime contractor. Avio is the subcontractor for the next-generation Ariane 6 launcher, whose test launch was carried out on July 9, 2024. For this launcher Avio, through its subsidiary Europropulsion, is producing (i) the solid propellant P120C engine, (ii) the liquid oxygen turbopump for the Vulcain 2.1 engine and (iii) the liquid oxygen turbopump for the Vinci engine. Avio is already working on a more powerful version of the boosters, called the P160, which will increase the thrust of the launcher and consequently also its load capacity.

- **Vega**

Vega is a space programme for LEO missions, whose development has been funded by the ESA, with mainly Italian funding, and for which the Group is the prime contractor for the production and integration of components for the entire launcher and for the production of the solid propulsion engines P80, Zefiro 23 and Zefiro 9 and of the AVUM liquid propulsion module. The Group also plays the role of the ESA's prime contractor for the development of the new generation of Vega Consolidated (Vega-C) launchers, whose test launch was carried out on July 13, 2022. For the latter, the Group is responsible for the development and subsequent production of the entire launcher, as well as the development of a cryogenic liquid oxygen-methane engine for the high stage, called M10.

- **Defence**

Avio is responsible for the design and production of the following products:

- Aster 30 - in particular, the booster engines, the Thrust Vector Control (TVC) actuation system and the aerodynamic control surfaces (fins);
- Aster 15 - in particular, the aerodynamic control surfaces (fins);
- CAMM-ER - development of the booster and single stage sustainer engine, wiring and aerodynamic control surfaces (fins);
- Aspide propulsion units;
- Marte sustainer.

With net revenues in the first half of 2025 of Euro 234.9 million and Reported EBITDA of Euro 10.0 million, the Group currently occupies a leading position in the Italian and European space industry, substantially supported by its high degree of competitiveness - drawing over 95% of its revenues from overseas.

The highly technological content of Avio's operations has required research and development spend - for the portion principally commissioned by the ESA, ASI and Member State ministries - accounting for 34.1% of net revenues in H1 2025. These activities were carried out both in-house and through sub-contractors and a network of laboratories and partnerships with some of the leading domestic and international universities and research centres.

CORPORATE BOARDS AND COMMITTEES

Board of Directors

On April 28, 2023, the Shareholder's Meeting appointed the Board of Directors of Avio S.p.A., which in turn, on April 28, 2023, decided upon the internal appointments and the granting of the powers required to complete company operations. On the same date, the role of Vice-Chairperson was established for the first time.

The Shareholders' Meeting confirmed the number of members at 11 and the term of office of the Board of Directors at three years, concluding with approval of the 2025 Annual Accounts. On May 15, 2025, following a resignation, the Board of Directors voted to co-opt a Director.

Roberto Italia	Chairperson (c)
Giovanni Gorno Tempini	Independent Director, Vice-Chairperson
Giulio Ranzo	Chief Executive Officer
Letizia Colucci	Director (b)
Milena Lerario	Director
Elena Pisonero	Independent Director (c)
Donatella Sciuto	Independent Director (b)
Giovanni Soccodato	Director (a)
Raffaele Cappiello	Independent Director (b) (a)
Donatella Isaia	Independent Director (a)
Marcella Logli	Independent Director (c)

- a. Member of the Appointments and Remuneration Committee
- b. Member of the Control and Risks Committee
- c. Member of the Sustainability Committee

Board of Statutory Auditors

On April 28, 2023, the Shareholders' Meeting of Avio S.p.A. appointed its Board of Statutory Auditors, whose term of office is three years, concluding with the approval of the 2025 Annual Accounts.

Vito Di Battista	Chairperson
Mario Matteo Busso	Statutory Auditor
Michela Zeme	Statutory Auditor
Roberto Cassader	Alternate Auditor
Sara Fornasiero	Alternate Auditor

Supervisory Board

On May 9, 2023, the Board of Directors of Avio S.p.A. appointed its Supervisory Board, confirming its composition and term of office, which is three years, concluding with the approval of the 2025 Annual Accounts.

Alessandro De Nicola	Chairperson
Giorgio Martellino	Member
Raoul Vitulo	Member

Independent Audit Firm

Deloitte & Touche S.p.A. (2017-2025)

The Shareholders' Meeting, held in ordinary session on December 20, 2024, approved the Board of Directors' proposal to appoint KPMG S.p.A. S.p.A. as the legal auditor for the fiscal years 2026 - 2034.

RECENT HISTORY

1994

The FIAT Group, operating since the early 1900's in the aviation sector, acquired in 1994 BPD Difesa e Spazio, a company founded in 1912 and growing to over 4,000 staff, focused on munitions development and production for Italian and foreign militaries.

2000

In 2000, adding to its traditional aeronautical and aerospace activities, the Group, in collaboration with the Italian Space Agency (ASI), established ELV S.p.A. (held 70%) for the complete development and design of a new launcher. In this role, under the auspices of the European Space Agency (ESA), the Group assumed the role of lead contractor for the European launcher VEGA.

2006

The Avio Group was acquired by BCV Investments, owned by the private equity fund Cinven (81%), Finmeccanica Group (14%, now Leonardo Group) and other investors (5%).

2012

In February, the European space launch system named VEGA, designed and engineered by Avio, was approved. In December, Avio announced the signing of an agreement for the sale of its aeronautical division to General Electric.

2013

In May, Avio's new VEGA launcher successfully completed its first commercial flight. On August 1, 2013, Avio sold GE Avio S.r.l., which operated its aeronautic division, to General Electric.

2014

In December, the European Space Agency Ministerial Conference of Member States decided to finance the VEGA launcher development programme until its completion, including a first rocket stage (the P120C) to be shared with the forthcoming Ariane 6 launcher, also fully financed.

2015

The outcome of the Ministerial Conference of ESA countries, held the previous December 2014, led in August 2015 to the signing of major development contracts for the Vega-C and Ariane 6 launchers. Avio's key role was recognised thanks to its participation in the development programme for Vega-C and Ariane 6's shared rocket stage, the P120C, and its lead systems engineering role in the VECEP programme for the development of the Vega-C launcher.

For the first time in the history of the Kourou Space Centre as many as 12 launches were made in one year, including 6 involving Ariane and 3 for Vega.

2016 - 2017

In the fourth quarter of 2016, the operation for the acquisition and listing of the Avio Group by Space2 S.p.A., an Italian SPAC listed on the MIV market/SIV segment of Borsa Italiana S.p.A., was initiated.

This operation was completed on March 31, 2017 with the acquisition by Space2, Leonardo S.p.A. and In Orbit S.p.A. (a company formed by a number of Avio managers) of an 85.68% holding in Avio. The remaining investment was already held by Leonardo. On the same date, CONSOB authorised publication of the listing prospectus for ordinary Space2 post-merger with Avio shares on the Italian Stock Exchange. The merger by incorporation with Space2 was thereafter effectively executed on April 10, 2017.

Also on April 10, 2017, Space2 post-merger with Avio, maintaining the name "Avio S.p.A.", was listed on the Italian Stock Exchange's STAR segment.

2018

As part of the process initiated by European Space Agency (ESA) member states for new governance of the European launchers sector, in order to transfer to the prime contractors (Ariane Group for Ariane 6 and Avio for Vega-C) the responsibility for commercial exploitation of the new products and the associated risks, and following completion of the accompanying flights for Vega launcher testing, the shareholders of ELV S.p.A. (held 70% by Avio S.p.A. and 30% by ASI) reorganised operations, with development, production and distribution of launchers carried out by the industrial shareholder Avio, while ELV S.p.A. concentrates on the research and development of new technologies and on aviation testing.

Therefore, on March 1, 2018, the subsidiary ELV S.p.A. transferred to Avio S.p.A. the launchers development, production and distribution business unit. Following this reorganisation, the subsidiary ELV S.p.A. took from May 9, 2018 the new name of Spacelab S.p.A., focusing on the research and development of new technologies and space transport product testing.

On February 7, 2018, the company Avio Guyane SAS was incorporated, fully owned by Avio S.p.A. and operating at the Kourou launch site in French Guiana. The company is involved in coordinating the launch campaigns and managing the ground infrastructure for the Vega launches, optimising the industrial processes and boosting productivity ahead of a future increase in the number of Vega launches.

2019-2021

On August 19, 2019 the company Avio France S.A.S., with registered office in Paris and wholly-owned by Avio S.p.A., was incorporated. Its corporate scope is to undertake engineering activities to study and design space transport systems and subsystems.

2022-2023

Avio USA Inc., which is wholly-owned by Avio S.p.A., was incorporated in Delaware and established in Virginia. Avio USA is structured to operate in compliance with US security and export control regulations and is managed by a US-majority board of directors.

A US team with sector competencies and relevant experience has been hired. Such team has begun mapping the market for relevant opportunities with a view also to engaging in early discussions with prospective customers.

The Chief Executive Officer of Avio USA is retired US Navy Vice-Admiral James Syring, former director of the US Missile Defence Agency, and the Chairman is former Booz Allen Hamilton Partner Martin Bollinger.

2024-2025

On July 30, 2024, an Avio branch was set up and registered on August 29, 2024 at the Nanterre Companies Register, based in Boulogne-Billancourt. Its main scope is the commercialisation of launch services, in order to strengthen discussions and collaboration with local institutions.

Avio has progressively assumed the role of Launch Service Provider for the Vega C launcher. In particular, on July 10, 2025, with the approval of the new Launcher Exploitation Declaration ("LED")³, Avio was assigned the role of launch service provider for the Vega family of launchers. On August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana. This is the first time an Italian company has been enabled to provide space access services, and is based on its recognised technological and industrial capabilities and its strategic positioning as part of the European space industry.

³ See press release of July 10, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/avio-diventa-fornitore-dei-servizi-di-lancio-famiglia-di-lanciatori-vega>

BUSINESS AREAS

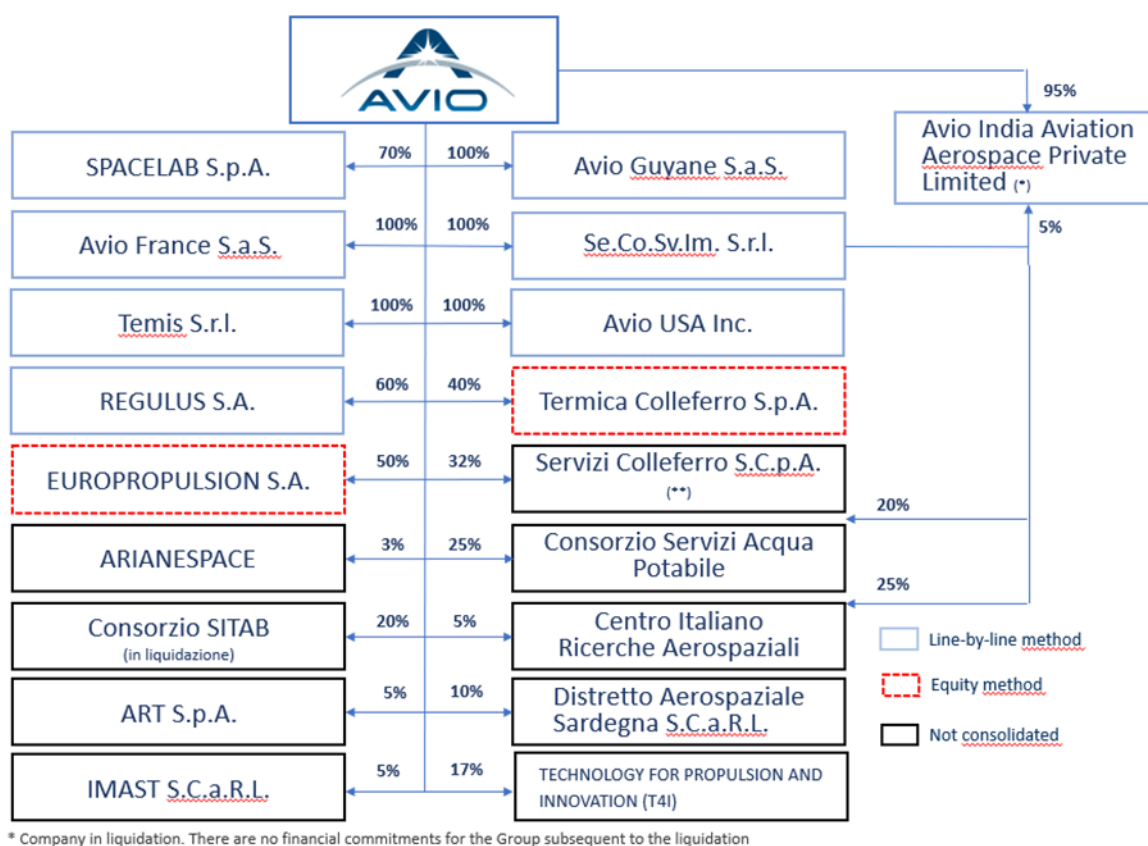
Core operations: design, development and production of solid and liquid propellant propulsion systems for space launchers; design, development and production of solid propellant propulsion systems for tactical missiles in the defence segment; development, integration and supply of complete light space launchers (VEGA); research and development of new low environmental impact propulsion systems and of satellite tracking control engines.

Main programmes: Ariane, VEGA, Aster, CAMM-ER.

Main customers: Arianespace, ESA (European Space Agency), ArianeGroup (previously Airbus Safran Launchers), ASI (Italian Space Agency) and MBDA

GROUP STRUCTURE AND INTERNATIONAL PRESENCE

The Avio Group's ownership structure is reported below:



(*) indicates that the company is in voluntary liquidation. No financial significant commitments are expected for the Avio Group related to the liquidation.

(**) As of June 30, 2025, Colleferro Services is not controlled by the Governance structure. On July 1, 2025, Avio S.p.A. holds 30.48% and Secosvim 19.05% for a total of 49.52%, after a new shareholder joined Servizi Colleferro.

The Group has production facilities in Italy, primarily in Colleferro (Rome) and Villaputzo (Cagliari), and in France, where the joint venture Europropulsion S.A. is based. There is also a research lab in Airola (Benevento), Italy. In Kourou, French Guiana, there is the European spaceport where loading and integration of the Ariane 6 solid-propellant booster segments, as well as integration of the Vega-C launcher, take place.

Moreover, the Group, through its subsidiary Spacelab S.p.A., has a shareholding with a nominal value of Euro 350 thousand in the E. Amaldi Foundation, whose primary objective is to promote and support scientific research aimed at technology transfer, starting from the space sector, as a fundamental tool for the economic

development of the country and as a source of innovation to improve competitiveness, productivity and employment.

STRATEGY

Avio Group's strategy in the current decade is mainly orientated by the agreements:

- at national level with:
 - o the Italian Government, which, through the ASI (Italian Space Agency) and the ESA (European Space Agency) intends to implement the initiatives of the National Recovery and Resilience Plan regarding the Space sector,
 - o the Defence Administration and MBDA for the development, production and sale of military products,
- at European level with:
 - o the ESA for the development of new products and services in line with its activities at a national level;
 - o Arianespace and future satellite customers considering the Launch Service Provider responsibility for the production, integration and sale of the Vega C launcher;
 - o ArianeGroup for the production, integration and batch sale of the P120C engines.
- at the US level with:
 - o the incorporation of Avio USA Inc., which is wholly-owned by Avio S.p.A.;
 - o the hiring of a US team with sector competencies and relevant experience;
 - o the beginning of market mapping for relevant opportunities, with a view also to engaging in early discussions with prospective customers.

These interests mean that Avio is among the very small number of companies worldwide operating in the field of Space Access.

Regarding the agreements at European level, major developments emerged following the European Space Agency (ESA) Council meeting held on November 6, 2023 in the presence of ministers representing the various member states⁴. In fact, among the major decisions taken by the Council, a number concerned key junctures of programmes of interest to Avio and, in particular, Ariane 6, Vega C and Vega E.

The main outcomes include:

- the coverage, through additional funding, of a portion of the additional production costs resulting largely from the significant rise in inflation that has emerged in the period 2021-2023 in the eurozone, particularly for Ariane 6 up to Euro 340 million per year and for Vega C up to Euro 21 million per year;
- the expectation of a minimum number of European institutional launches, both for Ariane 6 (4 flights/year) and Vega C (3 flights/year), increased from that expected in previous years, due in part to the growth in size of the various European satellite programmes;
- the opening of a competition in the European launcher sector through a special competitive process (European Launcher Challenge) by the ESA to develop and demonstrate the launch capability of new systems (up to Euro 150 million);
- Avio's gradual assumption of Vega-C's Launch Service Operator (LSO) and Launch Service Provider (LSP) functions, i.e. responsibilities for Vega C's flight operations and commercialisation rights;
- the allocation to Vega C and Vega E, at the Kourou space centre, of an existing facility that will be dedicated to launcher pre-integration so as to increase the annual launch frequency and the related allocation to Vega E of the launch pad previously used by Ariane 5.

The process to transfer Vega C Launch Service Operator (LSO) and Launch Service Provider (LSP) functions is still underway and is being carried out in line with the ESA Board Resolution of November 6, 2023. Arianespace

⁴ See press release of November 7, 2023 at the link: <https://www.avio.com/it/comunicati-stampa/consiglio-ministeriale-esa-importanti-decisioni-su-ariane-6-vega-c-vega>

and Avio have agreed that Arianespace will remain the launch service provider and operator for Vega-C launch services until Vega flight 29 (VV29), currently scheduled for early 2026. Currently, all of the contracts already signed for launch services with Vega C for missions following the Vega 29 flight have been transferred from Arianespace to Avio.

On July 10, 2025⁵, at the ESA's headquarters in Paris, the new Launcher Exploitation Declaration ("LED") was approved. This is a key step in redefining the European launcher system, which assigns Avio the role of launch service provider for the Vega family of launchers. This is the first time an Italian company has been enabled to provide space access services, and is based on its recognised technological and industrial capabilities and its strategic positioning as part of the European space industry.

As part of its production activities, Avio:

- pursues the exploitation of the **Vega C** launcher (replacing the Vega launcher), following the successful return-to-flight mission on December 6, 2024, stabilising the frequency of flights at four per year; this will then rise to five per year through investments in French Guiana, particularly relating to the new Integration Building;
- contributes to the Ariane 6 programme, providing the **P120C** solid rocket boosters and the liquid oxygen **turbopumps** for the core stage Vulcain 2.1 engine and the upper stage Vinci engine.
- through the subsidiary Avio Guyane, acquired control of the Zone de Lancement Vega (ZLV) launch area and the management; in particular it ensures main launcher assembly installation maintenance (e.g. control centre, integration and launch building, propellant loading stations). This consolidates its ground activities role, i.e. mechanical, electrical and hydraulic management activities at the Kourou launch base, which was assumed in 2016 and extended its scope of expertise.

In the area of Development Activities, in accordance with the outcomes of the 2014, 2016, 2019 and 2022 Ministerial Conferences, which confirmed the European strategy for developing its launchers (from Vega to Vega C and Ariane 5 to Ariane 62/64). In accordance with the contracts signed from 2015 onwards, Avio is therefore pursuing:

- the development of an enhanced version of the P120C engine, the **P160**, which will have a greater quantity of solid fuel, and therefore bring a delta performance to the Vega C launcher of approximately 200 kg in the same reference orbit. As the same P160C engine will also equip the Ariane 6 launcher, it will be possible to contribute to Mega-constellation deployment for satellite internet. April 24, 2025 saw the P160C ignition test carried out successfully by CNES at the European spaceport in French Guiana.
- the development of **enabling technologies** to further increase the performance of future launchers and reduce their cost, and in particular:
 - o liquid fuel tanks in composite material;
 - o modular avionics 3.0;
 - o non-explosive stage separation systems;
 - o sub-orbital and orbital demonstrators that incorporate the aforementioned technologies and which are considered precursors of the new Micro Launch Vehicle (MLV) class of launchers;
- the LOX/Methane **M60 engine**, the evolution of the M10 engine that will equip the Vega E, considered the building block of the post-Vega-E Vega Next launcher (time horizon beyond 2032) and is a green propulsion technology to support the sustainability of future launchers;
- the development of a multi-purpose engine called the **MPGE** as an alternative to the Ukrainian MEA intended to equip the Vega C as a fourth stage after its qualification, and its adaptation for **IOS** (In Orbit Servicing) missions, including a enabling technology demonstrator provided for under the

⁵ See press release of July 10, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/avio-diventa-fornitore-dei-servizi-di-lancio-famiglia-di-lanciatori-vega>

National Recovery and Resilience Plan. This engine is another green alternative to improve the sustainability of future launchers;

- the development of an alternative source for the supply of **Carbon-Carbon**, a material used for the manufacture of nozzle throat inserts manufactured by Avio for Vega C;
- developing **Vega E**, and, in particular, its Upper Stage, with the new M10 engine with cryogenic oxygen and methane propellants. Vega-E (a three-stage launcher based on P120C, Z40 and a LOx-Methane Upper Stage), in addition to cutting the launch price compared to the Vega C, will further improve: (i) Vega-C's performance and (ii) the range and flexibility of satellite services, enabling, among other benefits, more extensive orbital parameter changes than possible with Vega and Vega-C.
- the development of the **Space Rider**, the European return vehicle, in which Avio is the Prime Contractor of the ESA (together with TASI) for the supply of the Attitude & Vernier Upper Module Orbital Module (AOM) derived from Vega C. Space Rider is a spacecraft taken into orbit by Vega-C, capable of carrying up to 500 kg of payload for different applications, of remaining in that orbit for a period of time in the order of 2 months, in order to carry out a series of experiments or orbital services, and finally return to earth for the recovery of the payloads;
- developing Smart Payload Adapters (**PLA**), which make it possible to adapt launches to the varying needs of commercial and institutional customers who increasingly use greater numbers of satellites with reduced masses and volumes. These PLAs can, therefore, offer different types of missions, from single/double to Piggyback and Rideshare launches via SSMS (already used in Vega flight VV16).

In the defence field, there is a growing demand for defence activities internationally.

In Europe, Avio has a significant presence in defence propulsion thanks to its collaboration with the MBDA Group. In late 2024, a contract was signed between Avio and MBDA Italy for Avio to supply propulsion engines for the CAMM-ER missiles produced by MBDA and with a total value of approx. Euro 150 million. On July 21, 2025, Avio announced an additional production order from MBDA France for the supply of propulsion engines and related aerodynamic surfaces for the ASTER 30 defence system, with a value of approx. Euro 50 million⁶.

At the international level, on July 23, 2024, Avio announced that it had signed a contract with Raytheon, a division of RTX (NYSE: RTX), a leader in defence solutions for the US government and its allies, to begin and advance the development of solid propellant engines for defence. The contract lays the foundation for the engineering work required to start production of these engines⁷.

Avio's planned investments in resources and production capacity help meet immediate customer demand. Avio will be able to utilise the existing capacity of its Italian production and engineering teams to support Avio USA's growth and facilitate its strategy for solid-propellant engine production. Avio USA is a subsidiary of Avio in the United States with headquarters in Arlington, Virginia.

On the same date, Avio announced that AVIO S.p.A. and the U.S. Army Combat Capabilities Development Command Aviation & Missile Center are entering into a partnership to develop and prototype a solid-propellant thruster for surface-to-air applications. The project draws on the experience of both parties to qualify the propulsion system with a production-orientated design approach, offering the possibility of a transition to production in the future⁸.

Following rapid development and prototyping activities conducted over the past year, Avio on August 27, 2025⁹ announced the signing of an supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles.

⁶ See press release of July 21, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/siglati-ordini-60-milioni-di-euro-con-mbda-francia>

⁷ See press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-raytheon-rtx-produzione-di-motori-propellente-solido>

⁸ See press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-lesercito-degli-stati-uniti>

⁹ See also the August 27, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/avio-rafforza-collaborazione-con-le-forze-armate-statunitensi>

SHAREHOLDERS

At June 30, 2025, the share capital of Avio S.p.A. of Euro 91,764,212.90 comprised 27,159,346 ordinary shares, of which:

- 22,533,917 ordinary shares from the merger with Space2, which resulted in the listing of Avio S.p.A. on April 10, 2017 (the "business combination") on the STAR segment of the Italian Stock Exchange (MTA);
- 1,800,000 shares following the conversion of 400,000 special shares into 2 tranches. In particular, the first tranche of 140,000 special shares was converted into 630,000 ordinary shares at the effective merger date of April 10, 2017, while the second tranche of 260,000 special shares was converted into 1,170,000 ordinary shares on May 17, 2017;
- 2,025,429 shares following the exercise of 7,465,267 market warrants in the June 16 - August 16, 2017 period;
- 800,000 shares following the exercise of 800,000 sponsor warrants on May 28, 2025 by Space Holding S.r.l. ("SW Exercise"). In this regard we note that Space Holding S.r.l., the promoter of the business combination, held 800,000 sponsor warrants, exercisable within 10 years from the effective merger date of April 10, 2017, on the condition that Avio S.p.A.'s share price reached Euro 13.00, with a conversion ratio with Avio S.p.A. post-merger shares of 1 against the payment of an exercise price of Euro 13.00. At the effective merger date (April 10, 2017, the first trading day of the Avio S.p.A. share on the MTA), the condition for the exercise of the Sponsor Warrants was satisfied. Following Space Holding S.r.l.'s exercise of the sponsor warrants on June 2, 2025, the Company issued 800,000 ordinary shares of Avio S.p.A. to Space Holding S.r.l.¹⁰ In light of the above, there are no additional sponsor warrants outstanding at the reporting date.

At the date of this report, on the basis of the communications received as per Article 120 of the CFA and the information available to the Company, the Avio S.p.A. shareholder structure was as follows:

Shareholder	% share capital
Leonardo S.p.A.	28.75%
In Orbit S.p.A.	2.74%
Delfin S.a.r.l.	3.68%
Treasury shares	3.63%
Remaining MTA free float	61.20
Total	100.00%

¹⁰ See also the May 30, 2025 and June 12, 2025 press releases at the links: <https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-dell+esercizio-+sponsors-warrant-space2-s-p-a-+/MXxjb211bmJlYXRpLjE3NzEwMDAwMzQyMDI1MXwxflwMjUwNzAz>
<https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmJlYXRpLjE3NzEwMDAwMzQyMDI1MXwxflwMjUwNzAz>

H1 2025

H1 SIGNIFICANT EVENTS

Business

ESA Zero Debris Charter with BULL Co., Ltd.

On January 15, 2025, Avio signed the ESA Zero Debris Charter and is fully committed to compliance thereto. All components of the Vega C launcher are systematically de-orbited following launch, including the AVUM+ last stage, which performs an atmospheric re-entry manoeuvre to clear orbit following satellite deployment.

We consider in this regard the recent signing of a Memorandum of Understanding (MOU) with BULL Co., Ltd., a Japanese start-up developing a space debris prevention device, to study the application of an innovative space debris prevention device aboard the Vega C rocket. The collaboration with BULL will further improve Vega C's respect for the orbital environment¹¹.

First bi-propellant ignition tests successfully carried out¹²

In February 2025, the first ignitions in bipropellant mode of the first prototype of the MPGE, Multi Purpose Green Engine, were successfully carried out on a test stand - also built as part of the project - at Avio's facilities. The engine ignited correctly, achieved the expected steady-state thermal conditions and chamber pressure, demonstrated better-than-expected combustion efficiency, and performed a correct and stable ignition and shutdown sequence. In addition, good accuracy of the regenerative cooling model was demonstrated.

The MPGE, Multi Purpose Green Engine, is a green engine that uses hydrogen peroxide and kerosene as propellants completely designed, manufactured, assembled and tested in Italy. The project, developed under the National Recovery and Resilience Plan, is executed by Avio and coordinated by the ASI (Italian Space Agency), with contributions from SMEs, universities and startups.

Success for Ariane 6 flight VA263¹³

On March 6, 2025, the Ariane 6 launcher successfully completed flight VA263 from the Guiana Space Centre, putting the CSO-3 satellite into orbit for the French Armed Forces. Avio is partner of the programme providing the solid rocket boosters P120C and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. The P120C engines provided more than 80% of take-off thrust, ensuring optimal performance. Avio will continue to supply these boosters, which will be used in a two or four-unit configuration depending on the payload to be carried to orbit.

Avio is also developing a more powerful version of the booster, called the P160, which will increase the launcher's thrust and payload capacity. The P160 will be the world's largest carbon fibre monolithic engine and will also be used by the Vega C.

Successful P160C engine ignition test¹⁴

April 2025 saw the ignition test of the P160C, an evolution of the P120C engine currently in use on the European Ariane 6 and Vega-C launchers, successfully conducted by CNES at the European spaceport in French Guiana.

The P160C is one of the world's largest solid propellant thrusters with a monolithic carbon fibre structure. It contains 157 tonnes of propellant. The P160C development programme is managed and funded by the European Space Agency.

This new thruster has a greater solid propellant capacity than the one currently used for Ariane 6 and Vega-C and therefore significantly increases launcher performance. The new P160C thruster is shared by the two European launchers and will be used as a booster for Ariane 6 and as a first stage for Vega-C and Vega-E.

¹¹ See also the January 15, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/prevenzione-dei-detriti-spaziali-con-nuovo-dispositivo-su-vega-c>

¹² See also the February 24, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/motore-mpge-effettuati-con-successo-primi-test-di-accensione-bi-propellente>

¹³ See press release of March 6, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/successo-volo-va263-dellariane-6>

¹⁴ See also the April 24, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/test-di-accensione-del-motore-p160c-avvenuto-con-successo-si-apre-nuovo-capitolo>

Successful VV26 flight of Vega C¹⁵

On April 29, 2025, Vega-C flight VV26 successfully launched the Biomass satellite for the European Space Agency (ESA). Biomass is the first satellite equipped with a P-band synthetic aperture radar that can penetrate forest cover to measure biomass, i.e. the trunks, branches and stems of trees, which store most of the carbon.

Launch Service Provider (LSP) of Vega C

The period saw the completion of the transfer of previously signed launch contracts from Arianespace to Avio. Consequently, as announced, for missions after the VV29 flight Avio will be the Launch Service Provider (LSP) of Vega C.

Other significant events

Resignation and co-option of a Director¹⁶

At its meeting of March 13, 2025, the Board of Directors noted the resignation for personal reasons of the Director Luigi Pasquali - appointed by the Shareholders' Meeting on April 28, 2023 for a three-year term based on the slate submitted by the outgoing Board of Directors - effective from the date of the Shareholders' Meeting to approve the Company's 2024 financial statements.

The Board of Directors' meeting held on May 15, 2025 resolved to appoint by co-option Ms. Milena Lerario as a Director of the Company, pursuant to Article 2386, paragraph 1, of the Civil Code. She will remain in office until the next Shareholders' Meeting of the Company and will replace the Director Luigi Pasquali, who resigned on April 30, 2025.

Distribution of dividends¹⁷

On April 30, 2025, Avio S.p.A.'s Ordinary Shareholders' Meeting unanimously approved the Board of Directors' proposal to distribute an ordinary dividend of Euro 3,750 thousand, to be paid out from the 2024 net profit.

Allocation of shares to beneficiaries of the "2022-2024 Performance Shares Plan"¹⁸

In implementation of the "2022-2024 Performance share Plan" approved by the Board of Directors on March 28, 2022, and subsequently by the Shareholders' Meeting on April 28, 2022, on May 15, 2025, the Board of Directors, having consulted with the Appointments and Remuneration Committee and having verified the achievement of the Plan's performance targets, resolved to allocate a total of 105,460 Company shares, free of charge, to the Plan's Beneficiaries (as defined in the relative Prospectus).

Amendment to the "2023-2025 Performance Share Plan" and "2024-2026 Performance Share Plan"¹⁹

On May 15, 2025, the Board of Directors approved the proposed amendments to the "2023-2025 Performance Share Plan" and the "2024-2026 Performance Share Plan" plans (the "Plans") and, therefore, to the related Prospectuses. These changes related to granting the Board of Directors the power to amend the Plans, upon the proposal of or in consultation with the Appointments and Remuneration Committee, without the need for further approval by the Company's Shareholders' Meeting and in any event consistent with the Remuneration

¹⁵ See also the April 29, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/vega-c-lancia-con-successo-satellite-biomass-lesa-0>

¹⁶ See also the March 13, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/risultati-esercizio-2024>

The May 15, 2025 press release: <https://www.avio.com/it/comunicati-stampa/risultati-q1-2025-incremento-di-ricavi-profitti-nuovo-lancio-di-successo-vega-c>

¹⁷ See also the April 30, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/assemblea-ordinaria-degli-azionisti-di-avio-spa-30-aprile-2025>

¹⁸ See also the March 13, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/risultati-esercizio-2024>

The May 15, 2025 press release: <https://www.avio.com/it/comunicati-stampa/risultati-q1-2025-incremento-di-ricavi-profitti-nuovo-lancio-di-successo-vega-c>

¹⁹ See also the May 30, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/risultati-esercizio-2024>

The May 15, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/risultati-q1-2025-incremento-di-ricavi-profitti-nuovo-lancio-di-successo-vega-c>

Policies, in certain specific cases, ensuring that the essential contents of the Plans remain as unchanged as possible and/or to facilitate their implementation.

Resignation of Chief Financial Officer and Executive Officer for Financial Reporting²⁰

On May 30, 2025, Mr. Alessandro Agosti resigned from his role as Chief Financial Officer, Investor Relator, and Executive Officer for Financial Reporting and from his position attesting to the compliance of the Company's sustainability reporting, in order to take on a new professional challenge. The resignation will be effective from September 12, 2025.

Change in the share capital of Avio S.p.A.²¹

In accordance with Articles 2.3, 3.1 and 3.4 of the regulation of the "Space2 S.p.A. Sponsor Warrants" (the "Regulation"), on June 2, 2025, Space Holding S.r.l. was issued a total of 800,000 ordinary Avio shares with no indication of par value and with the same dividend rights as the Company's currently outstanding shares, at a price of Euro 13.00 per share, with Euro 1.00 as the implied carrying amount and Euro 12.00 the share premium, for a total equivalent value of Euro 10,400,000.

Following the issue of the new shares, the Company increased its paid-in share capital in accordance with the resolution of the Extraordinary Shareholders' Meeting of Space2 S.p.A. held on June 17, 2015. In light of the above, there are no additional Warrants outstanding at the reporting date.

The updated By-Laws reflecting the new share capital value, including the attestation regarding the execution of the capital increase in accordance with Article 2444 of the Civil Code, were filed on June 12 for registration with the relative Companies Register.

²⁰ See also the May 30, 2025 press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/dimissioni-del-chief-financial-officer-e-dirigente-preposto/MXxjb211bmjYXRpLjE3NzEwMDAwMzEyMDI1MXwxfDIwMjUwODI3>

²¹ See also the May 30, 2025 press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-dell-esercizio-degli-sponsor-warrant-space2-s-p-a-/MXxjb211bmjYXRpLjE3NzEwMDAwMzEyMDI1MXwxfDIwMjUwNzAz>

The June 12, 2025 press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmjYXRpLjE3NzEwMDAwMzkyMDI1MXwxfDIwMjUwNzAz>

MARKET PERFORMANCE AND OPERATIONS

General overview: historic and future outlook

In H1 2025, 149 orbital launches were made (compared to 127 in the same period in 2024), 7 of which recorded a failure (compared to the total of 3 in 2024). Globally, these 149 launches put into orbit 2,108 satellites (1,324 in the same period of 2024), for a total transported mass of 1,493 tonnes (1033 tonnes in the same period of 2024). The first half of 2025 saw the continuation of the trend of previous years, dominated by the deployment of SpaceX's Starlink constellation (1,486 satellites launched in H1 2025, equal to 1,126 tonnes of mass, via 58 dedicated Falcon 9 launches and two failed Starship launches).

The numbers for 2025, therefore, confirm the trend of expansion in the launch sector (and space in general), due largely, as evident from 2019 onwards, to the deployment of Mega-Constellations, i.e. low orbit satellite constellations, (as noted above, Space X's Starlink in particular, but also OneWeb, O3B, and other minor constellations).

From the perspective of orbits, low Earth orbit (LEO) missions (Vega's target segment) continue to consistently increase: in the first months of 2025 globally, there were 121 LEO launches (with a transported mass of 1,359 tonnes, compared to 857 tonnes in 2024, excluding launches to the ISS and the CSS), and 15 GTO/GEO launches (transported mass of 71 tonnes, compared to 51 tonnes in 2024). The trend set for the first time in 2020 of LEO transported mass exceeding that of GTO/GEO is therefore confirmed, with the phenomenon largely attributable to the launch of mega-constellations.

As for the type of satellites, it is worth noting that of the 2,108 satellites put into orbit in H1 2025, 444 were SmallSats (i.e. with a mass <600 KG) compared to 194 in 2024, demonstrating a sudden turnaround mainly related to the growing deployment of small satellites and cubesats in low orbit.

With the exception of the Starlink and Starshield constellations (satellites produced, launched and operated by Space X that preclude open competition), the predominant mission type, excluding launches with impossible-to-determine origins, is for the first time commercial (only 128 institutional satellites versus 404 commercial). This is consistent with the reversal of the trend associated with the increase in small satellites and cubesats launched into low orbit.

As for the applications of the launched satellites, these are mainly in the perimeter of telecommunications services, such as broadband internet, mobile telephony and the Internet of Things, but also in the field of earth observation and navigation. We note also an increase in satellites implementing technologies based on artificial intelligence, cloud computing and in-space servicing.

Finally, analysis of the leading countries in the sector in H1 2025 reports 97 launches for the USA (1,333 tonnes), 36 for China (only 112 tonnes, indicating a very low load factor of the launchers which are only possible as supported by government funding), 9 for Russia, and 2 for Europe.

Forecasts for this decade and the next indicate a strong growth in transported mass, with a CAGR of 9% from 2024 to 2030, and 7% from 2030 to 2040. This growth is expected to occur above all in LEO orbits (deployment and replenishment of constellations, infrastructures and space logistics), but also in escape orbits (the Moon, Mars, exploration and colonization operations), not only at institutional but also at commercial level.

Globally, it is also estimated that revenues generated by the launch segment, equal to approximately USD 9.3 billion in 2024, will rise to USD 19 billion in 2030 (CAGR of 7%) and USD 27 billion in 2040 (CAGR of 7%), confirming - in the face of far greater growth in mass transported to orbit - the strong pricing pressure in the launch segment.

