



(Translation from the Italian original which remains the definitive version)

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 158,506,882.70 fully paid-in
Rome (RM) Companies Registration Office No.: 09105940960

HALF-YEAR REPORT AT JUNE 30, 2026

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HIGHLIGHTS

Net revenue

Euro 276.0 million (+17.5% on H1 2025)

EBITDA

Reported: Euro 11.9 million (+19.1% on H1 2025)

Adjusted: Euro 12.2 million (+7.3% on H1 2025)

EBIT

Reported: Euro 1.2 million (Euro 0.0 million in H1 2025)

Adjusted: Euro 1.5 million (Euro 1.4 million in H1 2025)

Profit before taxes

Euro 9.3 million (Euro 0.4 million in H1 2025)

Net Profit

Euro 9.2 million (loss of Euro 0.2 million in H1 2025)

Net financial position

Euro +535.7 million (Euro +591.7 million at December 31, 2025)

Investments

Euro 33.5 million (Euro 10.3 million in H1 2025)

Backlog

Euro 2,048 million at June 30, 2026 (Euro 2,166 million at December 31, 2025)

Research and development

costs of Euro 89.2 million, net of pass-through costs incurred in H1 2026, equal to 32.3% of net revenue for H1 2026 (costs of Euro 80.2 million, net of pass-through costs incurred in H1 2025, equal to 34.1% of net revenue for H1 2025)

Employees at period end

1,447 at June 30, 2026 (1,426 at December 31, 2025)

LETTER TO THE SHAREHOLDERS

Dear Shareholders

We are delighted to present Avio Group's 2026 Half-Year Financial Report.

Launch activities for the Vega C and Ariane 6 launchers continued successfully over the past six months.

On May 19, 2026, Vega C completed mission VV29, successfully launching the Solar Wind Magnetosphere Ionosphere Link Explorer (SMILE) scientific satellite for the European Space Agency (ESA) and the Chinese Academy of Sciences (CAS). SMILE will measure the interactions between the solar wind and Earth's magnetosphere to improve understanding of the dynamics between the Sun and Earth. The mission's success marked a significant milestone for the company, as it was the first Vega C launch in which Avio served in its new role as Launch Service Operator.

Meanwhile, work also continued on the Ariane 6 launchers in H1. Avio is a partner of the program, providing the solid-propellant boosters and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. On February 12, April 30, and June 17, 2026, Ariane successfully completed missions VA267, VA268, and VA269, respectively, placing a total of 100 satellites from the new Amazon Leo constellation into orbit. For the first time, the launcher used a four-booster, solid-propellant configuration which doubles the performance of Ariane 6, representing a major step forward for the European space program. Specifically, Mission VA269 was also the first mission carried out in a four-booster configuration using the P160C first-stage engines. Developed by Europropulsion, the joint venture between Avio and ArianeGroup, the P160C is based on the P120C's proven technology, delivering a significant increase in performance while maintaining full compatibility with the Ariane 6 launcher architecture. As the common propulsion system for the family of European launch vehicles, the P160C will support evolutions in the performance of Ariane 6 and future Vega configurations, strengthening Europe's ability to meet growing institutional and commercial demand, including the large-scale deployment of satellite constellations. Its monolithic carbon-fiber structure and increased propellant load ranks the P160C among the most powerful solid-propellant engines in its class, confirming Avio's key role in ensuring Europe's independent access to space.

H1 2026 saw the positive performance in the defense propulsion sector continue to strengthen. In Europe, Avio signed a new order worth in excess of Euro 35 million for the supply of solid-propellant engines and related aerodynamic components for the ASTER 30 defense system, further strengthening its partnership with the MBDA Group and supporting European defense in response to the growing demand for the SAMP/T NG missile defense system. On March 6, 2026, Avio signed a contract worth approximately USD 65 million for the development, qualification, and initial production of a solid-propellant engine for air defense in the United States, laying the groundwork for broader cooperation to provide critical defense systems to the US government and the NATO allies.

Underlining confidence in the Company's new equity story, which began with the Euro 400 million capital increase completed at the end of 2025, and in its related expansion strategy in the US defense sector, in the days immediately following the close of the half-year, Avio signed an investment agreement with funds managed and controlled by Advent International L.P., a leading US-based private equity firm and one of the most active global investors in the aerospace and defense sectors. The agreement is designed to support Avio's long-term growth in Italy and its US expansion plans by providing for Advent to subscribe to a reserved capital increase equal to approximately 7% of the Company's share capital on a pre-money basis. The capital raised will further strengthen Avio's equity structure and accelerate the long-term strategy to tackle the challenges associated with a lack of solid-propellant engine production capacity in both the United States and Europe. The transaction will also broaden Avio's shareholder base through the entry of a leading investor in the aerospace and defense sectors, one that boasts strong relationships with prime contractors, subcontractors, and US government agencies, and a proven track record in supporting and executing value-creation initiatives.

In terms of governance, H1 2026 also coincided with the renewal of your Company's corporate bodies: specifically, the Shareholders' Meeting held on April 28 renewed the Board of Directors for the three-year term from 2026 to 2028, ensuring that the Company has a governance structure that is robust, balanced, and consistent with best market practices. The new Board composition combines a diverse and complementary set of technical and professional skills gained in the aerospace and defense sectors, in addition to expertise in finance, sustainability, and institutional relations. The diverse backgrounds strengthen the Board's ability to guide Avio's strategic evolution, supporting managerial continuity and the creation of long-term value. The

Shareholders' Meeting also approved the distribution of a dividend of Euro 6.8 million (equivalent to Euro 0.14846 per share). The dividend was paid on May 20, 2026.

Looking to the operating and financial performance, H1 2026 closed with an order backlog of Euro 2.05 billion (-5.4% compared to December 31, 2025), with orders of approximately Euro 0.2 billion mainly relating to production and development contracts in the defense sector, and, for the remainder, to development contracts related to the Vega C launcher.

Net Revenue, which totaled Euro 276 million, saw double-digit growth on a half-year basis for the fourth consecutive year (+17.5% compared to H1 2025), confirming the company's robust ability to once again fulfill orders in H1 2026. Revenue growth in the first half of the year was primarily driven by increased Vega C production, production of engines for Ariane 6, and defense propulsion-related activities.

Reported EBITDA was Euro 11.9 million, up 19.1% on H1 2025, chiefly as a result of the improvement in revenue in the period.

The net financial position amounted to Euro 535.7 million, decreasing Euro 56 million on December 31, 2025, due to investments made during the period and the partial transfer to suppliers of advance payments received in Q4 2025.

The 2026 Guidance announced in March 2026 is confirmed.

Also in H1 2026, the successes of the Vega C and Ariane 6 programs reaffirm Avio's central role in the European space sector, particularly in light of its new role as Launch Service Operator, which it assumed following the successful Vega C launch in May. The Company is also ready to support the increased production rate of P120C and P160C engines associated with the higher launch frequency, particularly in light of the successful Ariane 6 launches that used four boosters instead of two for the first time.

Avio will also continue to enact its expansion strategy in the US defense sector with trust and dedication. In this regard, the entry of Advent - a global investor with extensive experience in the aerospace and defense sectors - will not only strengthen the Company's capital structure but also bring industrial relationships and development support capabilities that will be crucial in accelerating our growth plans, particularly in the US market, with the goal of creating value for all stakeholders. This partnership also demonstrates the credibility of our strategy and the confidence in Avio's long-term prospects.

With the support of all its stakeholders - to whom we once again extend our heartfelt thanks - Avio is ready to further strengthen its position as a leading player in the aerospace and defense sectors in both Europe and the United States.

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 space propulsion and solid propulsion for defense systems.

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 currently operates in the launch systems and space propulsion segments for the aerospace and defense sectors, particularly with regard 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 (Aster, CAMM-ER, MARTE and 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.

The process to transfer Vega C Launch Service Operator (LSO) and Launch Service Provider (LSP) functions was completed in 2025, in line with the ESA Board Resolution of November 6, 2023. The Group therefore undertakes the following activities: it develops the Launch Service User Manual, conducts marketing and commercialization activities, functions as a single interface with launch service customers, is responsible for the development of the launch manifest, defines customer requirements and specification of payload interfaces for the launch system, and carries out launch operations. Avio and ESA formalized these activities by updating the Launcher Exploitation Agreement (LEA) signed in November 2025.

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

- Vega C, an evolution of the current Vega model, this launcher made its maiden flight on July 13, 2022. Vega C has the capacity for a greater payload than the Vega and optimizes 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 ton satellites to GEO orbits, and 20 ton 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 the **defense business**, Avio participates in major national and international programs as a propulsion system supplier for the MBDA Group. Among these, the main public-domain programs are:

- Production programs:
 - o ASTER 30 (customer: MBDA France), surface-to-air weapon system;
 - o ASTER 15 (customer: MBDA France), surface-to-air weapon system;
 - o CAMM-ER (customer: MBDA Italia), surface-to-air weapon system;
 - o MARTE MK2/S-N (customer: MBDA Italia), an anti-ship system launched from helicopters and ships.
- Development programs:
 - o TESEO MK2E (customer: MBDA Italia), long-range anti-ship system;
 - o FULGUR (customer: MBDA Italia), a very short-range air defense system (VSHORAD), designed for both shoulder-fired infantry operations and deployment on light ground vehicles;
 - o AQUILA: Avio is part of the European HYDIS consortium led by MBDA France, which has been tasked with designing and developing the future European interceptor to counter major hypersonic maneuvering threats;

Since July 2024, Avio has also offered its expertise to the defense market in the United States. The main public-domain programs are being carried out in partnership with Raytheon (RTX) for the development of the MK104 engine¹, with the US Army², and with Defense Systems and Solutions (DSS), a joint venture between Yulista Integrated Solutions (YIS) and Science and Engineering Services (SES), acting as prime contractor for the US Department of War³.

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 SICRAL, Small GEO and EDRS-C satellites. Avio participated in the development and testing of the propulsion systems of the Hera satellite and the development and testing of the Mars Sample Return mission, for the Orbit Insertion Module and for the Return Module.

The Group operates in the following business lines:

- **Space Propulsion**

Activities related to solid-propellant propulsion systems for space launch vehicles (Space Propulsion) focus on the engines for the Ariane 6 launch vehicles and the first stage of Vega C (P120C and its successor, the P160C). In addition to these activities, those related to liquid-fuel propulsion systems for turbopumps for cryogenic engines, which are also being developed for the Ariane 6 launch vehicle, are also considered.

Ariane is a space program for ESA-sponsored GEO missions, in which ArianeGroup ("AG") is the prime contractor and Avio operates as a subcontractor for the launch of the new generation Ariane 6 whose test launch took place on July 9, 2024⁴; for this launcher Avio, through its subsidiary Europropulsion, is producing (i) the solid propellant P120C engine, used as a liftoff booster, (ii) the liquid oxygen turbopump for the Vulcain 2.1 engine and (iii) the liquid oxygen turbopump for the Vinci engine. Avio has also developed a more powerful version of the boosters called the P160, which is capable of increasing the launcher's thrust and, consequently, also its payload capacity. This entered service with the Ariane 6 launch on June 17, 2026⁵.

