Dear Shareholders,

As you may be aware, the Board of Directors of Avio S.p.A. has convened an Ordinary Shareholders' Meeting for 8 September 2026 with the following items on the agenda:

1. Amendment to Section I of the Remuneration Policy approved on 28 April 2026;
2. Approval of incentive plans based on financial instruments pursuant to Article 114-bis of Legislative Decree No. 58/98: related and consequent resolutions
3. Approval of the proposal to authorize the purchase and dispose of treasury shares.

ISS has recently published its voting recommendations, and we regret to note that it has recommended voting against resolutions no.1 and no.2. However, we strongly believe that a number of important elements deserve further consideration and would like to provide additional context to assist shareholders in evaluating the proposals. We would therefore like to outline the rationale underpinning such proposals, also reiterating their coherence and consistency with market best practices and long-term strategy of the Company.

A Framework Designed to Support Avio's Next Phase of Growth

Avio is executing a strategic transformation aimed at significantly expanding its scale, strengthening its position in the space and defense sectors and developing a meaningful operational presence in the United States. Following the successful capital increase completed in 2025, the Company's entry into the FTSE MIB Index and the strategic investment agreement recently signed with Advent International, Avio is entering a new phase of international development in which the United States represents a key growth market.

In particular, the strategic investment by Advent International, announced in July 2026, coincides with a significant acceleration of Avio's long-term growth ambitions, further strengthening the Company's financial capacity to pursue expansion opportunities in both Europe and the United States.

Avio has therefore embarked on a new phase of development following the approval of a long-term strategy aimed at significantly increasing the Group's size, international presence, and value - a strategy that will require a sustained commitment from management over a period of several years. The challenge of executing this strategy will be particularly significant in the United States, where Avio operates in a highly competitive market for acquiring specialized managerial and technical expertise.

Given the critical moment for the execution of its Business Plan, it is paramount and urgent for Avio to structure proper incentive measures to adequately attract, retain and motivate key personnel.

Performance Remains the Primary Driver of Reward

In general terms, the proposed incentive framework pursues the objective of orienting corporate performance in the medium-long term in conformity with the strategic lines outlined in the Business Plan and consistent with the Company's founding values, while at the same time promoting the alignment of management's interests with those of the shareholders and stakeholders of Avio.

In this perspective, an incentive and co-investment system based on complementary instruments, each serving a distinct strategic purpose, has been structured as follows:

a) <u>Stock Option Plan</u>
b) <u>Performance Share Plan</u>
c) <u>Restricted Share Plan</u>
d) <u>Warrant Plan</u>

AVIO

a) Stock Option Plan

The Stock Option Plan has been designed to reward long-term share-price appreciation and value creation.

It is not a traditional time-based stock option program. In fact, at the end of the vesting period:

- Only 40% of options become exercisable in case the Company's share price reaches at least the strike price of €33.40;
- The remaining 60% of options become exercisable only if the Company's share price is at least equal to the strike price increased by 25%.

As a result, the majority of the opportunity becomes available only after significant share price appreciation.

While ISS has noted that it prefers options to be triggered by additional industrial targets, given the company already has detailed industrial-linked long-term incentives, the committee chose to focus its work on increasing hurdle rates as opposed to double-rewarding any particular industrial KPI.

b) Performance Share Plan

The Performance Share Plan will replace the cash-settled 2026-2028 Long-Term Incentive Plan already approved by shareholders with an equity-settled Performance Share Plan, keeping vesting period, strategic and ESG performance metrics and award opportunities substantially unchanged. The Performance Share Plan is based on rigorous three-year performance objectives linked to:

- Cumulative Reported EBITDA;
- Average Return on Invested Capital (ROIC);
- US Order Intake;
- ESG objectives related to people, diversity and sustainability.

No award is delivered below threshold performance levels, and vesting occurs only after completion of the three-year performance cycle. As such, we believe that converting an existing cash incentive into equity strengthens alignment with shareholders and promotes a stronger ownership culture without increasing the underlying incentive opportunity. Moreover, we would like to highlight that the Performance Share plan does not apply to the CEO only, but also to key management personnel. As a reminder, at the 2024 AGM, shareholders already demonstrated strong support for the initiative, approving a previous Performance Share plan with 100% of the voting quorum.

c) Restricted Share Plan

The Restricted Share Plan is not intended for executive directors or executives with strategic responsibilities.

Instead, it is designed as a share-based retention and recruitment tool for key talent, particularly in highly specialized and competitive areas where talent attraction is critical to the Company's future growth ambitions, including in the United States. As a reminder, at the 2024 AGM, shareholders already demonstrated strong support for the initiative, approving a previous Restricted Share plan with 99.83% of the voting quorum.

d) Warrant Plan

The Warrant Plan represents a true co-investment instrument, through which beneficiaries are required to purchase warrants using their own capital at independently determined fair market value. If the Company's performance does not support future share-price appreciation, participants may lose their entire investment. Accordingly:

- Management bears genuine investment risk alongside shareholders;
- No value is generated if the share price does not increase;
- The highest conversion ratio with shares becomes available only after a 50% increase in share price relative to the strike price.

We believe that this co-investment structure represents one of the strongest possible forms of alignment between management and shareholders, also considering that under the Warrant Plan, the maximum conversion ratio becomes available only after substantial share price appreciation (i.e. approximately 50% also compared to current share price).

In summary, the above-described plans are a multi-layered package of instruments with complementary features and characteristics designed to retain and motivate not only the CEO but all key personnel involved in the execution of Avio's new strategy, in which most of the value becomes available only with the achievement of extraordinary results.

Market Positioning Remains Conservative

The framework was calibrated with the support of an independent adviser against a peer group comprising of European and U.S. industrial, aerospace and defense companies.

The analysis illustrated that, before the introduction of the proposed plans, the CEO's target compensation package was approximately:

- 28% below the market median;
- 40% below the upper quartile;
- particularly under-positioned in long-term equity incentives compared with relevant aerospace peers.

Even after a potential implementation, the CEO's target remuneration remains positioned between the first quartile and median of the reference peer group.

Conclusion

We believe the most important feature of the framework is that meaningful rewards can only be generated after substantial value has first been created for all shareholders.

By way of illustration, a share price reaching €50 would imply the creation of roughly €1 billion of additional market capitalization for shareholders compared with the Company's valuation at the time the plans were structured. Only after such value creation has occurred would management be able to achieve the highest levels of economic benefit under the plans.

The plans therefore do not represent a transfer of value from shareholders to management. Rather, they are designed to allow management to participate in a limited portion of the value that must first be generated for all shareholders.

The key elements to highlight are:

- Management remuneration becomes more dependent on long-term share-price performance;
- The Performance Share Plan links rewards directly to the operational and strategic drivers of future value creation;
- Senior executives may invest their own capital through the Warrant Plan, thus posing substantial portions of their remuneration entirely at risk.

In conclusion, we firmly believe that shareholders are best served when management is encouraged to think and act as long-term owners.

We are fully aware that maintaining a regular dialogue with our shareholders is vital to aligning interests and ensuring the achievement of our goal of long-term sustainable value creation for all stakeholders. If you need any clarification or wish to engage in a discussion, please do not hesitate to contact us.

We are confident in your support at the upcoming Ordinary Shareholders' Meeting and are grateful for your valuable time and consideration.

Yours faithfully,

Elena Pisonero

Chairperson of the Nomination and Remuneration Committee

Avio S.p.A.