Launchers market

H1 2025 confirmed the global trend of recent years in which few nations had a launch service offer capable of responding not only to the ever-strong institutional market, but also to the growing commercial market. As previously mentioned, these countries were the USA and China (together covering 83% of launches, and more than 97% of the mass launched), and, to a lesser extent, Russia, Japan, India, and Europe.

The following new launcher missions were reported in the first half of the year:

- New Glenn, an American Blue Origin launcher;
- CZ 8A, a Chinese CGWIC launcher;

- Spectrum, a German Isar Aerospace launcher - FAILURE.

The most used “legacy” launchers remained the Falcon 9 (78 launches), the CZ in its various versions (28 launches), and the Electron (10 launches).

Data compiled by Avio from information reported on the websites <https://space.skyrocket.de>, <https://nextspaceflight.com/> and <https://www.rocketlaunch.live/>, in addition to magazines, including SpaceNews Magazine.

Defence market

According to recent figures for 2024, military spending by the NATO countries stands at USD 1.450 trillion, or 2.6% of GDP (2% excluding the United States).

By 2025, military spending by NATO countries is expected to increase by 9% year-on-year to USD 1.590 trillion, or 2.8% of GDP. European countries indicate higher military spending growth (+16% year-on-year to USD 529 billion or 2.3% of GDP) than the United States (+5% year-on-year to USD 980 billion or 3.2% of GDP). Italy is among the countries with the highest increase, with military spending projected to rise 39% year-on-year to Euro 45.3 billion.

The projected trend for 2025 appears consistent with the path to achieve the military spending target of 3.5% of GDP by 2035; if achieved, theoretical incremental spending on equipment by EU countries is estimated to be approximately USD 300 billion over the next 10 years, or an average annual growth of 5% between 2025 and 2035 (assuming 1% annual GDP growth and 30% invested in equipment)²².

²² Nato projecting a sizable increase in 2025 defense spending - equita, August 31, 2025

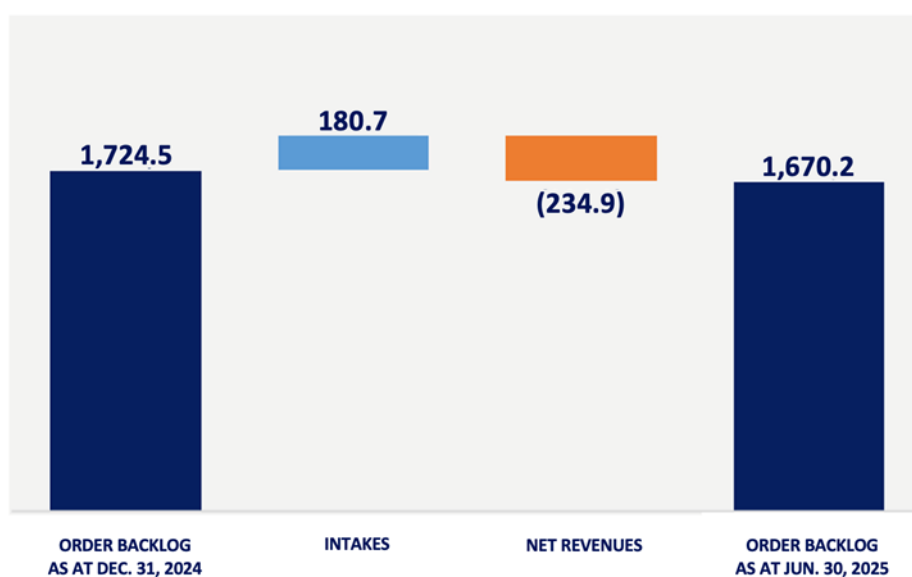
GROUP OPERATING PERFORMANCE AND FINANCIAL AND EQUITY POSITION

Backlog

The industrial sector of space programmes in which Avio operates is characterised by medium-long term projects with limited volatility, associated with an order backlog that provides solid medium-long term visibility. The Backlog at June 30, 2025 was Euro 1,670.2 million, a net decrease of Euro 54.3 million (-3.1%) on December 31, 2024.

The order intake in H1 2025 totalled Euro 180.7 million, mainly concerning:

- Vega as part of the transfer of Launch Service Provider responsibility from Arianespace to Avio;
- Vega-E and Space Rider development activities;
- solid propulsion systems for tactical missiles.



(Euro millions)

With regards to the backlog at June 30, 2025, which coincides with the remaining outstanding obligations totalling Euro 1,670.2 million, it is reasonably estimated that it shall give rise to the recognition of revenues of approx. 10% of the amount in H2 2025, for approx. 30% in 2026 and 2027, with the remainder mainly in 2028 and 2029.

See also the press release on the H1 2025 results of September 11, 2025²³ and the presentation to analysts and investors regarding the H1 2025 results, which shall be communicated to investors and analysts on September 12, 2025.

An indication on the order intake or backlog in H1 2025 is also reported:

- in the institutional presentation for investors and analysts on the approval of the Additional Quarterly Disclosures for Q1 2025²⁴ and in the relative Press Release²⁵ available on the company website in the "Investors" section;
- in the other presentations for investors and analysis other than those carried out for the approval of the 2024 financial statements and the Additional Quarterly Disclosures for Q1 2025, available on the company website in the "Investors" section.

²³ Avio's website, in the "Investors" section: <https://investors.avio.com/Investors/Financial-Announcements/>;

²⁴ See the presentation of the Q1 2025 highlights at the link: https://avio-data.teleborsa.it/2025%2f2025_05_15-Avio-Q1-2025-results_v7_20250515_020006.pdf

²⁵ See the May 15, 2025 press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-q1-2025/MXxb211bmIjYXRpLjE3NzEwMDAwMjAyMDI1MXwxfDIwMjUwNzIx>

Operating results

The table below summarises the comparable performance of the Group for the first half of 2025 and the first half of 2024 (in Euro thousands):

	H1 2025	H1 2024 restated (*)	Change
Revenues	260,363	210,606	49,757
of which: Pass-through revenues	25,500	30,000	(4,500)
Revenues, net of pass-through revenues	234,863	180,606	54,257
Other operating income	2,995	3,061	(66)
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(228,227)	(176,034)	(52,193)
Effect valuation of investments under equity method - operating income/(charges)	363	448	(85)
Reported EBITDA	9,994	8,081	1,913
Amortization & depreciation	(9,966)	(8,459)	(1,507)
Reported EBIT	29	(378)	406
Interest and other financial income (charges)	330	(122)	452
Net financial income/(charges)	330	(122)	452
Profit/(loss) before taxes	358	(500)	858
Current and deferred taxes	(546)	(1,283)	737
Net Profit/(loss)	(187)	(1,783)	1,595

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

The following paragraph outlines “pass-through” revenues. These revenues stem from contractual agreements between the subsidiary formerly known as ELV S.p.A. (now Spacelab S.p.A.) and the European Space Agency in August 2015 for the development and construction of the new “P120” thruster for Vega-C and Ariane 6 launches. As a result of the implementation of these agreements, the Avio Group consolidated revenues in the period include the following dual invoicing:

- an initial invoice from the parent company Avio S.p.A., as the sub-supplier, to the Europropulsion S.A. joint venture with revenues and margins not eliminated during the consolidation of the Avio Group as this joint venture is not fully consolidated;
- a second invoice up until February 28, 2018 from the subsidiary formerly known as ELV S.p.A. (now Spacelab S.p.A.) and from March 1, 2018 (following the acquisition by the parent company Avio S.p.A. of the launcher’s business unit of the subsidiary formerly known as ELV S.p.A.) directly by Avio S.p.A., as prime contractor, to the final client the European Space Agency. This concerns a simple re-invoicing of costs received by Europropulsion, without margins, not eliminated in the Avio Group consolidation process as concerning third parties and defined as “pass-through” in this report.

Revenues net of “pass-through” revenues were Euro 234,863 thousand in the first half of 2025, increasing Euro 54,257 thousand (+30%) on the first half of 2024. This net increase is mainly attributable to the increased Vega production activities following its return to flight, the development of Vega E and of Ariane 6 following its maiden flight in 2024, in addition to its first commercial flight in the first quarter of 2025, and to increased defence solid propulsion activities.

The above revenues breakdown by business line as follows (Euro thousands):

	H1 2025	H1 2024	Change
Vega	114,921	81,232	33,689
Technology Development Projects (NextGen EU)	34,908	33,194	1,714
Ariane	41,683	32,672	9,011
Defence Propulsion	40,002	30,532	9,470
Satellite and other assets	3,349	2,976	373
Revenues, net of pass-through revenues	234,863	180,606	54,259

Reported EBITDA in the first half of 2025 was Euro 9,994 thousand, increasing Euro 23.7% on H1 2024.

Reported EBIT was a profit of Euro 29 thousand, improving Euro 406 thousand on H1 2024.

The increase in Reported EBITDA on the first half of 2024 is mainly attributable to the contribution of higher revenues, partially offset by an increase in energy costs. The Reported EBIT reflects the same underlying dynamics as Reported EBITDA, in addition to the effect of higher amortisation and depreciation in the first half of the year compared to the previous year, mainly related to the recent investments in Information Technology.

The result for H1 2025 was also shaped by the research and development tax credit of Euro 807 thousand (Euro 898 thousand in H1 2024), mainly relating to research and development activities, commissioned by the European Space Agency, recognised in the results for the period on the basis of the costs incurred for the Group's long-term research and development projects to which the grant refers, as well as to the Industry 4.0 and technological innovation investments.

For a more complete representation of the Group's earnings performance, the Reported EBITDA and Reported EBIT adjusted to exclude Group non-recurring and unusual components are presented below. The above adjusted amounts (in Euro thousands) and the relative margins for H1 2025 and H1 2024 are reported below:

	H1 2025	H1 2024	Change
Adjusted EBITDA (*)	11,382	8,324	3,058
Adjusted EBITDA Margin (against revenues net of pass-through revs.)	4.8%	4.6%	
Adjusted EBIT (*)	1,416	(135)	1,551
Adjusted EBIT Margin (against revenues net of pass-through revs.)	0.6%	-0.1%	

(*) H1 2024 restated only for illustrative purposes for uniformity with that stated from January 1, 2025 concerning the costs for exploratory activities of potential new business under recurring costs.

The Adjusted EBITDA is considered by management as representative of the Group's operating results as, in addition to not considering the effects of amortisation and depreciation policies, the amounts and types of employed capital funding and any rate changes, already excluded from Reported EBITDA, it also excludes non-recurring and extraordinary components of Group operations, improving the comparability of the operating results.

The H1 2025 Adjusted EBIT was Euro 11,382 thousand (4.8% of net revenues), increasing Euro 3,058 thousand (+36.7%) on Euro 8,324 thousand for H1 2024 restated (4.6% of net revenues). This increase is mainly attributable to the increased Vega production activities following its return to flight and the development of Vega E, in addition to those on Ariane 6 following its maiden flight in 2024 and its first commercial flight in the first quarter of 2025, and to increased defence solid propulsion activities, partially offset by the increased energy costs.

The "Adjusted EBIT", also considered by management as representative of the Group's operating results, consists of Reported EBIT excluding non-recurring or extraordinary components, already excluded for the calculation of Adjusted EBITDA.

Adjusted EBIT for the first half of 2025 amounted to Euro 1,416 thousand, increasing on the first half of 2024 restated and reflecting the same underlying dynamics as the Adjusted EBITDA, in addition to the effect of amortisation and depreciation.

The reconciliation between EBIT, Adjusted EBIT and Adjusted EBITDA for the first half of 2025 and the first half of 2024 is provided below (Euro thousands):

	H1 2025	H1 2024	Change
A Reported EBIT	29	(378)	406
- exploratory activities of potential new business (*)	-	-	-
- new European launcher governance	264	283	(19)
- Other non-recurring charges/(income)	254	109	145
- corporate, legal and financial consultancy	535	289	245
- settlement agreements/incentives/other personnel costs	365	(301)	666
- extraordinary provisions for risks associated with Vega C's return to flight, net of compensation expected from the European Space Agency, and for the future execution of programmes (mainly included in provisions for risks and charges and with a minority portion to adjust inventories).	(30)	(137)	107
B Total Non-recurring Charges/(Income)	1,388	243	1,145
C Adjusted EBIT A+B	1,416	(135)	1,551
D Net amortisation & depreciation	9,966	8,459	1,507
E Adjusted EBITDA C+D	11,382	8,324	3,058

(*) The H1 2024 amount of Euro 2,256 thousand has been reclassified for illustrative purposes only under recurring costs for uniformity with that stated from January 1, 2025 concerning the costs for exploratory activities of potential new business under recurring costs. In the first half of 2024, the classification under non-recurring costs was consistent with the start-up phase of the U.S. subsidiary's operations.

The movement in the Charges/(Income) item is due to the allocation of extraordinary provisions for personnel departures of the Group subsidiaries under the item "settlement agreements/incentives/other personnel costs" and the increase in corporate and legal consultancy costs.

In addition, the reconciliation of the result for the period, Adjusted EBIT and Adjusted EBITDA is presented below:

	FY 2025	FY 2024	Change
Net profit/(loss)	(187)	(1,783)	1,595
Current and deferred taxes	546	1,283	(737)
(Interest and other income)/financial charges	(330)	122	(452)
Non-recurring expenses/(income) (*)	1,388	243	1,145
Adjusted EBIT	1,416	(135)	1,551
Net amortisation & depreciation	9,966	8,459	1,507
Adjusted EBITDA	11,382	8,324	3,058

(*) The H1 2024 amount of Euro 2,256 thousand has been reclassified for illustrative purposes only under recurring costs for uniformity with that stated from January 1, 2025 concerning the costs for exploratory activities of potential new business under recurring costs. In the first half of 2024, the classification under non-recurring costs was consistent with the start-up phase of the U.S. subsidiary's operations.

Financial results

H1 2025 presents net financial income of Euro 330 thousand, compared to net financial charges of Euro 122 thousand in the first half of the previous year. The improvement stems mainly from interest income earned on quarterly time deposits in the first half of 2025 due to higher average cash holdings.

Income taxes

Income taxes in H1 2025 amounted to Euro 546 thousand (Euro 1,283 thousand in H1 2024), with the decrease on the same period of the previous year, mainly attributable to the lower IRAP and the lesser use of deferred taxes related to the provisions for charges.

Reclassified Balance Sheet

The analysis of the Group's capital structure is shown in the following table (in Euro thousands); this is a restated presentation that does not coincide with the "consolidated financial statements" prepared in accordance with international accounting standards:

	June 30, 2025	December 31, 2024	Change
Property, plant & equipment (*)	175,647	173,288	2,359
Investment property (*)	3,968	3,887	82
Right-of-use	12,231	11,693	538
Goodwill	62,829	62,829	-
Intangible assets with definite life	128,124	128,757	(633)
Investments	16,039	17,416	(1,377)
Total fixed assets	398,840	397,870	970
Net working capital	(189,591)	(204,952)	15,362
Other non-current assets	6,571	7,942	(1,371)
Other non-current liabilities	(15,253)	(15,852)	599
Net deferred tax assets	87,579	87,547	32
Provisions for risks and charges	(35,221)	(42,302)	7,082
Employee benefits	(9,200)	(9,493)	293
Net capital employed	243,725	220,759	22,966
Non-current financial assets	2,010	2,010	-
Net capital employed & Non-current financial assets	245,735	222,769	22,966
Net financial position	75,263	90,091	(14,828)
Equity	(320,998)	(312,860)	(8,138)
Source of funds	(245,735)	(222,769)	(22,966)

(*) Compared with financial documents published in previous years, the item "property, plant and equipment and investment property" has been separated for greater comparability with the "consolidated balance sheet"

Assets total Euro 398,840 thousand at June 30, 2025, a net increase of Euro 970 thousand on December 31, 2024 as a combined effect of the following main movements:

- a net increase of Euro 2,441 thousand in Property, plant and equipment and Investment property, primarily due to investments, totalling Euro 5,399 thousand and mainly related to the investments in plant and machinery and to extraordinary maintenance, net of depreciation for the period;
- a net increase in Rights-of-use of Euro 538 thousand, mainly attributable to the leases related to the offices in the United States and the contracts for the fleet of cars, net of depreciation for the period;
- net decrease in Intangible assets with definite life for Euro 633 thousand, mainly relating to investments of Euro 4,872 thousand in design and testing and for the construction of the new engines and avionics elements, net of amortisation in the period;
- net decrease in Equity investments for Euro 1,377 thousand, due to the effect of the equity valuation of the investments in the jointly-controlled company Europropulsion S.A. and the associated company Termica Colferro S.p.A.

"Net working capital" was negative deriving from an excess of liabilities over assets of Euro 189,591 thousand, with a deterioration on the previous year of Euro 15,362 thousand. The main components are outlined in the following table (in Euro thousands):

	June 30, 2025	December 31, 2024 restated (*)	Change
Contract work-in-progress, net of advances	(382,603)	(400,620)	18,017
Inventories	151,853	147,943	3,910
Trade payables	(88,311)	(109,213)	20,902
Trade receivables	4,399	3,074	1,325
Other current assets and liabilities	125,072	153,864	(28,792)
Net working capital	(189,591)	(204,952)	15,362

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

The negative "Net working capital" (current trading) decreased due to the cyclical nature of advances from clients and the advancement of the production and development orders.

"Other current assets and liabilities" in Net working capital decreased by Euro 28,792 thousand from the previous year. The main components are shown below (in Euro thousands):

	June 30, 2025	December 31, 2024 restated (*)	Change
VAT receivables	9,246	8,779	466
Research and development tax credits, technological innovation and industry 4.0.	7,808	7,372	436
Current tax receivables	2,900	2,726	174
Other current assets	143,892	170,451	(26,560)
Current income tax liabilities	(3,424)	(3,359)	(65)
Other current liabilities	(35,349)	(32,105)	(3,244)
Other current assets and liabilities	125,072	153,864	(28,792)

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

"VAT Receivables" increased Euro 466 thousand compared to the previous year, due to the VAT receivables accrued in the period of Euro 2,559 thousand, net of offsets and reimbursements for Euro 2,093 thousand.

With regards to the research and development, technological innovation and Industry 4.0 tax credits, the Avio Group recognised R&D tax credits of Euro 7,808 thousand for the period under review, attributable entirely to the parent company Avio S.p.A., and accrued over recent years. With reference to "current tax assets", "current tax liabilities", and "other current liabilities", please refer to the Notes to the condensed consolidated financial statements for further details.

"Other current assets" decreased by Euro 26,560 thousand, mainly due to item "Advances to suppliers". This item refers to payments to subcontractors made on the basis of interim progress reports and also includes advances paid upon the signing of contracts. The change during the period reflects ordinary business cycle dynamics.

"Provisions for risks and charges" refer mainly to provisions for legal and environmental charges, the provisions for tax risks, in addition to the provisions for the future execution of programmes established previously. The increase of approximately Euro 7 million on the comparative period refers to the amount provisioned in the 2024 annual financial statements with reference to the challenges made by the Tax Agency in terms of the tax audit for the 2018 and 2019 tax periods outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. This concerns the findings related to the reformulation of amortisation on goodwill generated in 2003, to which a smaller amount of Euro 166 thousand was added in the first half of 2025 related to the alleged non-deductibility of certain costs referring to the years subject to audit.

Analysis of the net cash position

A statement follows of the Avio Group's financial position, prepared in accordance with the ESMA Guidelines of March 4, 2021 and the subsequent attention call No. 5/21 issued by Consob in April 2021 (figures in Euro/000):

	June 30, 2025	December 31, 2024	Change
A Cash and cash equivalents	(86,504)	(101,684)	15,180
B Other liquidity	-	-	-
C Other current financial assets	-	-	-
D Liquidity (A+B+C)	(86,504)	(101,684)	15,180
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	2,026	3,014	(988)
F Current portion of non-current financial debt	1,002	2,003	(1,002)
G Current financial debt (E+F)	3,027	5,017	(1,989)
H Net current financial debt (G-D)	(83,477)	(96,668)	13,191
I Non-current financial debt (excluding current portion and debt instruments)	8,214	6,577	1,637
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I + J + K)	8,214	6,577	1,637
M Total financial debt (H + L)	(75,263)	(90,091)	14,828

At June 30, 2025, the Avio Group reports a net cash position of Euro 75,263 thousand (Euro 90,091 thousand at December 31, 2024), with cash and cash equivalents exceeding financial liabilities.

The net cash position, reported at item "M Total financial debt (H+L)" of the table above as per the recommendations of the regulatory authorities, decreased from a positive balance of Euro 90,091 thousand at December 31, 2024 to a positive balance of Euro 75,263 thousand at June 30, 2025, decreasing Euro 14,828 thousand, principally due to the cyclical nature of operating cash flows, in addition to capital expenditures.

The current financial debt, amounting to Euro 3,027 thousand (Euro 5,017 thousand at December 31, 2024), includes mainly:

- the financial liability related to the current portion of the EIB loan, amounting to Euro 1,002 thousand (Euro 2,003 thousand at December 31, 2024), which includes:
 - an instalment of the total loan granted of Euro 10 million (of which Euro 1 million due on October 31, 2025);
 - the accrued interest amounting to Euro 2 thousand.
- current financial liabilities for leased assets of Euro 2,000 thousand (Euro 2,993 thousand at December 31, 2024).

The non-current financial debt, amounting to Euro 8,214 thousand (Euro 6,577 thousand at December 31, 2024), includes:

- non-current financial liabilities, mainly for leased assets of Euro 8,201 thousand (Euro 6,547 thousand at December 31, 2024);
- other financial liabilities for Euro 13 thousand (Euro 30 thousand at December 31, 2024).

Statement of changes in Equity

Consolidated equity at June 30, 2025 amounts to Euro 320,998 thousand, increasing Euro 8,138 thousand compared to December 31, 2024, as a result of the following main movements:

- distribution of a dividend of Euro 3,750 thousand on the 2024 result;
- share capital increase of Euro 800 thousand and share premium reserve of Euro 9,600 thousand following the exercise of the Sponsor Warrants by Space Holding S.p.A. ("SW Exercise");
- allocation of treasury shares amounting to Euro 1,289 thousand to the beneficiaries of the "2022-2024 Performance Shares Plan";
- recognition of the consolidated half-year net loss of Euro 187 thousand;
- net positive effect from the recognition of the stock grant reserve for Euro 364 thousand;
- positive effect of actuarial gains of Euro 49 thousand;
- positive effect of translation gains of Euro 68 thousand.

RESEARCH AND DEVELOPMENT

Investment in research and development is a key factor in achieving and maintaining a competitive position in the space industry.

Avio, as always, devoted considerable resources to the research, development and innovation of products and processes which further its mission. Among its objectives is also the environmentally sustainable development of its activities and products, with particular attention paid to the issues of environmental protection, facility safety and the protection of its workforce.

Regarding such key issues, Avio continues to collaborate closely with national institutions such as the Italian Space Agency (ASI), the Ministry of Education, Universities and Research (MIUR) and the Economic Development Ministry (MISE), in addition to international institutions such as the European Space Agency (ESA) and the European Union.

Avio has developed a network of partnerships with Universities and research bodies in Italy and Europe, among which the Italian Aerospace Research Center (CIRA), the Italian National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA), the Universities of Rome, the Polytechnic University of Milan, the 'Federico II' University of Naples, the University of Padua, the University of Forlì, the Sardinian AeroSpace District (DASS) and the Polymeric and Composite Materials and Structures Engineering cluster of Campania (the CRdC). Avio also forms part of various consortia between European research institutes and industrial partners to support research in the field of energetic materials.

The Group has maintained its participation in research projects with various national and international organizations active in aerospace research. In particular, it continues to collaborate with universities involved in researching advanced solid propellants, composite materials, solid rocket motor (SRM) propulsion systems, cryogenic propulsion, hybrid propulsion and with major global manufacturers and research institutes developing propulsion technologies and innovative modules and components that can benefit from the synergy of individual specific competencies.

Research and development costs incurred by the Avio Group in H1 2025 amounted to Euro 80.2 million (Euro 67.0 million in H1 2024), equating to 40.6% of gross consolidated revenues for H1 2025 (37.8% in H1 2024).

The cost of self-financed activities in H1 2025 amounted to Euro 4.7 million (Euro 2.1 million in H1 2024) and include Euro 2.8 million in development costs capitalised as intangible assets with definite life (Euro 0.7 million in H1 2024) and Euro 1.9 million in research costs or costs for the development of projects not meeting the requirements for capitalisation, which were directly recognised to the income statement (Euro 1.3 million in H1 2024).

Total self-financed activity costs charged to the income statement for H1 2025 amounted to Euro 3.9 million (Euro 3.1 million in H1 2024), including Euro 1.9 million for costs not directly capitalisable and expensed (Euro 1.3 million in H1 2024) and Euro 1.9 million for the amortisation of development costs capitalised (mainly) over previous years (Euro 1.7 million in H1 2024).

In H1 2025, Avio continued innovation activities for its main product lines through basic research, applied research and pre-competitive development.

Solid Propulsion

In Avio's strategic vision, solid propulsion continues to represent a technology that significantly cuts the cost of launch services and maintains the competitiveness of the European space carrier supply chain on the international stage.

In H1 2025, development and qualification of the P160C engine was completed. The P160C's flight qualification took place on April 24, 2025 with the successful fire test at the European spaceport in French Guiana. The P160C constitutes an upgrade on the P120C engine as the former's load of approx. 160 tonnes of solid propellant enables it to provide the launcher with more spin and total impulse. These features make the P160C one of the world's largest carbon-fibre monolithic solid fuel engines. It will be used as an Ariane 6 booster and as the first stage of the Vega C and Vega E launchers.

As in previous years, research and development continued on new energetic materials in H1 2025, with a particular focus on the formulation and production of advanced high-performance yet reduced environmental impact solid propellants. The development of the new propellants focuses on characteristics and performance that will enable their use on future engines in the class of those already qualified for Ariane and Vega launchers and those that will be used on future defence systems.

As part of advanced component and structure development, pre-competitive industrial research continued into high-performance composite/ceramic materials. This led to the creation of carbon-fibre solid propellant engine casings (those of the Vega launchers and the Aster booster, for example) and internal thermal protection of both the combustion chamber and nozzles. In this area, a special focus is placed on improving production processes and optimising the thermo-mechanical and ablative properties of the class of materials used to make the throat inserts, including carbon phenolic (Cph) and carbon-carbon (c-c).

Liquid Propulsion

Avio considers cryogenic propulsion based on liquid oxygen and methane as the answer to future generations of late stages for launch vehicles, as well as for exploration spacecraft.

In H1 2025, work continued on the design and testing of the cryogenic propulsion LPM system aimed at managing the propellant needed to fuel the M10 engine. Following the ongoing development and qualification phase, this will provide the necessary performance to ensure stage 3 propulsion for the forthcoming VEGA E.

During the MR10 development phases before 2025, after completing the Preliminary Design Review of the engine system and successfully closing the PDR's of the main subsystems, the first 2 full-scale prototypes of the M10 engine's LOX/CH₄ combustion chamber were built entirely in ALM, and successfully subjected to mechanical pressure and cold fluid dynamics testing at the Avio Colleferro facility. The second prototype was then assembled with the other sub-systems and test bench components (valves, tubing, sensors and harness) and configured for the firing test. The first fire test campaign was successfully concluded at the end of February 2020 at NASA's Marshall Space Flight Center. This was the first test campaign for a prototype for an innovative 100KN combustion chamber with cooling channel, manufactured in ALM by implementing the Avio "Single Material Single Part" patent.

The results confirmed that additive technology and a single, metallic, low thermal diffusivity material (such as Inconel) can be used to build a full-scale thrust chamber with adequate heat exchange for the M10. This marks an important step forward for the development and qualification of the LOX-CH₄ engine for the upper stage of the Vega E.

The first development model of the entire M10 engine, denominated DM1, was fully integrated during the second half of 2021, together with the turbomachinery components to support the cryogenic fuel regeneration cycle. During the first half of 2022 the test campaign was undertaken at Avio's innovative Space Propulsion Test Facility (SPTF), inaugurated in October 2021 on the Salto di Quirra military firing range in Sardinia. The integration of the second MR10 demonstrator, DM2, was finalised in 2023, successfully concluding the test campaign in August 2023.

In late 2024, the design and of the third DM3 demonstrator of MR10 was completed. In H1 2025, the implementation and integration of the subsystems of the SPTF bench are being completed, with the objective of starting the DM3 test campaign by H2 2025.

The introduction of the innovative high-performance MR10 engine will enable the Vega E launcher to carry a payload of approximately three tons into orbit - therefore significantly more than the Vega C. Furthermore, thanks to the manoeuvrability features of the MR10 engine, with re-ignition and active thrust control capabilities, the Vega E launcher will be able to release many satellites in different orbits during the same mission and at very competitive cost.

Within the scope of space activities financed under the National Recovery and Resilience Plan, development continued in H1 2025 on the first full-scale (mainly technological) models of the following subsystems/propulsion systems:

- of a new generation of large composite LOx and LCH₄ cryotanks, which will be integrated into future versions of the Vega E's upper stage, to obtain a further increase in the maximum payload;
- of the MPGE "Multi-Purpose Green Engine", a "green" liquid-propellant engine that will be used in reusable systems such as Space Rider and as principal engine of the propulsion system of the orbital stage of Vega-class launchers;
- of the thrust chamber for the cryogenic High-Thrust Engine (HTE), boasting over 60 tons of thrust, and

designed to be part of the future M60 thruster (LOX/CH₄). Like the M10, the M60 will be made entirely by additive layer manufacturing (ALM) to an innovative thermodynamic design, based on copper alloy, which maximises its specific impulse.

Space Transport Systems

In H1 2025, the ESA Biomass satellite was placed into orbit through the first Vega C launch of the year. Work was also completed on the second launch, which will put the CO3D and MicroCarb satellites into orbit in late July 2025. The former satellite will be dedicated to Earth observation, while the latter will monitor carbon dioxide emissions.

Development and integration of the Space Rider propulsion system continued. Space Rider is a reusable, uncrewed orbital lifting body, capable of returning to Earth to be reused for a subsequent mission, and offering space laboratory services for various kinds of payloads. Avio was commissioned to develop Space Rider by ESA in collaboration with the co-prime contractor Thales Alenia. In particular, the integration of Space Rider with the Vega C modules will create a large and flexible system of services, under the name of Vega Space Systems. Currently, the first operational Space Rider mission, to be carried by the Vega C launcher, is scheduled for not before H2 2027.

Furthermore, in H1 2025, in the scope of research and development activities financed under the National Recovery and Resilience Plan, development continued of the following systems:

- In Flight Demonstrator (IFD), for the development and testing of a LOX/CH₄ propulsion demonstrator for a small single-stage-to-orbit launcher and a two-stage-to-orbit launcher, whose propulsion system will be based on use of the MR10 LOX/LCH₄ thruster, and specifically on a cluster of at least 3 MR10s for the first stage;
- In Orbit Service (IOS), in collaboration with TASI, Leonardo, Telespazio and D-Orbit, with the goal of a national demonstration mission using two satellites, a servicer satellite providing services to a target satellite.

Tactical Propulsion

In H1 2025, following the completion of the qualification activities for the CAMM ER engine, the ageing program (being finalised) continued, as did activities for the production contract for the Italy MoD and Export. In addition, following the acquisition of the contract with MBDA, work began for Avio to supply propulsion engines for the CAMM-ER (Extended Range) missiles, as well as a contract to increase production rates.

Regarding the Aster programme, production continued on the Italian, French and UK Ministry of Defence orders and, financed by MBDA, activities began to ramp-up booster production rates.

As part of the Teseo MK2/E programme, following the successful completion of activities carried out in 2024 (bench tests of DM1 and DM2 and the first launch of the FO missile at PISQ in Sardinia), development activities continued in 2025 on the axial booster that will be used on a long-range anti-ship and "dual role" missile.

In early 2025, the first phase of HYDIS (a European consortium programme supported by OCCAR) began. This will enable Avio to collaborate on the design and production of a hypersonic missile, expanding its defence range.

In addition, Avio continued to collaborate with MBDA to complete the development programme of two more engines for medium and long-range anti-ship missiles and a short-range shoulder-mounted one, of which the first feasibility phase has begun.

Under the PNRM (National Military Research Plan), activities continued with the School of Aerospace Engineering and MBDA-I to develop a ramjet engine demonstrator.

In addition, collaborations on Propulsion Systems development with US customers and partners continued.

HUMAN RESOURCES

At June 30, 2025, Avio Group employees numbered 1,533, increasing on 1,322 at June 30, 2024. The number of employees does not include those of the company Europropulsion S.A., consolidated at equity. The majority of the workforce is employed by the parent company, Avio S.p.A., which at the same date employed 1,244 people (1,169 at June 30, 2024).

In H1 2025, various organisational changes were made:

- a new "Launch Service" Organisational Unit was established within the Sales Department, integrating sales activities with those of launch service contract management. This change reflects the increasingly strategic importance of the business related to launch services and the desire to provide integrated oversight for the entire business cycle, from proposal to delivery;
- an Avio S.p.A. subsidiary was also established in Paris. This is dedicated to the launch services business, with an organisational structure that includes the functions of Contract Management, Mission Management, Sales, BI & Marketing and Finance Controlling, in close co-operation with the parent company.
- Within the Programmes Department:
 - the "Defence Programmes" business line was strengthened with the appointment of a new manager and the organisation into five sectors (Future Systems & New Business, LRAD, MRAD, Antiship & Battlefield Engagement, MLR US), each with its own programmes and projects.
 - the role of Chief Defence Systems Officer (CDSO) was established, with cross-cutting technical responsibility for all Defence programs and products, overseeing the entire life cycle from conception to production;
 - the "Vega-C Programmes" line was further divided into specific sub-projects dedicated to new subsystems, load adapters and obsolescence management;
 - the Vega-E Program saw the introduction of new design responsibilities for the MR10 cryogenic engine and dedicated launch complex.
- In the Engineering department:
 - the new "Defence Systems Engineering" unit was created, centralising technical expertise on defence products, with areas dedicated to production, US projects, developments and the CAMM-ER programme;
 - the Product Technical Authority assumed a broader role in defining and managing the launcher configuration, with new responsibilities related to mission preparation, feasibility studies, and the technical interface with the launch operator;
 - the Security Engineering & Cyber Solutions and Information Management & Protection functions were strengthened, placing a specific focus on the protection of classified information and programme security;
 - the Quality Department saw a change in leadership, through the appointment of a new manager and the consolidation of product quality, quality control and quality system activities. Functional co-ordination of Supply Chain Quality was also formalised.
- In the COO Department:
 - the "Security, Service & Fleet Management" function was reorganised and is now integrated into the COO scope;
 - a process of facility management and energy management rationalisation has begun, with the goal of improving operational efficiency and sustainability;
 - a new "Innovative Technologies and Process Simulation" area was established within Process and Materials Engineering to support digitalisation and the adoption of advanced technologies.
 - the Supply Chain scope of operations has been consolidated, rationalising and structuring subcontractor management through three dedicated organisational units, divided by commodity category;
 - World Class Manufacturing has assumed a central role in managing production and integration efficiency, implementing cross-cutting initiatives in co-ordination with other business functions;
 - the "Production and Testing Systems" organisational unit reorganised its structure to support the increased production levels, strengthening all crucial areas from ground-based activities to composite materials and special processes, while also laying the foundation for overseas activities.

- Finally, major gender equality and sustainability projects have begun, with the establishment of a dedicated Steering Committee and the appointment of the Executive in charge of sustainability, alongside the achievement of gender equality certification.

Industrial Relations

Meetings with the General Workers' Representative Body (RSU) continued in H1 2025 in order to involve and inform trade union representatives regarding the Company's development and the initiatives it had introduced, such as the one related to corporate welfare.

The following were signed with the workers' representatives:

- an agreement for a training plan for Fondimpresa funds;
- a new agreement on the Production Premium (PDP) for 2025 (payment 2026). The parameters for the industrial indicator were changed and the weightings of the 3 indicators (Economic/Industrial/Quality) were revised;
- minutes for the meeting regarding PDP results for 2024 (disbursement July 2025). The minutes also regulated the conversion of the bonus into Welfare, including the definition of Welfare;
- minutes for the meeting in which restaurant tickets for shift staff and 6AM-2PM fixed shift staff was announced;
- minutes of the meeting defining the introduction of a credit card for staff who are required to travel and the amount of Euro 80 gross per day for staff travelling to Sardinia.

Worker labour situation:

the following was undertaken during the first half of the year:

- 29 new temporary workers were hired on fixed-term contracts;
- 10 employees were hired on permanent contracts at Avio;
- 9 staff leasing transformations.

Forecasts for the future:

- further temporary recruitment is expected between July and December 2025.

Management of protected categories

Exemption was requested and obtained for 30 staff. The existing agreement was renewed for 19 staff.

Talent Acquisition

In H1 2025, in line with last year's trend to continue to cope with various programmes and development of new business, the Company has set out a new hiring plan to bring in white-collar staff. As a result of internal transfers, departures and ongoing growth, 157 searches are currently underway. During H1 2025, 98 new staff were hired. Of the 98 hires, 89% came through external channels and 11% from stabilisation of consultants or staff leasing employees. To complete 2025's white-collar requirements, 52 employees with varying seniority are still required.

As regards Internal Job Posting (the internal opportunities for Avio employees), 51 job postings were processed in the first six months of the year, 66 internal applications were received, resulting in 14 moves.

Talent Development

In 2025, the company set out a Merit and Development Plan. In H1, 146 actions were carried out: 112 promotions, of which: 4 Professional Experts (the highest Manager level), 19 to the qualification of Manager (Levels A3, A2 and A1 of the chemical contract), and 40 to the company title of Professional (chemical contract levels B1 and B2), 49 transitions to the white-collar level, of which 39 new graduate pathways and one change from blue-collar to white-collar, 28 merit promotions and 6 one-off interventions.

Again this year, the Company implemented a system of variable bonuses, tied to Avio Group targets for 2025, for Executives-Managers and Professionals (625 people, or 48% of the total workforce). The 2025 goal allocation process has changed since the previous year; the changes that occurred in the 2025 goal allocation process are outlined below.

The weighting of individual goals has increased from 50% to 70%; two new corporate goals have been introduced: productivity and quality, which are more related to staff performance than to financial results alone (adj. EBITDA, NFP).