- **Launch Systems**

Activities related to space transportation systems (Launch Systems) focus on the Vega launch vehicle and its subsequent iterations (excluding the first-stage engine), liquid-propellant propulsion systems for satellites, new environmentally friendly liquid-propellant propulsion systems for future launch vehicles (MPGE), orbital modules and ground-based infrastructure related to the preparation and launch of launch vehicles, as well as activities related to the roles of Launch Service Provider and Launch Service Operator. Vega is a space program 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 P120, Zefiro 40 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 of the entire launcher, its subsequent production and commercialization and launch

¹ See the 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 the press release of September 24, 2025 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-usa-e-raytheon-rtx-estendono-la-propria-collaborazione-per-accelerare-la-produzione-del-motore-mk-104/MXXjB121bmj1YXRpLEJ3NzEwMDAwNjcYMDI1MXhwZDlwMjYwOTA2/eYJhbGciOiJIUzI1NiIsInR5cCI6IkpzXC5yJ9.eYJjaCl6InB1YmxpYyIsInNyYyl6IjE0fW50b2J1YXQlOiE3ODQ2ODUwOTJ9.iANgblMBX7X1kQsNmYabHUN7NlS5CfPqQ7Hm3tL0SC>

² See the press release of July 23, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/avio-partnership-con-l'esercito-degli-stati-uniti>

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

³ See the press release of March 6, 2026 at the link: [https://api.avio.it/assets/a8dee7b4-9a85-404b-9e9c-ea2c4564cbe8/2026_03_06%20-%20New%20contract%20DSS%20\(ITA\).pdf](https://api.avio.it/assets/a8dee7b4-9a85-404b-9e9c-ea2c4564cbe8/2026_03_06%20-%20New%20contract%20DSS%20(ITA).pdf)

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

⁴ See the press release of July 9, 2024 at the link: <https://www.avio.com/it/comunicati-stampa/successo-volo-inaugurale-dellariane-6>

⁵ See the press release of June 17, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/il-nuovo-ariane-6-con-4-booster-p160-c-lancia-con-successo-i-satelliti-amazon-leo>

operations, as well as the development of a cryogenic liquid oxygen-methane engine for the high stage, called MR10.

- **Defense Propulsion**

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

- ASTER 30, booster engine in the Thrust Vector Control (TVC) actuation system and the aerodynamic control surfaces (fins);
- ASTER 15, aerodynamic control surfaces (fins);
- CAMM-ER, booster and single stage sustainer engine, wiring and aerodynamic control surfaces (fins);
- MARTE MK2/2-N, sustainer engine;
- TESEO MK2E, axial booster engine;
- FULGUR, flight engine and ejection charge;
- AQUILA, propulsion segment of the rocket;
- MK 104, booster and single-stage sustainer engine.

With net revenue in the first half of 2026 of Euro 276.0 million and Reported EBITDA of Euro 11.9 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 90% of its revenue 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 32.3% of net revenue in H1 2026. 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 centers.

CORPORATE BODIES & COMMITTEES

Board of Directors

On April 28, 2026, the Shareholders' Meeting appointed the Board of Directors of Avio S.p.A., which in turn, on April 29, 2026, decided upon the internal appointments and the granting of the powers required to complete company operations. On May 12, 2026, the Board of Directors established the Board committees. The Shareholders' Meeting established the number of members as 9 and defined the term of office of the Board of Directors as three years, concluding on the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2028.

Roberto Italia	Chairperson
Giulio Ranzo	Chief Executive Officer
Stefano Ratti	Director (b)
Stefania Tomassi	Director (a)
Elena Pisonero (*)	Independent Director (a)
Laura Pierallini	Independent Director (b)
Heidi Shyu	Independent Director (b)
Raffaele Cappiello	Independent Director (a) (b)
Steven Duncan Wood	Independent Director (a)

a. Member of the Appointments and Remuneration Committee

b. Member of the Risks Control and Sustainability Committee:

(*) On July 29, 2026, Director Elena Pisonero resigned for personal reasons, effective as of the date of the Shareholders' Meeting called for September 8, 2026.

Board of Statutory Auditors

On April 28, 2026, the Shareholders' Meeting of Avio S.p.A. appointed its Board of Statutory Auditors, whose term of office is three years, concluding on the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2028.

Vito Di Battista	Chairperson
Silvia Muzi	Statutory Auditor
Filippo Maria Invitti	Statutory Auditor
Roberto Cassader	Alternate Auditor
Marianna Tognoni	Alternate Auditor

Supervisory Body

On May 12, 2026, the Board of Directors of Avio S.p.A. appointed the Supervisory Body, whose term of office is three years, concluding on the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2028.

Alessandro De Nicola	Chairperson
Giorgio Martellino	Member
Raoul Vitulo	Member

Independent Auditors

KPMG S.p.A. (2026-2034)

In ordinary session, the Shareholders' Meeting of December 20, 2024 resolved - approving the Board of Directors' proposal, drawn up on the basis of the terms contained in the reasoned proposal prepared by the Board of Statutory Auditors - to appoint KPMG S.p.A. as the independent auditors for the three year period 2026-2034. The same Shareholders' Meeting, as supplemented by the Shareholders' Meeting of October 23, 2025, in ordinary session, also resolved to appoint KPMG S.p.A. to perform a limited assurance of the Sustainability Statement for the years 2026-2028.

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 program 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 recognized thanks to its participation in the development program for Vega-C and Ariane 6's shared rocket stage, the P120C, and its lead systems engineering role in the VECEP program 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 for Ariane and 3 for Vega.

2016 - 2017

In the fourth quarter of 2016, 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 authorized publication of the listing prospectus for ordinary Space2 post-merger with Avio shares on the Italian Stock Exchange. The merger of 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) reorganized 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 reorganization, 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, Avio Guyane SAS was incorporated, wholly 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, optimizing the industrial processes and boosting productivity ahead of a future increase in the number of Vega launches.

2019-2021

On August 19, 2019, 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 significant 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 Defense Agency.

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 commercialization 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")⁶, Avio was assigned the role of launch service provider for the Vega family of launchers. On August 19, 2025, the 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 authorized to provide space access services, and is based on its recognized technological and industrial capabilities and its strategic positioning as part of the European space industry.

Following the approval of the new LED, Avio and the ESA also signed the new Launcher Exploitation Agreement enacting the principles of the LED in November 2025. This establishes Avio as the Vega C launch operator and the provider of Launch Services to its institutional and commercial customers⁷.

November 2025 also saw the ESA hold the Ministerial Conference for its member states, at which it determined for the first time a budget of approximately Euro 22 billion for the next three years of space activities. Germany became the top European contributor, followed by Italy and France. For Avio, the Ministerial Conference allocated assets of approximately Euro 600 million, chiefly funds to consolidate Vega C and move towards production, to increase launch frequency, and to support the qualification of new technologies for future evolutions of the launcher⁸.

Finally, in connection with the rights offering approved on October 23, 2025, and completed in accordance with the terms established by the Board of Directors on October 30, 2025, 19,630,197 new Avio ordinary shares

⁶ See the 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>

⁷ See the press release of November 14, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/esa-sigla-due-nuovi-accordi-lutilizzo-di-ariane-6-vega-c>

⁸ See the press release of December 5, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/sottoscrizioni-record-al-consiglio-ministeriale-esa-attesi-avio-oltre-eu600-mln>

were issued in November 2025, for a total value of Euro 399,867,112.89, of which Euro 66,742,669.80 represented share capital and Euro 333,124,443.09 represented share premium⁹.

2026

2026

In its second year as a Launch Service Provider for the Vega C launcher and following the approval of the Launcher Exploitation Agreement in late 2025, Avio has begun fulfilling the obligations set forth therein. These include (i) operational meetings with Arianespace and CNES to coordinate activities at the CSG launch site and (ii) participation in the Vega Exploitation Board meetings with ESA, to carry out follow-up to exploitation of the launcher.

The VV29 mission, which concluded successfully on May 19, 2026 with the launch of the SMILE satellite aboard a Vega C rocket, marked Avio's first launch as a Launch Service Operator¹⁰.

⁹ See the press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-diversa/sozializzazione-del-capitale-sociale/MXxib211bmjlYXRpLEjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6IjB1YmxpYyIsInNpdCI6IjY1IiwiaWF0IjoiMTc1OTU0ODQ2ODUyODd9.q3Zr8upW-v6BX5wXcn0THy3_39d2AesvWJXZTbe7m4U

¹⁰ See the press release of May 19, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-lancia-con-successo-il-satellite-smile-con-vega-c>

BUSINESS AREAS

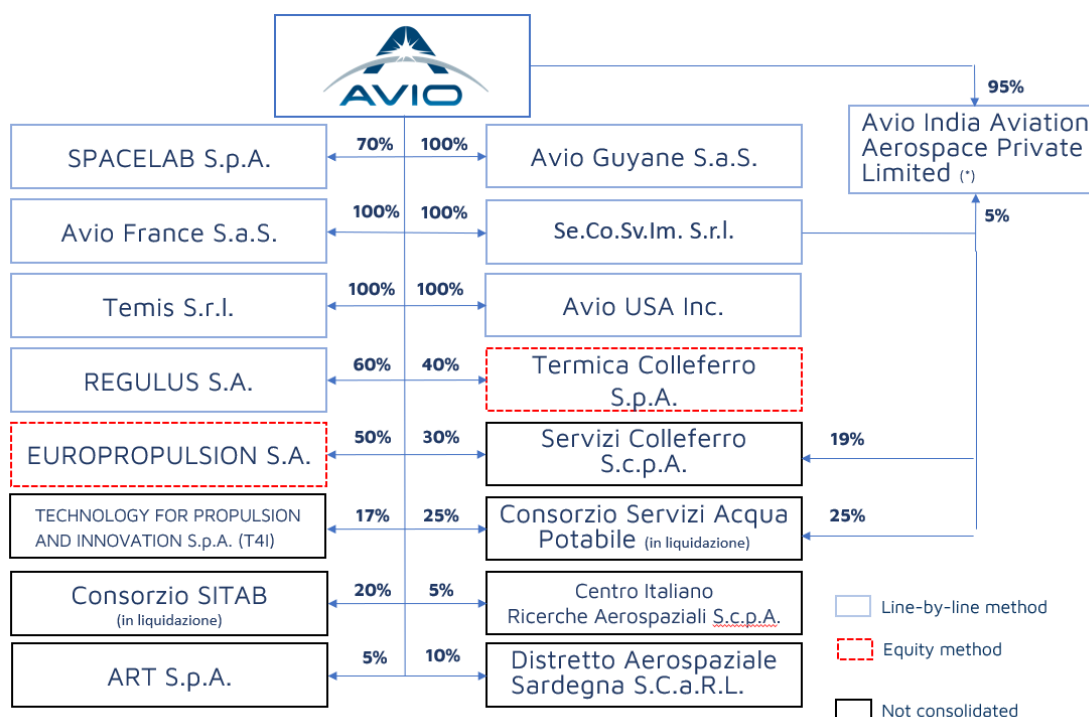
Core operations: design, development and production of solid and liquid propellant propulsion systems for space launchers; design, development and production of solid propellant propulsion systems for tactical missiles in the defense segment; development, integration and supply of complete light space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

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

Main customers: ESA (European Space Agency), ArianeGroup (formerly Airbus Safran Launchers), ASI (Italian Space Agency), MBDA.

GROUP STRUCTURE AND INTERNATIONAL PRESENCE

The Avio Group's ownership structure is reported below:



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

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 non-controlling interest 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

Global competitive landscape

The space launcher and propulsion sector is undergoing a profound transformation, driven by:

- intensifying international competition;
- growing institutional demand linked to security, defense, and technological sovereignty;
- structural pressure to reduce launch costs;
- accelerated technological innovation, with a focus on reusability, “green” propellants, and the digitalization of industrial processes.

In today’s geopolitical climate, Europe’s strategic autonomy in space access has become a critical priority. Against this backdrop, strengthening the European launcher system and its industrial framework are strategic priorities shared by institutions and industry operators alike, as confirmed by the outcomes of the European Space Agency (hereinafter also “ESA”) Ministerial Council meeting in November 2025. The launch of the first contracts under the European Launcher Challenge, promoted by the ESA, is also expected to increase the number of operators in the European launch vehicle sector.