Therefore, the objectives will have fixed weightings that cannot be changed, 4 of which are company-wide with 30% weighting as follows:

- "adjusted EBITDA", 5% weighting;
- "net financial position", 5% weighting;
- "productivity target", 10% weighting;
- "quality target", 10% weighting;

4 individual targets with 70% weighting as follows:

- "programme or cross-functional target", 25% weighting (defined by a different business department);
- "milestone target", 20% weighting;
- "Department or Function target" 15% weighting, specific to the function in question;
- "conduct target" or attitude target, 10% weighting, to be based on managerial conduct and conduct pillars.

Disbursement and measurement of bonuses will depend on the achievement of the level to which both corporate and individual targets have been achieved; in addition, the assessment range has been expanded since the previous year, which saw a scale of 1 to 3, while for 2025 the assessment scale will be from 0 to 3.

Talent Attraction (Employer Branding)

In order to strengthen Avio's brand positioning as an attractive and recognised company on the Italian labour market, a structured Employer Branding path within the HR Talent function has begun over the past two years. The initiative stems from the desire to enhance the corporate identity and increase Avio's appeal to qualified candidates, helping to strengthen the talent pool available for current and future recruiting needs. Employer Branding activities were divided into two macro areas: online and offline.

Online, in the first six months of the year, digital content dedicated to employer branding was designed and shared, published on both Avio's official social channels and the company intranet. The objective was to attract both junior and senior candidates, thereby increasing the number and quality of applications in the company database, and to promote internal opportunities. We have also launched a network of internal Employer Branding Ambassadors, who actively participated in creating content - stories, videos, mini-interviews - that contribute first-hand to enhancing the corporate image.

As for offline initiatives, we focused on organising events involving both internal staff from various company areas and external stakeholders with a range of differing skills: young university students alongside professionals and industry experts, with the goal of increasing the seniority of new hires. We also reinforced our presence in universities, participating in educational initiatives in line with our business, through direct testimonials, workshops and case studies. The goal here was to impart useful skills and promote greater awareness of the world of Avio.

Important topics including Sustainability and D&I were addressed in H1 2025 through participation in several dedicated summits and events. In H1 2025, the HR Talent team organised and participated in 32 activities, including:

- 3 company visits;
- 11 conferences;
- 9 Career Days/job meetings;
- 2 conventions;
- 1 sector trade fair;
- 1 seminar held at the University of Rome 3;
- 1 Project work + 1 day assessment and award ceremony;
- 2 recruitment days for the Avio-subsidised master's degree programme at Sapienza University;
- 1 University Presentation for Master Class.

Training

Avio recognises training as a strategic lever to empower people and achieve corporate objectives. The Group promotes a culture of continuous learning, providing all employees with equal access to training and encouraging constant renewal of technical and soft skills through innovative and targeted learning experiences. Starting with a training needs analysis, relevant training activities are designed and planned to enhance knowledge and skills and determine appropriate training methods to address any gaps.

The training is undertaken through refresher courses, professional development courses, individual courses and soft skills and technical skills deployment training. These were carried out in the classroom and both synchronously and asynchronously. With regard to training (upskilling and reskilling) for Avio Group personnel, in H1 2025, 16,800 hours of training were provided, with a participation rate of 89% (among, contractors and staff leasing). Among the training indicators monitored in addition to the hours provided and the participation rate, the level of satisfaction is surveyed through a questionnaire. This revealed an average satisfaction rating of 5.2 points on a 6-point scale.

Specifically, the following activities were carried out in H1 2025:

- the “Human Factor” Project - Development of Safety Culture and Transversal Skills was launched. This is a training course designed to strengthen the culture of safety, supplementing the mandatory training required by Legislative Decree No. 81/08 with an approach centred on the development of conduct skills. The project initially involved opinion leaders through interviews and pre-analysis to map excellence skills and identify organisational conduct that can contribute to preventing human error. The training consisted of two main phases: the first was a Development Centre involving 25 managers in three eight-hour sessions that included practical “Safety Skills” exercises, role-playing on team building and leadership, debriefing and group feedback, and an individual questionnaire for skills analysis. This was followed by structured training, again in 8-hour sessions, focused on developing situational awareness, attention management, avoiding automatisms and recognising risk signals. Training activities included simulations, experiential exercises and case studies built on real events, in order to stimulate active learning and individual reflection.
- a conduct and organisational competency development plan for all Departments was designed. Participation in Fondimpresa’s System Notice 1/2025 (which has no economic impact on the allocated budget) made it possible to cover approx. 60% of the soft skills training needs expressed by the departments for 2025, leading to an economic saving of approx. Euro 67 thousand. New training initiatives include pathways dedicated to developing skills in assertive communication, leadership, time management and public speaking. The possibility of funding methodological courses is also significant. These include Project Management Fundamentals, which introduces the basic concepts of project management, from planning to operational co-ordination. The plan will take effect from H2 2025.
- training modules were organised using the 8D method, which seeks to provide a structured approach to problem solving. The course involved cross-functional teams (quality, engineering and operations) and included hands-on exercises and real-world case analyses. Its goal was to strengthen problem-solving, collaboration and nonconformity management skills.
- Two plans funded through the Fondimpresa Training Account were launched, focusing on both developing soft skills and upgrading technical skills. These include, for example, training for maintenance and engineering teams (Development Environment on the TIA PORTAL and Catia V5).
- Training sessions were organised to ensure qualified personnel to work on the product according to the required quality standards, e.g. through certifications and recertifications in welding/crimping, strain gauging, and shotfiring.
- A programme of courses on Recruiting Excellence was carried out by internal instructors from the talent team.
- Professional development courses centred on maintaining training credits were launched for internal certified coaches, in preparation for the start of coaching programmes for the organisation’s staff.
- Institutional training was provided to support professional development. Specifically the “People Manager Programme” was launched to support new appointments to the role of Manager (A3). In addition, the tenth edition of Avio’s “Building the Future” management training programme saw the company emphasise experiential activities, offering team-building exercises through an immersive experience designed to strengthen the cohesion of cross-functional teams. This featured rafting and outdoor activities inspired by the values of environmental sustainability.
- the use of MOC platforms for self-study paths increased, particularly to maintain technical/scientific skills and for specific programmes (e.g. Modelling and Control of Power Electronics Specialisation, Data Analysis, Python etc.).

- upskilling courses were introduced for the foreign subsidiaries, and particularly courses to support technical skills such as orbital mechanics and spacecraft control and Launcher design and re-entry phases.
- Internal training sessions were provided in the following areas: Fundamentals of System Fluid-Dynamics, Model Based System Engineering, System Data Management & SED, Trajectory optimisation.

Special attention was paid to designing training activities on AI and Gender Equality.

- Following the drafting of the internal company policy on artificial intelligence issues, training has been designed and will be delivered from July 2025, focusing on the Microsoft Copilot 365 tool. Differentiated pathways have been established for various professionals in the company, particularly for those in strategic positions.
- With Gender Equality certification, the training plan has been reinforced with pathways that constitute a concrete step toward a more equitable, inclusive and aware work environment.

Additional areas of focus in the period were as follows:

- Training and updating specific and compulsory technical skills in the field of safety (e.g. forklift truck, overhead travelling crane, lifting platform, safety officer, etc.);
- Training focused on manufacturing processes for Vega and Vega-C products and on operations at the Guiana Space Centre (CSG)
- Training on specific software (e.g. Enovia);
- Training on special and critical processes in manufacturing;
- Get on board day: onboarding training for new hires to make visits to Avio's factory and old plant more interactive and engaging;
- Support for internationalisation with a focus on individual and group language training (French language courses, Italian language courses);
- Quality Management System training;
- Cyber security training;
- Refresher training on Legislative Decree No. 231/01 in the classroom and through eLearning;
- Workshop on Export Control ITAR EAR.

Distance learning training, both synchronous and asynchronous, had a positive impact on the total number of hours and participations, involving the entire company population. Using certified in-house trainers, safety and management training and information was provided. The eLearning Academy on the e-learning platform involved the provision of courses on soft, managerial, and methodology-based topics. In addition, courses were provided to help the Quality Division deliver content on the internal Quality Management System. The Digital Library is still live and used to share course documents. The e-learning platform was a key tool also to provide training on safety issues and Seveso quarterly reports; in the regulatory area, to provide training on Legislative Decree No. 231; waste-management training; training on the administrative protection of state secrets and other confidential information; and multimedia training for the on-boarding of new hires.

Organisation and management of personnel

Once again this year, in cooperation with Stellantis & You Roma, the weekly counter with a sales consultant for Avio Group employees continued, during which it is possible to request information on active employee discount promotions for the purchase or rental (24 months) of Stellantis brand vehicles, process purchase/rental quotes and conclude contracts.

In January, the Euro 100 amount provided for in the company's supplementary contract for all non-executive staff, excluding temps, with permanent contracts as of January 31, 2025, was uploaded to the welfare platform. On February 21, 2025, Avio obtained certification for its gender equality management system in accordance with UNI/PdR 125/2022. This is an important recognition that attests to the company's commitment to promoting policies and practices to reduce the gender gap in the workplace.

Effective February 1, 2025, a daily fee worth Euro 80.00 was introduced for travel in Sardinia after discussions with the General Workers' Representative Body (RSU). This measure saved travelling staff from having to keep and submit all paper invoices and receipts, making it easier for them to make payments under the new Budget Law 2025.

Since late April, considering the new tax regulations regarding reimbursement of expenses incurred by employees on business trips, and in order to make it as easy as possible for the workers concerned and avoid extra costs, Avio issued Corporate Credit Cards with individual responsibility charged to the employee's bank

account, which will permanently replace the current "Travel Allowance". The cards were granted as a benefit to all employees who applied for them, and may also be used for private and non-work-related expenses. The INAZ-Timeswapp welfare platform was launched in May, which can be used for reimbursement requests and for the purchase of services by employees who have chosen to convert the Participation Bonus into Welfare. Employee Welfare take-up was 358 out of a total of 1,099, or 32.58%, compared to 306 out of 1,082 last year (28.28%).

From June, EDENRED electronic meal vouchers worth Euro 8.00 per day were introduced for shift staff only to replace the company canteen service. Also as of June 1, 2025, the value of the meal voucher for staff located in the Airolo, Turin and Sardinia offices who were already using it as of May 31, 2025 increased to Euro 8.00 per day.

COMMUNICATION AND SOCIAL RESPONSIBILITY

Avio promotes its image and its products through participation at major international events and a constant presence at Italian and international aerospace conferences regarding the research and development of new technologies in the specific field of space propulsion and launchers.

In addition, the Company develops its own network of scientific exchange and new product development through research collaborations with Italian and international universities and research institutes and through technical and operational collaborations with major European space agencies, in particular the Italian Space Agency (ASI), the French National Centre for Space Studies (CNES) and the European Space Agency (ESA).

All activities in which Avio plays a leading role are also publicised through social media, which boosts brand awareness and brand reputation both domestically and internationally. Thanks to a targeted cross-posting campaign between the various platforms, we generated increased traffic to the company website.

Events and shows

The main events in the year include:

- January 15 - Avio and BULL Co., Ltd. signed an MOU to begin a joint feasibility study to install BULL's PMD (Post Mission Disposal) device, "HORN", on the VESPA payload dispenser of the Vega C rocket, enabling it to accelerate its atmospheric re-entry after the end of launch operations. A press release was disseminated on the website and the internal and external channels.
- January 27 - Chief Executive Officer Giulio Ranzo was a guest on Countdown - From Space to Earth, the Sky Tg24 series hosted by Emilio Cozzi, a journalist and science populariser, to talk about the challenges related to space sovereignty.
- January 28 - Avio took part in the 17th European Space Conference in Brussels. The Communications Department arranged for Chief Executive Officer Giulio Ranzo to speak at the panel "Launching Europe into 2030: Ensuring Europe's Autonomous Access to Space". Through leading figures from the aerospace industry, the conference explored the future of the European launcher ecosystem.
- February 4 - Silicon Valley (CA), the Company participated in the Smallsat Symposium 2025 - The event was an opportunity for the entire space community to learn about the evolution of Smallsats. Marino Fragnito - Chief Commercial and Launch Services Director - participated in the panel "Launch customisation: payloads, schedules and orbits". The Communications Department supported Avio's participation in the event.
- February 12 - Presentation event of the book *Un territorio per la fabbrica e una fabbrica per il territorio. Viaggio nell'antico polverificio BPD. Dalla fondazione al secondo dopoguerra* (A land for the factory and a factory for the land. A journey through the old BPD powder mill, from foundation to the post-war period) (Giunti Editore), a work that traces the history of the old BPD powder mill and its deep connection with Colleferro. The day began with a guided tour of the former facility, led by author Francesca Lillo, and ended with a meeting in the Auditorium moderated by journalist Giovanni Caprara. This featured several prominent figures, including Chief Executive Officer Giulio Ranzo, members of the Parodi Delfino family, and the Mayor of Colleferro, Pierluigi Sanna. The Communications Department organised the entire event and oversaw media outreach. The interview with Francesca Lillo was broadcast on TGR Lazio and reported by several local newspapers, shining light on the story of an industrial and human heritage that belongs to the community. The event was also widely shared on the social media channels.
- February 13 - Anniversary of the first Vega launch - publication on social media channels of an ESA video of the key moments of the first lift-off of Vega, the European light launcher that made aerospace history on February 13, 2012.
- February 14 - To strengthen Avio's presence on LinkedIn and provide a consistent brand image, we created new cover images for all Avio employees. The graphically designed covers were made available in high resolution on the intranet section "Communication and External Relations Department". This project sought to enhance the corporate image and strengthen its reputation on social media.
- February 24 - The first ignitions in bipropellant mode of the first prototype of the MPGE, Multi Purpose Green Engine, were successfully carried out on a test stand at Avio's facilities. The project, developed under the National Recovery and Resilience Plan, is executed by Avio and coordinated by the ASI (Italian

- Space Agency), with contributions from SMEs, universities and startups. The news was released externally through a press release and a post on social media channels.
- February 26 - Avio participated in the Global Space Technology Convention & Exhibition (GSTCE) from February 26-27 in Singapore. Marino Fragnito, Chief Commercial and Launch Services Director, spoke on the panel "The Future of Launch: Emerging Vehicles, Market Trends and Scaling Global Constellations". The Communications Team also organised an invitation-only breakfast in the meeting room.
 - February 26 - Colleferro, the German Ambassador H.E. Hans-Dieter Lucas visited Avio headquarters. The meeting discussed current scenarios and new opportunities in the space industry. The event was shared through a post on social media channels and internally.
 - March 11 - solidarity at Avio: a day dedicated to selling plants with the goal of raising funds to be donated to Multiple Sclerosis Research. Employees were able to purchase an orchid or gardenias with a small donation. Thanks to the generous efforts of all involved and the presence of AISM volunteers, 100 plants were distributed for a total of more than €1,500. The news was shared on social media and the intranet.
 - March 13 - Avio reviewed and approved the Group's consolidated results for 2024. This news was disseminated on social media, the intranet and uploaded to the website.
 - March 17 - Chief Executive Officer, Giulio Ranzo, was a guest on CLASS CNBC's Caffè Affari program, hosted by Adolfo Valente. The interview covered topics relating to Avio's financial results, business growth, and consolidation of the company's strategic role in key segments of the space and defence industry in both Europe and the United States.
 - March 31 - Polytechnic University of Milan, participation in the conference organised by Osservatori Digital Innovation entitled "The future of the Italian Space Economy: between tradition and innovation". Maurizio Cutroni, Commercial Operations, represented Avio on the panel discussion covering changes in the Italian space supply chain.
 - April 11 - Avio participated in Made in Italy Day, an event that celebrates the excellence and value of Italian industry around the world. Marco Biagioni, Programmes Director, explained how technology, research and passion can make Italy a benchmark in the space sector.
 - April 24 - The P160C engine qualification test was carried out successfully at the European spaceport in French Guiana, using the Solid Propellant Booster Test Stand (BEAP). The successful P160C engine ignition test is a major milestone in the development of future evolutions of the European Ariane 6 and Vega launchers. The news was uploaded to the website and shared with the media and on social channels.
 - April 28 - Chief Executive Officer Giulio Ranzo was a guest on Countdown - From Space to Earth, the Sky Tg24 series hosted by Emilio Cozzi. The episode discussed Avio's role in technological innovation, increased launch frequency and development in the defence sector.
 - April 29 - A press release was published regarding the successful VV26 flight. Vega-C launched the Biomass satellite into orbit for the European Space Agency (ESA). The news was announced through a press release and a social media post.
 - May 8 - Padua, Avio takes centre stage at "Galileo - Festival of Science and Innovation" with a booth and customised gadgets. The festival was an opportunity to build synergies between companies, institutions, universities and research and innovation centres. Marco Biagioni, Programmes Director, participated in the panel discussion "Beyond Earth: moving towards the European shuttle", which focused on the future of European spaceflight.
 - May 11 - More than 100 employees sporting Avio-branded flags and gadgets participated in the Race for the Cure in support of research and the fight against breast cancer. The Communications Department shared photos of the day on social media.
 - May 15 - Avio reviewed and approved its Q1 2025 results. A press release was issued in coordination with the Investor Relations Department and subsequently shared with the press and on the company website.
 - May 17 - Avio sponsored the 13th Sapienza Rocketry Challenge in Segni. This is a launch competition for rocket models built by students in the Space Propulsion Laboratory course at the Department of Mechanical and Aerospace Engineering at the Sapienza University of Rome.
 - May 20 - Venice, Avio played a leading role at the "Space Meetings" event. This saw an international benchmark for the aerospace sector, saw the presence of Avio with a stand and the participation of

Chief Executive Officer Giulio Ranzo in the roundtable “Defining a Space Roadmap: The Draghi Report and Post-ESA Ministerial 2025 Perspectives”.

- May 21 - Avio confirms its position among the “Sustainability Leaders” in the ranking of Italy's 240 most transparent and sustainable companies, compiled by *Statista* and *Il Sole 24 Ore*. The list takes into account 45 indicators on three performance areas: environmental, social and governance. This achievement was celebrated through social posts and internal news.
- May 27 - Avio presented a booth at Small Sat Europe, the leading European event dedicated to small satellite technologies, from May 27-28 in Amsterdam. Chief Commercial and Launch Services Director Marino Fragnito participated in the panel discussion “Availability of current and planned launch capabilities”. The Communications team also organised the drinks reception on the first day.
- May 27 - European Commissioner for the Defence and Space Industry, Andrius Kubilius, visited Colleferro. After an introductory meeting hosted by Chief Executive Officer Giulio Ranzo, during which the main ongoing programmes and Avio's role in the European space launcher scenario were explained, the guests were given a tour of the company's manufacturing facilities. The Communications Department publicised the visit through social media posts and on the internal channels.
- May 28 - Giovanna Manca, Head of the Launch Systems Preparation Department, spoke about the operation of the Vega C launcher in a video interview conducted by *Fondazione Leonardo*. The video was shared internally and externally on the social media channels.
- June 5 - World Environment Day. In a short video Leonardo Marigliani - Launch Systems Business Development - explained how satellites launched into orbit by our launchers contribute to our understanding of Earth's environmental conditions. The video was shared internally on the company's infopoints and intranet and externally through Avio's social media channels.
- June 10 - Avio hosted the fourth Meeting of *Space Agencies of ILLA member countries* in Colleferro, in collaboration with the *Italian Space Agency*. The event brought together representatives from Latin America and the Caribbean and focused on innovation, sustainability and advanced technologies. Its goal was to strengthen co-operation and promote new synergies in the space sector. News of the meeting was shared on social media.
- June 12 - Marco Biagioni, Programmes Director, gave an interview for Astrea, a radio and TV programme hosted by the channel Radio Radio. The interview focused on Avio's national and international role and the importance of playing a leading role in the space economy. The Communications Department organised the event and supported the preparation of the Q&A.
- June 17 - Avio participated at the 55th International Paris Air Show in Le Bourget. Chief Executive Officer Giulio Ranzo appeared on the panel “European Space Transportation Cooperation: Securing Our Access to Space” alongside key players in European industry. In his talk, he outlined Avio's strategic vision for the future of launch vehicles. An editorial in the name of the CEO was produced, and this was given space in the *Corriere della Sera* newspaper.
- June 23 - International Women in Engineering Day. We celebrated the event with a video of “our” female engineers. The short interviews were designed to highlight all the female workers at Avio and to emphasise the fight to overcome the gender gap. It was a way to give voice to the talent, passion and commitment of female professionals who contribute to innovation and progress every day. The video was shared internally and externally on all social media channels.
- June 30 - Avio took part in the Eucass industry fair as a Gold Sponsor, alongside the Sapienza University of Rome. The event, which is globally significant in the space sector, began with Chief Executive Officer Giulio Ranzo as a speaker at the opening ceremony. The Communications Department covered each day of the fair by posting a number of photos on social media.

GROUP PRINCIPAL RISKS AND UNCERTAINTIES

Risks relating to the war in Ukraine

As reported in the 2024 Annual Financial Report and in the Half Year Report at June 30, 2024, the Russian-Ukrainian crisis is an ongoing diplomatic-military confrontation between Russia and Ukraine that began in February 2014. This conflict centres on the status of Crimea, the Donbass region, and Ukraine's possible membership of NATO.

The information provided in this section - and more generally the information provided in these financial statements on the ongoing conflict in Ukraine - takes into account Consob's calls for attention dated March 18, 2022 and May 19, 2022. The latter fully referred to the recommendations provided by ESMA in the Public Statement "*Implications of Russia's invasion of Ukraine on half-yearly financial reports*" dated May 13, 2022.

As widely reported, on February 24, 2022, Russia began the invasion of Ukraine. Despite unanimous condemnation and international sanctions against Russia, the conflict between the two countries continues.

As previously reported in the prospectus of March 31, 2017 relating to the admission to trading on the STAR segment of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A., in undertaking transactions the Group mainly uses suppliers and sub-contractors for the supply of components, semi-finished products and raw materials. The Group's ability to fulfil its obligations to its clients also depends on the fulfilment of contractual obligations by its sub-contractors and suppliers.

Also as reported in the prospectus, certain Group suppliers and sub-contractors, considering the skills and know-how they have developed, in addition to the qualification processes that have certified their compliance with specific requirements, are difficult to replace or, in any event, their replacement may entail a lengthy period of time and significant costs.

In view of the Russian-Ukrainian crisis that had emerged even in February 2014, it was reported in the prospectus, in particular, that the then recent foreign policy events could affect the capabilities of suppliers operating in Russia and Ukraine.

The prospectus also stated that such possible non-fulfilment could concern a varying range of components (such as the propellant tanks and the fourth stage engines of the Vega launcher, the pressure regulators and valves) or raw materials (such as ammonium perchlorate and carbon fibres) and, should significant cases of non-fulfilment by the Group's suppliers or subcontractors occur or, for any reason, should such suppliers no longer be able to meet their obligations or should they need to be replaced by the Group, the latter, also on account of any delays that might ensue, could be held liable by its clients and, therefore, be subject to possible claims for damages. The occurrence of one or more of these circumstances could impact upon the Group's financial statements.

Due to the skills and know-how developed and the qualification processes that have certified their compliance with the specific requirements, the Group's strategic suppliers which are difficult to replace or, in any case, whose replacement could require a lengthy period of time and significant costs, still include two Ukrainian suppliers who currently supply the main engine for the fourth stage of the Vega and Vega-C launchers (the "MEA engine").

Avio had also chosen a Ukrainian supplier (ESA approved) for the production of the carbon-carbon inserts used to make the nozzles for the Z40 and Z9 engines of the Vega-C carrier, and in 2019 began an investment activity to improve its expertise in the production of carbon-carbon inserts.

As of March 2022, following the outbreak of hostilities between Russia and Ukraine, Avio had already undertaken a supply contract from a previously used European supplier and, to date, also in view of the recommendations of the Commission of Inquiry following the VV22 flight anomaly, the procurement of carbon-carbon inserts from Ukrainian suppliers has been banned by the ESA.

Currently, there is no direct procurement from Russian suppliers.

On the other hand, with regard to the main engine of the 4th stage for the Vega and Vega-C launchers, the status of supplies already in Colleferro, by virtue of advance orders placed as early as 2017, allows the continuation without discontinuity of industrial activity with respect to the VEGA and VEGA-C programmes in the short and medium term.

As a result of regular contacts with these suppliers, production of the MEA engine continues.

The situation is being monitored in order to take proactive actions to protect business continuity over the long term. In this context, the ESA recently decided to allocate specific financial resources to initiate technical and industrial actions to mitigate the long-term supply risk through the ongoing development of complementary technological solutions;

Against this backdrop, and again with the goal of strengthening business continuity in the medium to long term, as outlined in the 2024 financial report, at the end of 2023 a contract was finalised with two of the aforementioned Ukrainian suppliers of the fourth stage main engine for the Vega and Vega-C launchers. Delivery is expected in the medium term (2025-2027).

On the basis of the information currently available, it cannot however be excluded that a worsening of the Ukrainian crisis, or the continuation of the current situation, could have possible future impacts on the Group's production activities with reference to the VEGA-C programme.

As these assessments gradually matured, they were promptly reported in the press releases dated February 25, 2022²⁶, March 25, 2022²⁷, July 17, 2022²⁸, and September 9, 2022²⁹ and are still accurate.

Based on the above, the risks from impacts from dependence on such Ukrainian strategic suppliers are qualified as possible.

At June 30, 2025, Avio had outstanding advances to Ukrainian suppliers of approx. Euro 7.7 million, of which:

- Euro 0.2 million related to the procurement of raw materials for the production of an MEA engine for Batch 4 of Vega C; this amount is expected to be recovered with the delivery of the MEA engine by the second half of 2025;
- Euro 1.3 million related to previous Carbon-Carbon insert supply agreements; recovery of this amount can be made only after the end of the state of war in Ukraine;
- Euro 4.3 million paid in 2023 and Euro 1.9 million paid in 2024 as advances for future production of 20 additional MEAs beyond Batch 4; these advances will be recovered with deliveries between 2025 and 2027.

In this general context, it should be noted that the Batch 3 and Batch 4 contracts with the customer Arianespace includes the possibility - where necessary - to invoke a force majeure clause for the obligations assumed by Avio. At present, the application of this clause has not been invoked because, in light of the above, Avio is currently able to ensure the continuation of production activities in the short and medium term. In any case, the situation will be constantly monitored.

The Group has already taken steps - with the support of the European Space Agency - to identify possible alternative suppliers for the above products, also analysing the process and methods required for the certification of these solutions in the qualification dossier of the Vega-C launcher. Currently, carbon-carbon inserts of Arianespace production will be used whose supply timelines ensure the continuity of Vega-C production. Regarding the replacement of the MEA, an alternative solution has been identified with the support of the Italian Space Agency which is currently being tested (contract signed with the ASI in April 2023).

As also described in the 2024 annual financial report, the ongoing conflict between Russia and Ukraine is not expected to have specific medium-term impacts on the operating continuity of Vega C with regards to the components produced in Ukraine. The procurement process for the fourth-stage Vega C engine produced in Ukraine, which has been underway for several years, has provided a "strategic" stock which guarantees Avio's deliveries for launches planned in the medium term. In addition, over the medium term, funds have been received and a project has been initiated to develop an orbital engine in Italy under the Next Gen EU project.

²⁶ See the press release at the link: <https://www.avio.com/it/comunicati-stampa/operativita-di-vega-non-impattata-dai-recenti-eventi-in-ucraina>.

²⁷ See the press release at the link: https://www.avio.com/sites/avio.com/files/attachments/20220323_CS%20Ukraine%20update_v_ITA_DEF.pdf.

²⁸ See the press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/attivita+-vega-non-impattate-dagli-aggiornamenti-del-conflitto-in-ucraina-nel-medio-termine/MXxjb211bmJYXRpLjE3NzEwMDAwNDUyMDIyMXwxfDIwMjQwMzIx>.

²⁹ See the press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-avio-1h-2022/MXxjb211bmJYXRpLjE3NzEwMDAwNDUyMDIyMXwxfDIwMjQwMzIx>.

Risk Assessment Update

The risk assessment activity carried out at December 31, 2024, in accordance with the company's Enterprise Risk Management (ERM) was updated, which also included material ESG risks as well as the risk on climate change, on the new Governance of the space sector, and on risks related to activities under development in the United States. The new Enterprise Risk Management (ERM) was approved by the Board of Directors on March 13, 2025.

Macroeconomic risks

General aspects

The economic, equity and financial position of Avio is influenced by a number of macro-economic environment factors (including GDP movements, the inflationary impacts on raw materials, the unemployment rate and interest rate movements), both in the countries in which the Group operates and at a global level, as a result of impacts upon the spending capacity of the individual countries (in particular in Europe) for the development of Space activities, through the national and European agencies.

Should this situation of significant weakness and uncertainty continue for significantly longer or worsen, particularly in the Group's market, the operations, strategies and prospects of the Group may be impacted, particularly with regards to production forecasts for future launches of Group spacecraft and for new research and development programmes, with a consequent possible impact on the Group financial statements.

In addition, as reported, the space programmes have principally been executed through the use of funding provided by the governments and the European authorities. Although the 2022 ESA Ministerial Conference had a positive response in terms of allocations for the Company together with the National Recovery and Resilience Plan (PNRR), these allocations depend on the policies adopted by governments and - in general - the economic conditions in Europe and therefore there is a risk of exposure to macroeconomic factors. The demand for launchers is therefore supported both by the public sector and the private sector.

With regard to the Israel-Hamas conflict, as there is no business activity with these counterparties and in the geographical area concerned, based on currently available information, it is not believed that significant risks may exist.

Geopolitical risks

Ongoing geopolitical dynamics include the conflicts in the Middle East, the aforementioned war in Ukraine, and the introduction of tariffs on US imports, in addition to the information reported above regarding the war in Ukraine. These do currently present risks with consequent possible negative impact on the Group's economic, equity and financial situation deriving from conflicts in the Middle East, and, on the basis of the regulations to date applied by the US government, the aforementioned tariffs have no effect since government military contracts are excluded from the imports affected.

Risks related to the ongoing inflationary situation

Should the current inflationary effects on raw materials and/or materials be prolonged or worsen, the Group's business, strategies and prospects could be adversely affected, which could have a negative impact on the Group's income statement, balance sheet and financial position.

Risks related to changes in energy costs.

In H1 2025, energy costs were higher than the levels experienced in the same period of 2024. In view of the volatility risk affecting energy prices, there remains in any case the risk of a potential increase in energy costs, which could have a negative impact on the Group's business, financial position, prospects and strategies.

Specific business risks

The space programmes, due to their inherent complexity, strategic important and source of funding, are generally dependent on plans and decisions undertaken at government level in Europe, both by individual countries and as part of international agreements, implemented by specific national and supranational institutions and agencies. These plans seek to guarantee independent access to space by the European nations.

Changes to space access policies, both at a domestic and European or international level, and unfavourable economic conditions impacting the spending allocated to these policies by national governments and

supranational institutions, may impact Group operational levels with possible repercussions for operations and the Group financial statements.

The Group conducts research and development programmes to develop technologies and products in order to continue to be competitive in the target industries in which it operates. The majority of research and development is commissioned by the ESA, ASI and member state ministries and are partly - where specific strategic purposes are identified - financed by the Group; a portion of the research and development activity financed by the Group benefits from public financing granted by EU funds, and other national institutions (mainly by MiSE - now MiMit - pursuant to Law 808/85).

If the Italian Government, through the ASI or the Ministry of Defence or Mimit, or other national and EU public authorities, such as the ESA, permanently withdraw financing, including as a result of total or partial revocation of granted funding, and if the Group does not have sufficient cash on hand, it may not have the necessary funds to carry out research and development activities and consequently may be forced to reorganise or cancel activities and programmes in this area, with negative effects on the Group's ability to compete in the Space sector, the continuity of existing products, and research and development activities for new products.

The Group also benefits from research and development grants under the National Recovery and Resilience Plan.

Again, the purpose of the National Recovery and Resilience Plans is to develop technologies that will improve Avio's strategic positioning in the launcher field. This funding comes with financial and time constraints.

Any delays in fulfilling contractual obligations or negative assessments of compliance may (i) from an financial point of view, see the contracting authorities only partially recognise the financial value of the results, leading to the application of penalties up to and including the termination of the contract, and (ii) from a technical point of view, lead to the postponement or non-implementation of the Group's strategies for the introduction of new products in the Space area.

More broadly, difficulties in production matching contractual timelines ("execution") may impact future revenues projected in the backlog in terms of full and/or punctual completion, or may mean that these revenues do not translate into the expected margins, with possible negative effects on the Group's operations, earnings and financial position.

Group business depends in addition on a limited number of programmes and customers. Any interruptions, temporary suspensions, delays or cancellations to one or more major programmes constitutes a risk which may impact the Group's commercial and production operations and financial statements.

In H1 2025, the backlog remained substantially stable compared to the end of 2024. As a potential risk of aerospace industry groups, the backlog may be subject to unexpected adjustments and therefore may not be indicative of future revenues or operating results.

The Group operates in the space sector principally through long-term contracts, often at fixed prices or with inflation-linked price reviews. Fixed price contracts present the risk that any additional costs may not be reimbursed or are only partially reabsorbed by the customer, with possible negative impacts on the Group's operations and financial statements.

In addition, for the recognition of revenues and related margins deriving from long-term works contracts, the advancement percentage method is used, based on total cost estimates for the execution of contracts and verification of the state of advancement of operations. Both these factors are by their nature subject to management estimates, which in turn depend on the objective possibility and capacity to forecast future events. The occurrence of unforeseeable or foreseeable events, to a differing degree, may result in an increase in costs incurred for the execution of long-term contracts with the risk of impacts on the Group's operations and financial statements. Against this risk the Company has put in place procedures, IT and reporting systems, as well as a trusted and professional workforce, with the goal of monitoring current performance and considering risk elements in estimates.

With reference to Avio's gradual assumption of the functions of Launch Service Operator (LSO) and Launch Service Provider (LSP) of Vega C, i.e., the responsibilities of flight operations and commercialisation rights of Vega C, as well as the opening of a competition in the European launcher sector through a special competitive procedure (European Launcher Challenge) by ESA to develop and demonstrate the launch capability of new systems, as commented upon in the "Strategy" section on the broader decisions taken by the European Space

Agency (ESA) Council held on November 6, 2023 in the presence of ministers representing the various member states³⁰.

Among the major decisions taken by the Council, a number concerned key junctures of programmes of interest to Avio and, in particular, Ariane 6, Vega C and Vega E.

The main outcomes include:

- the coverage, through additional funding, of a portion of the additional production costs resulting largely from the significant rise in inflation that has emerged in the period 2021-2023 in the eurozone, particularly for Ariane 6 up to Euro 340 million per year and for Vega C up to Euro 21 million per year;
- the expectation of a minimum number of European institutional launches, both for Ariane 6 (4 flights/year) and Vega C (3 flights/year), increased from that expected in previous years, due in part to the growth in size of the various European satellite programmes;
- the opening of a competition in the European launcher sector through a special competitive process (European Launcher Challenge) by the ESA to develop and demonstrate the launch capability of new systems (up to Euro 150 million);
- Avio's gradual assumption of Vega-C's Launch Service Operator (LSO) and Launch Service Provider (LSP) functions, i.e. responsibilities for Vega C's flight operations and commercialisation rights;
- the allocation to Vega C and Vega E, at the Kourou space centre, of an existing facility that will be dedicated to launcher pre-integration so as to increase the annual launch frequency and the related allocation to Vega E of the launch pad previously used by Ariane 5.

The process to transfer Vega C Launch Service Operator (LSO) and Launch Service Provider (LSP) functions is still underway and is being carried out in line with the ESA Board Resolution of November 6, 2023. Arianespace and Avio have agreed that Arianespace will remain the launch service provider and operator for Vega-C launch services until Vega flight 29 (VV29), currently scheduled for early 2026. For Vega-C launches after VV29, Avio will be the sole launch service provider and operator of Vega C. Currently, all of the contracts already signed for launch services with Vega C for missions following the Vega 29 flight have been transferred from Arianespace to Avio.

Since early July 2025, the process of assigning LSO and LSP functions to Avio has achieved some major milestones:

- the 2017 amendment to the Launchers Exploitation Declaration (LED) was finalised on July 10, 2025³¹ by the European governments involved. This formally defined Avio as the LSP for the Vega C launcher and mandated the ESA to conclude a specific agreement with Avio for the Exploitation of Vega C, the Vega Launcher Exploitation Arrangement (LEA);
- pending the finalisation of the LEA between the ESA and Avio, expected by the end of October 2025, the ESA extended the August 1, 2024 Transitional Agreement that authorised Avio for Vega launch service sales activities and preparatory activities for launch service contracts under Avio's responsibility; the extension to October 31, 2025 of this agreement also authorised all of Avio's work as LSP and its preparatory activities as LSO, excluding those that require a licence and authorisation under the French Space Operation Act;
- on August 19, 2025, the competent French authorities granted Avio an LSO licence under the French Space Operation Act of June 3, 2008.

According to current governance, which is applicable up to the Vega 29 flight currently expected to take place in early 2026, Group customers are responsible for declaring the compliance of products before acceptance and sale and may entirely or partially reject them where such compliance is not declared. In this case, the warranty clauses require us to replace or repair the non-compliant component, incurring the associated costs in addition to any costs necessary to understand the problem. Where the associated costs are not covered by insurance, the Group's results may be impacted. Once accepted by customers, the Group is no longer responsible for damage deriving from the malfunctioning of products, except where the pre-existence of any defects which were not evident upon acceptance is demonstrated, with the consequent further obligation to restore or repair the defective products before final use and/or launch.

In addition, for any damage, whatever the cause, and including damage deriving from defects and/or the malfunctioning of products supplied by the Group, caused during the flight of the launchers, the LSP shall exclusively be responsible and, where applicable, the ESA and the French government.

³⁰ See press release of November 7, 2023 at the link: https://www.avio.com/sites/avio.com/files/attachments/CS_ESA%20Siviglia_ITA_1.pdf

³¹ See press release of July 10, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/avio-diventa-fornitore-dei-servizi-di-lancio-famiglia-di-lanciatori-vega>

The new governance is currently being finalised and, particularly in terms of the transfer of Vega C's LSP function from Arianespace to Avio, will entail:

- on the one hand, the direct management by Avio of every aspect of the business in terms of both the commercialisation of the Vega C launcher and its future versions, and the recurring costs associated with the overall launch service;
- on the other hand, the transfer from Arianespace to Avio (as the future LSP) of the risks of the aforementioned potential damages associated with the launcher flight phase. In any event, these risks will be covered by specific insurance policies that the Group will stipulate in accordance with the regulatory framework in force at any given time, without prejudice to the principle of shared responsibilities between industry, the ESA and national governments.

Negative impacts on the Backlog, revenues and profits could result from the possibility that future contracts for new Vega launch services - for which Avio will be completely responsible for finalisation and execution - are not fully subscribed, (i.e. single missions are not fully covered) and/or on schedule, with the consequent risk of negative effects on the economic, equity and financial situation of Avio and the Group companies.

The current backlog and the expectation of a minimum number of European institutional launches earmarked for Vega C (3 flights/year) - an increase from previous years' estimates due in part to the growth in size of the various European satellite programmes - represent a risk mitigation with also the opportunity for consolidation and, possibly, an increase in the production cadence for the launchers and/or related components; on the other hand, the tendency to encourage competition in the European launcher sector, as witnessed by the opening of an ESA procedure (European Launcher Challenge) to develop and demonstrate the launch capacity of new systems, could lead to a contraction in volumes, with the consequent risk of negative effects on Avio's economic, equity and financial situation.

Finally, while the Group intends to continue its industrial policy to ensure maximum launch reliability, any unfavourable incidents during missions could damage Avio's reputation and image on the market, causing a possible deterioration of business relations and bargaining power in relations with contractors.

The recent business expansion in the Defence sector - where average acquisitions in the five-year period 2020-2024 grew significantly on the three-year period 2017-2019 - reflects accelerating demand. This is even more evident in 2025, due to changes in the geopolitical environment and international investment in the armaments sector.

The Group will therefore have to carry out the work necessary to address growing aggregate demand, which involves the following main risks:

- 1) the saturation of industrial assets shared with other Group programmes, which are in some cases also used in the space sector: to cope with increasing demand for the production of propulsion systems for missile use, over the medium-term there may also be a need for investment in modernising and expanding industrial machinery and equipment which, if not adopted quickly, could slow down the execution of contractual commitments - with possible negative consequences on the Group's operations, earnings and financial situation and preventing or delaying the acquisition of new contracts;
- 2) the lack of adequately trained human resources to finalise the development of new thrusters: to tackle the range of projects for the commissioning of modernised missile systems, over the medium-term there may be a need for Avio to expand its workforce and include specialised skills not readily available on the labour market. The risk may result in involving personnel with inadequate skill levels in critical projects with shorter development timeframes, which would require the provision of a parallel path of specialised training within the Group that would engage more qualified staff, resulting in a contraction - in the short term - of revenues and an increase in internal costs, with possible negative consequences on the Group's operations, earnings and financial situation

On the other hand, should the Group succeed in rapidly adopting the measures and fulfilments required to adapt its business to the increase in market demand, the aforementioned risks could become opportunities for assuming a dominant market position; in fact, the risks identified by the Group in the defence segment are also reasonably applicable to competitors, and the discriminating factor for the business is the speed of commissioning investments and procuring - and training - highly qualified personnel.

The Group's industrial operations require the use and the processing of explosive or chemically hazardous materials. Although these activities are conducted in accordance with applicable rules, as per a specific Safety

Management System to prevent accidents, and high-quality equipment and personnel are used, accidents may occur which result in interruptions of varying lengths and thus a negative effect on the Group's results.

SUBSEQUENT EVENTS TO THE PERIOD-END

Business

Avio becomes launch service provider for the Vega launcher family³²

On July 10, 2025, with the approval of the new Launchers Exploitation Declaration ("LED") at the ESA site in Paris, Avio was assigned the role of launch service provider for the Vega family of launchers. This is the first time an Italian company has been enabled to provide space access services, and is based on its recognised technological and industrial capabilities and its strategic positioning as part of the European space industry.

In addition, on August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana.

Orders worth Euro 60 million signed with MBDA in France³³

As part of the existing framework contract with MBDA in France, on July 21, 2025, Avio signed a production order relating to the supply of propulsion engines and related aerodynamic surfaces for the ASTER 30 defence system, with a value of approx. Euro 50 million.

Under the same framework contract, Avio also signed standalone, unrelated orders for an aggregate amount of a further approx. Euro 10 million.

All orders will be developed on average over a five-year production period.

VEGA-C successfully launches CO3D and MICROCARB satellites³⁴

Vega-C successfully completed the VV27 mission, putting the CO3D and MicroCarb satellites into orbit. The launcher took off at 23:03 local time on July 25 (04:03 CEST on July 26).

The P120C first stage provided lift-off thrust and fired for 2 minutes and 23 seconds, after which the Zephyr 40 and Zephyr 9 ignited. The AVUM+ upper stage carried out four ignitions to place the four CO3D satellites and the MicroCarb into their intended orbits at 495 and 650 kilometres, respectively. The mission concluded after 1 hour and 51 minutes with the de-orbit ignition of AVUM+, as per the ESA's Zero Debris Charter.

CO3D satellites, developed by Airbus Defence and Space, are designed to map the Earth's surface in 3D and provide 2D imagery for institutional and commercial customers. The MicroCarb satellite, developed by CNES, is designed to study sources and sinks of carbon dioxide (CO₂), the greenhouse gas that is contributing most to climate change.

Strengthening cooperation with the US military³⁵

Following rapid development and prototyping activities conducted over the past year, Avio announces the signing of an supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles.

The contract covers a multi-year timeframe and confirms Avio's role and commitment to supporting US defence needs through its unique capabilities and expertise developed in Italy, which are further strengthened by its presence in the United States through its subsidiary Avio USA, based in Arlington, Virginia.

³² See press release of July 10, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/avio-diventa-fornitore-dei-servizi-di-lancio-famiglia-di-lanciatori-vega>

³³ See press release of July 21, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/siglati-ordini-60-milioni-di-euro-con-mbda-francia>

³⁴ See press release of July 26, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/vega-c-lancia-con-successo-satelliti-co3d-microcarb>

³⁵ See also the August 27, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/avio-rafforza-collaborazione-con-le-forze-armate-statunitensi>

Three new launch contracts signed with ESA under the European "Flight Ticket" initiative³⁶

Avio announces the signing of three launch service contracts with the European Space Agency (ESA) as part of the "Flight Ticket" initiative, jointly promoted by the ESA and the European Commission to offer European companies and institutions the opportunity to test new technologies in space.

The three missions that will fly on the Vega-C from the European Space Center in French Guiana as Auxiliary Passengers include:

- the Spanish company Persei, which, with its E.T. Pack mission, will demonstrate passive deorbiting using a conductive aluminium tape, which will allow controlled satellite re-entry without the use of propellant;
- the German Aerospace Center DLR, which will launch its Pluto+ cubesat equipped with compact avionics and a high-efficiency flexible solar panel as it seeks to test technologies typically used on larger satellites;
- the French company Grasp, which is developing a number of earth observation satellites. According to the contract signed, the second satellite will be carried by Vega-C and will be equipped with an infrared spectrometer to monitor greenhouse gases and air quality.

Other significant events

Tax audit FY 2018-2019

As reported in the 2024 annual financial report, as part of a tax audit for the 2018 and 2019 tax years that began in December 2024, the Tax Agency - Lazio Office (hereinafter the "Lazio TA" or "TA") challenged the Company's deduction of amortisation related to goodwill generated in connection with certain corporate transactions dating back to 2003.

By settlement agreements dated July 18, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims in relation to IRES and IRAP and paid the first instalment on July 21, 2025.

For more details, see the section "Group tax audits" in the Explanatory Notes.

Appointment of new investor relations manager³⁷

The Board of Directors meeting of July 30, 2025 resolved to appoint Nevio Quattrin as the new Investor Relations Manager, effective from that date. Mr. Quattrin, who has carried out Investor Relations activities at the Company since February 2024 in support of the Chief Financial Officer, will thus guarantee continuity in managing investor relations, while strengthening his role at Avio.

Appointment of new Chief Financial Officer and Executive Officer

The Board of Directors meeting held on September 11, 2025 resolved to appoint Roberto Carassai as the new Chief Financial Officer and Executive Officer for Financial Reporting, as well as for the attestation of compliance of the Company's sustainability reporting, effective October 1, 2025. The new Chief Financial Officer will succeed Alessandro Agosti, who resigned on May 30, effective September 12, 2025, to take on a new professional challenge. The functions of Chief Financial Officer will be held on an interim basis until October 1, 2025 by Chief Executive Officer Giulio Ranzo.

Business Plan Approval and Capital Increase Proposal³⁸

The Board of Directors of Avio S.p.A. ("Avio" or the "Company"), held on the date hereof, has unanimously approved the Company's new business plan and to submit to the Extraordinary Shareholders' Meeting, to be called on October 23, 2025, the proposal of a share capital increase, in one or more tranches and against payment in cash of a maximum total amount of Euro 400 million (including any share premium), through the

³⁶ See also the August 27, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/avio-sigla-tre-nuovi-contratti-di-lancio-con-esa-nellambito-delliniziativa>

³⁷ See press release of July 30, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/nomina-del-nuovo-responsabile-delle-relazioni-con-gli-investitori>

³⁸ Avio's website, in the "Investors" section

issue of ordinary shares with no nominal value, with the same characteristics as those in circulation, to be offered with pre-emption rights to the Company's shareholders in proportion to the number of shares held, pursuant to Article 2441, paragraph 1, of the Italian Civil Code (the **"Rights Offering"**). As per standard practice, it is proposed that the Extraordinary Shareholders' Meeting grant the Board full authority to define the terms and conditions of the Rights Offering, including the issue price, any share premium, the final amount of the Rights Offering, and the number of newly issued shares to be offered to shareholders, with the discretion to determine the timing of the Rights Offering.

The acceleration of growth opportunities in the space and defense markets in Europe and the United States will require the strengthening of the Company's production capacity, both in Italy and in the United States, together with greater vertical integration.

In defense, investments in new propulsion technologies and production assets will be combined with Avio's development project in the United States, focused on the construction of a new plant that will be operational by the end of 2028 and will produce solid propellant engines to serve more customers.

In the space sector, Avio, provider and operator of the Vega launch service, will continue to benefit from market dynamics, which currently forecast an average annual growth rate between 2024 and 2034 (in terms of tonnes launched into orbit) of around 10%, increasing the flight cadence of Vega C and evolving its launcher platform with Vega E, as well as supplying propellants for Ariane launchers.

The Extraordinary Shareholders' meeting will also be called upon to renew the delegation of powers to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital with the exclusion of pre-emption rights pursuant to Article 2441, fourth paragraph, second section, of the Italian Civil Code, in one or more tranches and against payment in cash, within the limit of 10% of the share capital existing at the time of the delegation (excluding any share premium), as well as within the limit of 10% of the total number of shares of the Company existing at the time of the exercise of the delegation (the **"Reserved Capital Increase"**). In this context, the delegation will allow the Board itself to determine the terms of the further capital increase – including the maximum number of newly issued shares and the related subscription price – based on the market conditions prevailing at the time of the actual launch of the transaction.

OUTLOOK

As described in the "Strategy" section of the Directors' Report, further consolidation of Vega C launcher activities is expected during 2025, with the completion of the next scheduled mission. During the period, the Vega C launcher proved its reliability by successfully completing two different missions just three months apart: the first, on April 29, 2025, successfully launched the Biomass satellite for the European Space Agency (ESA)³⁹, and the second, on July 26, 2025, placed a total of five satellites (four CO3D satellites and one MicroCarb satellite⁴⁰) into orbit at two different altitudes.

Following significant changes in the European sphere on launcher governance and the European Space Agency (ESA) Council held on November 6, 2023, which saw Ministers represent the various member states (as described in the 2023 annual financial report), and considering the European Space Agency (ESA) resolution of July 5, 2024 (described in the 2024 annual financial report⁴¹), on July 10, 2025, Avio was finally assigned the role of launch service provider for the Vega family of launchers with the approval of the new Launchers Exploitation Declaration ("LED")⁴². On August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana. These new responsibilities are expected to have a consequent positive effect of both a strategic nature – in terms of direct

³⁹ See also the press release of April 29, 2025 at the following link <https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-lancia-con-successo-il-satellite-biomass-per-l-espa/MXxjb211bmIjYXRpLjE3NzEwMDAwMTYyMDI1MXwxflDlwMjUwNzA3>

³⁹ See also the press release of July 26, 2025 at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-lancia-con-successo-i-satelliti-co3d-e-microcarb/MXxjb211bmIjYXRpLjE3NzEwMDAwNDcyMDI1MXwxflDlwMjUwNzI4>

⁴¹ See also the press releases of November 6, 2023 and July 5, 2024 at the following links: <https://www.avio.com/it/comunicati-stampa/consiglio-ministeriale-esa-importanti-decisioni-su-ariane-6-vega-c-vega>
<https://www.avio.com/it/comunicati-stampa/le-decisioni-del-consiglio-esa-pongono-le-basi-servizi-di-lancio-europei-piu>

⁴² See press release of July 10, 2025 at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-diventa-fornitore-dei-servizi-di-lancio-per-la-famiglia-di-lanciatori-vega/MXxjb211bmIjYXRpLjE3NzEwMDAwNDMyMDI1MXwxflDlwMjUwODI2>

relations with end satellite customers - and in relation to the acquisition of Vega C commercial and launch activities.

Following Ariane 6's maiden flight on July 9, 2024⁴³, in addition to the subsequent commercial flights, successfully concluded on March 6, 2025⁴⁴ and August 13, 2025, a gradual increase in production of the P120/160 engines is expected. This will contribute to the space production activities and have a positive effect in terms of the operating levers.

A new Ministerial Conference of ESA Member States is also expected in November 2025, following which allocations for space research and access programmes for the next three years, including those for which Avio is a prime contractor, will be determined.

In addition, growth in European defence propulsion activities is expected to continue in light of recent measures taken by national governments, orders signed with MBDA Italy at the end of 2024⁴⁵, those concluded with MBDA in France in July 2025⁴⁶, and considering the development of the two strategic partnerships signed by Avio on July 23, 2024⁴⁷ with US counterparts Raytheon and the US Army. Growth in the defence sector further continued in the U.S. in 2025 with the signing of a supplementary agreement with the U.S. Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles⁴⁸.

As reported in the press release regarding the 2025 half-year results of September 11, 2025, and in the presentation of the 2025 half-year results to be reported to investors and analysts on September 12, 2025⁴⁹, the main 2025 guidance operating-financial forecasts are confirmed.

As also stated in the 2024 annual financial report, in relation to the ongoing Russia-Ukraine conflict no specific medium-term impacts on Vega C operational continuity are currently expected. The procurement process for the fourth-stage Vega C engine produced in Ukraine, which has been underway for several years, has provided a "strategic" stock which guarantees Avio's deliveries for launches planned in the medium term. In addition, over the medium term, funds have been received and a project has been initiated to develop an orbital engine in Italy under the Next Gen EU project. These assessments were promptly reported in the press releases dated February 25, 2022, March 25, 2022, July 17, 2022 and September 9, 2022⁵⁰ and are still accurate.

TRANSACTIONS WITH HOLDING COMPANIES, SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND INVESTEEES

Transactions of the parent Avio S.p.A. with shareholders and with subsidiaries and associates of these latter, with subsidiaries, joint ventures, associates and investees, and with subsidiaries and associates of these latter, consist of industrial, commercial and financial transactions carried out as part of ordinary operations and concluded at normal market conditions. In particular, these concern the supply of goods and services, including of an administrative-accounting, IT, personnel management, assistance and funding and treasury management nature.

⁴³ See press release of July 9, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/successo-volo-inaugurale-dellariane-6>

⁴⁴ See press release of March 6, 2025 at the following link: <https://www.avio.com/it/comunicati-stampa/successo-volo-va263-dellariane-6>

⁴⁵ See also the press release dated December 4, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/concluso-contratto-tra-avio-mbda-italia-fornitura-di-motori-missili-camm-er>

⁴⁶ See press release of July 21, 2025 at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/siglati-ordini-per-60-milioni-di-euro-con-mbda-in-francia/MXxb211bmjYXRpLjE3NzEwMDAwNDYyMDI1MXwxfDIwMjUwODI2>

⁴⁷ See press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-raytheon-rtx-produzione-di-motori-propellente-solido>

See press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-lesercito-degli-stati-uniti>

⁴⁸ See also the August 27, 2025 press release at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-rafforza-la-collaborazione-con-le-forze-armate-statunitensi/MXxb211bmjYXRpLjE3NzEwMDAwNDYyMDI1MXwxfDIwMjUwODI4>

⁴⁹ Avio's website, in the "Investors" section: <https://investors.avio.com/Investors/Financial-Announcements/>.

OTHER INFORMATION

As per Article 40 of Legislative Decree No. 127/1991, it is disclosed that, in consideration of the share buy-back programme, at June 30, 2025, the Parent Company held 985,747 treasury shares, representing 3.63% of the share capital.

CORPORATE GOVERNANCE

The Company adheres to the principles of the Corporate Governance Code of the Corporate Governance Committee for Listed Companies, established by Borsa Italiana and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, last updated in January 2020, and has adjusted its governance system to the regulatory provisions indicated therein. The Corporate Governance Code is available on the Borsa Italiana S.p.A. website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

In accordance with the regulatory obligations, the Corporate Governance and Ownership Structure Report is drawn up annually and (i) contains a general outline of the Corporate Governance System adopted by the company and (ii) information on the ownership structure and compliance with the Corporate Governance Code, including the main Governance practices applied and the features of the internal control and risk management system, also with regards to financial disclosure.

The Company, at June 30, 2025, had adopted:

- i. the **Internal Dealing Policy**, last approved by the Avio Board of Directors on September 13, 2017;
- ii. a **Procedure governing related party transactions**, last approved by Avio's Board of Directors on January 26, 2024. For a reliable analysis of information on significant transactions with Related Parties, see the Explanatory Notes section "7. Related party transactions";
- iii. the **Inside Information Processing Policy**, approved by the Company's Board of Directors on September 9, 2022;
- iv. an **Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001**, last approved on January 28, 2025 by the Company's Board of Directors to account for all legislative changes introduced by Legislative Decree No. 231/2001;
- v. an **Avio Group Code of Ethics**, last approved on June 20, 2023 by the Company's Board of Directors, which responds to the needs of best practices;
- vi. the **Guidelines to the Internal Control and Risk Management System of the Company**, last approved on June 20, 2023 by the Company's Board of Directors;
- vii. a **Diversity policy**, last updated on March 14, 2022 by the Company's Board of Directors, in compliance with Article 123-bis, paragraph 2, letter d-bis) of the CFA, as supplemented by Article 10 of Legislative Decree No. 254/2016, in addition to the recommendations of the Corporate Governance Code.
- viii. a **Shareholder Engagement Policy**, last approved by the Company's Board of Directors on March 3, 2022, in accordance with Recommendation No. 3 of the Corporate Governance Code. The policy seeks to foster transparency in dealings with the financial community and the markets by building, maintaining and developing an active relationship of trust with investors;
- ix. a **Policy on qualitative and quantitative criteria for assessing the independence requirements of Directors and Statutory Auditors**, last approved by the Board of Directors on March 14, 2022 and in line with Recommendation 7, first sentence, points (c) and (d), in Article 2 of the Corporate Governance Code;
- x. last an **Avio Group Anti-Corruption Code**, approved by the Company's Board of Directors on March 14, 2019 in compliance with Legislative Decree No. 231/2001 and international best practices.
- xi. a **Whistleblowing Procedure**, adopted in compliance with the Whistleblowing Decree (Legislative Decree No. 24/2023). This allows reports to be sent electronically in written format and guarantees - including through encryption tools - the confidentiality of the identity of the whistleblower, the person involved and the person mentioned in the report, in addition to the content of the report and the related documentation.

Since June 8, 2025, the new By-Laws⁵¹, as amended following the change in share capital on June 12, 2025, have been available to the public at the company's registered office at Via Leonida Bissolati 76, Rome, on the Company's website (www.avio.com in the "Corporate Governance" section) and through the authorised storage mechanism "eMarket STORAGE"

For any further detailed information on Corporate Governance related to the Company and all Corporate Governance decisions made up to June 30, 2025, please refer to the "Corporate Governance" section of the Company's website.

* * *

September 11, 2025

The BOARD OF DIRECTORS
The Chief Executive Officer and General Manager
Giulio Ranzo

⁵¹ See press release of July 8, 2025 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/pubblicazione-dello-statuto-sociale-aggiornato/MXxjb211bmIjYXRpLjE3NzEwMDAwNDEyMDI1MXwxfDIwMjUwODAO>

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2025

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	June 30, 2025	December 31, 2024 restated (*)
<i>(in Euro)</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	175,647,403	173,287,980
Right-of-use	3.2	12,231,229	11,693,104
- of which related parties		632,803	701,420
Investment property	3.3	3,968,394	3,886,603
Intangible assets with finite useful life	3.4	128,124,268	128,756,958
Goodwill	3.5	62,829,038	62,829,038
Investments	3.6	16,039,222	17,416,277
Non-current financial assets	3.7	2,010,172	2,010,172
- of which related parties		2,010,172	2,010,172
Deferred tax assets	3.8	87,579,026	87,547,395
Other non-current assets	3.9	6,571,153	7,941,714
Total non-current assets		494,999,903	495,369,241
Current assets			
Inventories	3.10	151,852,526	147,942,643
- of which related parties		-	-
Contract work-in-progress	3.11	181,447,775	154,980,725
- of which related parties		34,160,406	25,119,162
Trade receivables	3.12	4,398,884	3,073,893
- of which related parties		1,678,340	1,549,828
Cash and cash equivalents	3.13	86,504,060	101,684,489
Tax receivables	3.14	19,953,786	18,877,868
Other current assets	3.15	143,891,536	170,451,304
- of which related parties		31,534,115	52,346,040
Total current assets		588,048,568	597,010,923
TOTAL ASSETS		1,083,048,471	1,092,380,164

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	June 30, 2025	December 31, 2024
<i>(in Euro)</i>			
EQUITY			
Share capital	3.16	91,764,212	90,964,212
Share premium reserve	3.17	141,809,439	130,920,685
Other reserves	3.18	17,306,464	16,827,362
Retained earnings		60,271,367	58,026,804
Group net profit/(loss)		(565,659)	6,087,126
Total Group Equity		310,585,823	302,826,189
Equity attributable to non-controlling interests	3.20	10,412,586	10,033,935
TOTAL EQUITY		320,998,409	312,860,124
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	3.21	13,028	30,158
Non-current lease liabilities	3.22	8,200,623	6,546,943
- of which related parties		561,513	557,361
Employee benefits	3.23	9,200,088	9,493,098
Provisions for risks and charges	3.24	17,692,634	19,519,522
Other non-current liabilities	3.25	15,253,348	15,852,150
Total non-current liabilities		50,359,721	51,441,871
Current liabilities			
Current financial liabilities	3.26	25,594	21,091
Current lease liabilities	3.27	2,000,289	2,992,583
- of which related parties		44,391	115,554
Current portion of non-current financial liabilities	3.28	1,001,500	2,003,000
Provisions for risks and charges	3.24	17,527,876	22,782,909
Trade payables	3.29	88,311,199	109,212,922
- of which related parties		8,397,383	5,818,149
Advances from clients for contract work-in-progress	3.11	564,050,632	555,600,888
- of which related parties		106,527,052	98,485,533
Current tax liabilities	3.30	3,424,338	3,359,493
Other current liabilities	3.31	35,348,913	32,105,282
- of which related parties		54,167	105,425
Total current liabilities		711,690,341	728,078,170
TOTAL LIABILITIES		762,050,062	779,520,041
TOTAL LIABILITIES AND EQUITY		1,083,048,471	1,092,380,164

The notes are an integral part of the Condensed Consolidated Financial Statements at June 30, 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	H1 2025	H1 2024 restated (*)
<i>(in Euro)</i>			
Revenues	3.32	260,363,303	210,606,100
- of which related parties		75,632,564	56,352,796
Other operating income	3.33	2,995,012	3,060,821
- of which related parties		186,435	200,000
Consumption of raw materials	3.34	(76,334,186)	(59,088,100)
Service costs	3.35	(112,809,322)	(93,290,261)
- of which related parties		(43,833,006)	(44,203,000)
Personnel costs	3.36	(61,730,124)	(51,688,513)
Amortisation and depreciation	3.37	(9,965,721)	(8,458,784)
Other operating costs	3.38	(2,853,304)	(1,967,181)
Investments accounted for using the equity method - operating income/(charges)	3.39	362,945	448,066
EBIT		28,603	(377,852)
Financial income	3.40	704,936	279,566
- of which related parties		-	-
Financial expenses	3.41	(375,054)	(401,468)
- of which related parties		(4,152)	(5,000)
NET FINANCIAL INCOME/(EXPENSES)		329,882	(121,902)
PROFIT/(LOSS) BEFORE TAXES		358,485	(499,754)
Income taxes	3.42	(545,636)	(1,282,828)
NET PROFIT/(LOSS) FOR THE PERIOD		(187,151)	(1,782,582)
-- of which: Owners of the parent		(565,659)	(423,679)
Non-controlling interests		378,508	(1,358,903)
Basic earnings/(losses) per share	3.43	(0.02)	(0.02)
Diluted earnings/(losses) per share	3.43	(0.02)	(0.02)

The notes are an integral part of the Condensed Consolidated Financial Statements at June 30, 2025.

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	H1 2025	H1 2024 restated (*)
<i>(in Euro)</i>		
NET PROFIT/(LOSS) FOR THE PERIOD (A)	(187,151)	(1,782,582)
Other comprehensive income statement items:		
<u>Items that will not be reclassified to profit (loss) for the period:</u>		
- Actuarial gains/(losses) - Actuarial gains/losses reserve	34,294	64,041
- Tax effect relating to Actuarial gains/(losses)	14,601	16,632
Total items that will not be reclassified to profit (loss) for the period	48,895	80,673
<u>Items that may be reclassified subsequently to profit (loss) for the period:</u>		
- Translation differences	67,827	(4,000)
Total items that may be later reclassified subsequently to profit (loss) for the period	67,827	(4,000)
TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)	116,721	76,673
COMPREHENSIVE NET PROFIT/(LOSS) FOR THE PERIOD (A+B)	(70,430)	(1,705,909)
-- of which: Owners of the parent	(449,081)	(347,456)
Non-controlling interests	378,651	(1,358,453)

The notes are an integral part of the Condensed Consolidated Financial Statements at June 30, 2025.

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro thousands)

	Share capital	Share premium reserve	Treasury shares	Unavailable reserve for treasury shares in portfolio	Legal reserve	Actuarial gains/(losses) reserve	Stock grant reserve	Translation reserve	Retained earnings	Group result	Total Group Equity	Equity attributable to non-controlling interest	Total equity
Balance at 01/01/2024	90,964	130,921	(13,335)	13,335	18,193	(4,125)	622	(45)	57,601	6,487	300,616	9,736	310,352
Allocation of prior year result									6,487	(6,487)	-		-
Distribution of dividends of the parent company Avio S.p.A.									(6,000)		(6,000)		(6,000)
Other movements						(14)	1,092		(41)		1,037		1,037
Comprehensive income/(loss) for the period													
- Net Profit/(loss) for the period										(424)	(424)	(1,359)	(1,783)
- Translation differences								(4)			(4)		(4)
- Actuarial gains/(losses), net of tax effect						81					81		81
Comprehensive income/(loss) for the period	-	-	-	-	-	81	-	(4)	-	(424)	(347)	(1,359)	(1,706)
Balance at 30/06/2024	90,964	130,921	(13,335)	13,335	18,193	(4,059)	1,714	(49)	58,047	(424)	295,308	8,377	303,685
	Share capital	Share premium reserve	Treasury shares	Unavailable reserve for treasury shares in portfolio	Legal reserve	Actuarial gains/(losses) reserve	Stock grant reserve	Translation reserve	Retained earnings	Group result	Total Group shareholders' equity	Equity attributable to non-controlling interest	Total Equity
Balance at 01/01/2025	90,964	130,921	(13,335)	13,335	18,193	(4,149)	2,840	(57)	58,027	6,087	302,827	10,034	312,861
Allocation of prior year result									6,087	(6,087)	-		-
Distribution of dividends of the parent company Avio S.p.A.									(3,750)		(3,750)		(3,750)
Use of treasury shares		1,289	1,289	(1,289)			(1,128)		(161)		-		-
Sponsor Warrant Exercise ("SW Exercise")	800	9,600									10,400		10,400
Other changes							1,492		66		1,558		1,558
Comprehensive income/(loss) for the period													
- Net Profit/(loss) for the period										(566)	(566)	379	(187)
- Translation differences								68			68		68
- Actuarial gains/(losses), net of tax effect						49					49		49
Comprehensive income/(loss) for the period	-	-	-	-	-	49	-	68	-	(566)	(449)	379	(70)
Balance at 30/06/2025	91,764	141,810	(12,046)	12,046	18,193	(4,100)	3,203	10	60,269	(566)	310,586	10,412	320,998

The notes are an integral part of the Condensed Consolidated Financial Statements at June 30, 2025.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Euro thousands)

		H1 2025	H1 2024 restated (*)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(loss) for the period		(187)	(1,783)
Adjustments for:			
- Income taxes	3.42	546	1,283
- Investments accounted for using the equity method - operating income/(charges)	3.39	(363)	(448)
- Dividends from Joint Ventures	3.39	1,740	2,200
- Amortisation and Depreciation	3.37	9,966	8,459
Net change provisions for risks and charges		(7,001)	(7,959)
Net change employee benefits		(244)	246
Changes in:			
- Inventories		(3,910)	(15,079)
- Contract work-in-progress & advances from clients		(18,017)	(27,243)
- of which related parties		(1,000)	33,341
- Trade receivables		(1,325)	(21)
- of which related parties		(129)	(174)
- Trade payables		(20,902)	1,686
- of which related parties		2,579	11,698
- Other current & non-current assets		26,823	(4,354)
- of which related parties		20,812	4,200
- Other current & non-current liabilities		3,810	2,157
- of which related parties		(51)	(58)
Income taxes paid		(327)	-
Interest received/(paid)		330	(122)
Net cash from/(used) in operating activities	(A)	(9,062)	(40,979)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in:			
- Property, plant & equipment	3.1	(5,209)	(4,413)
- Investment property	3.3	(190)	(3)
- Intangible assets with definite life	3.4	(4,872)	(2,301)
Net cash (used in)/from investing activities	(B)	(10,271)	(6,717)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment EIB loans		(1,000)	(5,000)
Dividends paid by the parent Avio S.p.A.		(3,750)	(6,000)
Share capital increase and share premium reserve		10,400	-
Other changes in current and non-current financial assets		(2,075)	(1,029)
- of which related parties		69	69
Other changes in current and non-current financial liabilities		578	(95)
- of which related parties		(67)	(80)
Net cash (used in)/from financing activities	(C)	4,152	(12,124)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A)+(B)+(C)	(15,180)	(59,820)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		101,684	95,593
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		86,504	35,773

The notes are an integral part of the Condensed Consolidated Financial Statements at June 30, 2025.

(*) For the reasons and effects of the restatement, please refer to Note 2.8 of the condensed consolidated financial statements at June 30, 2025.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2025

1. GENERAL INFORMATION

Avio S.p.A. (the "Company" or the "Parent Company") is a limited liability company incorporated in Italy and registered at the Rome Companies Registration Office, with Registered Office at Rome, Via Leonida Bissolati, No. 76.

The Company was incorporated on May 28, 2015 under the name Space2 S.p.A., an Italian-registered Special Purpose Acquisition Company ("SPAC"), as an SIV (Special Investment Company) in accordance with the Borsa Italiana regulation, whose shares were listed on July 28, 2015 on the Professional Segment of the Investment Vehicles Market (MIV) organised and managed by Borsa Italiana S.p.A..

On March 31, 2017, Space2 S.p.A. acquired the company Avio S.p.A., parent company of the Avio Group and, on April 10, 2017 Avio S.p.A. was merged by incorporation. Space2 S.p.A. also changed its name to "Avio S.p.A." following the above-mentioned operation.

At June 30, 2025, Avio S.p.A. held, directly or indirectly, investments in seven subsidiary companies (Space S.p.A., Regulus S.A., Se.Co.Sv.Im. S.r.l., Avio Guyane S.A.S., Avio France S.A.S., Avio USA Inc. and Avio India Aviation Aerospace Private Ltd. in liquidation) and in a jointly controlled company (Europropulsion S.A.) included in the consolidation scope of these financial statements (collectively the "Group" or the "Avio Group").

These Group consolidated financial statements are presented in Euro which is the Company's principal functional currency. The Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Profit or Loss and the Condensed Consolidated Statement of Comprehensive Income are reported in units of Euro; the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flow, as well as these Explanatory Notes, are reported in thousands of Euro where not otherwise indicated. The foreign subsidiaries are included in the consolidated financial statements in accordance with the accounting policies described in the notes below.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Accounting Standards for the preparation of the condensed financial statements

These Condensed consolidated half-year financial statements at June 30, 2025 were prepared in accordance with International Accounting Standards (hereafter also "IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. IFRS refers to the International Financial Reporting Standards, the revised international accounting standards ("IAS") and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") - previously known as the Standing Interpretations Committee ("SIC").

In the preparation of these Condensed consolidated half-year financial statements, drawn up in accordance with IAS 34 - *Interim Financial Reporting*, the same accounting standards were adopted as for the preparation of the consolidated financial statements of the Avio Group at December 31, 2024, except for that outlined below in paragraph "2.7. Accounting standards and basis of preparation". Therefore, these financial statements must be read together with the consolidated financial statements of the Avio Group at December 31, 2024.

The preparation of condensed financial statements in application of IFRS requires estimates and assumptions on the values of the assets and liabilities, on the disclosures relating to assets and contingent liabilities at the reporting date and on the revenues and costs in the period. If in the future these estimates and assumptions, which are based on the best current valuations made by management, should differ from actual circumstances, they will be modified appropriately in the period in which the circumstances change.

Some valuation processes, in particular the most complex such as the determination of any loss in value of non-current assets or the valuation of contingent liabilities, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value or an accrual is required to the provision for risks and charges.

2.2. Financial Statements

The Condensed consolidated half-year financial statements at June 30, 2025 consist of the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Profit or Loss, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of changes in Equity, the Condensed Consolidated Statement of Cash Flow and the Explanatory Notes.

The financial statements of the Group are presented as follows:

- for the Condensed Consolidated Statement of Financial Position, the separate presentation of non-current and current assets and of non-current and current liabilities, generally adopted by industrial and commercial groups;
- for the Condensed Consolidated Statement of Profit or Loss, the classification of costs based on their nature, with separate indication of the results from discontinued operations, where applicable;
- for the Condensed Consolidated Statement of Comprehensive Income, the adoption of the separate presentation ("two-statement approach") with indication of other gains/losses net of the relative tax effect;
- for the Condensed Consolidated Statement of Cash Flow, the adoption of the indirect method.

2.3. Comparative information

In accordance with IAS 34, these Condensed consolidated half-year financial statements at June 30, 2025 present the 2024 comparative figures for the Condensed Consolidated Statement of Financial Position and for the first half year 2024 for the Income Statement items (Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Statement of Cash Flow) and for the Condensed Consolidated Statement of Changes in Equity.

2.4. Consolidation principles

The consolidation principles adopted are in line with those utilised for the preparation of the consolidated financial statements at December 31, 2024 of the Avio Group, to which reference should be made for further information.

2.5. Translation of foreign entity items and financial statements

The financial statements of each company consolidated are prepared in the primary currency where they operate. For the condensed consolidated half-year financial statements, the financial statements of each foreign entity which utilises a currency other than the Euro is translated into this latter, as the Group's functional currency and the consolidated financial statement presentation currency, applying to the items: (i) on the assets and liabilities of the balance sheet, the current exchange rates at period-end; (ii) on the income statement, the average exchange rates for the period.

Currency differences arising from the translation of financial statements of investee companies operating in currencies other than the Euro, resulting from the application of differing exchange rates for assets and liabilities, for equity and for the income statement, are recognised to the "Translation reserve" equity item (under "Other reserves") for the Group's share.

The transactions in currencies other than the Euro are translated into the functional currency at the exchange rate at the date of the transaction and the exchange gains and losses from the subsequent closure of these transactions are recorded in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The positive and/or negative differences between the values adjusted to the closing exchange rate and those recorded in the period are also recognised in the income statement. Non-monetary assets valued at historical cost in currencies other than the functional currency are not translated at the current exchange rate at the reporting date.

2.6. Consolidation scope

The Condensed consolidated half-year financial statements at June 30, 2025 include the financial statements of the parent company, of the Italian and overseas companies in which it holds directly or indirectly at the same date more than 50% of the share capital, consolidated under the line-by-line method, and the financial

statements of the company Europropulsion S.A., held 50% jointly with another shareholder, consolidated under the equity method.

The consolidation scope at June 30, 2025 was as follows:

Companies included in the consolidation scope at June 30, 2025

Holding

Parent

<i>Company name</i>	<i>Registered office</i>	<i>Share capital 30/06/2025</i>	<i>Share capital 31/12/2024</i>	<i>% Held</i>
Avio S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 91,764,212.90	Euro 90,964,212.90	N/A

Companies consolidated by the line-by-line method

<i>Company name</i>	<i>Registered office</i>	<i>Share capital</i>	<i>Share capital</i>	<i>% Held</i>
Spacelab S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 3,000,000.00	Euro 3,000,000.00	70%
Regulus S.A.	Centre Spatial Guyanais - BP 0073 97372 Kourou (French Guyana - France)	EURO 640,000.00	Euro 640,000.00	60%
SE.CO.SV.IM. S.r.l.	Via degli Esplosivi, 1 - Colleferro (RM)	EURO 53,929,691.00	Euro 53,929,691.00	100%
Avio Guyane S.A.S.	Centre Spatial Guyanais - BP 506 97388 Kourou (French Guyana - France)	EURO 50,000.00	Euro 50,000.00	100%
Avio France S.A.S.	3 Rue du Colonel Moll - 75017 Paris (France)	EURO 50,000.00	Euro 50,000.00	100%
Temis S.r.l.	Via Gaetano Donizetti, 20 - Corbetta (Milan)	EURO 100,000.00	Euro 100,000.00	100%
Avio USA Inc.	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of Newcastle, Delaware 19801 (USA)	10.40 (USD)	8.00 (USD)	100%
Avio India Aviation Aerospace Private Limited (*)	Pitampura Delhi North West (India)	INR 16,060,000	INR 16,060,000	100%

Jointly controlled companies, measured at equity

Europropulsion S.A.	11, rue Salomon de Rothschild 92150 Suresnes 388 250 797 RCS Nanterre	EURO 1,200,000.00	Euro 1,200,000.00	50%
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Associates, measured at equity

Termica Colleferro S.p.A.	Via degli Agresti, 4 and 6 Bologna	EURO 6,100,000.00	Euro 6,100,000.00	40%
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(*) The company is in liquidation. No financial commitments are expected for the Group related to the liquidation.