Across the Defense sector, the international climate has driven a structural increase in investments, particularly in air defense and missile defense systems, accompanied by a persistent mismatch between demand and production capacity for solid-propellant engines in Europe and the United States. Consequently, Avio is set on consolidating its position as a strategic European leader in missile propulsion, by leveraging its unmatched technological expertise, and integrated industrial model.

Strategic position

The Avio Group is a leading European and global player ensuring autonomous access to space, built on integrated expertise in the design, development, production and operational management of launch systems, and solid, liquid and cryogenic propulsion.

The Group operates across the Space and Defense businesses with an industrial model combining:

- Launch Systems;
- Space Propulsion;
- Defense Propulsion.

Our strategy for the current decade is oriented to:

- consolidate our industrial leadership in the European launcher system;
- exercise full commercial and operational responsibility for Vega launch services;
- develop new, highly innovative and sustainable propulsion technologies;
- strengthen our position in the Defense sector, with a strategic focus on the US market;
- expand vertical integration and production capacity through a strengthened capital base.

Space business

The Space business remains the primary driver of the Group’s revenue and comprises the Launch Systems and Space Propulsion business lines.

Transformation of the European launcher industrial model

Following the approval of the new Launcher Exploitation Declaration (LED) by ESA Member States on July 10, 2025¹¹, Avio was formally appointed as the Launch Service Provider (LSP) and Launch Service Operator (LSO) for the Vega C launcher, with commercial responsibility for the Vega family’s launch services assigned to the company and a gradual transfer of the operational and integration functions. In August 2025, the French authorities granted Avio a ten-year license to conduct space operations under the French Space Operations Act

¹¹ See also the 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>

(Loi sur les opérations spatiales – LOS, 2008), marking Avio's full assumption of direct operational responsibilities.

The new organizational structure was first put into operation during Mission VV29 on May 19, 2026, the first Vega C launch conducted by Avio in its role as Launch Service Operator. This development strengthens control over the value chain and long-term commercial visibility, consolidating the Group's role as the European benchmark in the light launcher segment, with direct responsibility for the entire launch service lifecycle.

The ESA Ministerial Council meeting in November 2025 also awarded Avio contracts totaling over Euro 600 million¹², focused on consolidating the Vega C, increasing the launch cadence and qualifying new technologies for future upgrades to the launch vehicle. The contract is expected to be finalized in the 2026–2027 period, with expected implementation by 2028–2029.

Vega: consolidation and growth

The strategic priorities for the Vega launcher family are:

- stabilization and increase of the Vega C launch frequency;
- continuous industrial efficiency improvements;
- development of the new Vega E configuration, equipped with a cryogenic LOX-methane upper stage, and an MR10 engine.

In 2025, the Group completed the development and qualification of the P160C engine, an evolution of the P120C, which entered service in June 2026 with the Ariane 6 VA269 mission and is also intended to power future Vega configurations, with increased payload capacity.

Ariane program

Within the Ariane 6 program, Avio serves as a strategic supplier for:

- P120C and P160C solid-propellant boosters (via the Europropulsion joint venture);
- liquid oxygen turbopumps for the Vulcain 2.1 and Vinci engines.

In November 2025, Avio and ArianeGroup signed a contract for the stable production phase of Ariane 6, worth more than Euro 200 million for Avio and extending through 2029¹³, which ensures long-term production continuity.

During the first half of 2026, missions VA267 (February 12) and VA268 (April 30) placed a total of 64 satellites from the Amazon Leo constellation into orbit, using four P120C solid-propellant boosters for the first time instead of two, resulting in improved performance of the launch vehicle¹⁴. The subsequent mission, VA269 (June 17), was the first to use a four-booster configuration with the new P160C engines.

Technological innovation and development

Our long-term strategy is driven by intensive Research & Development, with structural investments that remain significantly high relative to revenue. The key strategic pillars are:

- development of enabling technologies to increase the performance of future launchers and reduce their cost, and in particular:
 - liquid fuel tanks in composite material;
 - modular avionics 3.0;
 - non-explosive stage separation systems;
 - sub-orbital and orbital demonstrators integrating our core next-gen technologies;
- development of the Multi-Purpose Green Engine (MPGE) under Italy's Recovery and Resilience Plan (PNRR);
- enabling of reusable upper stage technologies;
- development of high-thrust methane engines (e.g. MR60) as a building block for the next-gen launchers.

¹² See the press release of December 5, 2025 at the link: <https://www.avio.com/it/comunicati-stampa/sottoscrizioni-record-al-consiglio-ministeriale-esa-attesi-avio-oltre-eu600-mln>

¹³ See the press release of November 17, 2025 at the link: <https://www.avio.com/press-release/avio-and-arianegroup-sign-contract-ariane-6-stabilized-production-phase-valued-over>

¹⁴ See the press release of February 12, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/nuovo-ariane-64-con-4-booster-p120c-lancia-con-successo-satelliti-amazon-leo>

Our technological depth and specialization in high-complexity propulsion systems are the cornerstones of the Group's competitive standing, which is protected by high barriers to entry.

Defense business

The Defense business is a rapidly growing engine within the Group's portfolio, and a strategic axis for expansion. Avio leads the design, development and manufacture of:

- solid-propellant booster and sustainer motors;
- thrust vector control (TVC) systems;
- advanced aerodynamic surfaces and structural components.

In the first half of 2026, revenue from solid-propellant propulsion in the defense sector totaled approximately Euro 50 million, representing approximately 18% of net revenue for the period and an increase of approximately 25% compared to the first half of 2025. More than two-thirds of the orders secured during the half-year were for projects in this sector.

European market

The Group partners with leading global primes on major European missile programs. Our strategy within the European market is focused on:

- increase in production capacity;
- advancing European institutional demand;
- cementing our standing as the qualified partner of choice.

In this context, on June 18, 2026, a new order worth more than Euro 35 million was signed with MBDA France, with a four-year production timeline, for solid-propellant motors and related aerodynamic surfaces for the ASTER 30 defense system, in support of the SAMP/T NG anti-missile system¹⁵. The order is part of the framework agreement with the MBDA Group, under which orders totaling Euro 60 million had already been secured in July 2025.

Expansion into the US market

The US market represents one of the major growth vectors for us in this decade. For this purpose:

- Avio USA Inc. was established in 2022;
- industrial partnerships have been forged with leading US defense primes;
- a new production plant is currently under construction in the United States and is expected to begin operations by 2028.

Regarding the new industrial complex, announced in December 2025, it was announced on February 23, 2026 that the Hurt site in Pittsylvania County (Virginia)¹⁶ had been selected.

On March 6, 2026, Avio also signed a three-year contract worth approximately USD 65 million for the development, qualification and initial production of a solid-propellant engine for the U.S. Air Defense program¹⁷, to be carried out initially at the Colleferro plant, with an option to transfer series production to the U.S. site from 2029.

During this period, development of the MK104 Dual Thrust Rocket Motor also continued.

The strategic objective is to establish an autonomous industrial platform in the United States, gradually increasing the share of U.S. business of total revenue and diversifying the Group's geographic profile.

Investments, production capacity and financial resources

The industrial strategy is underpinned by an investment plan designed to:

¹⁵ See the press release of June 18, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/siglato-nuovo-ordine-da-oltre-35-milioni-di-euro-con-mbda-in-francia>

¹⁶ See the press release of February 23, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/virginia-approva-pacchetto-di-incentivi-nuovo-stabilimento-di-motori-propulsione>

¹⁷ See the press release of March 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-ha-firmato-contratto-da-65-milioni-di-dollari-nuovo-progetto-di-sviluppo-di>

- scale the production rate of the P120/P160 engines;
- upgrade the infrastructure at the Colleferro and Kourou sites;
- drive the growth of new Defense programs;
- develop the new production plant in the US.

In support of this plan, a capital increase of approximately Euro 400 million was completed in November 2025. On July 6, 2026, the Board of Directors also approved an investment agreement with funds managed by Advent International, which provides for a reserved capital increase with a maximum value of approximately Euro 109.4 million, corresponding to a stake of approximately 7% of the share capital on a pre-money basis¹⁸. Completion of the transaction is subject to the fulfilment of the customary conditions precedent, including authorization under Italian "Golden Power" legislation. The funds raised will be used to strengthen equity and support the growth strategy, with a particular focus on expanding the production capacity of solid-propellant engines and developing operations in the United States.

Strategic summary

The Avio Group Strategic Plan is built upon three core pillars:

1. reinforcing our Space leadership through the full end-to-end operation of our LSP/LSO roles, increasing the launch cadence and development of next-gen launchers;
2. driving structural expansion in the Defense business by accelerating growth across Europe and establishing an industrial base in the US;
3. scaling innovation and manufacturing capacity, supported by a strengthened equity structure, to drive increasing volumes and enhanced competitiveness.

These strategic workstreams are designed to cement the Group's standing as a strategic industrial powerhouse within the European launcher ecosystem, and as a rapidly expanding leader in the global space propulsion and defense markets. Our technological positioning, deep vertical integration and strong order book visibility underpin the resilience and medium/long-term sustainability of the Group's business model.

¹⁸ See the press release of July 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita->

SHAREHOLDERS

At June 30, 2026, the share capital of Avio S.p.A. of Euro 158,506,882.70 comprised 46,789,543 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.¹⁹ In light of the above, there are no additional sponsor warrants outstanding at the reporting date.
- 19,630,197 shares issued following the rights issue that began and concluded in FY 2025²⁰. On September 11, 2025, Avio's Board of Directors approved to submit to its shareholders a proposal for a rights issue for a total maximum amount of Euro 400 million (the "Rights Issue"). The Rights Issue approved by the Extraordinary Shareholders' Meeting held on October 23, 2025 subsequently provided that (i) the rights to subscribe to the new shares (the "Subscription Rights") would be exercisable from November 3, 2025 to November 17, 2025 (the "Subscription Period"), and (ii) the Subscription Rights would be tradable on the Euronext Milan, Euronext STAR Milan Segment, from November 3, 2025 to November 11, 2025. The Subscription Period concluded on November 17, 2025, with the subscription of 19,400,448 new shares, representing approximately 98.83% of the total new shares offered. Following the sale of unexercised subscription rights during the subscription period and the subscription of the related shares, the Rights Issue concluded successfully on November 20, 2025, with the subscription of 100% of the shares offered. This did not require the intervention of the underwriting syndicate and saw a total of 19,630,197 new ordinary Avio shares issued for a total countervalue of Euro 399,867,112.89 (of which Euro 66,742,669.80 to be allocated to share capital and Euro 333,124,443.09 to be allocated to share premium).

¹⁹ 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-degli-sponsor-warrant-space2-s-p-a/MXxb211bmljYXRpLjE3NzEwMDAwMzQyMDI1MXwxflwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsbnNyYyI6IjFWSU8iLCJpYXQiOiE3ODQ2ODU3MDd9.jtNAkyWGB7U6yiGGDfbtOeh8quBvXlc6oJhTjXqedOM>

<https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxb211bmljYXRpLjE3NzEwMDAwMzQyMDI1MXwxflwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsbnNyYyI6IjFWSU8iLCJpYXQiOiE3ODQ2ODU3MDd9.XrQFWJqu9OclxsS6Ec69P5PFESBPm5DH8OxDWHLAb3I>

²⁰ See the press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxb211bmljYXRpLjE3NzEwMDAwMDkyMDI1MXwxflwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsbnNyYyI6IjFWSU8iLCJpYXQiOiE3ODQ2ODU3MDd9.7GA-fx8G_koERXxGIn8097oT2R4kpJNkQ_gwU2zimwQ

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, Avio S.p.A.'s shareholder structure was as follows:²¹

Shareholder	% share capital
Leonardo S.p.A.	19.30%
The Goldman Sachs Group	5.50%
Columbia Threadneedle	4.06%
Barclays PLC	4.04%
Delfin S.a.r.l.	3.73%
In Orbit S.p.A.	0.87%
Treasury shares	1.34%
Remaining MTA free float	61.16%
Total	100.00%

²¹ On July 6, 2026, Avio signed an investment agreement with funds managed and controlled by Advent International L.P. ("Advent"), a leading US-based private equity firm and one of the most active global investors in the aerospace and defense sectors. The agreement provides for Advent to subscribe to a reserved capital increase equal to approximately 7% of Avio's share capital on a pre-money basis. The transaction's closing is subject to certain conditions precedent.