The non-controlling interest in the equity and results of the subsidiaries consolidated are recorded separately from the Group equity, in the account "Non-controlling interest equity".

2.7. Accounting standards and basis of preparation

Major impacts arising from the new contractual environment as a result of the Seville agreements of the November 6, 2023 on the production and sale of launchers developed by the European Space Agency (ESA)

On November 6, 2023, a European Space Agency (ESA) Board meeting was held in Seville in the presence of ministers representing the various member states. A number of the decisions made affected significant aspects of the Ariane 6, Vega C and Vega E programmes.

The main outcomes of the meeting, outlined at an ESA press conference at 6.45PM (CET) on November 6 and in the official communications from the ESA, the Italian Space Agency (ASI) and the Ministry of Enterprise and Made in Italy (MIMIT), include:

- the coverage, through additional funding, of a portion of the additional production costs resulting largely from the significant rise in inflation that has emerged in the period 2021-2023 in the eurozone, particularly for Ariane 6 up to Euro 340 million per year and for Vega C up to Euro 21 million per year;
- the expectation of a minimum number of European institutional launches, both for Ariane 6 (4 flights/year) and Vega C (3 flights/year), increased from that expected in previous years, due in part to the growth in size of the various European satellite programmes;
- the opening of a competition in the European launcher sector through a special competitive process (European Launcher Challenge) by the ESA to develop and demonstrate the launch capability of new systems (up to Euro 150 million);
- Avio's gradual assumption of Vega-C's Launch Service Operator (LSO) and Launch Service Provider (LSP) functions, i.e. responsibilities for Vega C's flight operations and commercialisation rights;
- the allocation to Vega C and Vega E, at the Kourou space centre, of an existing facility that will be dedicated to launcher pre-integration so as to increase the annual launch frequency and the related allocation to Vega E of the launch pad previously used by Ariane 5.

Arianespace and Avio have agreed that Arianespace will remain the launch service provider and operator for Vega-C launch services until Vega flight 29 (VV29), currently scheduled for early 2026. For launches after VV29, Avio will be the launch service provider and operator of Vega C.

As of December 31, 2024, the transfer of these contracts had not yet been completed, as a contractual change under IFRS 15 had not been finalised. The full-life revenues of the 17 flights consisted of the portion already contracted with Arianespace (about 90% of the total) and ESA contributions (about 10% of the total).

Currently, all of the contracts already signed by Arianespace for Vega C launch services for missions following the Vega 29 flight have been transferred to Avio.

In H1 2025, the full-life revenues of the 17 flights in the backlog consist of the portion already contracted with the end customers (about 74% of the total), the ESA contributions (about 9% of the total) and additional variable fees resulting from Avio's gradual assumption of the Launch Service Operator (LSO) and Launch Service Provider (LSP) functions of Vega C (equal to about 17% of the total).

IFRS standards, amendments and interpretations applied from January 1, 2025

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2025:

- on August 15, 2023, the IASB published an amendment entitled "**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**". The document requires an entity to identify a consistent methodology in order to ascertain whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

IFRS accounting standards, amendments and interpretations approved by the EU as of June 30, 2025, not yet mandatory and not adopted in advance by the Group at June 30, 2025

The following IFRS accounting standards, amendments and interpretations were approved by the EU, but are not yet mandatory and have not been not adopted in advance by the Group at June 30, 2025:

- on May 30, 2024, the IASB published the document **"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7"**. This clarifies a number of problematic issues emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e., green bonds). Specifically, the changes aim to:
 - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
 - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before transferring liquidity on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with respect to investments in equity instruments designated to FVOCI in particular.

The amendments will be applicable to financial statements for periods beginning January 1, 2026. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- on December 18, 2024, the IASB published an amendment entitled **"Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7"**. The document seeks to support entities in reporting the financial effects of renewable electricity purchase agreements (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
 - a clarification regarding the application of "own use" requirements to this type of contract;
 - the criteria for allowing such contracts to be accounted for as hedging instruments; and,
 - the new disclosure requirements to enable financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will be applicable from January 1, 2026, although advance application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

IFRS standards, amendments and interpretations not yet endorsed by the European Union

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On January 30, 2014, the IASB published **IFRS 14 Regulatory Deferral Accounts** which permits only those adopting IFRS for the first time to continue to recognise amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Group is not a first-time adopter, this standard is not applicable.
- On April 9, 2024, the IASB published a new standard - **IFRS 18 Presentation and Disclosure in Financial Statements** - which will replace IAS 1 Presentation of Financial Statements. The new standard seeks to improve the presentation of key financial statement formats and introduces important changes to the income statement format. Specifically, the new standard requires that:
 - revenues and expenses are classified into three new categories (operating section, investment section, and financial section), in addition to the tax and discontinued operations categories already in the income statement;

- two new sub-totals are presented: operating income and earnings before interest and taxes (i.e., EBIT).

The new standard also:

- requires more information on the performance indicators defined by management;
- Introduces new criteria for aggregation and disaggregation of information; and,
- introduces a number of changes to the format of the cash flow statement, including a requirement that operating income is used as the starting point for the presentation of the cash flow statement prepared using the indirect method and that certain classification options are eliminated for some existing items (such as interest paid, interest received, dividends paid and dividends received).

The standard will be effective from January 1, 2027, although advance application is permitted. The Directors are currently assessing the possible effects of introduction of this new standard on the Group's consolidated financial statements.

- On May 9, 2024, the IASB published a new standard - **IFRS 19 Subsidiaries without Public Accountability: Disclosures**. The new standard introduces some simplifications in the disclosures required by other IAS-IFRS standards. This standard can be applied by an entity that meets the following main criteria:
 - it is a subsidiary company;
 - it has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
 - it has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The standard will be effective from January 1, 2027, although advance application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On July 18, 2024, the IASB published a document called "**Annual Improvements Volume 11**". The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The modified standards are:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.

The amendments will be applicable from January 1, 2026, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

2.8. Restatement of the consolidated financial statements

For better representation, the following consolidated financial statements are presented below.

Restated Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	December 31, 2024 published	Reclassifications for presentation	December 31, 2024 restated (*)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<i>(in Euro)</i>				
ASSETS				ASSETS
Non-current assets				Non-current assets
Property, plant and equipment	173,287,980		173,287,980	Property, plant and equipment
Right-of-use	11,693,104		11,693,104	Right-of-use
- of which related parties	701,420		701,420	- of which related parties
Investment property	3,886,603		3,886,603	Investment property
Intangible assets with finite useful life	128,756,958		128,756,958	Intangible assets with finite useful life
Goodwill	62,829,038		62,829,038	Goodwill
Equity investments	17,416,277		17,416,277	Equity investments
Non-current financial assets	2,010,172		2,010,172	Non-current financial assets
- of which related parties	2,010,172		2,010,172	- of which related parties
Deferred tax assets	87,547,395		87,547,395	Deferred tax assets
Other non-current assets	7,941,714		7,941,714	Other non-current assets
Total non-current assets	495,369,241	-	495,369,241	Total non-current assets
Current assets				Current assets
Inventories and Advances to Suppliers	314,100,878	(166,158,235)	147,942,643	Inventories
- of which related parties	52,340,831	(52,340,831)	-	- of which related parties
Contract work-in-progress	154,980,725		154,980,725	Contract work-in-progress
- of which related parties	25,119,162		25,119,162	- of which related parties
Trade receivables	3,073,893		3,073,893	Trade receivables
- of which related parties	1,549,828		1,549,828	- of which related parties
Cash and cash equivalents	101,684,489		101,684,489	Cash and cash equivalents
Tax receivables	18,877,868		18,877,868	Tax receivables
Other current assets	4,293,069	166,158,235	170,451,304	Other current assets
- of which related parties	5,208	52,340,831	52,346,040	- of which related parties
Total current assets	597,010,923	-	597,010,923	Total current assets
TOTAL ASSETS	1,092,380,164	-	1,092,380,164	TOTAL ASSETS

The restatement of the Consolidated Statement of Financial Position consists only of the reclassification of "Advances to suppliers" from "Inventories and Advances to suppliers" to "Other current assets".

Restated Condensed Consolidated Statement of Profit or Loss

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	H1 2024 published	Reclassifications for presentation	H1 2024 restated	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
<i>(in Euro)</i>				
Revenues	210,606,100		210,606,100	Revenues
- of which related parties	56,352,796		56,352,796	- of which related parties
Change in inventory of finished products, in progress and semi-finished	(1,381,178)	1,381,178	-	
Other operating revenues	5,260,821	(2,200,000)	3,060,821	Other operating income
- of which related parties	200,000		200,000	- of which related parties
Consumption of raw materials	(57,706,922)	(1,381,178)	(59,088,100)	Consumption of raw materials
Service costs	(94,166,385)	876,124	(93,290,261)	Service costs
- of which related parties	(44,203,000)		(44,203,000)	- of which related parties
Personnel costs	(52,650,226)	961,713	(51,688,513)	Personnel costs
Amortisation and depreciation	(8,458,784)		(8,458,784)	Amortisation and depreciation
Other operating expenses	(1,967,181)		(1,967,181)	Other operating expenses
Effect valuation of investments under equity method - operating income/(charges)	(1,751,934)	2,200,000	448,066	Investments accounted for using equity method - operating income/(charges)
Costs capitalised for internal works	1,837,837	(1,837,837)	-	
EBIT	(377,852)	-	(377,852)	EBIT
Financial income	279,566		279,566	Financial income
- of which related parties	-		-	- of which related parties
Financial expenses	(401,468)		(401,468)	Financial expenses
- of which related parties	(5,000)		(5,000)	- of which related parties
NET FINANCIAL INCOME/(EXPENSES)	(121,902)	-	(121,902)	NET FINANCIAL INCOME/(EXPENSES)
PROFIT/(LOSS) BEFORE TAXES	(499,754)	-	(499,754)	PROFIT/(LOSS) BEFORE TAXES
Income taxes	(1,282,828)		(1,282,828)	Income taxes
NET PROFIT	(1,782,582)	-	(1,782,582)	NET PROFIT
-- of which: Owners of the parent	(423,679)		(423,679)	-- of which: Owners of the parent
Non-controlling interests	(1,358,903)		(1,358,903)	Non-controlling interests
Basic earnings/(losses) per share	(0.02)		(0.02)	Basic earnings/(losses) per share
Diluted earnings/(losses) per share	(0.02)		(0.02)	Diluted earnings/(losses) per share

The restatements of the condensed consolidated income statement consist of:

- the inclusion in the item "Consumption of materials" of the item "Change in inventories of finished products, in progress and semi-finished".
- the reclassification of capitalised costs for internally-executed activities under "Service costs" and "Personnel costs".

- the reclassification of "Dividends from jointly controlled company Europropulsion S.A." from the item "Other operating income" to the item "Effect valuation of investments under the equity method - operating income/(charges)".

Restated Condensed Consolidated Statement of Comprehensive Income

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	H1 2024 published	Reclassifications for presentation	H1 2024 restated	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in Euro)				
NET PROFIT/(LOSS) FOR THE PERIOD (A)	(1,782,582)		(1,782,582)	NET PROFIT/(LOSS) FOR THE PERIOD (A)
Other comprehensive income items:				Other comprehensive income statement items:
				Items that will not be reclassified to profit (loss) for the period:
- Actuarial gains/(losses) - Actuarial gains/losses reserve	64,041		64,041	- Actuarial gains/(losses) - Actuarial gains/losses reserve
		16,632	16,632	- Tax effect relating to Actuarial gains/(losses)
		16,632	80,673	Total items that will not be reclassified to profit (loss) for the period
				<u>Items that may be reclassified subsequently to profit (loss) for the period:</u>
Gains/(losses) recorded directly to equity (which will be subsequently reclassified to P&L)		(4,000)	(4,000)	- Translation differences
		(4,000)	(4,000)	Total items that may be reclassified subsequently to profit (loss) for the period
Tax effect on other gains/(losses)	16,632	(16,632)	-	
TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)	80,673	(4,000)	76,673	TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)
COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (A+B)	(1,701,909)	(4,000)	(1,705,909)	COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (A+B)
-- of which: Owners of the parent	(343,456)	(4,000)	(347,456)	-- of which: Owners of the parent
Non-controlling interests	(1,358,453)		(1,358,453)	Non-controlling interests

The restatements of the Condensed Consolidated Statement of Comprehensive Income consist of the presentation of the subtotals "Items that will not be reclassified to net profit (loss) for the period" and "Items that may be reclassified subsequently to net profit (loss) for the period" and the inclusion of the effect from "translation differences" already considered in equity as of June 30, 2024. The Condensed Consolidated Statement of Changes in Equity as of June 30, 2024 has been restated to reflect the presentation reclassification made in the condensed consolidated comprehensive income statement described above.

Restated Condensed Consolidated Statement of Cash Flow

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW	H1 2024 published	Presentation Reclassificati ons	H1 2024 restated	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
OPERATING ACTIVITIES				CASH FLOW FROM OPERATING ACTIVITIES
Net profit/(loss) for the period	(1,783)		(1,783)	Net profit/(loss) for the period
Adjustments for:				Adjustments for:
- Income taxes	1,283		1,283	- Income taxes
- (Income)/expenses from measurement at equity	1,752	(2,200)	(448)	- Investments accounted for using the equity method - operating income/(charges)
		2,200	2,200	- Dividends from Joint Ventures
- Amortisation & Depreciation	8,459		8,459	- Amortisation and Depreciation
Net change provisions for risks and charges	(7,959)		(7,959)	Net change provisions for risks and charges
Net change employee provisions	246		246	Net change employee benefits
Changes in:				Changes in:
- Inventories and Advances to suppliers	(19,694)	4,615	(15,079)	- Inventories
- of which related parties	4,215	(4,215)	-	- of which related parties
- Contract work-in-progress & advances from clients	(27,243)		(27,243)	- Contract work-in-progress & advances from clients
- of which related parties	33,341		33,341	- of which related parties
- Trade receivables	(21)		(21)	- Trade receivables
- of which related parties	(174)		(174)	- of which related parties
- Trade payables	1,686		1,686	- Trade payables
- of which related parties	11,698		11,698	- of which related parties
- Other current & non-current assets	261	(4,615)	(4,354)	- Other current & non-current assets
- of which related parties	(15)	4,215	4,200	- of which related parties
- Other current & non-current liabilities	2,157		2,157	- Other current & non-current liabilities
- of which related parties	(58)		(58)	- of which related parties
Income taxes paid	-		-	Income taxes paid
Interest paid	(122)		(122)	Interest received/(paid)
Net liquidity generated/(employed) in operating activities	(A) (40,979)	-	(40,979)	Net cash from/(used) in operating activities
INVESTING ACTIVITIES				CASH FLOW FROM INVESTING ACTIVITIES
Investments in:				Investments in:
- Tangible assets and investment property	(4,416)	3	(4,413)	- Property, plant & equipment
		(3)	(3)	- Investment property
- Intangible assets with definite life	(2,301)		(2,301)	- Intangible assets with definite life
Liquidity generated (employed) in investing activities	(B) (6,717)	-	(6,717)	Net cash (used in)/from in investing activities
FINANCING ACTIVITIES				CASH FLOW FROM FINANCING ACTIVITIES
EIB loan	(5,000)		(5,000)	Repayment EIB loans
Dividends paid by the parent Avio S.p.A.	(6,000)		(6,000)	Dividends paid by the parent Avio S.p.A.
Other changes to financial assets and liabilities	(1,124)	95	(1,029)	Other changes in current and non-current financial assets
- of which related parties	(11)		69	- of which related parties
		(95)	(95)	Other changes in current and non-current financial liabilities
			(80)	- of which related parties
Liquidity generated (employed) in financing activities	(C) (12,124)	-	(12,124)	Net cash (used in)/from in financing activities
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B) +(C) (59,820)		(59,820)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	95,593		95,593	NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	35,773		35,773	NET CASH AND CASH EQUIVALENTS AT END OF PERIOD

The restatements of the condensed consolidated cash flow statement consist of:

- the reclassification of "Advances to suppliers" from "Inventories and Advances to suppliers" to "Other current and non-current assets".
- the reclassification of dividends received from Joint Ventures from the item "(Income)/charges from measurement at equity of investment in Europropulsion S.A." to a specific item;

- the presentation of two new items within "Cash flow from investing activities" of the cash flows related to investments in property, plant and equipment and investment property, previously included in the single item "Property, plant and equipment and investment property".
- the presentation of two new items within "Cash flow from financing activities" of the cash flows related to financial assets and liabilities previously included in the single item "Other changes in financial assets and liabilities".

3. COMPOSITION, COMMENTS AND CHANGES IN THE PRINCIPAL BALANCE SHEET ACCOUNTS AND OTHER DISCLOSURES

NON-CURRENT ASSETS

3.1. PROPERTY, PLANT & EQUIPMENT

The values of Property, plant and equipment at June 30, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands). The table illustrates the comparison between the balances in Property, plant and equipment of the Avio Group at June 30, 2025 and December 31, 2024.

	30/06/2025			31/12/2024		
	Gross value	Accumulated depreciation	Net book value	Gross value	Accumulated depreciation	Net book value
Land	14,651	-	14,651	14,651	-	14,651
Buildings	91,503	(27,506)	63,997	89,464	(26,624)	62,839
Plant & machinery	98,846	(71,236)	27,610	98,221	(70,257)	27,964
Industrial & commercial equipment	21,166	(18,677)	2,489	19,894	(18,458)	1,436
Other assets	19,830	(13,536)	6,295	19,575	(12,779)	6,796
Assets in progress and advances	60,606	-	60,606	59,602	-	59,602
Total	306,602	(130,955)	175,648	301,407	(128,118)	173,288

The changes between December 31, 2024 and June 30, 2025 in the gross values of property, plant and equipment are illustrated in the table below (Euro thousands):

Gross values	31/12/2024	Increases	Decreases for disposals	Reclassifications and other changes	30/06/2025
Land	14,651	-	-	-	14,651
Buildings	89,464	2,039	-	-	91,503
Plant & machinery	98,221	625	-	-	98,846
Industrial & commercial equipment	19,894	162	(13)	1,123	21,166
Other assets	19,575	275	-	(19)	19,830
Assets in progress and advances	59,602	2,107	-	(1,103)	60,606
Total	301,407	5,209	(13)	-	306,602

The increases in the period of Euro 5,209 thousand concern:

- assets in progress and advances for Euro 2,107 thousand. These investments mainly concerned the works to construct the infrastructure for the Next-Gen EU projects for Euro 1,152 thousand, and expenses for the purchase of assets to increase flight frequency, amounting to Euro 507 thousand;
- plant and production machinery amounting to Euro 625 thousand, mainly to achieve increased flight frequency;
- other assets amounting to Euro 275 thousand, mainly relating to IT equipment and furnishings related to the Group's administrative site;
- equipment amounting to Euro 162 thousand, mainly relating to production control instruments;
- buildings amounting to Euro 2,039 thousand, mainly relating to extraordinary maintenance and restructuring.

The changes in the year 2024 in the gross values of property, plant and equipment are illustrated in the table below (Euro thousands):

Gross values	31/12/2023	Increases	Decreases for disposals	Reclassifications and other changes	31/12/2024
Land	14,651	-	-	-	14,651
Buildings	83,593	5,871	-	-	89,464
Plant & machinery	93,237	4,984	-	-	98,221
Industrial & commercial equipment	19,570	334	(10)	-	19,894
Other assets	16,608	3,045	(79)	2	19,575
Assets in progress and advances	50,889	9,677	-	(964)	59,602
Total	278,547	23,910	(89)	(962)	301,407

Between December 31, 2024 and June 30, 2025, the changes to accumulated depreciation were as follows (in Euro thousands):

Gross values	31/12/2024	Amortisation & depreciation	Decreases for disposals	Reclassifications and other changes	30/06/2025
Buildings	(26,624)	(882)	-	-	(27,506)
Plant & machinery	(70,257)	(979)	-	-	(71,236)
Industrial & commercial equipment	(18,458)	(225)	6	-	(18,677)
Other assets	(12,779)	(757)	-	-	(13,536)
Total	(128,118)	(2,842)	6	-	(130,955)

The following movements in accumulated depreciation are reported in 2024 (in Euro thousands):

Gross values	31/12/2023	Amortisation & depreciation	Decreases for disposals	Reclassifications and other changes	31/12/2024
Buildings	(24,752)	(1,870)	-	-	(26,624)
Plant & machinery	(68,408)	(1,828)	-	(2)	(70,257)
Industrial & commercial equipment	(18,119)	(348)	9	(21)	(18,458)
Other assets	(11,401)	(1,462)	-	84	(12,779)
Total	(122,681)	(5,508)	9	61	(128,118)

The depreciation was calculated in relation to the estimated useful life and the obsolescence incurred by these assets.

3.2. RIGHT-OF-USE

The values of Right-of-use at June 30, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	30/06/2025			31/12/2024		
	Gross value	Accumulated depreciation	Net book value	Gross value	Accumulated depreciation	Net book value
Land right-of-use	3,066	(808)	2,258	3,066	(717)	2,349
Buildings right-of-use	8,388	(3,572)	4,816	7,213	(3,095)	4,117
Plant and machinery right-of-use	1,690	(1,042)	648	1,690	(959)	731
Other assets right-of-use	8,323	(3,814)	4,509	7,714	(3,217)	4,496
Total	21,466	(9,235)	12,232	19,681	(7,989)	11,693

The gross values of these rights at June 30, 2025 (in Euro thousands) are reported below:

Gross values	31/12/2024	Increases	Decreases for contract conclusion	Reclassifications and other changes	30/06/2025
Land right-of-use	3,066	-	-	-	3,066
Buildings right-of-use	7,213	1,175	-	-	8,388
Plant and machinery right-of-use	1,690	-	-	-	1,690
Other assets right-of-use	7,714	993	(383)	-	8,323
Total	19,681	2,168	(383)	-	21,466

The Right-of-use assets recognised in applying IFRS 16 mainly relate to the present values of the future payments under the following contracts:

- concession of an area located within the Salto di Quirra Inter-force Experimental Facility;
- lease of the electro-duct and relative electrical infrastructure at the combined cycle co-generation thermo-electrical station owned by the associate Termica Colleferro S.p.A.;
- leasing of office and industrial use land and buildings at Paris (France), Arlington (USA), Corbetta (Lombardy), Airola (Campania) and Villaputzu (Sardinia); leasing of apartments for employees in French Guiana; hiring of company cars.

The increases in the year of Euro 2,168 thousand mainly concern the new company use vehicle lease contracts, the new apartment lease contracts/renewals for the employees in Guiana, where the spaceport is located, and the new lease contract for the Avio USA Inc. office in Arlington.

The decreases, amounting to Euro 383 thousand, related to the termination of lease contracts for vehicles and apartments for employees.

The gross values of these rights at December 31, 2024 (in Euro thousands) are reported below:

Gross values	31/12/2023	Increases	Decreases for contract conclusion	Reclassifications and other changes	31/12/2024
Land right-of-use	2,570	496	-	-	3,066
Buildings right-of-use	7,109	1,581	(1,144)	(335)	7,213
Plant and machinery right-of-use	1,690	-	-	-	1,690
Other assets right-of-use	3,996	4,237	(519)	-	7,714
Total	15,365	6,313	(1,663)	(335)	19,681

The accumulated depreciation of these rights in the first half of 2025 is reported below (in Euro thousands):

Gross values	31/12/2024	Amortisation & depreciation	Decreases for contract conclusion	Reclassifications and other changes	30/06/2025
Land right-of-use	(717)	(90)	-	-	(808)
Buildings right-of-use	(3,095)	(476)	-	-	(3,572)
Plant and machinery right-of-use	(959)	(83)	-	-	(1,042)
Other assets right-of-use	(3,217)	(896)	300	-	(3,814)
Total	(7,989)	(1,546)	300	-	(9,235)

The accumulated depreciation of these rights in 2024 is reported below (in Euro thousands):

Gross values	31/12/2023	Amortisation & depreciation	Decreases for contract conclusion	Reclassifications and other changes	31/12/2024
Land right-of-use	(571)	(146)	-	-	(717)
Buildings right-of-use	(3,188)	(881)	637	337	(3,095)
Plant and machinery right-of-use	(793)	(166)	-	-	(959)
Other assets right-of-use	(2,300)	(1,227)	310	-	(3,217)
Total	(6,852)	(2,421)	948	337	(7,989)

3.3. INVESTMENT PROPERTY

The values of Investment property at June 30, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	30/06/2025			31/12/2024		
	Gross value	Accumulated depreciation	Net book value	Gross value	Accumulated depreciation	Net book value
Land	1,834	-	1,834	1,834	-	1,834
Buildings & facilities	3,581	(1,447)	2,134	3,391	(1,338)	2,053
Total	5,415	(1,447)	3,969	5,225	(1,338)	3,887

Investment property refers to part of the land, buildings and facilities within the Colleferro industrial complex (Rome) owned by the subsidiary Se.co.sv.im. S.r.l., leased to third parties. This latter undertakes property management activities.

The changes between December 31, 2024 and June 30, 2025 in the gross values of investment property of the Avio Group are illustrated in the table below (Euro thousands):

Gross values	31/12/2024	Increases	Decreases	Reclassifications and other changes	30/06/2025
Land	1,834	-	-	-	1,834
Buildings & facilities	3,391	190	-	-	3,581
Total	5,225	190	-	-	5,415

The changes in 2024 in the gross values of investment property of the Avio Group are illustrated in the table below (Euro thousands):

Gross values	31/12/2023	Increases	Decreases	Reclassifications and other changes	31/12/2024
Land	1,834	-	-	-	1,834
Buildings & facilities	3,258	135	(2)	-	3,391
Total	5,092	135	(2)	-	5,225

In H1 2025, the changes to accumulated depreciation were as follows (in Euro thousands):

Accumulated depreciation	31/12/2024	Depreciation	Utilisations	Reclassifications and other changes	30/06/2025
Buildings & facilities	(1,338)	(108)	-	-	(1,447)
Total	(1,338)	(108)	-	-	(1,447)

The following movements in accumulated depreciation are reported in 2024 (in Euro thousands):

Accumulated depreciation	31/12/2023	Depreciation	Utilisations	Reclassifications and other changes	31/12/2024
Buildings & facilities	(1,307)	(31)	-	-	(1,338)
Total	(1,307)	(31)	-	-	(1,338)

The depreciation in the period was calculated in relation to the estimated useful life and the obsolescence incurred by these assets.

3.4. INTANGIBLE ASSETS WITH FINITE USEFUL LIFE

The values of Intangible assets with finite useful life at June 30, 2025 are shown net of accumulated amortisation, as illustrated in the table below (Euro thousands).

	30/06/2025			31/12/2024		
	Gross values	Accumulated amortisation	Net book value	Gross values	Accumulated amortisation	Net book value
Development costs - amortisable	71,685	(21,547)	50,138	71,685	(19,518)	52,167
Development costs - in progress	32,346	-	32,346	29,523	-	29,523
Total development costs	104,031	(21,547)	82,484	101,208	(19,518)	81,690
Assets from PPA	46,616	(24,937)	21,679	46,616	(23,383)	23,233
Concessions, licenses, trademarks and similar rights	28,263	(16,275)	11,988	27,427	(15,004)	12,422
Other	17,374	(5,692)	11,681	16,181	(5,061)	11,120
Assets in progress and advances	291	-	291	291	-	291
Total	196,575	(68,451)	128,124	191,723	(62,966)	128,757

The development costs being amortised primarily refer to design and testing costs relating to the Z40 and P120C engines. Most development costs under completion refer to projects relating to the new liquid oxygen and methane engines.

The amortisation of these costs begins from the commencement of the commercial production of each individual programme, on a straight-line basis over their useful life, initially estimated based on the duration of the programmes to which they refer.

With reference to development costs in course of completion, which are not subject to amortisation as referring to programmes which have not yet commenced commercial production, recognition under intangible assets with definite useful lives (with prior verification of the absence of impairment) is supported by the profitability forecasts of the programmes.

Following the purchase price allocation process of the Avio Group by Space2 in March 2017, two intangible assets were identified relating to the Ariane and Vega aerospace programmes for a total of Euro 44,785 thousand.

The assets deriving from this allocation were measured at fair value based on the present value of the expected future benefits of the above aerospace programmes and amortised over a period of 15 years on the basis of the average useful life of the programmes.

Following the purchase price allocation process of Temis by Avio S.p.A. in September 2022, two intangible assets were identified relating to the Avionica 3.0 and Space Rider aerospace programmes for a total of Euro 1,831 thousand.

The assets deriving from this allocation were measured at fair value based on the present value of the expected future benefits of the above aerospace programmes and amortised over a period of 15 years on the basis of the average useful life of the programmes.

Concessions, licenses, trademarks, patents and similar rights mainly include costs for the acquisition of software licenses and land rights costs.

The changes in H1 2025 in the gross values of Intangible assets with definite life of the Avio Group are illustrated in the table below (Euro thousands):

Gross values	31/12/2024	Increases	Decreases	Reclassifications and other changes	30/06/2025
Development costs - amortisable	71,685	-	-	-	71,685
Development costs - in progress	29,523	2,823	-	-	32,346
Total development costs	101,208	2,823	-	-	104,031
Assets from PPA -	46,616	-	-	-	46,616
Concessions, licenses, trademarks and similar rights	27,427	856	-	(20)	28,263
Other	16,181	1,193	-	-	17,374
Assets in progress and advances	291	-	-	-	291
Total	191,723	4,872	-	(20)	196,575

The increases in H1 2025 totalled Euro 4,872 thousand, which principally refer to:

- Euro 2,823 thousand, mainly for design and testing costs for the construction of the new engines and avionics elements;
- Euro 856 thousand concerning software licenses and introduction projects;
- Euro 1,193 thousand, mainly concerning the review of the procedures to streamline production.

The changes in the gross values of Intangible assets with definite life of the Avio Group are illustrated in the table below (Euro thousands):

Gross values	31/12/2023	Increases	Decreases	Reclassifications and other changes	31/12/2024
Development costs - amortisable	71,685	-	-	-	71,685
Development costs - in progress	27,148	2,375	-	-	29,523
Total development costs	98,833	2,375	-	-	101,208
Assets from PPA	46,616	-	-	-	46,616
Concessions, licenses, trademarks and similar rights	20,433	6,985	-	9	27,427
Other	13,524	2,657	-	-	16,181
Assets in progress and advances	291	-	-	-	291
Total	179,697	12,017	-	9	191,723

In H1 2025, the changes to accumulated depreciation were as follows (in Euro thousands):

Accumulated amortisation	31/12/2024	Amortisation & depreciation	Decreases	Reclassifications and other changes	30/06/2025
Development costs - amortisable	(19,518)	(2,029)	-	-	(21,547)
Development costs - in progress	-	-	-	-	-
Total development costs	(19,518)	(2,029)	-	-	(21,547)
Assets from PPA	(23,383)	(1,554)	-	-	(24,937)
Concessions, licenses, trademarks and similar rights	(15,004)	(1,270)	-	-	(16,275)
Other	(5,061)	(616)	-	(15)	(5,692)
Total	(62,966)	(5,469)	-	(15)	(68,451)

The changes in 2024 to accumulated amortisation were as follows (in Euro thousands):

Accumulated amortisation	31/12/2023	Amortisation & depreciation	Decreases	Reclassifications and other changes	31/12/2024
Development costs - amortisable	(15,949)	(3,569)	-	-	(19,518)
Development costs - in progress	-	-	-	-	-
Total development costs	(15,949)	(3,569)	-	-	(19,518)
Assets from PPA	(20,275)	(3,108)	-	-	(23,383)
Concessions, licenses, trademarks and similar rights	(12,507)	(2,497)	-	-	(15,004)
Other	(4,743)	(303)	-	(15)	(5,061)
Total	(53,475)	(9,476)	-	(15)	(62,966)

3.5. GOODWILL

Goodwill was recognised at June 30, 2025 of Euro 62,829 thousand, of which:

- Euro 61,005 thousand concerning the residual portion of the price paid by Space2 S.p.A. in 2017, after the purchase price allocation and allocated to the sole Group CGU corresponding to the Space sector;
- Euro 1,824 thousand Euro relating to the 2022 acquisition of Temis S.r.l. This amount constitutes the residual amount recognised to Goodwill following the conclusion of the process to allocate the

difference between the purchase price of 100% of this company and the acquired equity in 2023. This goodwill is also allocated to the Group's only Space sector CGU.

As indicated in Note "2.7. Accounting standards and basis of preparation" of the financial statements at December 31, 2024, goodwill is not amortised but written down for impairments. The Group assesses the recoverability of goodwill at least annually, or more frequently where specific events and circumstances arise which may result in value reductions, through impairment tests on each of the Cash Generating Units (CGU's). The CGU identified by the Group for the monitoring of goodwill coincides with the level of aggregation required by IFRS 8 - *Operating segments*, which for the Group is identified by the *Space business* alone.

Goodwill allocated to the Space CGU was subject to an impairment test on December 31 2024, on the basis of cash flows from the Space CGU estimated based on forecasts from the 2024-2028 long-term plan approved by the Board of Directors on September 11, 2024. The outcome of the test did not indicate the need for a write-down of the carrying amount of goodwill at December 31, 2024. In the first half of 2025, any indicators of impairment were assessed using both internal and external information sources. The goodwill recognised to the balance sheet as of June 30, 2025 does not recognise impairment losses. The internal information sources mainly included assessment of:

- the results for the half-year.

The operating results in H1 2025 generally improved on H1 2024. This was mainly attributable to the positive contribution from the production activities on Vega and the P120/P160 boosters for the Ariane 6 launcher. This was partially offset by the increase in energy costs in the period;

- the order backlog.

Internal information sources first assessed the assumptions underlying the projections of future cash flows of the Space CGU of the 2024-2028 long-term plan updated on September 11, 2024 which include, first of all, the order backlog. At June 30, 2025, the backlog stood at Euro 1,670.2 million. This was the result of new orders in H1 2025 of approx. Euro 180 million and attributable mainly to space production activities, including the production of P120/P160 engines whose revenues and results shall emerge over the coming years;

- growth of contributions from tactical propulsion.

In H1 2025, revenues related to defence solid propulsion increased by 31% on the same period in the previous year, as reported in the presentation to analysts and investors regarding the H1 2025 results which will be communicated to the financial community on September 12, 2025.

Revenues from defence activities totalled Euro 40 million (17% of net revenues for the half year), compared to Euro 30.5 million in the first half of 2024.

Events subsequent to period-end also included the announcement of the signature of new orders with MBDA in France amounting to approx. Euro 60 million⁵², as well as the signing of a supplemental agreement with the U.S. Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration, and testing of solid propulsion engines for tactical missiles⁵³;

- success of Vega C missions VV26 and VV27.

On April 29, 2025, Vega-C flight VV26 successfully launched the Biomass satellite for the European Space Agency (ESA)⁵⁴. Biomass is the first satellite equipped with a P-band synthetic aperture radar that can penetrate forest cover to measure biomass, i.e. the trunks, branches and stems of trees, which store most of the carbon. The satellite is designed to provide crucial data on the status and changes of our planet's forests, contributing to a deeper understanding of their role in the carbon cycle.

⁵² See also the July 21, 2025 press release at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/siglati-ordini-per-60-milioni-di-euro-con-mbda-in-francia/MXxjb211bmljYXRpLjE3NzEwMDAwNDYyMDI1MXwxfDIwMjUwNzMw>

⁵³ See also the August 27, 2025 press release at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-rafforza-la-collaborazione-con-le-forze-armate-statunitensi/MXxjb211bmljYXRpLjE3NzEwMDAwNTIyMDI1MXwxfDIwMjUwODI4>

⁵⁴ See also the April 29, 2025 press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-lancia-con-successo-il-satellite-biomass-per-l-esa/MXxjb211bmljYXRpLjE3NzEwMDAwMTYyMDI1MXwxfDIwMjUwNzA3>

On July 26, 2025, Vega C also successfully completed the VV27 mission, putting the CO3D and MicroCarb satellites into orbit⁵⁵. The CO3D satellites, developed by Airbus Defence and Space, which seek to map the Earth's surface in 3D and provide 2D images for institutional and commercial customers, The MicroCarb satellite, developed by CNES, is designed to study sources and sinks of carbon dioxide (CO₂), the greenhouse gas that is contributing most to climate change.

As a result of the success of the flights, we expect to continue in the current year the preparatory activities to increase the launch cadence to 6 flights per year, thanks in part to the contracts signed with the ESA at the end of 2024 to improve ground operations and reduce the time between two consecutive launches⁵⁶;

- success of Ariane 6 missions VA263 and VA264.

On March 6, 2025, the Ariane 6 launcher successfully put into orbit the CSO-3 satellite for the French Armed Forces (flight VA263)⁵⁷. This was the first commercial launch after the successful maiden flight on July 9, 2024⁵⁸. On August 13, 2025, the Ariane 6 mission VA264 also successfully placed EUMETSAT's Metop-SGA1 satellite into orbit⁵⁹. Based on these significant results, a gradual increase in series production of the P120/160 engines is expected. This will contribute to the company's space production activities and have a positive effect in terms of economies of scale and margins;

- Distribution of dividends.

On April 30, 2025, Avio S.p.A.'s Ordinary Shareholders' Meeting unanimously approved the Board of Directors' proposal to distribute an ordinary dividend of Euro 3,750 thousand, to be paid out from the 2024 net profit.

External information sources mainly included assessment of:

- changes in energy costs.

While energy costs in H1 2025 were higher than in the same period of 2024, forecasts for the second half of the year currently suggest that energy costs will be in line with the previous year;

- market capitalisation.

At the approval date of the Condensed Consolidated Half-Year Financial Statements, as a result of the sharp increase in the share price since December 31, 2024, the market capitalisation is higher than the book value of consolidated net equity;

- the changes, since the date of the impairment test, in the interest rates considered when estimating the weighted average cost of capital (WACC) used for in the impairment test conducted to December 31, 2024.

The impairment test performed to December 31, 2024 reported a substantial positive margin between the recoverable value of the Space CGU and the book value of the net capital employed recorded in the financial statements, which was also confirmed following sensitivity analyses and stress tests conducted on the weighted average cost of invested capital. Specifically, considering a WACC of 8.7%, the break-even WACC that renders the recoverable value of the Space CGU equal to the book value of the net capital employed recorded in the balance sheet as of December 31, 2024 was 12.5%.

⁵⁵ See press release of July 26, 2025 at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-lancia-con-successo-i-satelliti-co3d-e-microcarb/MXxjb211bmljYXRpLjE3NzEwMDAwNDcyMDI1MXwxflDlwMjUwNzI4>

⁵⁶ See also the December 18, 2025 press release at the following link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/350m+-di-nuovi-contratti-con-esa-per-sviluppo-vega-e-ed-incremento-cadenza-vega-c-fino-a-6-lanci-per-anno/MXxjb211bmljYXRpLjE3NzEwMDAwNjAyMDIOMXwxflDlwMjUwNzA3>

⁵⁷ See press release of March 6, 2025 at the following link: <https://www.avio.com/it/comunicati-stampa/successo-volo-va263-dellariane-6>

⁵⁸ See press release of July 9, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/successo-volo-inaugurale-dellariane-6>

⁵⁹ See also the August 13, 2025 press release published by Arianespace at the link: <https://newsroom.arianespace.com/with-ariane-6-arianespace-successfully-launches-metop-sga1-satellite?lang=eng>

The trend in interest rates in H1 2025 was downwards as the European Central Bank, as part of its assessments of the future inflation outlook and monetary policy stance, cut key interest rates on four separate occasions⁶⁰;

- the continuation of the conflict in Ukraine.

These assessments have led to the conclusion that no specific medium-term impacts on Vega C operational continuity are currently expected. The procurement process for the fourth-stage Vega C engine produced in Ukraine, which has been underway for several years, has provided a "strategic" stock which guarantees Avio's deliveries for launches planned in the medium term. In addition, over the medium term, funds have been received and a project has been initiated to develop an orbital engine in Italy under the Next Gen EU project.

In addition to what has been stated above with reference to the order backlog, the cash flow projections of the 2024-2028 multi-year plan are based on the following additional main assumptions, where reasonably estimated, corroborated by separate external sources by type of revenue, mainly concerning launcher production activities and defence research and development activities:

- globally we are seeing, according to a report by Novaspac⁶¹, a growth in the value of the satellite industry (with reference to both business manufacturing and launches) from the current USD 322 billion in the period 2014 - 2023 to about USD 615 billion in the period 2024-2033 (growth rate 2x). It is expected that the space launch business segment, again according to the same Euroconsult report, will grow from the current USD 82 billion in the 2014-2023 period to about USD 160 billion in the 2024-2033 period;
- the growth forecast for total mass demand to be launched into space, based on the study by the company Novaspac⁶², for the period 2024-2033 is 25,597 tonnes compared to 4,600 tonnes actually launched in the period 2014-2023, with a growth rate of 5x;
- according to a recent report by Novaspac⁶³ a comparison of the two decades 2014-23 (past) and 2024-33 (future) shows how the number of orbited satellites increases (on average) from about 1,100/year to 3,700/year (growth rate: 3x), the corresponding mass increases on average from about 460 tonnes/year to 2,600 tonnes/year;
- market demand growth (in terms of tonnes of satellites to be launched) extrapolated from Euroconsult's forecasts can therefore be estimated at around 19% CAGR on a 10-year basis;
- these expectations are also reflected in the financial flows being invested in the sector by private players such as Venture Capital Funds, Private Equity Funds, business angels and corporate venture capital. According to the Space Capital reports, these figures have increased from USD 18.1 billion annually in 2015 to USD 50.9 billion in 2021, with a CAGR of approx. 19%⁶⁴;
- there has also been a significant increase in overall resources allocated to space programmes at the government level: according to a recent Novaspac report⁶⁵, government funding for space economy activities totalled more than \$135 billion in 2024, up 10% from 2023. Also according to the same source, these budgets are forecast to grow to USD 144 billion in 2033, with a CAGR of 0.65% over 9 years;
- as regards the above, with respect to the 2024-2028 plan's R&D revenue projections, the demand for publicly funded new product and technology development activities is based primarily on (i) expectations for government spending on space activities. In Europe, the budgets of the national space agencies and the European Space Agency (hereinafter also "ESA") have grown by an average of approx.

⁶⁰ See also the press releases of the European Central Bank at the links:
<https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250130-530b29e622.it.html>
<https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250306-d4340800b3.it.html>
<https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250417-42727d0735.it.html>
<https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250605-3b5f67d007.it.html>

⁶¹ "Satellites to be built & launched," 2025 27th edition, Novaspac, published October 2024

⁶² "Satellites to be built & launched," 2025 27th edition, Novaspac, published October 2024

⁶³ "Satellites to be built & launched," 2025 27th edition, Novaspac, published October 2024

⁶⁴ Space Capital investment dashboard <https://www.spacecapital.com/quarterly>;

⁶⁵ "Government Space Programs, 24th edition" report, Novaspac, published December 2024

7% annually between 2015 and 2023, as can be deduced from the data published by the agencies themselves⁶⁶ and (ii) on the funds made available by the Italian state under the National Recovery and Resilience Plan - hereafter also NRRP - following the COVID-19 pandemic.

- in particular, again with regard to projections of revenues from R&D, the ESA defined - for the space launcher segment - a product roadmap up to 2025 including, among other things, future evolutions of the current Vega launcher, of which Avio is prime contractor, consisting of Vega C and Vega E, the new Ariane 6 launcher, of which Avio will produce the P120 first-stage engines, and the reusable Space Rider spacecraft, of which Avio is co-prime. Against this development roadmap, Italy signed up for ESA public funding of over Euro 700 million at the 2022 Ministerial Conference. These subscriptions, by virtue of then geographic return principle applied by the ESA to such, are transforming into new contracts for Avio (the only operator in the sector in Italy and recognised as prime contractor for launcher activities in ESA), which are regularly announced to the market⁶⁷;
- the ESA Council of November 6, 2023⁶⁸, held in Seville, made significant decisions about the Ariane 6, Vega-C and Vega-E programmes, including:
 - the coverage, through additional funding, of a portion of the additional production costs resulting largely from the significant rise in inflation that has emerged in the period 2021-2023 in the eurozone, particularly for Ariane 6 up to Euro 340 million per year and for Vega C up to Euro 21 million per year;
 - the expectation of a minimum number of European institutional launches, both for Ariane 6 (4 flights/year) and Vega C (3 flights/year), increased from that expected in previous years, due in part to the growth in size of the various European satellite programmes;
 - the opening of a competition in the European launcher sector through a special competitive process (European Launcher Challenge) by the ESA to develop and demonstrate the launch capability of new systems (up to Euro 150 million);
 - Avio's gradual assumption of Vega-C's Launch Service Operator (LSO) and Launch Service Provider (LSP) functions, i.e. responsibilities for Vega-C's flight operations and commercialisation rights;
 - the allocation to Vega-C and Vega-E, at the Kourou space centre, of an existing facility that will be dedicated to launcher pre-integration so as to increase the annual launch frequency and the related allocation to Vega-E of the launch pad previously used by Ariane 5;

Following on from the decision adopted by the Board of the ESA in Seville on November 6, 2023 outlined above, the new decision of the Board of the ESA of July 5, 2024⁶⁹ has laid the basis for the commercialisation of the Vega launcher by Avio. Specifically, the resolution resulted in Arianespace and Avio agreeing that Arianespace will remain the launch service provider and operator for Vega launch services until Vega flight 29 (VV29), currently scheduled for early 2026. For the launches after VV29, Avio will be the launch service provider and operator of Vega C. Currently, all of the contracts already signed for launch services on Vega C for missions following the Vega 29 flight have been transferred from Arianespace to Avio. On July 10, 2025, the new Launchers Exploitation Declaration ("LED") was approved, assigning Avio the role of launch service provider for the Vega family of launchers⁷⁰. On August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana.

- National Recovery and Resilience Plan (NRRP) - The Italian government has launched a number of projects for the NRRP, some of which specifically address the evolution of space propulsion technologies and products related to launchers. The execution of these projects has been entrusted to ESA and concerns in particular the realization of a high-thrust methane engine and an in-flight demonstrator of a small liquid propulsion launcher. These projects represent an opportunity for the Company to extend its product portfolio and technological expertise, capitalising on its ongoing

⁶⁶ ESA 2015 budget of Euro 4.4 billion available at: https://www.esa.int/Newsroom/Highlights/ESA_budget_2015; ESA 2024 budget of Euro 7.9 billion available at: https://www.esa.int/ESA_Multimedia/Images/2024/01/ESA_budget_by_domain_2024

⁶⁷ Examples of ESA contracts or budget allocations that were announced by Avio to the market: https://avio-data.teleborsa.it/2022%2f20221125-Avio-Market-Update-2022_vDEF_20221202_103612.pdf

⁶⁸ See press release of November 7, 2023 at the link: https://www.avio.com/sites/avio.com/files/attachments/CS_ESA%20Siviglia_ITA_1.pdf

⁶⁹ See press release of July 5, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/le-decisioni-del-consiglio-esa-pongono-le-basi-servizi-di-lancio-europei-piu>

⁷⁰ See press release of July 10, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/avio-diventa-fornitore-dei-servizi-di-lancio-famiglia-di-lanciatori-vega>

experience with Vega E and the M10 liquid oxygen-methane engine. In parallel, the NRRP has initiated the creation of an Italian satellite constellation for Earth observation, with execution also entrusted to ESA, whose missions will be carried out with Vega launchers.

As reported in the presentations to the market⁷¹, the NRRP and the complementary funds for 2022-2026 amount to a total of Euro 2.3 billion, of which an amount exceeding Euro 1 million earmarked for the development and launch with Vega of an Earth Observation Satellite Constellation, and approx. Euro 300 million for the development of new technologies in the areas of liquid propulsion (construction and testing of a high-thrust methane engine, a technology already being developed by the Company), structures, avionics and pyrotechnics, as well as two in-flight demonstrators of a small liquid propulsion launcher. Finally, Avio is part of a consortium of Italian companies that won the tender (and related funding of approx. Euro 300 million) for the development of an In Orbit Servicing (IOS) technology demonstrator.

On June 29, 2022, Avio announced⁷² that it had been awarded the first two contracts under the space industry initiatives to implement the "Next Gen EU" technological development projects, through a significant investment by the Italian government. This seeks to enhance the space access technological capabilities of the Italian industrial sector, with the European Space Agency (ESA) as the Contracting Authority and the supervision of the Prime Minister's Office, the Italian Space Agency (ASI) and the Minister of Technological Innovation and Digital Transition.

On March 13, 2023, Avio announced⁷³ that it had signed the above contracts at the headquarters of the Ministry of Enterprise and Made in Italy, with the Minister Adolfo Urso and the ESA's Director of Space Transportation in attendance. The first contract - called STS and funded for Euro 181.6 million until completion - will be dedicated to developing, by 2026, an in-flight demonstrator of new technologies and specific designs for a two-stage liquid propellant-propelled light-load launcher using liquid-oxygen and methane engines with lower environmental impacts. The second - called HTE and funded for Euro 103.7 million upon completion - will be dedicated to developing a new high-performance, low environmental impact liquid-oxygen and methane engine and high thrust technology. Detailed design and construction of demonstrators of increasing complexity up to ground qualification testing is scheduled by 2026.

- the acceleration of the growth of defence production volumes, in addition to the development of new evolutions was estimated based on the new production and development contracts signed during 2022 and 2023. These assumptions are corroborated by a number of important recent events, such as the signing of the two American partnerships announced on July 23, 2024⁷⁴.

Based on the main assessments carried out as above, there were no impairment indicators ("triggering events") at June 30, 2025. As such, the value recorded in the financial statements was not subjected to further verification of recoverability.

⁷¹ See the following "Investors" section of Avio's website: http://avio-data.teleborsa.it/2022%2f20220215-Avio-FY-2021-results_vDEF_1_20220315_100105.pdf;

⁷² See the press release of June 29, 2022 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/firmati-contratti-next-gen-eu-finanziati-con-340-milioni-di-euro-al-completamento-per-nuove-tecnologie-di-lancio/MXxb211bmjYXRpLjE3NzEwMDAwNDMyMDIyMXwxfDIwMjIwODA1>

⁷³ See the press release of March 13, 2023 at: <https://syndication.teleborsa.it/Avio/Financial-Announcements/firma-dei-contratti-di-sviluppo-per-il-pnrr/MXxb211bmjYXRpLjE3NzEwMDAwMDkyMDIzMXwxfDIwMjIwODE2>

⁷⁴ See also the press release dated July 23, 2024 at the following link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-raytheon-rtx-produzione-di-motori-propellente-solido>
<https://www.avio.com/it/comunicati-stampa/avio-partnership-con-lesercito-degli-stati-uniti>

3.6. INVESTMENTS

The investments held by the Avio Group at June 30, 2025 and December 31, 2024 follow (in Euro thousands).

	30/06/2025		31/12/2024		Change
	Group share	Net carrying amount	Group share	Net carrying amount	
<u>Companies under joint control</u>					
- Europropulsion S.A.	50.00%	5,252	50.00%	6,822	(1,570)
Total companies under joint control		5,252		6,822	(1,570)
<u>Associates</u>					
- Termica Colleferro S.p.A.	40.00%	5,969	40.00%	5,776	193
- Other consortiums		68		68	-
Total associates		6,037		5,844	193
<u>Other companies</u>					
- Other companies		4,750		4,750	-
Total other companies		4,750		4,750	-
Total		16,039		17,416	(1,377)

(*) Europropulsion S.A., which is subject to joint control with another Shareholder, is consolidated using the equity method. The joint-stock consortium company Servizi Colleferro qualifies as an associated company as it is not controlled by governance structures.

The changes between December 31, 2024 and June 30, 2025 in the investments are shown below (Euro thousands):

	31/12/2024	Valuation at equity	Increases	Decreases	Other changes	30/06/2025
Companies under joint control	6,822	(1,570)	-	-	-	5,252
Associates	5,845	193	-	-	-	6,038
Other companies	4,750	-	-	-	-	4,750
Total	17,416	(1,377)	-	-	-	16,039

"Jointly controlled companies" includes only the investment in Europropulsion S.A.. The movement in the year is due to its measurement at equity, resulting in a net decrease of Euro 1,570 thousand (due to the increase for the 50% share of the profit for H1 2025, amounting to Euro 170 thousand, net of the decrease of Euro 1,740 thousand following the reduction in company's equity due to the dividends paid to Avio S.p.A. in the period). "Associates" includes the investment in Termica Colleferro S.p.A., totalling Euro 5,969 thousand and in a number of consortiums, for Euro 68 thousand. The movements for the half-year all relate to the investment in Termica Colleferro, which is valued at equity.

"Other companies" include the following minor interests in Arianespace, in C.I.R.A. - Centro Italiano Ricerche Aerospaziali S.c.p.A., in Imast S.c.a.r.l., in Distretto Aerospaziale Sardegna S.c.a.r.l., in ART S.p.A., in T4i S.p.A. and in the "Fondazione ITS Meccatronico del Lazio".

With reference to the investment in ART S.p.A., equal to 5% of its shares, acquired in 2022 for a value of Euro 1,720 thousand, it is reported in particular that it is a leading Italian infotainment systems company for performance and luxury cars and an industrial partner, as well as the former parent company of Temis S.p.A., of which Avio also acquired control in 2022.

As part of the acquisition of the stake in ART, an agreement was signed between Avio and GEF S.r.l., owner of the remaining 95% of the company, whereby Avio granted the other shareholder a pre-emption right to purchase the 5% stake in ART. This option may be exercised at the earlier of the following dates: (i) the

conclusion of the fifth year from the date of completion of Avio's purchase of the investment; and (ii) in the case of a proposed change of control of the company, 60 days prior to the change of control. The option price is calculated by applying a multiplier to the aforementioned 5% acquisition price of the company, determined on the basis of the year following the date of completion of the transaction, starting from the fifth year.

With reference to the shareholding in T4i S.p.A., a spin-off of the University of Padua based in Monselice (PD), specialising in innovative propulsion systems for aerospace applications, it is reported in particular that it was founded in 2014 by a team led by Professor Daniele Pavarin and over the years has demonstrated expertise and excellence in the development of propulsion technologies, growing fast and working on ambitious programmes in partnership with the ESA, ASI and CNR, in addition to several Italian and overseas companies, including Avio. In 2023, the subscription to the capital increase resulted in the attainment of an approx. 17% stake in T4i.

3.7. NON-CURRENT FINANCIAL ASSETS

The table below illustrates the non-current financial assets of the Avio Group at June 30, 2025 and at December 31, 2024 (in Euro thousands).

	30/06/2025	31/12/2024	Change
Shareholder loan to Termica Colleferro S.p.A.	2,010	2,010	-
	2,010	2,010	-

This shareholder loan, to the associate Termica Colleferro, is interest-free and is subordinated to the full repayment by that company of the loan previously granted by the lending banks, which matures on February 24, 2027.

3.8. DEFERRED TAX ASSETS

The Avio Group's recognised deferred tax assets amount to Euro 87,579 thousand (Euro 87,547 thousand at December 31, 2024). The amount recorded in the accounts represents the net balance of the deferred tax assets and liabilities calculated on the temporary differences between the value of assets and liabilities assumed for the purposes of the preparation of the financial statements and the respective values for fiscal purposes and the tax losses carried forward. Deferred taxes are determined applying the tax rates which are expected to be applied in the period when the temporary differences will be reversed, or the benefits related to the tax losses will be utilised. The summary of the temporary differences (deductible and assessable) and of the tax losses which resulted in the recognition of deferred tax assets and liabilities is illustrated in the table below with reference to the reporting date (Euro thousands):

	30/06/2025	31/12/2024	Change
Gross deferred tax assets on temporary differences			
<i>Temporary differences deriving from previous corporate operations</i>			
Fiscal amortisation on previous goodwill whose tax benefits remain in the Company.	22,524	7,179	15,345
Financial charges exceeding 30% of Reported EBITDA	27,546	27,280	266
<i>Temporary differences deriving from current corporate operations</i>			
Provision for staff charges	2,898	1,753	1,145
Other deductible temporary differences	203	7,971	(7,768)
Provisions for risks and legal charges	6,288	4,524	1,764
Doubtful debt provision - trade and other receivables	96	96	-
Total gross deferred tax assets	59,555	48,803	10,752
Deferred tax liability on temporary differences			
<i>Temporary differences deriving from previous corporate operations</i>			
Amortisation intangible assets from PPA 2017 - Customer accreditation	(6,268)	(6,268)	-
Tax effect R&D expenses First-Time Adoption	-	(43)	43
<i>Temporary differences deriving from current corporate operations</i>			
Other temporary assessable differences	(1,205)	(1,209)	4
Total gross deferred tax liabilities	(7,473)	(7,519)	47
Net deferred tax assets/(liabilities)	52,082	41,284	10,799
Deferred tax assets on tax losses	56,297	66,697	(10,400)
Total deferred tax assets	108,379	107,980	399
Deferred tax assets not recorded	(20,800)	(20,434)	(367)
Net deferred tax assets (liabilities) recorded	87,579	87,547	32

Deferred tax assets on temporary differences and on tax losses were recorded in the accounts for the amounts whose future recovery was considered probable, on the basis of forecast assessable income, as well as based on a projection of these forecasts over a subsequent time horizon considered representative of the life cycle of the business equal to 15 years.

This time period considered representative of the life cycle of the business was estimated also taking into account the meeting with the Ministers of the Member Countries of ESA held in December 2014, which resulted in the signing in August 2015 of agreements with ESA relating to the development of the new Ariane 6 launcher and the evolution of the VEGA launcher within the VEGA C programme which provides for the development and construction of the new "P120C" thruster, and the meeting of the Ministers of the Member Countries of ESA held on December 1, 2016 and on December 2, 2016 which confirmed the above-mentioned development

programmes and gave the go ahead for the long-term development programme of the engine and of the Upper Stage of the Vega E, or rather the next step in the evolution of the Vega launcher.

Deferred tax assets recognised to the financial statements mainly concern the financial charges exceeding 30% of gross operating profit, in addition to prior tax losses. As a result of the rescheduling of amortisation related to Aviation and Space goodwill, which will be deductible between 2026 and 2029, in application of Paragraph 1079 of Law No. 145 of 2018, the related deferred tax assets were also partially allocated, as described in the 2024 consolidated financial statements, to which reference should be made for further information.

Deferred tax liabilities however mostly refer to the intangible asset for client accreditation redefined as part of the 2017 purchase price allocation as previously commented upon.

3.9. OTHER NON-CURRENT ASSETS

The table below illustrates other non-current assets at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Other non-current assets	6,571	7,942	(1,371)
	6,571	7,942	(1,371)

The breakdown of the account at the reporting date was as follows (Euro thousands):

	30/06/2025	31/12/2024	Change
Receivables from FCA Partecipazioni	4,892	5,124	(232)
Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - non-current portion	958	2,099	(1,140)
Guarantee deposits	313	313	-
Other non-current receivables	407	406	1
Total	6,571	7,942	(1,371)

The account "Receivables from FCA Partecipazioni" refers to the settlement dated August 2, 2019 between the Avio Group and FCA Partecipazioni S.p.A. regarding environmental charges. Based on this agreement FCA Partecipazioni committed to recognise to the Avio Group a total amount of Euro 19.9 million, of which Euro 11.3 million for reclamation activities and environmental restoration to be paid in the 2019-2023 period and Euro 8.6 million for post-operative management and maintenance to be paid in the 2019-2048 period, against the lapsing of the contractual guarantees which the company provided in the past to the Avio Group.

This agreement therefore entailed the recognition, on the transaction date (2019), of a discounted receivable from FCA Partecipazioni of Euro 16.5 million, divided into within and beyond 12 months according to the due dates of the expected collections, and a corresponding charges provision of Euro 16.9 million.

"Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - non-current portion", amounting to Euro 958 thousand, refer to the discounted value of the non-current portion of the concessions granted by the Ministry for Economic Development under the rules of Law 808/85.

These receivables are recorded in the accounts at the value resulting from the application of the amortised cost method, calculated utilising the effective interest rate, and are increased due to the effect of the accumulated amortisation of the difference between the initial value and the actual cash amounts and booked in the accounts under "Financial income". The amounts to be received within 12 months are classified under "Other current assets" (Note 3.15).

CURRENT ASSETS

3.10. INVENTORIES

The table below illustrates inventories at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024 restated (*)	Change
Inventories	151,853	147,943	3,910
	151,853	147,943	3,910

The movements in the year are shown below (in Euro thousands):

	31/12/2024 restated (*)	Change	30/06/2025
Raw materials, ancillaries and consumables	129,797	1,626	131,424
Raw material, ancillary and consumables obsolescence provision	(2,895)	713	(2,183)
Raw material, ancillary and consumables - net value	126,902	2,339	129,241
Products in work-in-progress	11,865	1,571	13,436
Provision for the write-down of work in progress	-	-	-
Products in work-in-progress - net value	11,865	1,571	13,436
Finished products and other inventories	11,133	-	11,133
Finished products and other inventories obsolescence provision	(1,957)	-	(1,957)
Finished products and other inventories - net value	9,176	-	9,176
	147,943	3,910	151,853

(*) For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

The decrease in inventories relates to the increase due to the provisioning needed in order to support expected future production levels.

3.11. CONTRACT WORK-IN-PROGRESS

Production and research and development on orders are presented in the financial statements in two separate accounts: "Contract work-in-progress" and "Advances for contract work in progress".

"Contract work-in-progress", recognised to the assets section of the Balance Sheet, includes the net balance of production orders and research and development for which, on the basis of analysis carried out by individual order, the gross value of contract work-in-progress is higher at the reporting date than the amount of advances received from customers.

"Advances for contract work in progress", recognised to the liabilities section of the Balance Sheet, includes the net balance of production orders and research and development for which, on the basis of analysis carried out by individual order, the value of the advances received from clients is higher at the reporting date than the gross value of contract work-in-progress.

Contract work-in-progress is measured on the advancement of the production orders and research and development in accordance with the percentage of completion method based on the ratio between the costs incurred and the total estimated costs for the entire project.

The gross value of contract work-in-progress and advances received from customers is as follows (in Euro thousands):

	30/06/2025	31/12/2024	Change
Contract work-in-progress	181,448	154,981	26,467
Advances for contract work-in-progress	(564,051)	(555,601)	(8,450)
Net total	(382,603)	(400,620)	18,017

The table below summarises the contract work-in-progress relating to the projects where the gross value is higher than the advances collected; these works are therefore recorded for the net value under assets in the Consolidated Balance Sheet (Euro thousands):

	30/06/2025	31/12/2024	Change
Contract work-in-progress (gross)	1,895,154	1,830,910	64,244
Advances for contract work-in-progress (gross)	(1,713,706)	(1,675,929)	(37,777)
Contract work-in-progress (net)	181,448	154,981	26,467

The table below summarises the contract work-in-progress relating to the projects where the gross value is lower than the advances collected; these works are therefore recorded for the net value under liabilities in the Consolidated Balance Sheet (Euro thousands):

	30/06/2025	31/12/2024	Change
Contract work-in-progress (gross)	842,640	669,388	173,252
Advances for contract work-in-progress (gross)	(1,406,691)	(1,224,989)	(181,701)
Advances for contract work-in-progress (net)	(564,051)	(555,601)	(8,450)

The Avio Group is entitled to the research and development tax credits provided for in Decree-Law No. 145 of December 23, 2013, converted, with modifications, by Law No. 9 of February 21, 2014, as amended by Law No. 232 of December 11, 2016 (the "2017 Finance Act") and by the 2019 Finance Act (Article 1, paragraphs 70-72, of Law No. 145 of December 30, 2018), on the basis of research and development services commissioned by the European Space Agency. These benefits are recognised to the income statement based on the advancement of the research and development on long-term orders which are part of the contract work-in-progress.

The multi-year projects mainly concern those relating to the Vega C and Vega E future generation launchers and the recognition of the economic benefits shall be made over the duration of the orders and from the effective advancement of the orders, calculated on the basis of the relative costs incurred. At present, the share of variable fees accounts for approximately 3% of Contract Work in Progress (gross).

3.12. TRADE RECEIVABLES

The table below illustrates trade receivables at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Trade receivables	4,399	3,074	1,325
	4,399	3,074	1,325

The breakdown of trade receivables at the reporting date is shown below (Euro thousands):

	30/06/2025	31/12/2024	Change
Receivables from third parties	2,920	1,706	1,215
Receivables from associates and jointly controlled companies	1,038	898	139
	3,958	2,604	1,354
Receivables from associates and jointly controlled companies beyond one year	441	470	(29)
	441	470	(29)
Total	4,399	3,074	1,325

The nominal value of receivables from third parties was adjusted by a doubtful debt provision of Euro 487 thousand in order to reflect their fair value.

Receivables from third parties

The breakdown of the account is shown below (Euro thousands):

	30/06/2025	31/12/2024	Change
Gross value	3,407	2,193	1,215
less: doubtful debt provision	(487)	(487)	-
Total	2,920	1,706	1,215

The principal receivables are due from ArianeGroup and the European Space Agency (ESA).

Receivables from associates, jointly controlled companies and non-consolidated subsidiaries

The breakdown of the account is shown below (Euro thousands):

	30/06/2025	31/12/2024	Change
Europropulsion S.A.	11	16	(5)
Servizi Colleferro S.C.p.A.	159	132	27
Potable Water Services Consortium	332	302	30
Termica Colleferro S.p.A. due within one year	535	448	87
	1,038	898	139
Termica Colleferro S.p.A. due beyond one year	441	470	(29)
	441	470	(29)
Total	1,479	1,368	110

3.13. CASH AND CASH EQUIVALENTS

The table below illustrates cash and cash equivalents at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Cash and cash equivalents	86,504	101,684	(15,180)
Total	86,504	101,684	(15,180)

Cash and cash equivalents mainly concern balances on bank current accounts, in addition to some short-term restricted deposits.

3.14. CURRENT TAX RECEIVABLES

The table below illustrates tax receivables at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Tax receivables	19,953	18,877	1,076
Total	19,953	18,877	1,076

The following table shows the net changes by type of tax credit and tax (amounts in thousands of euro):

	30/06/2025	31/12/2024	Change
VAT	9,246	8,779	466
Research and development tax credits	2,997	2,830	167
Tax credits for simple and 4.0 technological innovation	2,394	2,260	134
Tax credits for the purchase of simple new capital goods and 4.0	2,417	2,282	135
Receivables from tax authorities	2,575	2,439	136
EU VAT receivables	325	287	38
Total	19,953	18,877	1,076

They increased Euro 1,076 thousand on December 31, 2024. The changes in the specific categories of tax credits are presented below.

VAT receivables

VAT receivables of Euro 9,246 thousand (Euro 8,779 thousand at December 31, 2024), include:

- Euro 1,890 thousand, relating to VAT reimbursement requests to the Tax Authorities (Euro 1,890 thousand at December 31, 2024);
- Euro 7,300 thousand, relating to VAT reimbursements to date not requested for repayment (Euro 6,815 thousand at December 31, 2024).

During the first half of the year, "VAT Receivables" increased Euro 466 thousand compared to the previous year, due to the VAT receivables accrued in the period of Euro 2,559 thousand, net of offsets and reimbursements for Euro 2,093 thousand.

The increase in the VAT receivable stems from the fact that Avio's main customers are non-resident entities, and some of the transactions carried out are to be considered non-taxable for VAT purposes (exports, intra-EU or similar supplies) or non-taxable as there is no regional requirement. This means that the VAT payable on the transactions carried out by the Company is not high, or is at least lower than the VAT receivable accrued. From another perspective, the Company has Italian suppliers whose supplies - net of the amounts for which Avio S.p.A.'s habitual exporter status requires a declaration of intent to be submitted - result in a VAT receivable.

Research and development and technological innovation tax credit

These tax credits totalled Euro 7,808 thousand (Euro 7,372 thousand at December 31, 2024).

Regulatory framework

The 2020 Budget Law (see Law No. 160 of December 27, 2019), as amended by the 2021 Budget Law (see Law No. 178 of December 30, 2020) and the 2022 Budget Law (see Law No. 234 of December 30, 2021), establishes:

- a) a tax credit for fundamental research, industrial research and experimental development in scientific or technological fields, as defined in the "Frascati Manual". This tax credit is granted for 20% of the costs incurred in 2022, with a maximum of Euro 4 million;
- b) a tax credit for technological innovation activities, other than those set out in point a), for the development of new or substantially improved products or production processes. This tax credit is granted - separately from that set out in paragraph a), and thus cumulatively - for 10% of the costs incurred in 2022 for such activities, with a maximum of Euro 2 million. The relief is increased (15% of the costs incurred in 2022 for such activities, up to a maximum of Euro 2 million), where the technological innovation activity is intended to achieve an environmental transition or digital innovation 4.0 objective;
- c) a tax credit for the design and styling activities carried out by companies active in textiles, fashion, footwear, eyewear, jewellery, furniture and furnishings and ceramics to create and implement new products and samples.

In addition, a tax credit was arranged for the purchase of new capital goods and other property, plant, equipment and intangible assets, both generic and functional for the Industry 4.0 project, confirmed by the 2021 Budget Law.

In contrast to the previous R&D tax credit, for the new relief introduced by the 2020 Budget Law:

1. the system for calculating eligible costs is not incremental, but proportional, with various rates (20%, 10% or 15%) to the costs incurred in the maturation year of the credit;
2. the receivables are used as offsets over three equal annual portions from the tax period subsequent to maturation, subject to satisfaction of the certification obligations;
3. the rule in paragraph 1-bis of Decree-Law No. 145/2013, which allowed resident companies to benefit from an R&D tax credit for activities carried out on behalf of non-resident principals, was not renewed.

Recognition in the Financial Statements

R&D tax credits accrued until 2019 under Decree-Law 145/2013

The H1 2025 Income Statement includes amounts of Euro 463 thousand relating to the effects on the income statement of the tax credits accrued in 2017, 2018 and 2019 according to the provisions of Article 3 of Decree-Law 145/2013, in effect until December 31, 2019.

The amount recorded in the comparative Income Statement for H1 2024 was Euro 599 thousand.

In particular, the recognition of these accruals was due to the fact that the receivables in question were initially recorded in the account "Research and development tax credit" and recognised to the Income Statement in each period on an accruals basis, according to the differing types of costs supported, and on the basis of the percentage of completion of the contract work-in-progress giving rise to the costs against which the due receivable was calculated in the Income Statement accounts "Service costs" and "Change in contract work-in-progress".

The cited long-term orders are those concerning research and development projects which principally include the future generation Vega C and Vega E launchers, which are part of the wider Vega launchers family.

This benefit, as matured against such research and development, was recognised to the Income Statement on the basis of the advancement of these activities, proportionate to the advancement of the costs incurred for the long-term orders to which the benefit refers.

R&D tax credits accrued in 2020, 2021, 2022, 2023, 2024 and H1 2025 pursuant to the 2020 Budget Law as amended

The Avio Group recognised R&D tax credits of Euro 7,808 thousand for the period under review, attributable entirely to the parent company, Avio S.p.A., and accrued in 2020, 2021, 2022, 2023 and 2024 (for Euro 7,372 thousand) and in H1 2025 (for Euro 436 thousand).

The receivables under review refer mainly to internal research and development projects and to some technological innovation projects, both simple and 4.0 projects. As these subsidies are intended to cover operating costs and are not dependent on the creation of a specific fixed asset, and as they accrue in the financial year in which the eligible costs are incurred, regardless of the way in which these costs are accounted for, the subsidies in question have been treated as operating grants and, for this reason, the related economic benefit has been recorded in full in the same financial year in which the eligible costs from which the subsidies in question accrue were accounted for.

Tax receivables

Tax receivables of Euro 2,575 thousand (Euro 2,439 thousand at December 31, 2024), principally concerned:

- tax receivables for IRES of Euro 685 thousand of the parent company Avio S.p.A.;
- tax receivables for withholdings on current account interest income of Euro 688 thousand of the parent company Avio S.p.A.;
- other tax credits of Euro 1,202 thousand, including in particular the tax credits of the Guiana subsidiary Regulus S.A.

EU VAT receivables

The EU VAT receivables relate to inter-EU transactions and amount to Euro 325 thousand (Euro 287 thousand at December 31, 2024).

3.15. OTHER CURRENT ASSETS

The table below illustrates other current assets at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024 restated (*)	Change
Other current assets	143,891	170,451	(26,560)
Total	143,891	170,451	(26,560)

The breakdown of the account is shown in the table below (Euro thousands):

	30/06/2025	31/12/2024 restated (*)	Change
Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion	2,046	854	1,192
Receivables from FCA Partecipazioni	285	285	-
Employee receivables	1,350	1,173	177
Grants/subsidies receivable	1,140	547	593
Prepayments and accrued income	4,064	950	3,114
Other debtors	474	461	12
Social security institutions	539	18	522
Receivables from associated company Consorzio Servizi Acqua Potabile	70	5	65
Inventories and advances to suppliers	133,923	166,158	(32,235)
Total	143,891	170,451	(26,560)

(*) For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

"Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion", amounting to Euro 2,046 thousand, refer to the discounted value of the non-current portion of the concessions granted by the Ministry for Economic Development under the rules of Law 808/85, whose collection is expected within 12 months.

The portion which will be received beyond 12 months is classified in the account "Other non-current assets" (Note 3.9).

"Prepayments and accrued income" of Euro 4,064 thousand increased on December 31, 2024 in view of the normal deferral of costs paid in one settlement at the beginning of 2025, but also accruing to the second half of 2025.

Receivables for grants and subsidies of Euro 1,140 thousand concerning various subsidised research projects. Reference should also be made to section "9. Disclosure on public grants as per article 1, paragraphs 125-129, of Law No. 124/2017.

Employee receivables of Euro 1,350 thousand concern the Group cash advances for the coverage of mission and travel expenses.

Regarding the "Receivables from FCA Shares" amounting to Euro 285 thousand, reference should be made to the comments at paragraph "3.9 Other non-current assets" in these notes. The amount recognised at June 30, 2025 is the instalment due within the coming 12 months.

Other receivables of Euro 474 thousand mainly concern certain recharges, including of a tax nature, to a number of counterparties.

Advances to suppliers refers to payments to subcontractors made on the basis of interim progress reports. This item also includes advances paid on the signing of contracts. The change during the period reflects ordinary business cycle dynamics.

EQUITY

3.16. SHARE CAPITAL

The share capital of the parent company Avio S.p.A. amounts to Euro 91,764,212 at June 30, 2025 (Euro 90,964,212 at December 31, 2024); the share capital is entirely subscribed and paid-in.

This share capital derives from the aggregation:

- of Euro 15,422,500, equal to the share capital of the SPAC (Special Purpose Acquisition Company) Space2 S.p.A., following the partial proportional spin-off effective as of April 5, 2017, with the beneficiary being the new SPAC Space3 S.p.A. (this latter company therefore not part of the Avio Group). The company Space2, following the acquisition of the Avio Group on March 31, 2017, then merged by incorporation the parent Avio S.p.A., effective as of April 10, 2017, and was newly renamed "Avio S.p.A.";
- of Euro 75,339,170, equal to the share capital increase to service the share swap of the above-mentioned merger, following which shares were assigned of the incorporating company Space2 to Leonardo S.p.A. and In Orbit S.p.A.
- of which Euro 202,542 thousand as the increase due to the exercise, in the second half of 2017, of market warrants;
- of which Euro 800,000 thousand as the increase due to the exercise by Space Holding S.r.l., in the second quarter of 2025, of sponsor warrants (see the "Shareholders" paragraph of the Directors' Report).

The share capital at June 30, 2025 comprised 27,159,346 ordinary shares.

3.17. SHARE PREMIUM RESERVE

The share premium reserve, originally totalling Euro 144,256 thousand, increased by Euro 9,600 thousand following the exercise of sponsor warrants by Space Holding S.r.l., and is restricted for the value of the treasury shares acquired. At June 30, 2025, the available value of the share premium reserve was Euro 141,809 thousand, with treasury shares recognised to the financial statements amounting to Euro 12,046 thousand.