See also the press release of July 6, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita/MXxjb211bmIjYXRpLjE3NzEwMDAwNzYyMDI2MXwxflwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOi6iFWSU8iLCJpYXQiOiE3ODQ2ODU0MzI9.XJKhBsce4XGpQff8QjYd-yp7wCzqoqkVVQc8Jeb3ak>

H1 2026

H1 SIGNIFICANT EVENTS

Business

New Ariane 64 with 4 P120C boosters successfully launches Amazon Leo satellites²²

The European Ariane 6 launcher successfully completed its flight from French Guiana, placing 32 satellites into orbit. For the first time, the rocket used four P120C solid-propellant boosters developed by Europropulsion - a joint venture between Avio and ArianeGroup - which worked perfectly for approximately 134 seconds. The four-booster configuration doubles the performance of Ariane 6 compared to the dual-booster version, representing a major step forward for the European space program.

A more powerful version of the boosters, the P160C, has already been successfully qualified and will be used for upcoming missions. Avio is also responsible for production of the liquid-oxygen turbopump of the Vulcain 2.1 main-stage engine.

Virginia approves an incentive package for Avio USA's new SRM facility²³

Avio USA will establish its new solid rocket motor (SRM) production facility in Hurt, Pittsylvania County, Virginia. The new facility will produce solid rocket motors for defense, tactical propulsion, missile systems, and the commercial space sector.

Subject to approval by the Virginia General Assembly, Avio will be eligible for special incentives from the Major Employment and Investment Project Commission of up to USD 97.7 million, based on a planned investment of more than USD 500 million, and the creation of more than 1,000 jobs.

Avio signs a USD 65 million contract for a SRM development project in the USA.²⁴

Defense Systems and Solutions (DSS), a joint venture between Yulista Integrated Solutions (YIS) and Science and Engineering Services (SES), acting as prime contractor for the US Department of War, has selected the Avio Group for the development, qualification and initial production of a solid rocket motor (SRM) for air defense.

The three-year contract, valued at approximately USD 65 million, lays the foundation for wider cooperation between the parties in leveraging their respective expertise to provide critical defense systems to the US government and the NATO Allies. This agreement builds upon Avio's existing expertise at the Colleferro site. The transition to serial production in 2029 may also, as an option, make use of the Avio USA facility, ensuring an entirely US-made missile system, while simultaneously enhancing the resilience of the US supply chain.

Vega C successfully launches the SMILE satellite on Avio's first mission as a Launch Service Operator²⁵

On May 19, 2026, Avio successfully launched the Solar Wind Magnetosphere Ionosphere Link Explorer (SMILE) scientific satellite for the European Space Agency (ESA) and the Chinese Academy of Sciences (CAS) from the European spaceport in French Guiana using a Vega C launcher. The satellite was placed into a circular low Earth orbit at an altitude of approximately 700 km, for a mission to a highly elliptical, high-inclination orbit with a perigee of 5,000 km and an apogee of 121,000 km. The flight lasted 57 minutes from takeoff to the satellite's separation.

SMILE will measure the interactions between the solar wind and Earth's magnetosphere to improve our understanding of the dynamics between the Sun and Earth.

The mission, designated VV29, marked the first launch of the Vega C, with Avio in the role of Launch Service Operator.

²² See the press release of February 12, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/nuovo-ariane-64-con-4-booster-p120c-lancia-con-successo-satelliti-amazon-leo>

²³ See the press release of February 23, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/virginia-approva-pacchetto-di-incentivi-nuovo-stabilimento-di-motori-propulsione>

²⁴ See the press release of March 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-ha-firmato-contratto-da-65-milioni-di-dollari-nuovo-progetto-di-sviluppo-di>

²⁵ See the press release of May 19, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-lancia-con-successo-il-satellite-smile-con-vega-c>

New Ariane 64 with 4 P160C boosters successfully launches Amazon Leo satellites²⁶

On June 17, 2026, four new Avio P160C solid-propellant boosters successfully provided the initial thrust for the VA269 flight of Ariane 6. This enabled the launcher to place 36 Amazon Leo satellites into low Earth orbit and marked a significant step forward in a phase that seeks to increase the launch frequency of this new-generation European space launch system.

Developed by Europropulsion, the joint venture between Avio and ArianeGroup, the P160C is based on the P120C's proven technology, delivering a significant increase in performance while maintaining full compatibility with the Ariane 6 launcher architecture.

The upgraded version of the booster delivers improved performance thanks to targeted upgrades to its internal configuration. It retains the standard diameter of 3.4 meters to ensure maximum compatibility with the family of launchers.

New order worth over Euro 35 million signed with MBDA in France²⁷

As part of the framework agreement with MBDA France, Avio signed a production order worth over Euro 35 million for the supply of solid-propellant engines and related aerodynamic surfaces for the ASTER 30 defense system. The order will cover a four-year production period. This new order confirms the positive momentum in Avio's defense propulsion sector and further strengthens the company's collaboration with the MBDA Group, supporting European defense in response to the growing demand for the SAMP/T NG missile defense system.

Other significant events

Signing of a shareholder agreement between Leonardo S.p.A., In Orbit S.p.A. and RBC Holding S.r.l.²⁸

The shareholders of Leonardo S.p.A., In Orbit S.p.A., owned by certain directors/executives of Avio, and RBC Holding S.r.l., wholly-owned by Red Black Capital SA, have entered into a shareholder agreement pursuant to Article 122 of the CFA (the "Shareholder Agreement") which defines and regulates their mutual commitments regarding:

- the exercise of voting rights at the Extraordinary Shareholders' Meeting of Avio called on March 3, 2026, to approve the draft amendments to the By-Laws, as described in the report prepared pursuant to Article 125-ter of the CFA and Article 72 of the Issuers' Regulation, in accordance with the provisions of Schedule 3 of Annex 3A of the Issuers' Regulation and published on February 9, 2026,
- the joint formation and presentation of slates of candidates for the appointment of Avio's Board of Directors and Board of Statutory Auditors, respectively; and
- the exercise of voting rights at the Ordinary Shareholders' Meeting scheduled for April 28, 2026, for the renewal of Avio's corporate bodies.

Entry of Avio into FTSE MIB

From Monday, March 23, 2026, Avio's stock has been traded on the FTSE MIB following the latest quarterly review of the indexes.

²⁶ See the press release of June 17, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/il-nuovo-ariane-6-con-4-booster-p160-c-lancia-con-successo-i-satelliti-amazon-leo>

²⁷ See the press release of June 18, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/siglato-nuovo-ordine-da-oltre-35-milioni-di-euro-con-mbda-in-francia->

²⁸ See the press release of February 24, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/sottoscrizione-di-un-patto-parasociale-tra-gli-azionisti-leonardo-in-orbit-e-rbc-holding/MXxjb211bmljYXRpLjE3NzEwMDAwMTcyMDI2MXwxflwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6ImB1YmxpYyIsInNyYyI6IklFWSU8IiJpYXQiOiE3ODQ2ODU4MDR9.UU9ZS4BslbV9Yb2A33mGZddQhqlDxD5Kle3pNxobDnQ>

Publication by In Orbit S.p.A. of the candidate lists for the renewal of the Board of Directors and the Board of Statutory Auditors, also in the name and on behalf of RBC Holding S.r.l. and Leonardo S.p.A.²⁹

On March 27, 2026, a list of candidates for the renewal of the Board of Directors and a list of candidates for the renewal of the Board of Statutory Auditors were filed with the Company.

Publication by In Orbit S.p.A. of the updated candidate list for the renewal of the Board of Statutory Auditors, also in the name and on behalf of RBC Holding S.r.l. and Leonardo S.p.A.³⁰

On April 2, 2026, with regard to the joint slate for the renewal of the Board of Statutory Auditors that had been filed on March 27, 2026, the Parties filed their updated slate with the Company.

Filing and subsequent publication by institutional investors of the slates for the renewal of the Board of Directors and the Board of Statutory Auditors³¹

On April 3, 2026, a list of candidates for the renewal of the Board of Directors and a list of candidates for the renewal of the Board of Statutory Auditors (published on April 7, 2026) were filed with the Company by a group of shareholders consisting of asset management companies and other investors, who collectively hold approximately 2.58% of the Company's share capital.

Distribution of dividends³²

On April 28, 2026, Avio S.p.A.'s Ordinary Shareholders' Meeting approved, with more than 99% of the participating share capital in favor, the Board of Directors' proposal to distribute a dividend of Euro 6,800 thousand, to be paid out from the 2025 profit.

Appointment of the Board of Directors³³

With the favorable vote of more than 99% of the share capital represented at the Meeting, the Shareholders' Meeting approved the proposal to set the term of office of the Board of Directors at three years and, therefore, until the date of the Shareholders' Meeting called to approve the 2028 financial statements. The Shareholders' Meeting appointed the following members to the Board of Directors:

1. Roberto Italia, as Chairperson of the Board of Directors
2. Giulio Ranzo, Director
3. Stefano Ratti, Director
4. Stefania Tomassi, Director

²⁹ See the press release of March 27, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/pubblicazione-delle-liste-per-il-rinnovo-degli-organ-sociali-depositate-da-in-orbit-s-p-a-leonardo-s-p-a-e-rbc-holding-s-r-l-MXxb211bmljYXRpLjE3NzEwMDAwMDYyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU4NjR9.601HShbJrNdB9iQrfdkBDdgaCdrwErZJ29Kbnw_fi4

³⁰ See the press release of April 2, 2026 at the link: [https://syndication.teleborsa.it/Avio/Financial-Announcements/pubblicazione-della-lista-aggiornata-per-il-rinnovo-del-collegio-sindacale-depositata-da-in-orbit-s-p-a-leonardo-s-p-a-e-rbc-holding-s-r-l-MXxb211bmljYXRpLjE3NzEwMDAwNDYyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU5MDB9.MCqYyDt_V5hBAHMHMHloNEGpdZ-arfEunGtlU56WGP2Fs](https://syndication.teleborsa.it/Avio/Financial-Announcements/pubblicazione-della-lista-aggiornata-per-il-rinnovo-del-collegio-sindacale-depositata-da-in-orbit-s-p-a-leonardo-s-p-a-e-rbc-holding-s-r-l-MXxb211bmljYXRpLjE3NzEwMDAwNDYyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU5MDB9.MCqYyDt_V5hBAHMHloNEGpdZ-arfEunGtlU56WGP2Fs)

³¹ See also the April 4, 2026 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/deposito-delle-liste-per-il-rinnovo-degli-organ-sociali-da-parte-degli-investitori-istituzionali/MXxb211bmljYXRpLjE3NzEwMDAwNDYyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU5MDB9.MCqYyDt_V5hBAHMHMHloNEGpdZ-arfEunGtlU56WGP2Fs

The April 7, 2026 press release at: https://syndication.teleborsa.it/Avio/Financial-Announcements/pubblicazione-delle-liste-per-il-rinnovo-degli-organ-sociali-depositate-dagli-investitori-istituzionali/MXxb211bmljYXRpLjE3NzEwMDAwNDYyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU5MDB9.MCqYyDt_V5hBAHMHMHloNEGpdZ-arfEunGtlU56WGP2Fs

³² See the press release of April 28, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/assemblea-ordinaria-degli-azionisti-di-avio-s-p-a-28-aprile-2026-nominati-i-nuovi-organ-sociali-per-il-triennio-2026-2028-ed-approvate-le-altre-mozioni-assembleari/MXxb211bmljYXRpLjE3NzEwMDAwNTMyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU5MDB9.MCqYyDt_V5hBAHMHMHloNEGpdZ-arfEunGtlU56WGP2Fs

³³ See the press release of April 28, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/assemblea-ordinaria-degli-azionisti-di-avio-s-p-a-28-aprile-2026-nominati-i-nuovi-organ-sociali-per-il-triennio-2026-2028-ed-approvate-le-altre-mozioni-assembleari/MXxb211bmljYXRpLjE3NzEwMDAwNTMyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2ODU5MDB9.MCqYyDt_V5hBAHMHMHloNEGpdZ-arfEunGtlU56WGP2Fs

5. Laura Pierallini, Director
6. Heidi Shyu, Director
7. Maria Elena Pisonero Ruiz, Director
8. Raffaele Cappiello, Director
9. Steven Duncan Wood, Director

As regards the remuneration to be paid to the members of the Board of Directors, the Shareholders' Meeting approved, with more than 99% of the share capital present at the Meeting voting in favor and no votes against, the proposal to set the remuneration payable to the Chairperson of the Board of Directors at Euro 225,000.00 gross per year, and to each Director at Euro 55,000.00 Euros gross per year, in addition to reimbursement of expenses incurred in the performance of their duties, for the entire three-year term of the Board of Directors.

Appointment of the Board of Statutory Auditors for the 2026-2028 period.³⁴

The Shareholders' Meeting appointed the following members to the Board of Statutory Auditors, which will remain in office for the three-year period from 2026 to 2028 and, therefore, until the date of approval of the 2028 financial statements:

1. Vito Di Battista, Chairperson of the Board of Statutory Auditors
2. Silvia Muzi, Statutory Auditor
3. Filippo Maria Invitti, Statutory Auditor
4. Marianna Tognoni, Alternate Auditor
5. Roberto Cassader, Alternate Auditor

As regards the remuneration to be paid to the members of the Board of Statutory Auditors, the Shareholders' Meeting approved, with more than 99% of the share capital present at the Meeting voting in favor, the proposal to set the remuneration payable to the Chairperson of the Board of Statutory Auditors at Euro 65,000.00 gross per year, and to each Statutory Auditor at Euro 45,000.00 gross per year, in addition to reimbursement of expenses incurred in the performance of their duties, for the entire three-year term of the Board of Statutory Auditors.

Appointment of the New Board of Directors: Giulio Ranzo, Chief Executive Officer and General Manager³⁵

The first meeting of the Board of Directors of Avio S.p.A. elected on April 28, 2026 by the company's Shareholders' Meeting was held on April 29, 2026. It was chaired by Mr. Roberto Italia, Chairperson of the Board of Directors. Avio's Board of Directors appointed Giulio Ranzo as Chief Executive Officer and granted him the powers to manage the Company, without prejudice to his previously assigned role as General Manager.

The Board of Directors also resolved, among other matters:

- to confirm the appointment of Mr. Giulio Ranzo as Director in charge of the Company's Internal Control and Risk Management System;
- with the approval of the Board of Statutory Auditors, to confirm the appointment of Mr. Roberto Carassai as the Executive Officer for Financial Reporting pursuant to Article 154-*bis* of the CFA;
- to confirm the appointment of Mr. Nevio Quattrin as investor relations manager;
- to confirm the appointment of Mr. Giorgio Martellino as Information Contact Person, pursuant to Article 2.6.1 of the Borsa Italiana S.p.A. Stock Exchange Regulation, and Information Contact Person for the Company's inside information procedure, and as Secretary of the Board of Directors;
- to confirm the appointment of Ms. Letizia Macri as the Executive in charge of the Company's strategic activities pursuant to Golden Power regulations.

³⁴ See the press release of April 28, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/assemblea-ordinaria-degli-azionisti-DX-xb11bmjYxRPLJE3zEwMDAwNtMyMDI2M5xwFdlwMjYwOTA2/evJhbGciOiJIUzUxNiIsInR5cCI6IkpXVCJ9.eYJaCl6InB1YmmpYyIsInNyYy6lFWSU8iLCJpYXQiOiE3ODQ2ODU5MDBB.MCqYvDt_M5xBAHHMloNeGpdZ-arfUnGtU56WGP2Fs

³⁵ See the press release of April 29, 2026 at the link: https://syndication.teleborra.it/Avio/Financial-Announcements/inseidamento-del-nuovo-consiglio-di-amministrazione-di-avio-s-p-a-giulio-ranzo-amministratore-delegato-e-direttore-generale/MXxbj21bmlijXYRPeJ3nZEWMDAUNTUyMDI2MXwxfDlwMjYwOTA2EybJhbGciOiJIeSUiNilsinR5Cik6kpxVCJ9.eyjJaCi6inB1YmXPYylsinYyYl6iFWSUX8ILcJpYXQIOeJ3ODa2ODU5MDB9.MCaYyDt_V5hBAHMMIoNEGpdz-arfEnugtu5W6WGPF2s

Pursuant to Article 16.3 of the By-Laws, the Board, with the favorable opinion of the Board of Statutory Auditors, appointed Ms. Letizia Macri as the Executive Officer for Sustainability Reporting, assigning her the relevant powers and responsibilities regarding sustainability reporting.

Publication of the notice of termination, due to natural expiration, of a shareholder agreement concerning shares of Avio S.p.A., pursuant to Article 122 of Legislative Decree No. 58/1998 (the "CFA") and Articles 129 and 131 of Issuers' Regulation No. 11971/1999 (the "Issuers' Regulation")³⁶

April 28, 2026 - upon the conclusion of the Shareholders' Meeting of Avio ("Avio" or the "Company") held on the same date to, among other matters, renew the Company's corporate bodies (the "Meeting to appoint the Corporate Bodies") - saw the natural expiration of the shareholder agreement signed on February 24, 2026, pursuant to Article 122, paragraphs 1 and 5, subparagraphs (a) and (b) of the Consolidated Finance Act (CFA), between Leonardo S.p.A., In Orbit S.p.A., and RBC Holding S.r.l. (the "Shareholder Agreement"), which covered: (i) the exercise of voting rights at Avio's Extraordinary Shareholders' Meeting on March 3, 2026, to approve the proposed amendments to the Company's By-Laws; (ii) the joint formation and presentation of slates of candidates for the appointment of Avio's Board of Directors and Board of Statutory Auditors, respectively; and (iii) the exercise of voting rights at the Meeting to appoint Avio's Corporate Bodies.

Allocation of shares to beneficiaries of the "2023-2025 Performance Share Plan" and the "2023-2025 Restricted Share Plan"³⁷

In implementation of the "2023-2025 Performance Share Plan" approved by the Board of Directors on March 13, 2023, and subsequently by the Shareholders' Meeting on April 28, 2023, on May 12, 2026, 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 105,114 Company shares, free of charge, to the Plan's Beneficiaries.

Furthermore, in implementation of the 2023-2025 Restricted Share Plan approved by the Board of Directors on March 13, 2023, and subsequently by the Shareholders' Meeting on April 28, 2023, the Board of Directors also resolved to allocate, free of charge, a total of 264,566 shares of the Company to the beneficiaries of the Plan, effective as of June 20, 2026, the date of conclusion of the Vesting Period (as defined in the Plan Prospectus). Said allocation is subject to verification, on that same date, that all conditions set forth in the Plan have been met by each beneficiary and by the Company.

Appointment of the Supervisory Body and the Internal Audit Manager³⁸

At its meeting on May 12, 2026, the Board of Directors appointed the Supervisory Body pursuant to Legislative Decree No. 231/01. This Board consists of Mr. Alessandro De Nicola, as Chairperson, Mr. Raoul Francesco Vitulo, and Mr. Giorgio Martellino (the Company's General Counsel) and is entrusted with the duties, resources, and powers set forth in the 231 Model adopted by the Company.

The Board of Directors also resolved to award the Avio S.p.A. Group's internal audit contract to Protiviti S.r.l. for a period of three years, from July 1, 2026, to June 30, 2029, appointing Ms. Cristina Peano as Internal Audit Manager and assigning to her the role, powers, and duties set forth in the Corporate Governance Code.

³⁶ See the press release of April 30, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/pubblicazione-dell-avviso-di-cessazione-per-naturale-scdenza-del-patto-parasociale-sottoscritto-tra-gli-azionisti-leonardo-in-orbit-e-rbc-holding/MXxb211bmljYXRpLjE3NzEwMDAwNTgyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJkFWSU8iLCJpYXQiOiJlE3ODQ2ODU5MDB9.MCgYyDt_V5hBAHHMioNEGpdZ-arfEunGtlU56WGP2Fs

³⁷ See the press release of May 12, 2026: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-q1-2026/MXxb211bmljYXRpLjE3NzEwMDAwNTgyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJkFWSU8iLCJpYXQiOiJlE3ODQ2ODU5MDB9.MCgYyDt_V5hBAHHMioNEGpdZ-arfEunGtlU56WGP2Fs

³⁸ See the press release of May 12, 2026: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-q1-2026/MXxb211bmljYXRpLjE3NzEwMDAwNTgyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJkFWSU8iLCJpYXQiOiJlE3ODQ2ODU5MDB9.MCgYyDt_V5hBAHHMioNEGpdZ-arfEunGtlU56WGP2Fs

MARKET PERFORMANCE AND OPERATIONS

General overview: historic and future outlook

In H1 2026, 155 orbital launches were made (compared to 149 in the same period in 2025), 5 of which recorded a mission failure (compared to the total of 6 in the same period of 2025). Globally, these 155 launches put into orbit 2,350 satellites (2,086 in the same period of 2025), for a total transported mass of 1,552 tons (1,454 tons in the same period of 2025). The first half of 2026 saw the continuation of the trend of previous years, dominated by the deployment of SpaceX's Starlink mega-constellation (1,546 satellites launched in H1 2026, equal to 889 tons of mass, via 59 dedicated Falcon 9 launches).

The numbers for 2026, 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 the first groups of Amazon LEO satellites (US) launched starting in April 2025).

From the perspective of orbits, low Earth orbit (LEO) missions (Vega's target segment) continue to consistently increase: in the first months of 2026 globally, there were 126 LEO launches (with a transported mass of 1,430 tons, compared to 1286 tons in 2025, excluding launches to the ISS and the CSS), and 8 GTO/GEO launches (transported mass of 42 tons, compared to 78 tons in 2025). 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, of the 2,350 satellites placed in orbit in the first few months of 2026, 725 were SmallSats (i.e., with a mass <500 kg), compared to 399 in the first months of 2025, an increase on H1 2025 due to an acceleration in launches dedicated to "mini" Starlink satellites.

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 industry's leading countries shows that in H1 2026, 71% of the mass was carried by US launchers (93 total launches), 12% by Chinese launchers (42 total launches, showing their poor fill-up compared to US competitors), and only 3% by European Ariane and Vega launchers (4 launches).