3.18. OTHER RESERVES

The breakdown of other reserves is as follows (Euro thousands):

	30/06/2025	31/12/2024	Change
Legal reserve	18,193	18,193	-
Treasury shares acquired	(12,046)	(13,335)	1,289
Unavailable treasury shares purchase reserve	12,046	13,335	(1,289)
Actuarial gains/(losses) reserve	(4,100)	(4,149)	49
Stock grant reserve	3,203	2,840	363
Translation reserve	10	(57)	67
Total	17,306	16,827	479

The stock grant reserve represents, for Euro 1,492 thousand, the cost for H1 2025 of the 2023-2025 and 2024-2026 plans to grant treasury shares to top management, partially offset by a decrease of Euro 1,128 thousand related to the completion of the "2022-2024 Performance Share Plan".

The decrease in treasury shares of Euro 1,289 thousand is a result of the free allocation to the beneficiaries of the "2022-2024 Performance Share Plan" - approved by the Board of Directors on March 28, 2022 and subsequently by the Shareholders' Meeting on April 28, 2022 - of a total of 105,460 company shares, following the Board of Directors' resolution of May 15, 2025 as a result of the achievement of the performance targets under the Plan.

The actuarial gains/losses reserve, amounting to a negative of Euro 4,100 thousand, concern the actuarial losses deriving from the application of IAS 19 revised, with the relative tax effect where applicable.

The translation reserve, positive for Euro 10 thousand, relates to the effects of the full consolidation of the financial statements in USD of the subsidiary Avio USA Inc.

3.19. RECONCILIATION BETWEEN EQUITY AND NET PROFIT OR LOSS OF THE PARENT COMPANY AND CONSOLIDATED EQUITY AND NET PROFIT OR LOSS

The reconciliation between equity at June 30, 2025 and the H1 2025 result of Avio S.p.A. and the corresponding consolidated financial statement amounts is outlined as follows (in Euro thousands):

	Equity at 30/6/2025	H1 2025 result
Accounting situation of Avio S.p.A.	301,339	1,746
Elimination of investments recognised to Avio S.p.A.	(83,244)	-
Recognition of the Avio Group's share of the shareholders' equity and profits or losses of the consolidated companies	86,662	(879)
Other consolidation adjustments	5,989	(1,432)
Consolidated financial statements (attributable to the Group)	310,586	(566)

For the reconciliation of the shareholders' equity of Avio S.p.A. and the consolidated shareholders' equity of the Avio Group, in addition to the elimination of the carrying amount of the investments in consolidated companies and the recognition of the relative shareholders' equity, the other consolidation adjustments mainly concern:

- the positive difference of Euro 3,144 thousand between the acquisition price in 2022 of Temis s.r.l. and the shareholders' equity acquired at the acquisition date;
- the valuation at equity of the jointly-controlled company Europropulsion S.A. as a cumulative effect as referring also to the previous years, in addition to H1 2025, for a final positive effect of Euro 1,552 thousand;
- the valuation at equity of the associate Termica Colleferro S.p.A. as a cumulative effect as referring also to the previous years, in addition to H1 2025, for a final negative impact of Euro 1,703 thousand;
- to other effects, positive in the amount of Euro 2,996 thousand, mainly related to the elimination of lease contracts, in particular with Se.Co.Sv.Im. S.r.l., partially offset by the net accumulated amortisation of capital gains from the allocation of the acquisition price of Temis.

For the reconciliation of the net result for the period of Avio S.p.A. and the consolidated result of the Avio Group, in addition to the recognition of the result for the period of the consolidated companies of Euro 879 thousand, mainly regarding Regulus SA and Avio USA Inc., the other consolidation adjustments, totalling a net charge of Euro 1,432 thousand, mainly concern:

- the valuation of the joint venture Europropulsion S.A. at equity, which led to the recognition of charges of Euro 1,570 thousand to the consolidated financial statements;
- the valuation at equity of the associate Termica Colleferro S.p.A., involving the recognition of income to the consolidated financial statements of Euro 193 thousand;
- the elimination of lease contracts with Group companies, in particular Se.Co.Sv.Im. S.r.l., resulting in the total recognition of income to the consolidated financial statements of Euro 62 thousand.
- the net amortisation of capital gains from the allocation of the Temis acquisition price, amounting to Euro 44 thousand.

3.20. NON-CONTROLLING INTERESTS

Non-controlling interests relate to the share of the equity in Spacelab S.p.A and Regulus S.A consolidated under the line-by-line method, as illustrated below (in Euro thousands):

	30/06/2025			
Consolidated companies	% Non-controlling interests	Capital and Reserves	Profit/(loss)	Equity non-controlling Interests
Spacelab S.p.A.	30.00%	1,788	49	1,837
Regulus S.A.	40.00%	8,246	329	8,576
		10,034	379	10,413

NON-CURRENT LIABILITIES

3.21. NON-CURRENT FINANCIAL LIABILITIES

The movement in the account between December 31, 2024 and June 30, 2025 is reported below (in Euro thousands):

	30/06/2025	31/12/2024	Change
Other non-current financial liabilities	13	30	(17)
Total	13	30	(17)

The item relates to financial liabilities of the subsidiary Temis S.r.l.

3.22. NON-CURRENT LEASE LIABILITIES

Following the application of IFRS 16, the breakdown of the related non-current financial liabilities is shown below (in Euro thousands):

	30/06/2025	31/12/2024	Change
Non-current lease liabilities	8,201	6,547	1,654
Total	8,201	6,547	1,654

The breakdown of these financial liabilities is as follows (Euro thousands):

	30/06/2025	31/12/2024	Change
Non-current financial liabilities to the associate Termica Colleferro S.p.A. as per IFRS 16	562	557	4
Non-current financial liabilities to third parties as per IFRS 16	7,639	5,990	1,650
Total	8,201	6,547	1,654

The financial liabilities to the associate Termica Colleferro S.p.A. relate to the lease of the electro-duct and relative electrical infrastructure at the combined cycle co-generation thermo-electrical station owned by the said associate.

With regards to the financial liabilities to third parties, these essentially concern:

- the concession of a specific area within the Salto di Quirra Inter-force Experimental Facility, where there are plans for a Space Propulsion Test Facility project for the construction of a Liquid Rocket Engine test bench and the production of carbon-carbon components;
- the leasing of office and industrial use land and buildings at Airola (Campania) and Villaputzu (Sardinia);
- the lease of apartments for employees in Guiana;
- the lease of the office of the Paris Branch of Avio S.p.A.;
- the lease of the Avio USA Inc. office in Arlington;
- the lease of company cars.

3.23. EMPLOYEE BENEFITS

The account relates to post-employment benefits and other long-term benefits.

The means for accruing these benefits varies according to the legal, fiscal and economic conditions of each State in which the Group operates. These benefits are generally based on remuneration and years of employee service. The obligations refer to employees in service.

Post-employment benefits

Group companies guarantee post-employment benefits for employees both through contributions to external funds and through defined benefit plans.

Defined contribution plans

In the case of defined contribution plans, the Group pays the contributions to public or private insurance institutions based on legal or contractual obligations. With the payment of contributions the companies fulfil their obligations. The payables for contributions to be paid at the reporting date are included in the account "Other current liabilities" and the cost for the period matures based on the service period of the employee and recorded in the income statement account "Personnel expenses".

Defined benefit plans

Defined benefit plans are represented by unfunded plans, principally provided by third party funds, present in the Italian companies of the Group, of the leaving indemnity provision and of the special loyalty bonus indemnity, payable on departure to the employees which have matured the required number of years' service. The value of the liabilities recorded in the accounts for these institutions is calculated on an actuarial basis, utilising the projected unit credit method.

The leaving indemnity provision relates to the obligation for the amount to be paid to employees on the termination of employment, pursuant to the provisions of Article 2120 of the Civil Code. The regulations of this provision were modified by the 2007 Finance Act and subsequent Decrees and Regulations. Specifically, for the companies with an average number of employees not lower than fifty, the portion of leaving indemnity matured subsequent to January 1, 2007 is, on the choice of the employee, either transferred to a complementary pension fund or to the INPS treasury fund. Consequently, for the companies of the Group with a number of employees not below fifty, the portion of the employee leaving indemnity matured subsequent to this date is treated as a defined contribution plan, as the obligation of the Group is represented exclusively by the payment to the complimentary pension fund or to INPS, while the liability existing at December 31, 2006 continues to be treated as a defined benefit plan to be valued in accordance with actuarial methods. For the companies of the Group with a number of employees below fifty, the portion matured in the year continues to be accrued to the company leaving indemnity provision, unless specific choices are made voluntary by the individual employees.

Other long-term employee benefits

The Group also recognises to employees other long-term benefits issued on the reaching of a fixed number of years of service. In this instance, the value of the obligation recognised to the financial statements reflects the probability that the payment will be issued and the duration for which payment will be made. The value of these liabilities recorded in the accounts are calculated on an actuarial basis, utilising the "projected unit credit" method.

The Group mainly has "unfunded" defined benefit plans, principally comprising the leaving indemnity provision of the Italian companies.

The provisions are broken down as follows (in Euro thousands):

	30/06/2025	31/12/2024	Change
- Defined benefit plans:			
Post-employment benefits	3,334	3,427	(93)
Other defined benefit plans	2,510	2,562	(52)
	5,844	5,989	(145)
- Other long-term benefits	3,356	3,504	(148)
Total employee benefit provisions	9,200	9,493	(293)
<i>of which:</i>			
- Italy	7,991	8,212	(221)
- Other Countries	1,209	1,282	(72)
	9,200	9,493	(293)

The following table presents the principal changes in the employee benefit provisions during the period (in Euro thousands):

	Defined benefit plans	Other long-term employee benefits	Total employee benefit provisions
At 31/12/2024	5,989	3,504	9,493
Financial charges/(income)	72	29	101
Extraordinary charges/(income) from actuarial adjustment	-	-	-
Actuarial (gains)/losses in income statement	-	(44)	(44)
Actuarial (gains)/losses in comprehensive income statement	(34)	-	(34)
Pension cost current employees	91	74	164
Other changes	-	-	-
Benefits paid	(273)	(207)	(481)
At 30/6/2025	5,844	3,356	9,200

The table below provides the main assumptions used for the actuarial calculation and a comparison with both FY 2024 and H1 2024:

	30/06/2025	31/12/2024	30/06/2024
Discount rate	2.73%	2.77%	3.33%
Expected salary increases	2.17%	2.16%	2.16%
Inflation rate	European Zero-Coupon Inflation-Indexed Swap curve at 25.6.2025	European Zero-Coupon Inflation-Indexed Swap curve at 31.12.2024	European Zero-Coupon Inflation-Indexed Swap curve at 25.06.2024
Average employee turnover rate	4.85%	4.99%	4.80%

Securities issued by corporate issuers with "AA" ratings were utilised for the calculation of the present value, with the presumption that this class identifies a high rating level within a range of "Investment Grade" securities and therefore excluding more risky securities. The market curve utilised was a "Composite" curve which reflects the market conditions at the valuation date for securities issued by companies belonging to various sectors (including Utility, Telephone, Financial, Bank and Industrial). In relation to the geographical area, reference was made to the Eurozone.

3.24. PROVISIONS FOR RISKS AND CHARGES

The table below illustrates provisions for risks and charges at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Provisions for risks and charges	35,221	42,302	(7,082)
Total	35,221	42,302	(7,082)

The breakdown of the provisions for risks and charges at June 30, 2025 is presented below (Euro thousands):

	30/06/2025			31/12/2024		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Provision for variable remuneration	2,041	1,281	3,322	6,610	1,549	8,159
Provision for legal and environmental risks and charges	5,153	8,602	13,755	5,780	9,785	15,564
Other provisions for risks and charges	10,498	7,645	18,143	10,393	8,186	18,579
Total	17,693	17,528	35,221	22,783	19,520	42,302

These provisions include:

- provisions for variable remuneration for Euro 3,322 thousand, mainly comprising employee remuneration on the achievement of individual and corporate objectives;
- provisions for legal and environmental risks and charges, against litigation and trade union disputes in course, amount to Euro 13,755 thousand;
- other provisions for risks and charges of Euro 18,143 thousand (Euro 18,579 thousand at December 31, 2024), mainly referring to extraordinary charges for the future execution of programmes net of compensation expected from the European Space Agency, amounting to Euro 6,022 thousand (Euro 6,605 thousand at December 31, 2024); these provisions include, among others, charges for the restoration of leased areas, royalties provided for by Law 808/85 and a tax risks provision. It is noted that the Provisions for tax risks consists of Euro 7,338 thousand of the full amount of the challenges made by the Tax Agency - Lazio section (hereinafter the "Lazio TA" or "the Tax Agency") concerning the tax audit relating to the 2018 and 2019 tax periods with regard to the findings regarding the remodulation of the amortisation on goodwill generated in 2003, outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. By settlement agreements dated July 18, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims in relation to IRES and IRAP and paid the first instalment on July 21, 2025.

The movements in current and non-current provisions in H1 2025 are shown below (amounts in Euro thousands):

	31/12/2024	Provisions	Other changes	Utilisations	Reversals	30/06/2025
Provision for variable remuneration	8,159	3,347	-	(8,185)	-	3,322
Provision for legal and environmental risks and charges	15,564	59	-	(1,868)	-	13,755
Other provisions for risks and charges	18,579	318	-	(724)	(30)	18,143
Total	42,302	3,725	-	(10,777)	(30)	35,221

The main changes in the first half of the year were:

- the provisions for variable remuneration were utilised for Euro 8,185 thousand, in consideration of the bonuses paid to employees in April 2025 for the achievement of individual and company objectives relating to 2024.

The provision of Euro 3,347 thousand mainly relates to variable remuneration which will be paid in the first half of 2026, on the basis of the achievement of individual and company objectives for the year 2025.

- the risks and legal and environmental charge provisions were utilised for Euro 1,868 thousand to pay environmental charges;
- other provisions for risks and charges: the provisions mainly concern the royalties based on law 808; the utilisations principally concern the charges arising in the period related to the future execution of programmes, net of the offsets expected from the European Space Agency previously accrued to the provisions. In addition, reference should be made to the "Group operating performance and financial and equity position" section of the Directors' Report.

3.25. OTHER NON-CURRENT LIABILITIES

The table below illustrates the account at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Other non-current liabilities	15,253	15,852	(599)
Total	15,253	15,852	(599)

In detail, the changes in the item were as follows:

	30/06/2025	31/12/2024	Change
<i>Liabilities relating to Law 808/85</i>			
Deferred income on disbursements pursuant to Law 808/85 - beyond one year	12,269	12,928	(660)
Payables to MiSE for disbursements pursuant to Law 808/85 (as per MiSE Decree 3/07/2015) - portion beyond one year	1,387	1,320	67
Payables to the Economic Development Ministry (MiSE) for disbursements pursuant to Law 808/85 - portion beyond one year	483	483	-
Deferred income on disbursements pursuant to Law 808/85 (as per MiSE Decree 3/07/2015) - portion beyond one year	633	633	-
	14,771	15,364	(593)
<i>Other liabilities</i>			
Payables due to MiSE for other subsidies	420	389	31
Deferred income	62	99	(37)
	482	488	(6)
Total	15,253	15,852	(599)

Liabilities relating to Law 808/85

Deferred income on disbursements pursuant to Law 808/85 - beyond one year

The account, amounting to Euro 12,269 thousand, represents the initial counter-entry of the receivable from the Ministry for Economic Development against the grants pursuant to Law 808/85, relating to the projects qualifying as functional to national security or projects with common European interest, for the amount to be allocated to the income statement in future years, beyond one year, in correlation to the allocation of the costs against which the disbursements were granted.

Payables to Economic Development Ministry for disbursements pursuant to Law 808/85 (rules as per MiSE Decree 3/07/2015) - portion beyond one year

Disclosure upon the payable to MiSE for disbursements as per Law 808/85 according to the ex MiSE Decree of 03/07/2015 of Euro 1,387 thousand is presented below.

With Economic Development Ministry Decree of July 3, 2015, the criteria and means for funding to promote and support civil interest aerospace research and development projects to consolidate and grow Italian technology and the sector's competitiveness were defined.

The measures under the Decree concern zero-rate subsidised loans granted within the limits established by EU rules upon research, development and innovation.

It is stipulated that the loans are repaid for 90% of the settlement amount through annual equal instalments over the issue duration and however for a period of not less than ten years, beginning from the year subsequent to the final disbursement. The remaining 10% is an outright grant.

On February 19, 2018, the parent Avio was recognised the Settlement Decree by the Economic Development Ministry with regards to expenses incurred as part of a research and development project which falls within the scope of the above-mentioned July 3, 2015 Decree.

The final disbursement under the plan reported in the Decree of February 19, 2018 is in 2029, with repayment therefore from the subsequent year (2030) until 2045.

Both the grants receivable from the Ministry for Economic Development and the subsequent reimbursements payable to the Ministry have been accounted for at amortised cost.

The difference between the nominal and present values of the amount receivable and payable is recognised over the course of the benefit.

Deferred income on disbursements pursuant to Law 808/85 (rules as per MiSE Decree 3/07/2015) - portion beyond one year

See above for an account of the rules for grants pursuant to Law 808/85 set out in the Decree of the Ministry for Economic Development of July 3, 2015. The caption, which amounted to Euro 633 thousand, represents the difference between the nominal values and present values of the amount receivable and payable in respect of the aforementioned liquidation decree dated February 19, 2018.

Payables due to MiSE for other subsidies

This item, amounting to Euro 420 thousand, consists of payables due beyond one year to the Ministry for Economic Development relating to the disbursements provided for in Article 6 of the Decree of June 1, 2016, in accordance with Axis 1, action 1.1.3. of the National Operational Programme "Enterprise and Competitiveness" 2014-2020 ERDF, received for the undertaking of the joint research and development projects concerning the projects:

- "Additive Manufacturing by Mixing Elemental Powders", A.M.M.E.P. and
- "Innovative composite materials for space, aeronautics and automotive I.S.A.C."

The payables are recorded at their discounted value.

CURRENT LIABILITIES

3.26. CURRENT FINANCIAL LIABILITIES

The table below illustrates current financial liabilities at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Other current financial liabilities	26	21	5
Total	26	21	5

The item relates to financial liabilities of the subsidiary Temis S.r.l.

3.27. CURRENT LEASE LIABILITIES

Following the application of IFRS 16, the breakdown of the related non-current financial liabilities is shown below (in Euro thousands):

	30/06/2025	31/12/2024	Change
Current lease liabilities	2,000	2,993	(992)
Total	2,000	2,993	(992)

The breakdown of these financial liabilities is as follows (Euro thousands):

	30/06/2025	31/12/2024	Change
Current financial liabilities to the associate Termica Colleferro S.p.A. as per IFRS 16	44	116	(71)
Current financial liabilities to third parties as per IFRS 16	1,956	2,877	(921)
	2,000	2,993	(992)

The financial liabilities to the associate Termica Colleferro S.p.A. relate to the lease of the electro-duct and relative electrical infrastructure at the combined cycle co-generation thermo-electrical station owned by the said associate.

With regards to the financial liabilities to third parties, these essentially concern:

- the concession of a specific area within the Salto di Quirra Inter-force Experimental Facility, where there are plans for a Space Propulsion Test Facility project for the construction of a Liquid Rocket Engine test bench and the production of carbon-carbon components;
- the leasing of office and industrial use land and buildings at Airola (Campania) and Villaputzu (Sardinia);
- the lease of apartments for employees in Guiana;
- to the lease of the office of the Paris Branch of Avio S.p.A.;
- the lease of the Avio USA Inc. office in Arlington;
- the lease of company cars.

3.28. CURRENT PORTION OF NON-CURRENT FINANCIAL LIABILITIES

The table below illustrates this account at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Current portion of non-current financial payables	1,002	2,003	(1,002)
Total	1,002	2,003	(1,002)

The account, which amounted to Euro 1,002 thousand, consists of:

- an instalment on the EIB loan of an amount of Euro 10 million, signed in January 2019, of Euro 1 million, maturing on October 31, 2025. This loan had a fixed interest rate and is of 7-years duration, of which 2 constituting a grace period and repayment in ten equal half-yearly instalments of Euro 1,000 thousand from the third to the seventh years, of which the first maturing on April 30, 2021 and the final maturing on October 31, 2025;
- the accrued interest at June 30, 2025 amounting to Euro 2 thousand.

The loan was to support the planned development of new technologies in the field of space propulsion systems in view of the offering of the new products for the Ariane 6 and Vega-C programmes and the expansion of industrial capacity at the Colleferro facility required to meet the Company's production volume targets for the coming years.

The loan still in place at the date of this financial report is not supported by guarantees and stipulates the application of covenants (Gross Financial Debt/Reported EBITDA, Gross Financial Debt/Equity, Reported EBITDA/net financial charges), among other covenants. These covenants have been complied with to date. Hedging derivatives have been agreed on this loan.

3.29. TRADE PAYABLES

The table below illustrates trade payables at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Trade payables	88,311	109,213	(20,902)
Total	88,311	109,213	(20,902)

Trade payables of the Avio Group at June 30, 2025 amount to Euro 88,311 thousand; this amount includes, for Euro 5,689 thousand, trade payables to associated companies, jointly controlled companies and non-consolidated subsidiaries as follows (Euro thousands):

	30/06/2025	31/12/2024	Change
Europropulsion S.A.	4,639	609	4,030
Termica Colleferro S.p.A.	889	2,205	(1,316)
Potable Water Services Consortium	-	42	(42)
Servizi Colleferro S.C.p.A.	161	119	42
Total	5,689	2,976	2,714

3.30. CURRENT TAX LIABILITIES

The table below illustrates current tax liabilities at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Current income tax liabilities	3,424	3,359	65
Total	3,424	3,359	65

The breakdown of current income taxes is shown below (in Euro thousands):

	30/06/2025	31/12/2024	Change
IRES payables	256	256	-
IRAP payables	989	675	314
Payables for withholding taxes	2,137	2,295	(158)
Other tax payables	16	76	(60)
Foreign income taxes	26	57	(31)
Total	3,424	3,359	65

IRES payables from tax consolidation amount to Euro 256 thousand, while IRAP payables total Euro 989 thousand.

Payables for withholding taxes, amounting to Euro 2,137 thousand, refer to employee and consultant withholding taxes.

Payables for foreign taxes totalling Euro 26 thousand relate to the tax liabilities of the subsidiaries Regulus S.A., Avio Guyane S.A.S and Avio France S.A.S., operating in Kourou in French Guiana, a French overseas region and department in South America.

3.31. OTHER CURRENT LIABILITIES

The table below illustrates other current liabilities at June 30, 2025 and December 31, 2024 (Euro thousands).

	30/06/2025	31/12/2024	Change
Other current liabilities	35,349	32,105	3,243
Total	35,349	32,105	3,243

The breakdown of the account at June 30, 2025 is shown in the table below (Euro thousands):

	30/06/2025	31/12/2024	Change
Other accrued liabilities and deferred income	11,594	12,987	(1,393)
Employee payables	16,155	11,909	4,247
Other payables to third parties	2,376	1,756	620
Payables due to social security institutions	3,904	4,134	(230)
Deferred income on disbursements pursuant to Law 808/85 - current portion	1,320	1,320	-
Total	35,349	32,105	3,243

Accrued expenses and deferred income

This account, amounting to Euro 11,594 thousand (Euro 12,987 thousand at December 31, 2024), mainly refers to the deferment of commercial costs and grants to the following period.

Employee payables

Employee payables amount to Euro 16,155 thousand (Euro 11,909 thousand at December 31, 2024) and include remuneration to be settled, in addition to vacations and other rights matured and not utilised. The increase of Euro 4,247 thousand is also due to the increase (+178) in headcount during the half-year (from 1,355 at December 31, 2024 to 1,533 at the end of the half-year).

Other payables to third parties

This account totals Euro 2,376 thousand (Euro 1,756 thousand at December 31, 2024) and relates to liabilities for urban development charges due to the municipalities in which the Group operates for Euro 465 thousand and other liabilities to third-parties for Euro 1,911 thousand.

Amounts due to social security institutions

The account concerns amounts to be paid, amounting to Euro 3,904 thousand (Euro 4,134 thousand at December 31, 2024), relating to company and employee contributions, in accordance with regulations in force.

Deferred income on disbursements pursuant to Law 808/85 - current portion

The account, amounting to Euro 1,320 thousand (Euro 1,320 thousand at December 31, 2024), concerns the deferral of the contribution, with regards to the portion expected to be recognised as income to the income statement within the next 12 months.

STATEMENT OF PROFIT OR LOSS

3.32. REVENUES

Total revenues, comprising the change in contract work-in-progress and revenues from product sales and the provision of services, amounted to Euro 260,363 thousand. They amounted to Euro 210,606 thousand in the first half of 2024.

The following table compares the two periods (in Euro thousands):

	H1 2025	H1 2024	Change
Revenues from sales	15,264	174,387	(159,123)
Revenues from services	4,596	1,343	3,253
	19,860	175,730	(155,871)
Changes in contract work in progress	240,504	34,876	205,628
Total	260,363	210,606	49,757

For information on revenues as compared to the previous period, reference should be made to the "Group operating performance and financial and equity position" paragraph of the Directors' Report.

In terms of the recognition of revenues, in order to present a breakdown and comparison of revenues in the clearest manner possible, it should be noted that in H1 2025 contracts totalling Euro 15,108 thousand were completed, the effects of which are shown under "Revenues from sales" for the proceeds from the related advances received and under "Changes in contract work in progress" for the closure of the contracts from work in progress.

The revenues from advancement include the effect from the recognition of research and development credits for the years 2017, 2018 and 2019 under Article 3 of Legislative Decree No. 145/2013 and subsequent amendments in force until December 31, 2019. This income amounted to Euro 372 thousand in the first half of the year and decreased by Euro 297 thousand on H1 2024. These credits, recognised to the extent they are considered recoverable and usable, are initially recorded in the account "Current tax receivables", with counter-entry to the income statement under "Service costs", and rediscounted to reflect their recognition to the Income Statement in each period on an accruals basis, according to the differing types of costs supported, in relation to the percentage of completion of the contract work-in-progress giving rise to the costs against which the credit was calculated. The accrual has been recognised on the balance sheet under "Contract work in progress" and its release has been recognised on the income statement as "Changes in contract work in progress".

At present, the share of variable fees currently accounts for approximately 15% of revenues.

3.33. OTHER OPERATING INCOME

"Other operating income" for the two periods are compared below (in Euro thousands):

	H1 2025	H1 2024 restated (*)	Change
Other income	694	632	62
Income for the portion recognised to the income statement of the disbursements as per Law 808/85	685	658	27
Income from the release of provisions	107	483	(376)
Operating grants	1,509	971	538
Other prior year income	-	316	(316)
Total	2,995	3,060	(65)

(*) For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

In the first half of 2025, the account comprised:

- other income from recharges of Euro 694 thousand (Euro 632 thousand in H1 2024);

- income for the portion recognised to the income statement of the disbursements as per Law 808/85 for Euro 685 thousand (Euro 658 thousand in H1 2024), relating mainly to the parent company Avio S.p.A.;
- income from the release of provisions of Euro 107 thousand (Euro 483 thousand in H1 2024).
- operating grants for Euro 1,509 thousand (Euro 971 thousand in H1 2024).

3.34. CONSUMPTION OF RAW MATERIALS

The breakdown of the account is as follows (Euro thousands):

	H1 2025	H1 2024 restated (*)	Change
Purchase of raw materials	79,703	74,087	5,616
Change in inventories of raw materials	(2,419)	(16,380)	13,961
Change in inventory of finished products, in progress and semi-finished	(950)	1,381	(2,331)
Total	76,334	59,088	17,246

(*) For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

3.35. SERVICE COSTS

The breakdown of the account is as follows (in Euro thousands):

	H1 2025	H1 2024 restated (*)	Change
Service costs	113,186	92,505	20,681
Short-term and moderate value variable lease costs	2,608	1,661	947
Costs capitalised for internal works	(2,984)	(876)	(2,108)
Total	112,809	93,290	19,519

(*) For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

Service costs, amounting to Euro 113,186 thousand, in particular, include costs for activities carried out by co-producers, for consultancy and technical and professional services, for outsourcing, for maintenance and for temporary personnel.

The item also includes the amount of the emoluments due to the Avio Group's corporate boards, relating to:

- Directors' fees of Euro 318 thousand (Euro 302 thousand in H1 2024) and specific committee fees of Euro 77 thousand (Euro 87 thousand in H1 2024);
- Supervisory Board fees of Euro 110 thousand (Euro 97 thousand in H1 2024);
- Board of Statutory Auditors' fees of Euro 108 thousand (Euro 97 thousand in H1 2024);
- Auditing Firm fees of Euro 194 thousand (Euro 169 thousand in H1 2024).

3.36. PERSONNEL EXPENSES

The breakdown of the account is as follows (in Euro thousands):

	H1 2025	H1 2024 restated (*)	Change
Wages and salaries	45,191	37,783	7,408
Social security expenses	10,133	8,527	1,606
Provision for variable remuneration	4,926	3,881	1,045
Other long-term benefits - current employees	43	40	3
Actuarial (gains)/losses recorded in P&L relating to other long-term benefits	(43)	-	(43)
Provision for "Other defined benefit plans"	2,700	2,419	281
Costs capitalised for internal works	(1,218)	(963)	(255)
Total	61,730	51,687	10,043

(*) For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

The increase of Euro 10,043 thousand compared to the previous period is mainly due to the increase in number of employees of the Group.

The table below illustrates, at Group level and divided by category, the average number of employees of the companies included in the consolidation scope:

	H1 2025	H1 2024	Change
Blue-collar	371	370	1
White-collar	984	906	78
Executives	47	46	1
Total	1,402	1,322	80

3.37. AMORTISATION AND DEPRECIATION

The breakdown of the account is as follows (in Euro thousands):

	H1 2025	H1 2024	Change
Intangible assets with definite life	5,470	4,620	850
Property, plant and equipment	2,842	2,685	157
Right-of-use	1,546	1,117	429
Investment property	108	36	72
Total	9,966	8,459	1,507

Amortisation of Intangible assets with a definite life primarily includes:

- amortisation of capitalised development costs of Euro 1,978 thousand (Euro 1,754 thousand in H1 2024);
- Euro 1,493 thousand for the amortisation of development costs capitalised and for the amortisation of intangible assets regarding the Ariane and Vega programmes, identified following the purchase price allocation process regarding the Group by Space2 in 2017 (same amount in H1 2024).

3.38. OTHER OPERATING COSTS

This account amounts to Euro 2,853 thousand (Euro 1,967 thousand in H1 2024) and mainly comprises the following items:

- indirect taxes and duties amounting to Euro 980 thousand (Euro 870 thousand in the first half of 2024);
- other operating costs of Euro 1,855 thousand (Euro 1,072 thousand in H1 2024) related to association dues, entertainment expenses, and sundry losses;
- prior-year charges of Euro 19 thousand (Euro 25 thousand in H1 2024).

3.39. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD - OPERATING INCOME/(CHARGES)

The item, amounting to net income of Euro 363 thousand (Euro 448 thousand in the first half of 2024), includes:

- the effects of the application of the equity method for the valuation of the investment:
 - in the jointly-controlled company Europropulsion S.A.; in this regard, a charge of Euro 1,570 thousand was recognised, corresponding to Avio's share of the change in the company's equity at June 30, 2025; the equivalent figure for H1 2024 was a charge of Euro 2,018 thousand;
 - in the associate Termica Colleferro S.p.A., amounting to income of Euro 193 thousand;
- dividends collected from the jointly-controlled company Europropulsion for Euro 1,740 thousand (Euro 2,200 thousand in H1 2024). The figure for the first half of 2024 is in the restated version. For the reasons and effects of the restatement, see Note 2.8 of the notes to the condensed consolidated half-year financial statements.

These effects are recorded, in accordance with the option permitted by IFRS 11, under operating income and charges of the Group, based on the operating nature of the above equity investments in terms of the Avio Group's business.

3.40. FINANCIAL INCOME

The breakdown of the account is as follows (Euro thousands):

	H1 2025	H1 2024	Change
Bank interest income	416	224	192
Interest income on VAT refunds	81	13	68
Financial income from amortised cost	43	42	1
	540	279	261
Realised exchange gains	165	25	140
Unrealised exchange gains	-	(24)	24
	165	1	164
Total	705	280	425

Financial income, amounting to Euro 705 thousand (Euro 280 thousand in the comparative period), mainly comprised:

- interest income on short-term restricted deposits with financial institutions for Euro 416 thousand (Euro 224 thousand in the comparative period);
- interest income from the discounting of receivables for Euro 43 thousand (Euro 42 thousand in the comparative period);
- currency differences for Euro 165 thousand (Euro 1 thousand in the comparative period).

Realised exchange gains arise on the collection of receivables and settlement of payables in foreign currencies. Unrealised exchange losses relate to the period-end translation of receivables and payables in foreign currencies.

3.41. FINANCIAL EXPENSES

The breakdown of the account is as follows (Euro thousands):

	H1 2025	H1 2024	Change
Interest on EIB loans	8	47	(39)
Interest on other payables	105	12	94
Discounting on employee benefits	101	133	(32)
Financial charges from amortised cost	97	90	8
	312	281	31
Realised exchange losses	98	121	(23)
Unrealised exchange losses	(35)	-	(34)
	63	121	(57)
Total	375	401	(26)

Financial charges, amounting to Euro 375 thousand (Euro 401 thousand in the comparative period), mainly comprised:

- interest expenses relating to the EIB loan for Euro 8 thousand (the reduction is due to the fact that a loan on which interest was being paid was repaid in full in the previous year);
- discounting for employee benefit updates for Euro 101 thousand;
- financial charges from amortised cost applied to liabilities for Euro 97 thousand;
- exchange losses for Euro 63 thousand.

Realised exchange losses arise on the collection of receivables and settlement of payables in foreign currencies. Unrealised exchange losses relate to the period-end translation of receivables and payables in foreign currencies.

3.42. INCOME TAXES

The effective tax charge in the period is presented below (in Euro thousands):

	30/06/2025	30/06/2024
Italian company taxes	(349)	(689)
Taxes overseas companies	(47)	(6)
Prior year taxes	(166)	-
Net deferred tax income/charge	17	(588)
	(545)	(1,283)

This charge therefore comprises:

- IRES and IRAP income tax expense for the Italian companies of Euro 349 thousand (Euro 689 thousand in H1 2024);
- current tax charges of overseas subsidiaries for Euro 47 thousand (Euro 6 thousand in H1 2024);
- prior year taxes of Euro 166 thousand (Euro 0 thousand in 2024);
- deferred tax income of Euro 17 thousand (charge of Euro 588 thousand in H1 2024).

The reconciliation between the theoretical and effective IRES corporate income tax is presented below (in Euro thousands):

	30/06/2025	30/06/2024
Result before taxes	358	(500)
Ordinary rate applied	24.00%	24.00%
Theoretical tax charge	86	(120)
Effect of increases (decreases) to the ordinary rate:		
Permanent increases	818	2,508
Permanent decreases	(3,369)	(3,328)
Temporary difference increases	3,680	5,800
Temporary difference decreases	(12,189)	(13,264)
Total changes	(11,060)	(8,284)
Utilisation of fiscal losses	-	-
IRES taxable income of the Group	(11,060)	(8,784)
Effective IRES taxes	-	-
Effective IRAP taxes	(349)	(689)
Other direct taxation of foreign companies	(47)	(6)
Sub-total current income taxes	(396)	(695)
Deferred-tax (charge)/income	17	(588)
Sub-total deferred income taxes	17	(588)
Prior year taxes	(166)	-
Subtotal Prior year taxes	(166)	-
Total tax (charge)/income	(545)	(1,283)

3.43. EARNINGS/(LOSS) PER SHARE

An explanatory statement is reported below (in Euro):

	H1 2025	H1 2024
Group Consolidated Result	(565,659)	(423,679)
Number of shares in circulation	27,159,346	26,359,346
Treasury shares	(985,747)	(1,091,207)
Number of shares entitled to profits	26,173,599	25,268,139
Basic earnings/(loss) per share (in Euro)	(0.02)	(0.02)
Diluted earnings/(loss) per share (in Euro) ⁽¹⁾	(0.02)	(0.02)

⁽¹⁾ Diluted earnings (or loss) per share for the comparative period was determined assuming the conversion of the 800,000 sponsor warrants into ordinary shares, which occurred in Q2 2025.

4. DISCLOSURE BY OPERATING AND REGIONAL SEGMENTS

Disclosure by operating segment

In the first half of 2025, the Avio Group continued operating activities in line with previous years in the Space business. Consequently, all the assets and liabilities, costs and revenues refer to a single sector of activity, which corresponds to the consolidation scope of the Group.

The Group workforce numbered 1,533 at June 30, 2025. At December 31, 2024 and June 30, 2024, Group employees numbered 1,355 and 1,322 respectively.

Disclosure by regional segment

The regional breakdown of Group revenues (defined based on customer country location), in H1 2025 (and in line with recent years) refers almost completely to Italy and Europe.

Group activities, and new investments, are similarly allocated - on the basis of the same criterion as revenues (customer country location) - almost entirely in Italy and Europe.

5. COMMITMENTS AND RISKS

The Group's principal commitments and risks are summarised in the following table (in Euro thousands):

	30/06/2025	31/12/2024
Guarantees given:		
Unsecured guarantees:		
Sureties issued to third parties on behalf of Group	26,621	32,783
Other guarantees	3,402	3,402
Total guarantees granted	30,023	36,185
Guarantees received:		
Sureties and guarantees received	1,206	1,206
	1,206	1,206

Guarantees granted

Secured guarantees include sureties issued by third parties on behalf of the Group in favour of clients for the execution of contracts and other guarantees in the form of patronage letters issued in the interest of Group companies.

Sureties and guarantees received

These principally include sureties received from suppliers against orders for supplies to be completed.

Legal and tax cases and contingent liabilities

At the half-year reporting date, a number of Group companies were either plaintiffs or defendants to legal, civil, administrative and tax cases related to normal business operations, as outlined below.

Avio S.p.A. and the subsidiaries have established in their financial statements and, therefore, in the consolidated financial statements, appropriate provisions for risks and charges to cover foreseeable liabilities relating to disputes of differing natures with suppliers and third parties, both within the courts and extra-judicially, the relative legal expenses, in addition to administrative sanctions, penalties and customer indemnities (where applicable). In establishing provisions, account was taken of: (i) the risks related to each dispute; and (ii) the applicable accounting standards, which require the provisioning of liabilities for probable and quantifiable risks. Avio Group management consider the risks and charges provision estimates as appropriate with regards to the Group's overall amount of contingent liabilities.