Mega-constellation deployment accounts for 78% of the total mass launched. Discounting this predominant component, the overall mass carried into orbit drops to 336 tons, and the distribution of this mass among the various orbits shows that LEO orbits predominate: 58% of the mass is placed in LEO (ISS/CSS excluded) - i.e. in the Vega C target market - 21% goes to ISS and CSS Space Stations, while just under 13% is placed in GEO and only 8% in other orbits. Only one third of the transported mass of European origin was launched by Ariane and Vega, the remaining two thirds being entrusted to US launchers (Falcon 9 and Electron).

Forecasts for this decade and the next indicate a strong growth in transported mass, with an estimated CAGR of 2% between 2026 and 2034. This majority of 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.

Launchers market

H1 2026 confirmed the global trend of recent years in which few nations had a launch service offer capable of responding not only to the continually solid institutional market, but also to the growing commercial market. As mentioned in the previous paragraph, these countries were the USA and China (together covering 86% of launches, and approximately 97% of the mass launched - and, to a lesser extent, Russia, Europe, India and Japan. New nations such as Germany, Australia and South Korea are joining the autonomous space access landscape, with unsuccessful results so far.

The following new launcher missions were reported in H1 2026:

- Ceres 2, a Chinese medium launcher from Galactic Energy, China. - Failure;
- Ariane 64, a heavy launcher from Arianespace, France;
- Kinetica-2, a Chinese medium/heavy- launcher from CAS, China;

- Tianlong-3, a Chinese heavy launcher from Space Pioneer, China. – Failure;
- Soyuz-5, a Russian heavy launcher developed by Roscosmos, Russia. – Suborbital;
- Zhuque-2, a Chinese commercial medium launcher with LOX/CH4 liquid propulsion;
- CZ-12B, a heavy Chinese launcher;
- H-3-30S, a medium launcher developed by JAXA, Japan.

The most used “legacy” launchers remained the Space X Falcon 9 (77 launches), the CGWI CZ in its various versions (29 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.

Defense market

Military spending by the NATO countries and the European Union increased sharply, reinforcing the trend toward rearmament driven by the international geopolitical tensions.

- EU spending 2025: final figures show that total spending by EU member states exceeded initial estimates, reaching Euro 418 billion in 2025 (equivalent to 2.2% of EU GDP), marking the 11th consecutive year of growth.
- Italian military spending 2025: national defense spending rose sharply, increasing 36% on the previous year and rapidly approaching the target of 2% of GDP.

Data collected in H1 2026 confirm that defense market growth is not a temporary phenomenon, but a long-term structural trend. Investments are focusing heavily on procuring new weapons systems and technological modernization.

- European Union projections 2026: based on trends in the first half of the year, total EU military spending is projected to reach Euro 454 billion by the end of 2026 (approximately 2.4% of GDP). Of this amount, approximately 36% is earmarked for direct investments in equipment and new technologies, with spending on research and development estimated to grow to Euro 20 billion. The main driver of defense spending in the European bloc is Germany, whose 2026 defense budget has been confirmed and constitutionally protected. This exceeded Euro 108 billion (equivalent to approximately 2.4% of the country's GDP).
- Focus Italia (direct estimates 2026): the state budget plan was finalized in H1 2026. Direct “pure” military spending for the current year stands at Euro 33.9 billion. Of this amount, a new all-time high of Euro 13.1 billion has been allocated for the purchase of new weapons systems; this figure represents an increase of approximately 1 billion compared to the 2026 budget initially set out in the three-year plan prepared in 2025.

This upward trend is expected to continue at the same pace in the coming years. Resolutions from NATO summits and European programs have outlined the following targets:

- NATO target: the strategic discussion to raise the military spending target to 5% of GDP by the end of the next decade remains on track, with budgets also set to include costs related to infrastructure and industrial resilience.
- European Horizon (2029–2035): based on European Defense Agency (EDA) data, at the current rate, spending by EU countries alone will reach Euro 547 billion by 2029. Key countries such as Germany and the United Kingdom have already formalized long-term plans to reach spending levels of between 3.5% and 5% of GDP by 2035 to meet global commitments.

The data are compiled by Avio based on the information and publications available on the EDA website ([2026-eda_defencedata_webpublic.pdf](#)) and in specialized journals, including RID – *Rivista Italiana Difesa*.

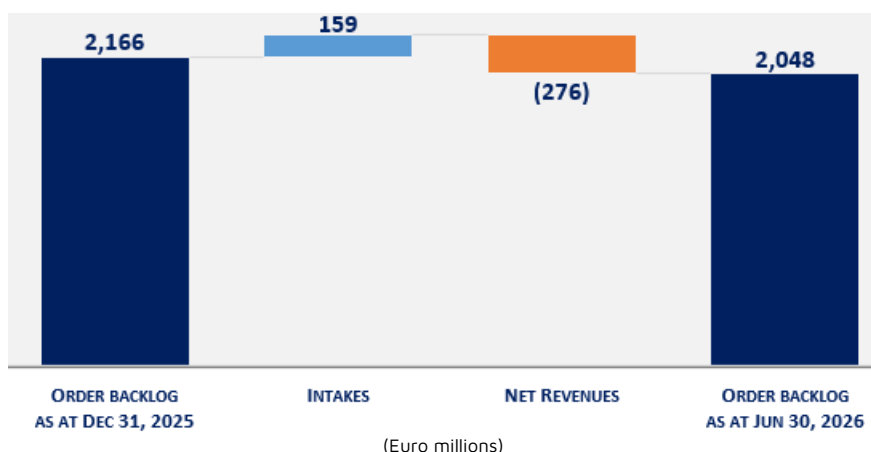
GROUP OPERATING PERFORMANCE, FINANCIAL AND EQUITY POSITION

Backlog

The industrial sector of space programs in which Avio operates is characterized 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, 2026 was Euro 2,048.1 million, a net decrease of Euro 117.5 million (-5.4%) on December 31, 2025. This information will be reported in the press release presenting the first half 2026 results on September 10, 2026³⁹ and in the presentation to analysts and investors for the first half 2026 results, to be communicated to investors and analysts on September 10, 2026.

The order intake in H1 2026 totaled Euro 158.5 million, mainly concerning:

- in the space segment: Vega, for development on the launcher family;
- in the defense segment: the contract signed in the USA for the development, qualification and initial production of a solid rocket motor (SRM) for air defense⁴⁰ and for the production order to supply solid-propellant engines and related aerodynamic surfaces for the ASTER 30 defense system⁴¹.



With regard to the backlog at June 30, 2026, which coincides with the remaining performance obligations totaling Euro 2,048.1 million, it is reasonably estimated that it shall give rise to the recognition of revenue of approximately 15% of the amount in H2 2026, for approximately 30% in 2027 and 2028, with the remainder mainly in 2029 and 2030.

An indication on the order intake or backlog in H1 2026 is also reported:

- in the institutional presentation for investors and analysts on the approval of the Additional Quarterly Disclosures for Q1 2026⁴² and in the relative Press Release⁴³ 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 2025 financial statements and the Additional Quarterly Disclosures for Q1 2026, available on the company website in the "Investors" section.

³⁹ Avio website, in the "Investors" section: <https://investors.avio.com/Investors/Financial-Announcements/>

⁴⁰ See the press release of March 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-ha-firmato-contratto-da-65-milioni-di-dollari-nuovo-progetto-di-sviluppo-di>

⁴¹ See the press release of June 18, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/siglato-nuovo-ordine-da-oltre-35-milioni-di-euro-con-mbda-in-francia->

⁴² See the presentation of the Q1 2026 highlights at the link: https://avio-data.teleborsa.it/2026/2026_05_12-Avio-Q1-2026-results_v12_20260512_061034.pdf

⁴³ See the May 12, 2026 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-q1-2026/MXxb211bmIjYXRpLjE3NzEwMDAwNjAyMDI2MXwxfDlwMjYwOTA2eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYyI6IktFWSU8iLCJpYXQiOiJlE3ODQyYnZB9.ZNxEJoC37yKBV5pAwcKlhx59OBtwauXV_azna9Ooupc

Operating performance

The table below summarizes the comparable operating performance of the Group for the first half of 2026 and the first half of 2025 (in Euro thousands):

	H1 2026	H1 2025	Change
Revenue	277,244	260,363	16,881
of which: Pass-through revenue	1,200	25,500	(24,300)
Revenue, net of pass-through revenue	276,044	234,863	41,181
Other operating income	4,339	2,995	1,344
Costs for goods and services, personnel, other operating costs, net of capitalized costs and pass-through	(270,128)	(228,227)	(41,901)
Investments accounted for using the equity method - operating income/(charges)	1,651	363	1,288
Reported EBITDA	11,905	9,994	1,911
Amortization and depreciation	(10,672)	(9,966)	(707)
Reported EBIT	1,233	29	1,205
Interest and other financial income	4,775	330	4,446
Net financial income	4,775	330	4,446
Income (charges) from financial assets	3,324	-	3,324
Profit/(loss) before taxes	9,333	358	8,975
Current and deferred taxes	(177)	(546)	369
Profit/(loss) for the period	9,156	(187)	9,343

Revenue net of pass-through revenue shows revenue net of income from the re-invoicing of costs by a joint venture (i.e., Europropulsion S.A.) that is not fully consolidated, without profit margins, and therefore defined as "pass-through".

Revenue net of pass-through revenue amounted to Euro 276,044 thousand in the first half of 2026, increasing Euro 41,181 thousand (+17.5%) on the first half of 2025. This net increase is mainly attributable to the production activities of Vega C, the increase in the production of P120C/P160C engines for Ariane 6 and the growth of the defense sector.

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

	H1 2026	H1 2025	Change
Launch Systems (*)	168,778	153,178	15,600
Space Propulsion	57,289	41,683	15,606
Defense Propulsion	49,977	40,002	9,975
Revenue, net of pass-through revenue	276,044	234,863	41,183

(*) The line items "Vega", "Technology Development Projects (NextGen EU)" and "Satellite and Other Activities", which were presented separately in the first half of 2025 for illustrative purposes only, are included in the "Launch Systems" line item.

Reported EBITDA in the first half of 2026 was Euro 11,905 thousand, increasing 19.1% on H1 2025. Reported EBIT amounted to Euro 1,233 thousand, improving Euro 1,205 thousand on H1 2025. The increase in Reported EBITDA on the first half of 2025 is mainly attributable to higher revenue and profit margins, driven chiefly by the profitability of the Space business. The Reported EBIT reflects the same

underlying dynamics as Reported EBITDA, in addition to the effect of higher amortization and depreciation in the first half of the year compared to the previous year, primarily attributable to investments made to increase the launch frequency of the Vega C launcher and in Information Technology.

The H1 2026 result was also affected by:

- interest income accrued on current accounts and the quarterly restricted deposits made during 2026 due to the increased average cash on hand, following the conclusion of the rights issue share capital increase for a total amount of approximately Euro 400 million, which occurred in the last two months of 2025;
- the fair value adjustment of Euro 3,346 thousand for the investment in ART S.p.A., which is classified under "Other companies". The fair value of the investment in ART S.p.A. at June 30, 2026 was estimated based on the valuation determined in connection with the transaction to sell the company's shares, which was formalized after the reporting date. This valuation is based on a negotiation between independent parties and is supported by a fairness opinion prepared by an independent expert.

For a more complete presentation 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 profit margins for H1 2026 and H1 2025 are reported below:

	H1 2026	H1 2025	Change
Adjusted EBITDA	12,207	11,382	826
Adjusted EBITDA Margin (against revenue net of pass-through rev.)	4.4%	4.8%	
Adjusted EBIT	1,535	1,416	119
Adjusted EBIT Margin (against revenue net of pass-through rev.)	0.6%	0.6%	

Adjusted EBITDA is considered by management as representative of the Group's operating performance as, in addition to not considering the effects of amortization 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 unusual components of Group operations, improving the comparability of the operating results.