In addition, with regards to disputes with a possible or remote risk of loss, or of an incalculable amount (of a limited number), in accordance with the accounting standards no risks provision has been established.

The Group in addition bases its risk of potential loss estimates on assessments/expectations with regards to the expected final judgment on the dispute, which remains however linked to the intrinsic uncertainty of each judgment, for which differing outcomes (whether favourable or unfavourable) for the Group against the *ex-ante* estimates may not be excluded.

A summary of current proceedings considered by the Group as significant on the basis of the amount or matters considered is provided below.

Group tax audits

Information is provided below on the most significant tax audits and disputes which, at the date of the present financial statements, concerned Avio S.p.A. and its subsidiaries, with details on the specific disputes and the relative amounts.

A) Avio S.p.A. tax audits and disputes

A.1) Questionnaire of the Piedmont DRE of June 4, 2019 concerning transfer prices between Avio S.p.A. and Regulus S.A. - 2014 Tax period

In November 2019, the Piedmont Tax Agency served two separate assessment notices on the Company, respectively for IRES and IRAP, in relation to the 2014 tax year, concerning the application of "transfer pricing" tax regulations to transactions between Avio S.p.A. and its subsidiary Regulus S.A., on the assumption that the latter is a tax resident in French Guiana.

With regard to the IRES assessment notice, it should be noted that, pending the settlement procedure, the Company has asked the Office to be able to offset the greater taxable profit assessed against unused prior tax losses. Granting the Company's request, in July 2020 the Office recalculated the greater IRES assessed for 2014 (and related interest), reducing it to zero and levying a single administrative fine of Euro 1,250.00.

With regard to the IRAP assessment notice, since the value of production adjusted by the Office is still negative, no tax was recovered and a fixed penalty of Euro 250.00 was levied. Therefore, the liability associated with this dispute amounts to a total of Euro 1,500.

In June 2020, the Company filed timely appeals of two notices of assessment of IRES and IRAP taxes, being confident of the correctness of its actions and considering that it has acted in full compliance with the law.

In a ruling filed on June 24, 2022, the Turin Provincial Tax Commission upheld both of the Company's appeals concerning IRES and IRAP, citing the calculation of comparables performed by the Turin regional office and noted that the determination of the range of transfer prices was manipulated by that office without cause and in a debatable manner, whereas the documentation provided by the Company met the criteria set by OECD guidelines for determination of "normal value" as specified under Article 9(3) of the Consolidated Income Tax Law.

In January 2023, the Piedmont Regional Directorate of the Tax Agency appealed the ruling of the Turin Provincial Tax Commission. The Company promptly took action, with the support of its consultants, to counter the Agency's appeal and request confirmation of the first instance ruling. The Piedmont Tax Court of the Second Instance has set a hearing to be held on January 16, 2025. The hearing was postponed to a new role and therefore its date, which is subject to later communication by the Court of Justice, is therefore currently unknown.

A.2) Tax audit FY 2019

As part of a tax audit for the 2018 and 2019 tax years that began in December 2024, the Tax Agency - Lazio Office (hereinafter the "Lazio TA" or "TA") challenged the Company's deduction of amortisation related to goodwill generated in connection with certain corporate transactions dating back to 2003.

According to Article 1, Paragraph 1079 of Law No. 145 of December 30, 2018, Avio should have suspended the amortisation charge for the tax years 2018 and 2019 and deducted it, according to predetermined percentages, in the years 2020 to 2029, according to the TA.

The dispute does not, therefore, relate to the non-recognition of the right to deduct this amortisation, but rather to the timing of this deduction.

As regards 2018, on March 18, 2025, the Lazio Regional Tax Agency notified Avio S.p.A. of two statements of claims (one for IRES and one for IRAP), containing findings related to the amortisation of goodwill, against which the Company filed a petition for a settlement agreement on April 8, 2025. The company simultaneously filed an IPEC petition to request the offsetting of current year and previous losses against the higher taxable income assessed.

By settlement agreements dated July 18, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims in relation to IRES and IRAP and paid the first instalment on July 21, 2025.

On May 14, 2025, the Lazio Regional Directorate of the Tax Agency, upon conclusion of the audit on 2019, notified Avio S.p.A. of an Assessment Notice (PVC) (for IRES and IRAP) containing findings regarding, in addition to goodwill amortisation, transfer pricing for transactions with the subsidiary Regulus S.A. and a number of non-deductible costs related to employees in relation to IRAP only; following the aforementioned PVC, on June 26, 2026, the Lazio TA announced the IRES and IRAP statements of claims for 2019, and - limited to the findings on the amortisation of goodwill - the statements of claims for the subsequent years to 2022 (in these cases with the exception of IRAP for 2020 and IRES for 2022, without contesting higher taxes but only redetermining the negative IRAP tax base or the tax loss for IRES purposes).

Also regarding 2019 (IRES and IRAP) and 2020 (IRAP only), the Company has filed petitions for settlement agreements, while for the other years it will submit supplementary declarations to incorporate the different modulation of amortisation of goodwill in accordance with Article 1, paragraph 1079 of Law No. 145 of December 30, 2018, deductible until the tax period 2029.

In relation to the settlement agreement (for 2018, 2019 and 2020), the Company will pay back a total sum of approximately Euro 6 million (based on an instalment plan) as higher taxes for the two years, plus interest (amounts already accounted for in the 2024 financial statements). On July 21, 2025, the Company paid Euro 915,634.05, equal to the first instalment (of three) of the disputes relating to 2018.

The statement of claims for 2019 also contains a transfer pricing challenge relating to transactions between the Company and its subsidiary Regulus for propellant casting services.

Specifically, while considering the transfer pricing documentation prepared by Avio to be compliant with the contents and indications of the provision of the Director of the Tax Agency of September 29, 2010 - and, therefore, permitting the exclusion of the tax penalties pursuant to Article 1, paragraph 2-*ter* of Legislative Decree No. 471 of December 18, 1997 - the auditors recalculated the purchase costs of the casting service incurred by Avio, pursuant to Article 110, paragraph 7 of the Income Tax Law (TUIR), as this was deemed not to have complied with the arm's length principle, from Euro 34,882,793 to Euro 33,492,784. This resulted in a difference applicable to taxation of Euro 1,390,009, which corresponds to a higher assessed IRES, net of prior losses that can be used for offsetting, of Euro 66,720, and a higher IRAP of Euro 66,998, plus interest.

Finally, the Lazio TA contested the deduction for IRAP purposes of certain items attributable to personnel costs, for a total of Euro 454,481. This corresponds to a higher IRAP assessment of Euro 21,906, plus penalties and interest.

The aforementioned findings (transfer pricing and costs non-deductible for IRAP) will also be settled, together with the Lazio TA, within the scope of the settlement agreement.

B) Se.Co.Sv.Im. S.r.l. - Tax audits and disputes

The following is a brief description of the tax disputes of Se.Co.Sv.Im. S.r.l. and of the main related contingent liabilities.

B.1) Correction and settlement of increased registration, mortgage and land taxes from the reclassification as the disposal of a business, with related recalculation of goodwill relating to the business unit, of the transfer of the "Energia Colleferro" business unit to Termica Colleferro S.p.A. and the subsequent transfer of the investment in this latter to the indirect parent company Avio S.p.A.

In relation to the transfer of the "Energia Colleferro" business unit to Termica Colleferro S.p.A. and the subsequent transfer of the investment in this latter to the indirect parent company Avio S.p.A., the Bologna Tax Office had served:

- a) a settlement notice for greater registration, mortgage and property registry taxes arising from the re-characterisation of the transaction as the sale of a company, for a total of Euro 142 thousand;
- b) an adjustment notice relating to the redetermination of the value of the goodwill attributable to the business unit subject to the purported company sale, for a total of Euro 16 thousand.

The dispute concerning the document referred to in point a) was resolved in the Company's favour in both the first and second instances. Accordingly, on December 2, 2019 the Italian Tax Office filed an appeal against the judgment of the Emilia Romagna Regional Tax Commission before the Court of Cassation.

On January 24, 2020 the Company appeared promptly in the proceedings, filing its own counter-appeal.

The Court of Cassation, with Order No. 32653, filed on 16/12/2024, dismissed the appeal brought by the Attorney General's Office against the second instance ruling that on the subject of the requalification, pursuant to Article 20 TUR, as a business unit disposal, in terms of the transfer and sale of shareholdings transactions by Se.co.Sv.IM. S.r.l., found the company's conduct to be correct.

In particular, the Supreme Court, believing that it had to follow a now consolidated view, took note of "*the retroactive scope of the authentic interpretation rule set forth in Article 1, paragraph 1084, of Law No. 145 of December 30, 2018, deeming Article 20, Presidential Decree No. 131 of April 26, 1986, as amended by Article 1, paragraph 87, of Law No. 205 of December 27, 2017, also applicable to deeds stipulated at a time prior to its entry into force for which the proceedings before the tax courts are still pending.*"

The dispute concerning the document referred to in point b) was resolved in the Company's favour in the first instance (see Bologna Provincial Tax Commission, ruling no. 94/02/16 of January 15, 2016); in the second instance, the Emilia Regional Tax Commission, following the hearing of December 17, 2018, suspended the judgement pending the settlement of the litigation concerning the notice of adjustment and liquidation of the higher registration, mortgage and cadastral taxes arising from the requalification as a business sale.

On June 9, 2025, in ruling 575/2025, the Emilia Regional Tax Commission, noting the intervening Supreme Court Order No. 32653 filed on December 16, 2024, brought the case to an end due to the cessation of the matter in dispute, and awarded costs.

C) Spacelab S.p.A. (ex ELV S.p.A.) - Tax audits and disputes.

It should be noted that this company had not been and is not involved in any tax audits or disputes at the reporting date.

D) Europropulsion S.A. – Tax audits and disputes.

Europropulsion was subject to a Tax Assessment by the French Tax Authorities with regards to the "*taxe professionnelle*" (an indirect tax adopted in France similar to the Italian IRAP) on ESA assets provided for use by the Company initially for tax years 2009, 2010 and 2011 and subsequently for 2012 and 2013.

The amounts contested are:

- for the years from 2009 and 2011, initially amounting to Euro 1.6 million, paid by the company in 2014. This amount was thereafter reduced to Euro 0.9 million following the recognition of partial relief of Euro 684 thousand by the French tax authorities;
- for the years 2012 and 2013 amounting to approx. Euro 250 thousand.

For the years 2009-2011, Europropulsion presented a first level appeal at the competent Tax Court, which judged against the company; the Company appealed this decision on September 9, 2016.

With judgment of November 11, 2017, the competent French tax authorities cancelled the challenge concerning financial year 2010.

In the course of the legal procedure, it bears mentioning that in 2020 the judicial authority, known as the "Conseil d'Etat", declared the use of ESA assets subject to taxation according to an interpretation of the spirit of the tax law, referring the judgment to the next level, in accordance with the French legal system.

The last instance judgment was issued by the "*Cour Administrative d'Appel de Paris*" in July 2021 and was unfavourable for the Company. In view of the judgment rendered in 2020 and 2021 and the opinion of its legal counsel, in its 2020 and 2021 financial statements the Company decided to recognise the total amount of the tax liability associated with the matter for the years 2009 to 2020, which was recalculated and estimated at approx. Euro 4 million.

At the end of 2023, the Company received a payment notice for taxes for 2017 and 2018 of approximately Euro 850 thousand, which was rejected by the Company.

A request for its withdrawal is pending before the competent tax court. Since some disputes have arisen in this area in the past, the Company has decided to make a provision in the income statement for FY 2024 to cover this potential risk.

In addition, in 2023, the Company underwent a tax audit and following the closure in 2024 received a request for payment of approximately Euro 600 thousand for the years 2020 to 2022. There is no impact on the income statement in H1 2025 as these amounts had already been set aside in previous years. Therefore, taking all the elements described into account, the financial statements as of December 31, 2024 of this company already reflected a total provision of Euro 1.7 million.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Fair value of financial assets and liabilities and calculation models utilised

In relation to any financial instruments recorded in the balance sheet at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value. The following levels are used:

- level 1 - assets or liabilities subject to valuation listed on an active market;
- level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- level 3 - input which is not based on observable market data.

The company and the Avio Group did not have derivative financial instruments in place at June 30, 2025.

Types of financial risks and related hedging

The Avio Group through its operating activities is exposed to financial risks, in particular:

- credit risks, related to commercial transactions with customers and funding operations;
- liquidity risk, related to the availability of financial resources and access to the credit market;
- market risks (interest rates and exchange rates).

These financial risks are continually monitored, undertaking initiatives to offset and contain potential impacts through appropriate policies and, where in general considered necessary, also through specific hedging instruments (currently not necessary as the loan interest rate with the EIB is fixed and competitive compared to the market).

Credit Risk

Credit risk represents the exposure of the Company and of the Group to potential losses due to the non-compliance with obligations by commercial and financial counterparties.

The exposure to credit risk is essentially related to receivables recognised to the financial statements, particularly trade receivables and guarantees provided in favour of third parties.

The maximum theoretical exposure to the credit risk for the Group at June 30, 2025 essentially concerned the overall carrying amount of trade receivables, whose value at this date amounted to Euro 4,399 thousand.

This amount was recognised to the Assets section of the Balance Sheet, as the net balance between the nominal value of trade receivables and, as counter-entry, advances to be received.

Regarding the reasons for the exposure to credit risk represented by receivables net of "advances to be repaid", in accounting terms, the issuing of invoices involves as a counter-entry, against the recognition of an asset from the customers, the recognition of a liability concerning the advances to be received. These are both recognised to the balance sheet. The ageing analysis therefore is made net of the above-stated advances.

The main Group clients are government bodies and public sector clients, which by their nature do not present significant risk concentrations (European Spatial Agency, Arianespace, Airbus Safran Launchers).

In addition, operating on an order basis, the Avio Group plans the management of advances so as to attain the funding before and during the incursion of order costs, on the basis of the various contractual milestones and mitigating therefore the risk regarding the payment of receivables against the initiated production activities.

Based on an analysis of overdue trade receivables at June 30, 2025, trade receivables net of a doubtful debt provision were recorded of Euro 487 thousand. The overdue amounts were therefore not significant and mainly relate to timing factors.

Liquidity risk

The Company and Group's liquidity risk concerns any difficulties in obtaining at appropriate conditions the funding necessary to support operations. The principal factors which influence liquidity are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the conditions concerning the maturity of the payable or the liquidity of the financial commitments.

Cash flows, funding requirements and liquidity are centrally monitored and managed, also through centralised treasury systems involving the main Group Italian and overseas companies, in order to ensure the timely and efficient sourcing of funding or the appropriate investment of liquidity, optimising the management of liquidity and cash flows. The Group periodically monitors forecast and effective cash flows and updates future cash flow projections in order to optimise liquidity management and calculate any funding requirements.

The currently available funds, in addition to those that will be generated from operating and financial activities, are considered sufficient to permit the Group to satisfy its requirements for investment activities, working capital management and the repayment of debt on maturity.

Market risk

With regards to the current financial structure of the Company and of the Group, which has limited credit exposure and interest-bearing debt, and considering the fact that the operating currency is mostly the Euro, the company is not considered to currently be subject to significant risks from interest rates on financial receivables and payables or to fluctuations in exchange rates.

The Company and the Group, considering that stated with regards to the insignificant market risk related to interest rate and exchange rate movements, at June 30, 2025 had not undertaken specific cash flow hedges in relation to these types of risks.

7. RELATED PARTY TRANSACTIONS

Avio regularly undertakes commercial and financial transactions with its subsidiaries and jointly-controlled companies, consisting of transactions relating to ordinary operations and undertaken at normal market conditions. In particular, these concern the supply and purchase of goods and services, including of an administrative-accounting, tax, IT, personnel management and assistance and consultancy nature, and the relative receivables and payables at period-end and funding and centralised treasury management transactions and the relative charges and income. These transactions are eliminated in the consolidation and consequently are not outlined in this section.

The related parties of the Avio Group are identified on the basis of IAS 24 - *Related Party Disclosures*, applicable from January 1, 2011, and are the parent companies, companies with a connection with the Avio Group and its subsidiaries as defined by the applicable rules, companies controlled but not consolidated within the Avio Group, associates and jointly-controlled companies of the Avio Group and other investee companies.

Until the effective acquisition date by Space2, Leonardo and In Orbit (on March 31, 2017), Leonardo - on the basis of rights arising under the Cinven shareholder agreement - had a connection with the Avio Group, although formally holding an investment in the Incorporated company under the threshold established by the IAS and Article 2359 of the Civil Code, final paragraph. Following the listing, although the shareholder agreement with Cinven had lapsed, Leonardo S.p.A. maintained this connection with the Avio Group on the basis of the increase of its investment in the Incorporated company over the threshold established by the above-stated rules.

The following tables present the quantification of transactions with related parties not falling within the Group consolidation on the Balance Sheet and on the Group Income Statement at June 30, 2025 and December 31, 2024 (in Euro thousands):

June 30, 2025											
Counterparty	Right-of-use assets	Other non-current assets	Inventories	Trade receivables	Other current assets	Contract work-in-progress	Non-current financial assets	Trade payables	Other current liabilities	Advances from clients for contract work-in-progress	Financial liabilities
Leonardo S.p.A.	-	-	-	-	540	-	-	2,000	54	-	-
MBDA Italia S.p.A.	-	-	-	-	-	2,329	-	-	-	39,398	-
MBDA France S.A.	-	-	-	200	-	14,362	-	-	-	26,190	-
Thales Alenia Space Italia S.p.A.	-	-	-	-	-	-	-	-	-	-	-
Telespazio S.p.A.	-	-	-	-	-	-	-	708	-	-	-
Companies with a connecting relationship and relative investee companies	-	-	-	200	540	16,691	-	2,708	54	65,588	-
Termica Colleferro S.p.A.	633	-	-	976	-	-	2,010	889	-	-	606
Europropulsion S.A.	-	-	-	11	30,983	17,469	-	4,639	-	40,940	-
Potable Water Services Consortium	-	-	-	332	12	-	-	-	-	-	-
Servizi Colleferro - Consortium Limited Liability Company	-	-	-	159	-	-	-	161	-	-	-
Associates and jointly controlled companies	633	-	-	1,479	30,994	17,469	2,010	5,689	-	40,940	606
Total related parties	633	-	-	1,678	31,534	34,160	2,010	8,397	54	106,527	606
Total book value	12,231	6,571	151,853	4,399	143,892	181,448	2,010	88,311	35,349	564,051	11,241
% on total account items	5.17%	0.00%	0.00%	38.15%	21.92%	18.83%	100.00%	9.51%	0.15%	18.89%	5.39%

December 31, 2024

Counterparty	Right-of-use assets	Other non-current assets	Inventories	Trade receivables	Other current assets	Contract work-in-progress	Non-current financial assets	Trade payables	Other current liabilities	Advances from clients for contract work-in-progress	Financial liabilities
Leonardo S.p.A.	-	-	-	-	630	-	-	2,843	105	-	-
MBDA Italia S.p.A.	-	-	-	46	-	3,026	-	-	-	42,813	-
MBDA France S.A.	-	-	-	135	-	11,839	-	-	-	31,224	-
Thales Alenia Space Italia S.p.A.	-	-	-	-	-	-	-	-	-	-	-
Companies with a connecting relationship and relative investee companies	-	-	-	182	630	14,865	-	2,843	105	74,037	-
Termica Colleferro S.p.A.	701	-	-	918	-	-	2,010	2,205	-	-	673
Europropulsion S.A.	-	-	-	16	51,711	10,254	-	609	-	24,449	-
Potable Water Services Consortium	-	-	-	302	5	-	-	42	-	-	-
Servizi Colleferro - Consortium Limited Liability Company	-	-	-	132	-	-	-	119	-	-	-
Associates and jointly controlled companies	701	-	-	1,368	51,716	10,254	2,010	2,976	-	24,449	673
Total related parties	701	-	-	1,550	52,346	25,119	2,010	5,818	105	98,486	673
Total book value	11,693	7,942	147,943	3,074	170,451	154,981	2,010	109,213	32,105	555,601	11,594
% on total account items	6.00%	0.00%	0.00%	50.42%	30.71%	16.21%	100.00%	5.33%	0.33%	17.73%	5.80%

In H1 2025 and H1 2024, the main income statement transactions by the Group with related parties were as follows (in Euro thousands):

H1 2025

Counterparty	Operating Revenues and changes in contract work-in-progress	Other operating income	Operating Costs ⁽¹⁾	Financial Income	Financial Charges
Leonardo S.p.A.	-	-	1,871	-	-
MBDA Italia S.p.A.	11,987	-	-	-	-
MBDA France S.A.	25,201	-	-	-	-
Thales Alenia Space Italia S.p.A.	-	-	1,000	-	-
Telespazio S.p.A.	-	-	1,535	-	-
Companies with a connecting relationship and relative investee companies	37,188	-	4,406	-	-
Termica Colleferro S.p.A.	70	60	5,304	-	4
Europropulsion S.A.	38,286	68	33,454	-	-
Potable Water Services Consortium	-	59	-	-	-
Servizi Colleferro - Consortium Limited Liability Company	88	-	669	-	-
Associates and jointly controlled companies	38,445	186	39,427	-	4
Total related parties	75,633	186	43,833	-	4
Total book value	260,363	2,995	250,874	705	375
% on total account items	29.05%	6.22%	17.47%	0.00%	1.11%

⁽¹⁾ The account includes raw material consumables, service costs and personnel expenses.

Counterparty	H1 2024				
	Operating Revenues and changes in contract work-in-progress	Other operating income	Operating Costs ⁽¹⁾	Financial Income	Financial Charges
Leonardo S.p.A.	-	-	1,320	-	-
MBDA Italia S.p.A.	3,909	-	-	-	-
MBDA France S.A.	25,262	-	-	-	-
Thales Alenia Space Italia S.p.A.	-	-	-	-	-
Companies with a connecting relationship and relative investee companies	29,170	-	1,320	-	-
Termica Colleferro S.p.A.	1	58	3,581	-	5
Europropulsion S.A.	27,052	114	38,527	-	-
Potable Water Services Consortium	22	14	129	-	-
Servizi Colleferro - Consortium Limited Liability Company	108	14	646	-	-
Associates and jointly controlled companies	27,183	200	42,883	-	5
Total related parties	56,353	200	44,203	-	5
Total book value	210,606	3,061	204,067	280	401
% on total account items	26.76%	6.53%	21.66%	0.00%	1.25%

⁽¹⁾ The account includes raw material consumables, service costs and personnel expenses.

Transactions with companies with a connecting relationship and relative investee companies

Transactions with Leonardo S.p.A. and its investee companies are of a commercial nature. With regards to the customer MBDA Italia S.p.A., the guarantees issued by leading credit institutions cover prompt compliance with the contractual obligations undertaken by Avio, mainly for the Camm-er orders. Their release is based on completion of the relative contractual milestones.

Transactions with associates and jointly-controlled companies

Company transactions with associates and jointly-controlled companies may be summarised as follows:

- trade receivables, relating to revenues from the sale of company core business products, as part of ordinary operations and concluded at normal market conditions. In particular, with regard to the company Europropulsion S.A., revenues are included from the sale of company core business products, as part of ordinary operations and concluded at normal market conditions.
- short and long-term financial receivables from Termica Colleferro S.p.A.;
- trade payables, relating to costs incurred as part of ordinary operations and relating to transactions concluded at normal market conditions; in addition, with reference to the company Europropulsion S.A., costs incurred as a result of transactions within ordinary operations and concluded at normal market conditions are included;
- revenues, relating to the transactions described previously with regards to trade receivables;
- operating costs, relating to the transactions described previously with regards to trade payables.

Relations with the company Servizi Colleferro S.C.p.A mainly relate to the service provided by this company for the collection and purification of the waste water of the companies operating at the Colleferro facilities.

Transactions with other related parties

Group transactions with other related parties concern the following operations:

- trade receivables, relating to revenues from the sale of Group core business products, as part of ordinary operations and concluded at normal market conditions.
- revenues, relating to the transactions described previously with regards to trade receivables.

8. LIST OF GROUP COMPANIES AT JUNE 30, 2025

The following table presents the key details of Avio Group investees at June 30, 2025:

Companies included in the consolidation scope at June 30, 2025				Holding
Parent				
Company name	Registered office	Share capital 30/06/2025	Share capital 31/12/2024	% Held
Avio S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 91,764,212.90	Euro 90,964,212.90	N/A
Companies consolidated by the line-by-line method				
Company name	Registered office	Share capital	Share capital	% Held
Spacelab S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 3,000,000.00	Euro 3,000,000.00	70%
Regulus S.A.	Centre Spatial Guyanais - BP 0073 97372 Kourou (French Guyana - France)	EURO 640,000.00	Euro 640,000.00	60%
SE.CO.SV.IM. S.r.l.	Via degli Esplosivi, 1 - Colleferro (RM)	EURO 53,929,691.00	Euro 53,929,691.00	100%
Avio Guyane S.A.S.	Centre Spatial Guyanais - BP 506 97388 Kourou (French Guyana - France)	EURO 50,000.00	Euro 50,000.00	100%
Avio France S.A.S.	3 Rue du Colonel Moll - 75017 Paris (France)	EURO 50,000.00	Euro 50,000.00	100%
Temis S.r.l.	Via Gaetano Donizetti, 20 - Corbetta (Milan)	EURO 100,000.00	Euro 100,000.00	100%
Avio USA Inc.	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of Newcastle, Delaware 19801 (USA)	10.40 (USD)	8.00 (USD)	100%
Avio India Aviation Aerospace Private Limited (*)	Pitampura Delhi North West (India)	INR 16,060,000	INR 16,060,000	100%
Jointly controlled companies, measured at equity				
Europropulsion S.A.	11, rue Salomon de Rothschild 92150 Suresnes 388 250 797 RCS Nanterre	EURO 1,200,000.00	Euro 1,200,000.00	50%
Associates, measured at equity				
Termica Colleferro S.p.A.	Via degli Agresti, 4 and 6 Bologna	EURO 6,100,000.00	Euro 6,100,000.00	40%

(*) The company is in liquidation. No financial commitments are expected for the Group related to the liquidation.

9. INFORMATION ON PUBLIC GRANTS PURSUANT TO ARTICLE 1, PARAGRAPHS 125-129, OF LAW NO. 124/2017

The following information is provided in accordance with the public disclosure requirements imposed by public grant legislation: This disclosure concerns, as required by the regulation, disbursements accruing in H1 2025:

Avio S.p.A.

Grants under Law No. 808 of December 24, 1985 "Incentives for the development and improved competitiveness of the aerospace sector industries"

With no receipts in H1 2025, the table below shows the receivable from MIMIT (Ministry for Enterprise and Made in Italy) at June 30, 2025.

Lender	Project	Years_costs Project	Loans issued in 2025 (€/mln)	Collection date	Receivables from Ministry for Economic Development (€/mln)
Ministry for Economic Development	Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines	2010	-	-	0.00
Ministry for Economic Development	Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines	2011-2012	-	-	0.00
Ministry for Economic Development	Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines	2012-2013	-	-	0.47
Ministry for Economic Development	Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines	2014-2015	-	-	1.04
Ministry for Economic Development	Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines	2016-2017	-	-	1.03
Ministry for Economic Development	LOX/LCH technology demonstrator for the first stage of the Vega E launcher	2014-2016	-	-	0.47
			-		3.01

"Receivables from the Ministry for Economic Development" for disbursements in accordance with Law 808/85, amounting to Euro 3.01 million, refer to the nominal value of the grants to be issued by the Ministry for Economic Development.

The amounts by Project are broken down as follows: Euro 2.54 million for the "Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines" project; Euro 0.47 million for the "LOX/LCH demonstrated technology for the third stage of the Vega E launcher" project.

These receivables are recorded in the accounts at the value resulting from the application of the amortised cost method, calculated utilising the effective interest rate, and are increased due to the effect of the accumulated amortisation of the difference between the initial value and the actual cash amounts and booked in the accounts under "Financial income".

Other grants

Lender	Project	Years_costs Project	Loans issued in 2025 (€/mln)	Collection date	Nominal receivable to be collected (€/mln)
Ministry for Economic Development (Mise) (now MIMIT) and Sardinia regional government	SPTF - SPACE PROPULSION TEST FACILITY	2019-2020	0.74	29.04.2025	NA
European Commission Horizon Europe	DISCO - combining DISsimilar materials into functional large-scale Components and structures	2022-2024	0.06	07.02.2025	NA
Ministry for Economic Development (Mise) now MIMIT Major Projects PON (National Programme)	Innovative Composite Materials for the Aerospace and Automotive Industries I.S.A.A.C.	2022	0.33	16.05.2025	NA

Other Italian companies in the Avio Group

The Avio Group's other Italian companies did not receive any public disbursements in this fiscal year.

As reported in the explanatory notes in relation to current assets for tax receivables, the Avio Group benefits from facilities such as tax credits for research and development, tax credits for generic technological innovation, and tax credits for the acquisition of generic and Industry 4.0 capital goods.

10. SUBSEQUENT EVENTS TO THE PERIOD-END

Business

Avio becomes launch service provider for the Vega launcher family⁷⁵

On July 10, 2025, with the approval of the new Launchers Exploitation Declaration ("LED") at the ESA site in Paris, Avio was assigned the role of launch service provider for the Vega family of launchers. This is the first time an Italian company has been enabled to provide space access services, and is based on its recognised technological and industrial capabilities and its strategic positioning as part of the European space industry.

In addition, on August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana.

Orders worth Euro 60 million signed with MBDA in France⁷⁶

As part of the existing framework contract with MBDA in France, on July 21, 2025, Avio signed a production order relating to the supply of propulsion engines and related aerodynamic surfaces for the ASTER 30 defence system, with a value of approx. Euro 50 million.

Under the same framework contract, Avio also signed standalone, unrelated orders for an aggregate amount of a further approx. Euro 10 million.

All orders will be developed on average over a five-year production period.

VEGA-C successfully launches CO3D and MICROCARB satellites⁷⁷

Vega-C successfully completed the VV27 mission, putting the CO3D and MicroCarb satellites into orbit. The launcher took off at 23:03 local time on July 25 (04:03 CEST on July 26).

The P120C first stage provided lift-off thrust and fired for 2 minutes and 23 seconds, after which the Zephyr 40 and Zephyr 9 ignited. The AVUM+ upper stage carried out four ignitions to place the four CO3D satellites and the MicroCarb into their intended orbits at 495 and 650 kilometres, respectively. The mission concluded after 1 hour and 51 minutes with the de-orbit ignition of AVUM+, as per the ESA's Zero Debris Charter.

The CO3D satellites, developed by Airbus Defence and Space, which seek to map the Earth's surface in 3D and provide 2D images for institutional and commercial customers, The MicroCarb satellite, developed by CNES, is designed to study sources and sinks of carbon dioxide (CO₂), the greenhouse gas that is contributing most to climate change.

Strengthening cooperation with the US military⁷⁸

Following rapid development and prototyping activities conducted over the past year, Avio announces the signing of an supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles.

The contract covers a multi-year timeframe and confirms Avio's role and commitment to supporting US defence needs through its unique capabilities and expertise developed in Italy, which are further strengthened by its presence in the United States through its subsidiary Avio USA, based in Arlington, Virginia.

⁷⁵ See press release of July 10, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/avio-diventa-fornitore-dei-servizi-di-lancio-famiglia-di-lanciatori-vega>

⁷⁶ See press release of July 21, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/siglati-ordini-60-milioni-di-euro-con-mbda-francia>

⁷⁷ See press release of July 26, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/vega-c-lancia-con-successo-satelliti-co3d-microcarb>

⁷⁸ See also the August 27, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/avio-rafforza-collaborazione-con-le-forze-armate-statunitensi>

Three new launch contracts signed with ESA under the European "Flight Ticket" initiative⁷⁹

Avio announces the signing of three launch service contracts with the European Space Agency (ESA) as part of the "Flight Ticket" initiative, jointly promoted by the ESA and the European Commission to offer European companies and institutions the opportunity to test new technologies in space.

The three missions that will fly on the Vega-C from the European Space Center in French Guiana as Auxiliary Passengers include:

- the Spanish company Persei, which, with its E.T. Pack mission, will demonstrate passive deorbiting using a conductive aluminium tape, which will allow controlled satellite re-entry without the use of propellant.
- the German Aerospace Center DLR, which will launch its Pluto+ cubesat equipped with compact avionics and a high-efficiency flexible solar panel as it seeks to test technologies typically used on larger satellites.
- the French company Grasp, which is developing a number of earth observation satellites. According to the contract signed, the second satellite will be carried by Vega-C and will be equipped with an infrared spectrometer to monitor greenhouse gases and air quality.

Other significant events

Tax audit FY 2018-2019

As reported in the 2024 annual financial report, as part of a tax audit for the 2018 and 2019 tax years that began in December 2024, the Tax Agency - Lazio Office (hereinafter the "Lazio TA" or "TA") challenged the Company's deduction of amortisation related to goodwill generated in connection with certain corporate transactions dating back to 2003.

By settlement agreements dated July 18, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims in relation to IRES and IRAP and paid the first instalment on July 21, 2025.

For further details, see the "Group tax audits" section in the Explanatory Notes.

Appointment of new investor relations manager⁸⁰

The Board of Directors meeting of July 30, 2025 resolved to appoint Nevio Quattrin as the new Investor Relations Manager, effective from that date. Mr. Quattrin, who has carried out Investor Relations activities at the Company since February 2024 in support of the Chief Financial Officer, will thus guarantee continuity in managing investor relations, while strengthening his role at Avio.

Appointment of new Chief Financial Officer and Executive Officer

The Board of Directors meeting held on September 11, 2025 resolved to appoint Roberto Carassai as the new Chief Financial Officer and Executive Officer for Financial Reporting, as well as for the attestation of compliance of the Company's sustainability reporting, effective October 1, 2025. The new Chief Financial Officer will succeed Alessandro Agosti, who resigned on May 30, effective September 12, 2025, to take on a new professional challenge. The functions of Chief Financial Officer will be held on an interim basis until October 1, 2025 by Chief Executive Officer Giulio Ranzo.

Business Plan Approval and Capital Increase Proposal⁸¹

The Board of Directors of Avio S.p.A. ("Avio" or the "Company"), held on the date hereof, has unanimously approved the Company's new business plan and to submit to the Extraordinary Shareholders' Meeting, to be called on October 23, 2025, the proposal of a share capital increase, in one or more tranches and against payment in cash of a maximum total amount of Euro 400 million (including any share premium), through the issue of ordinary shares with no nominal value, with the same characteristics as those in circulation, to be offered with pre-emption rights to the Company's shareholders in proportion to the number of shares held,

⁷⁹ See also the August 27, 2025 press release at the link: <https://www.avio.com/it/comunicati-stampa/avio-sigla-tre-nuovi-contratti-di-lancio-con-esa-nellambito-delliniziativa>

⁸⁰ See press release of July 30, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/nomina-del-nuovo-responsabile-delle-relazioni-con-gli-investitori>

⁸¹ Avio's website, in the "Investors" section

pursuant to Article 2441, paragraph 1, of the Italian Civil Code (the “**Rights Offering**”). As per standard practice, it is proposed that the Extraordinary Shareholders’ Meeting grant the Board full authority to define the terms and conditions of the Rights Offering, including the issue price, any share premium, the final amount of the Rights Offering, and the number of newly issued shares to be offered to shareholders, with the discretion to determine the timing of the Rights Offering.

The acceleration of growth opportunities in the space and defense markets in Europe and the United States will require the strengthening of the Company’s production capacity, both in Italy and in the United States, together with greater vertical integration.

In defense, investments in new propulsion technologies and production assets will be combined with Avio’s development project in the United States, focused on the construction of a new plant that will be operational by the end of 2028 and will produce solid propellant engines to serve more customers.

In the space sector, Avio, provider and operator of the Vega launch service, will continue to benefit from market dynamics, which currently forecast an average annual growth rate between 2024 and 2034 (in terms of tonnes launched into orbit) of around 10%, increasing the flight cadence of Vega C and evolving its launcher platform with Vega E, as well as supplying propellants for Ariane launchers.

The Extraordinary Shareholders’ meeting will also be called upon to renew the delegation of powers to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital with the exclusion of pre-emption rights pursuant to Article 2441, fourth paragraph, second section, of the Italian Civil Code, in one or more tranches and against payment in cash, within the limit of 10% of the share capital existing at the time of the delegation (excluding any share premium), as well as within the limit of 10% of the total number of shares of the Company existing at the time of the exercise of the delegation (the “**Reserved Capital Increase**”). In this context, the delegation will allow the Board itself to determine the terms of the further capital increase – including the maximum number of newly issued shares and the related subscription price – based on the market conditions prevailing at the time of the actual launch of the transaction.

* * *

September 11, 2025

The BOARD OF DIRECTORS
The Chief Executive Officer and General Manager
Giulio Ranzo

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
Avio S.p.A.**

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Avio S.p.A. and subsidiaries (the “Avio Group”), which comprise the condensed consolidated statement of financial position as of June 30, 2025 and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“Consob”) for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Avio Group as at

June 30, 2025 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Vanacore
Partner

Rome, Italy
September 11, 2025

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Declaration of the Consolidated Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

1. The undersigned Giulio Ranzo and Alessandro Agosti, respectively CEO and Executive Officer for Financial Reporting of Avio S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
 - the conformity in relation to the characteristics of the company and
 - the effective application of the administrative and accounting procedures for the drawing up of the condensed consolidated half-year financial statements in the period between January 1 and June 30, 2025.
2. In this regard, we note that:
 - the adequacy of the administrative and accounting procedures to prepare the condensed consolidated financial statements for the six months ending June 30, 2025 was verified by evaluating the Internal Accounting Control System on financial disclosure
 - this assessment utilised the criteria established in the "Internal Controls - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO");
 - no significant issues were identified in the assessment of the internal control system.
3. We also declare that:
 - 3.1 The condensed interim consolidated financial statements:
 - a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002;
 - b) correspond to the underlying accounting documents and records;
 - c) provide a true and fair view of the equity, economic and financial position of the issuer and of the other companies in the consolidation scope.
 - 3.2 The Directors' Report includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties to which the Group is exposed, in addition to the subsequent events and outlook. It also contains a reliable analysis of the significant transactions with related parties.

Date: September 11, 2025

Avio S.p.A.

Giulio Ranzo
Chief Executive Officer
(Signed)

Alessandro Agosti
Executive Officer for Financial Reporting
(Signed)