The H1 2026 Adjusted EBIT was Euro 12,207 thousand (4.4% of net revenue), increasing Euro 826 thousand (+7.3%) on Euro 11,382 thousand for H1 2025 (4.8% of net revenue). This performance exhibits the same upward trend as the corresponding reported figure. Adjusted EBIT, also considered by management as representative of the Group's operating performance, consists of Reported EBIT excluding non-recurring or unusual components, already excluded for the calculation of Adjusted EBITDA.

Adjusted EBIT for the first half of 2026 amounted to Euro 1,535 thousand (0.6% of net revenue), increasing Euro 119 thousand on the first half of 2025 (0.6% of net revenues) and reflecting the same underlying dynamics as Adjusted EBITDA, in addition to the effect of amortization and depreciation in the period.

The reconciliation between Reported EBIT, Adjusted EBIT and Adjusted EBITDA for the first half of 2026 and the first half of 2025 is provided below (Euro thousands):

	H1 2026	H1 2025	Change
A Reported EBIT	1,233	29	1,205
- new European launcher governance	-	264	(264)
- other non-recurring charges/(income)	76	254	(178)
- corporate, legal and financial consultancy	13	535	(522)
- settlement agreements/incentives/other personnel costs	213	365	(152)
- extraordinary accruals 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 programs (mainly included in provisions for risks and charges and with a minority portion to adjust inventories).	-	(30)	30
B Total non-recurring Charges/(Income)	302	1,388	(1,086)
C Adjusted EBIT A+B	1,535	1,416	119
D Net amortization and depreciation	10,672	9,966	707
E Adjusted EBITDA C+D	12,207	11,382	826

The decrease in the Non-recurring Charges/(Income) is mainly due to the reduction in corporate and legal consulting costs and lower accruals to extraordinary provisions for personnel departures of the Group companies under "settlement agreements/incentives/other personnel costs".

In addition, the reconciliation of the profit/(loss) for the period, Adjusted EBIT and Adjusted EBITDA is presented below (in Euro thousands):

	H1 2026	H1 2025	Change
Profit/(loss)	9,156	(187)	9,343
Current and deferred taxes	177	546	(369)
(Interest and other income)/financial expenses	(4,775)	(330)	(4,446)
(Income)/charges from financial assets	(3,324)	-	(3,324)
Non-recurring expenses/(income)	302	1,388	(1,086)
Adjusted EBIT	1,535	1,416	119
Net amortization and depreciation	10,672	9,966	707
Adjusted EBITDA	12,207	11,382	826

Financial performance

H1 2026 presents net financial income of Euro 4,775 thousand, compared to net financial income of Euro 330 thousand in the first half of the previous year. This increase derives chiefly from interest income accrued on current accounts and the quarterly restricted deposits made during 2026 due to the increased average cash on hand, following the conclusion of the rights issue for a total amount of approximately Euro 400 million, which occurred in the last two months of 2025.

Income taxes

Income taxes in H1 2026 amounted to Euro 177 thousand (Euro 546 thousand in H1 2025), with the decrease on the same period of the previous year mainly attributable to lower IRAP tax.

Reclassified Statement of Financial Position

The analysis of the Group's financial position is shown in the following table (in Euro thousands); this is a restated presentation that does not coincide with the "consolidated statement of financial position" prepared in accordance with IFRS Accounting Standards:

	June 30, 2026	December 31, 2025	Change
Property, plant and equipment	217,166	193,950	23,216
Investment property	3,997	4,053	(56)
Right-of-use assets	11,347	11,961	(613)
Goodwill	62,829	62,829	-
Intangible assets with definite life	136,161	134,571	1,590
Investments	20,445	18,270	2,175
Total fixed assets	451,946	425,634	26,313
Net working capital	(307,040)	(334,146)	27,106
Other non-current assets	6,184	6,504	(320)
Other non-current liabilities	(26,404)	(27,597)	1,193
Net deferred tax assets	87,518	87,570	(52)
Provisions for risks and charges	(28,437)	(33,582)	5,145
Employee benefits	(8,677)	(8,793)	116
Net capital employed	175,090	115,591	59,499
Non-current financial assets	1,177	1,177	-
Net capital employed and non-current financial assets	176,268	116,768	59,499
Net financial position	535,701	591,710	(56,009)
Equity	(711,969)	(708,478)	(3,491)
Sources of funds	(176,268)	(116,768)	(59,499)

Fixed assets total Euro 451,946 thousand at June 30, 2026, a net increase of Euro 26,313 thousand on December 31, 2025 as a combined effect of the following main movements:

- a net increase of Euro 23,161 thousand in Property, plant and equipment and Investment property, primarily due to investments, totaling Euro 26,193 thousand and mainly related to the investments made in April for the acquisition of approximately 1,200 acres of land zoned for industrial use within the Southern Virginia Multimodal Park by the subsidiary Avio USA Inc., and in plant and buildings and to support extraordinary maintenance, net of the depreciation for the period;
- a net decrease in right-of-use assets of Euro 613 thousand, mainly attributable to the net effect of new leases, in particular for the fleet of cars, net of depreciation for the period;
- a net increase in Intangible assets with definite life for Euro 1,590 thousand, relating to investments of Euro 7,285 thousand mainly associated with design and testing and for the construction of the new engines and avionics elements, net of amortization for the period;
- a net increase in Equity investments for Euro 2,175 thousand, principally due to the effect of measuring the investments in the jointly-controlled Europropulsion S.A. and the associate Termica Colleferro S.p.A. using the equity method, and the fair value adjustment of the investment in ART S.p.A., which has been classified under "other companies". The fair value of the investment in ART S.p.A. at June 30, 2026 was estimated based on the valuation determined in connection with the transaction to sell the company's shares, which was formalized after the reporting date. This valuation is based on a negotiation between independent parties and is supported by a fairness opinion prepared by an independent expert.

“Net working capital” was negative due to an excess of liabilities over assets of Euro 307,040 thousand, changing by Euro 27,106 thousand on the previous year. The main components are outlined in the following table (in Euro thousands):

	June 30, 2026	December 31, 2025	Change
Contract work-in-progress, net of advances	(472,114)	(518,064)	45,950
Inventories	153,591	148,550	5,042
Trade payables	(151,589)	(127,170)	(24,419)
Trade receivables	5,832	5,613	218
Other current assets and liabilities	157,241	156,925	316
Net working capital	(307,040)	(334,146)	27,106

The negative “Net working capital” (current trading) decreased due to the cyclical nature of advances from customers characterized by the amounts associated with the acquisition of new orders, in addition to the progress of the production and development orders, partially offset by the strategic supply procurement dynamics.

“Other current assets and liabilities” in Net working capital decreased by Euro 316 thousand from the previous year end. The main components are shown below (in Euro thousands):

	June 30, 2026	December 31, 2025	Change
VAT assets	13,038	11,938	1,100
Research and development tax assets, technological innovation and industry 4.0.	7,372	7,372	-
Current tax assets	5,440	2,563	2,877
Other current assets	174,582	168,449	6,132
Current income tax liabilities	(8,068)	(5,132)	(2,936)
Other current liabilities	(35,124)	(28,266)	(6,858)
Other current assets and liabilities	157,240	156,925	316

There was a net increase in “VAT assets” of Euro 1,100 thousand compared to the previous year end, due to the VAT assets accrued in the period of Euro 3,100 thousand, net of offsetting and reimbursements for Euro 2,000 thousand.

With regard to research and development, technological innovation and Industry 4.0 tax assets, the Avio Group recognized R&D tax assets of Euro 7,372 thousand for the period, attributable entirely to the parent Avio S.p.A., and accrued in the preceding years. With reference to “current tax assets”, “current income tax liabilities”, and “other current liabilities”, please refer to the Notes to the condensed interim consolidated financial statements for further details.

“Other current assets” increased by Euro 6,132 thousand, mainly due to amounts due from employees. The rise is primarily attributable to the completion, in the last week of June 2026, of the 2023-2025 Restricted Share Plan, which resulted in the allocation of shares to the beneficiaries. In this regard, Avio made an advance payment of the IRPEF withholding taxes related to the allocation of shares to employees; these amounts were subsequently recovered in July 2026. “Other current assets” includes “Advances to suppliers,” which accounts for approximately 90% of the total balance at June 30, 2026. 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 in this item 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 programs established in the preceding years. The decrease is chiefly attributable to: (i) the net change, amounting to Euro 3,029 thousand, resulting from the use of the provision for variable compensation following the payment, in April 2026, of employee incentives earned based on the achievement of corporate and individual targets, net of the related accruals for the period; (ii) the reclassification to current liabilities of tax liabilities in the amount of Euro 390 thousand, subsequently paid in H1 2026, following the signing of the settlement agreement on February 20, 2026,

regarding the findings concerning the restructuring of goodwill amortization relating to 2003; (iii) the use of Euro 781 thousand from the provision for environmental risks and charges to cover and pay the related expenses.

Analysis of the net financial position

A statement follows of the Avio Group's net 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, 2026	December 31, 2025	Change
A Cash	(140,467)	(291,846)	151,378
B Cash equivalents	(405,000)	(310,000)	(95,000)
C Other current financial assets	-	-	-
D Liquidity (A+B+C)	(545,467)	(601,846)	56,378
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	3,356	3,296	61
F Current portion of non-current financial debt	-	-	-
G Current financial debt (E+F)	3,356	3,296	61
H Net current financial debt (G+D)	(542,111)	(598,550)	56,439
I Non-current financial debt (excluding current portion and debt instruments)	6,410	6,840	(430)
J Debt instruments	-	-	-
K Trade payables and other non-current liabilities	-	-	-
L Non-current financial debt (I + J + K)	6,410	6,840	(430)
M Total financial debt (H + L)	(535,701)	(591,710)	56,009

At June 30, 2026, the Avio Group reports a net financial position of Euro 535,701 thousand (Euro 591,710 thousand at December 31, 2025), with cash and cash equivalents exceeding financial liabilities.

The net financial 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 financial position of Euro 591,710 thousand at December 31, 2025 to a financial position of Euro 535,701 thousand at June 30, 2026, down Euro 56,009 thousand, principally due to the cyclical nature of cash flows from operating activities, in addition to capital expenditure.

Current financial debt, amounting to Euro 3,356 thousand (Euro 3,296 thousand at December 31, 2025), includes mainly:

- current financial liabilities, mainly related to leased assets of Euro 3,335 thousand (Euro 3,278 thousand at December 31, 2025);
- other current financial liabilities for Euro 22 thousand (Euro 18 thousand at December 31, 2024).

The non-current financial debt of Euro 6,410 thousand (Euro 6,840 thousand at December 31, 2025) includes non-current financial liabilities, mainly for leased assets for Euro 6,410 thousand (Euro 6,827 thousand at December 31, 2025).

Changes in Equity

Consolidated equity at June 30, 2026 amounts to Euro 711,969 thousand, increasing Euro 3,490 thousand compared to December 31, 2025, as a result of the following main movements:

- distribution of a dividend of Euro 6,800 thousand on the profit for 2025;
- recognition of the consolidated profit for the period of Euro 9,156 thousand;
- net positive effect from the recognition of the stock grant reserve for Euro 1,350 thousand.

For further details regarding changes in equity for the period, see the "Condensed Consolidated Statement of Changes in Equity" included in the condensed consolidated interim financial statements at June 30, 2026.

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 2026 amounted to Euro 90.4 million (Euro 80.2 million in H1 2025), equal to 32.6% of gross consolidated revenue for H1 2025 (40.6% in H1 2025).

The cost of self-financed activities in H1 2026 amounted to Euro 9.2 million (Euro 4.7 million in H1 2025) and include Euro 5.6 million in development costs capitalized as intangible assets with definite life (Euro 2.8 million in H1 2025) and Euro 3.7 million in research costs or costs for the development of projects not meeting the requirements for capitalization, which were directly recognized to profit or loss (Euro 1.9 million in H1 2025).

Total self-financed activity costs charged to profit or loss for H1 2026 amounted to Euro 5.4 million (Euro 3.9 million in H1 2025), including Euro 3.7 million for costs not directly capitalizable and expensed (Euro 1.9 million in H1 2025) and Euro 1.7 million for the amortization of development costs capitalized (mainly) over previous years (Euro 1.9 million in H1 2025).

In H1 2026, 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 2026, the P160C engine was qualified, and on June 17, 2026, an Ariane 6 rocket - equipped for the first time with four P160C engines - was successfully launched. The P160C constitutes an upgrade on the P120C engine as the former's load of approx. 160 tons 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-fiber 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.

In addition, in continuity with previous years, research and development continued on new energetic materials, 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 defense 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-fiber 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 optimizing 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 2026, work continued on the design and testing of the LPM cryogenic propulsion system aimed at managing the propellant needed to fuel the MR10 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 MR10 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 MR10. This was a major step forward in the development and qualification of the innovative LOx-CH₄ MR10 engine, which, when integrated into the third-stage propulsion system, will enable the Vega E launch vehicle to place a payload of approximately 2.7 tons into orbit.

The first development model of the entire MR10 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 fire 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 finalized in 2023, successfully concluding the test campaign in August 2023.

In late 2024, the design of the third DM3 demonstrator of MR10 was completed. In H1 2025, the implementation and integration of the subsystems of the SPTF bench were completed. This enabled the performance, in August 2025 at SPTF, the long-run tests of the MR10 - DMx2 engine, which integrated for the first time the TVC system for thrust direction control during engine operation phases. In H1 2026, following the static firing test at SPTF, the MR10-DMx2 engine was integrated into the IFD1 flight demonstrator, which will undergo a functional fire test at the Torre Gigli test center in Sardinia.

Within the scope of space activities financed under the National Recovery and Resilience Plan, in 2025 and in early 2026 the first full-scale (mainly technological) models of the following propulsions systems and related subsystems were created:

- 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;
- 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;
- 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). Just as the MR10, the M60 will be made by additive layer manufacturing (ALM) to an innovative thermodynamic design that will maximize its specific impulse.

Space Transport Systems

In 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 put the CO3D and MicroCarb satellites into orbit in July. The former satellite will be dedicated to Earth observation, while the latter will monitor carbon dioxide emissions.

H1 2026 saw the continued development and integration of the Space Raider propulsion system. 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 2030.

Furthermore, in H1 2026, 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 later two-stage-to-orbit launcher, based on use of the MR10 LOx/LCH₄ thruster;
- 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 2026, following the completion of the qualification activities for the CAMM ER engine, the ageing program (being finalized) 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 program, production continued on the Italian, French and UK Ministry of Defense orders, and finally, on request and financing from MBDA, activities began to ramp-up booster production rates.

As part of the Teseo MK2/E program, 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 H1 2026 on the axial booster that will be used on a long-range anti-ship and "dual role" missile.

In 2025, the HYDIS program (a European consortium program supported by OCCAR) continued. This will enable Avio to collaborate on the design and production of a hypersonic missile, expanding its defense range.

In addition, Avio continued to collaborate with MBDA to complete the development program 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.

In H1 2026, Avio continued to participate in the R&S HYROGLIVE (Hypersonic Glide Vehicle Research & Innovation for European Defense) program as a partner in a European consortium led by MBDA Deutschland, funded by the European Defense Fund (EDF). HYROGLIVE seeks to develop European expertise in hypersonic vehicle (HGV) technology, including hypersonic gliders, to create both deep strike capabilities and effective defenses against similar hypersonic threats, closing the technology gap with powers such as the US, China and Russia. 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, 2026, Avio Group employees (including temporary workers) numbered 1,643, increasing on 1,533 at June 30, 2025. The number of employees does not include those of Europropulsion S.A., which was consolidated using the equity method. The majority of the workforce is employed by the parent, Avio S.p.A., which at the same date employed 1,449 people (1,357 at June 30, 2025).

Organization

In H1 2026, various organizational changes were made:

- in the Programs and AFC departments, the organizational structure for project controllers was streamlined; this working team was previously supervised by individual project and program managers. Organizational change led to the creation of a dedicated Business Planning & Controlling team within the AFC department. This team uses shared, standardized approaches and metrics, ensuring compliance with program milestones and key deadlines. It also serves as a liaison between the needs of financial oversight and those of contract management support.
- the Programs Department established a unit dedicated to Project Risk Management, with the goal of improving consistency and structure in monitoring the risks associated with bids, contracts, and project progress management;
- as regards governance and processes, a cross-functional body was established to monitor and manage bid and program risks, involving the company's key departments.
- following the creation of the Launch Service business unit within the Commercial Division, the mission management organizational structure was streamlined by assigning coordination of Mission Managers to the Programs Department, and specifically to the unit responsible for managing the Vega C launcher. This move sought to strengthen integration between program management, mission preparation, and launch services;
- the organizational unit dedicated to Trade Compliance management - which, following the intensification of US programs, has been increasingly involved in activities related to import/export regulations and ITAR - underwent two distinct organizational changes. These were structured in two specific phases and looked to strengthen two critical areas: the purely business-related aspect and the regulatory and management aspect. Initially, the unit was under the responsibility of the Defense Sales Department, in order to better align it with business needs. It ultimately became part of the Legal, Compliance & Corporate Affairs Department, while simultaneously benefiting from the addition of a senior staff member in charge of completing the structuring process.
- in the Engineering area, the Liquid Propulsion Engineering unit restructured its organizational framework, creating two distinct units dedicated to design and innovation activities and to product engineering activities, respectively. This development enabled further improvements in the specializations within the Department, assigning the two areas responsibilities that are more focused on their respective fields of expertise;
- the area under the COO's responsibility saw the implementation of various organizational measures, particularly in the area of Industrial Operations:
 - The previous organizational structure, which combined Production, Integration, and Testing, evolved into a model consisting of several autonomous organizational units: Production Centers, Launch System & Integration, Test and Facilities & Assets. As part of this change, the company also took the opportunity to centralize its operations in French Guiana under the supervision of the executive in charge of integration activities, who simultaneously assumed the role of Chairperson of Avio Guyane.
 - The Production Systems and Plant function has been streamlined, and its previous responsibilities have been distributed among various specialized organizational units, taking into account the need for focus, proximity to decision-making, and integration with operational processes. Specifically:
 - plant and infrastructure operations have been consolidated into the new Facilities & Assets function;
 - the responsibilities related to testing and experimentation facilities have been integrated into the Testing function;
 - activities directly related to production facilities have been assigned to the Production Centers;

- the infrastructure supporting launcher integration and mission management activities (on the Operations side) has been consolidated into the Launch System & Integration function;
- aspects relating to technological development and plant industrialization, together with co-ordination of Industrial Managers, have been realigned under Process and Materials Engineering, with the exception of the Industrial Managers in the Defense sector. Due to the need for organizational segregation and centralized management of the sector's industrial expertise, these managers have been integrated into a specific, dedicated organizational unit, which is also responsible for activities carried out at the US industrial site.

Industrial Relations

Meetings with the General Workers' Representative Body (RSU) continued in H1 2026 in order to involve and inform trade union representatives regarding the Company's development and the initiatives it had introduced, such as the Project to Improve Production Efficiency, the staggered continuous-cycle shifts, and the main Q1 anomalies. Minutes for the meeting regarding PDP results for 2025 (disbursement July 2026) were also shared. The minutes also regulated the conversion of the bonus into Welfare, including the definition of Welfare.

The following were signed with the RSU:

- an agreement for a training plan for Fondimpresa funds;
- a new agreement on the Productivity Bonus (PDP) for 2026 (payment 2027);
- an agreement regarding video surveillance in the snack rooms 4072/2026;
- an agreement regarding video surveillance in Room 4560.

Worker labor situation:

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

- 36 new hires: (i) 2 temporary employees at Avio; (ii) 34 temporary agency workers on fixed-term contracts;
- 11 fixed-terms workers were hired on permanent contracts at Avio;
- 19 conversions to staff lease, of which 8 were apprentices.

Management of employees with disabilities

Exemption was requested and obtained for 39 staff.

Talent Acquisition (recruitment)

In H1 2026, in line with last year's trend to continue to cope with various programs 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, 120 searches are currently underway. During H1 2026, 69 new staff were hired. 94% came through external channels, and 6% from the conversion of fixed-term employees to permanent positions.

To complete 2026's white-collar requirements, 48 employees with varying seniority are still required. As regards Internal Job Posting (the internal opportunities for Avio employees), 61 job postings were processed in the first six months of the year, 85 internal applications were received, resulting in 17 moves.

Alongside its plan to hire office staff, the company continued to onboard young talent through work experience, internships, and dissertation projects, confirming the strategic value of these tools in strengthening ties with the academic community and fostering the development of skills that align with the Company's current and future needs. These programs constitute an important opportunity for growth, career guidance, and exposure to the professional world for the young people involved, while also enabling the various company divisions to foster technical, operational, and cross-functional initiatives. As such, they contribute to the dissemination of new skills, approaches, and ways of working within the organization. 13 extracurricular internships were launched in H1 2026.

In H1 2026, the new "Ready to Lift Off" Induction & Onboarding process was introduced to improve the onboarding and integration experience for new employees. The project introduced a structured program that guides new hires from the stages leading up to their start date to the end of their first year on the job, using dedicated tools, scheduled meetings with managers and HR, and the introduction of a "buddy" system.

There are currently 19 active Buddies providing informal support to new colleagues in understanding business processes and fostering relationships across departments. In the first half of the year, 44 new hires (Buddees) were welcomed to the program. The initiative seeks to speed up organizational and cultural integration, enhancing employee engagement, well-being, and retention.

Talent Development

In 2026, the company set out a Merit and Development Plan. In H1, 85 actions were carried out: 70 promotions, of which: 1 to the qualification of Executive, 1 to Professional Expert and 1 to Professional Specialist (the highest Manager level), 10 to the qualification of Manager (Levels A3, A2 and A1 of the chemical contract), 10 to the company title of Professional (chemical contract levels B1 and B2), 45 transitions to the white-collar level, of which 34 new graduate pathways and 2 changes from blue-collar to white-collar, 8 merit promotions and 7 one-off interventions.

Again this year, the Company implemented a system of variable bonuses, tied to Avio Group targets for 2026, for Executives-Managers and Professionals (640 people, or 49% of the total workforce). The 2026 target allocation process has changed since the previous year; the changes that occurred in the 2026 target allocation process are outlined below. The weight of individual targets returns to 50%; the weight of company-wide targets is also 50%; the indicators remain the same as last year: Adjusted EBITDA, NFP, productivity, and quality.

Therefore, the targets will have fixed weightings that cannot be changed, 4 of which are company-wide with 50% weighting as follows:

- "adjusted EBITDA", 15% weighting;
- "net financial position", 15% weighting;
- "productivity target", 10% weighting;
- "quality target", 10% weighting;

4 individual targets with 50% weighting as follows:

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

Determination and disbursement of the bonus will be dependent on achievement of individual and organizational performance targets; the rating scale remains unchanged from 2025, i.e. from 0 to 3.

A performance evaluation process has also been introduced within the Zucchetti system for both office staff and blue-collar workers. The VdP (Performance Evaluation) system is used to evaluate and reward the performance of employees who are not beneficiaries of the MBO system. The model is based on a blended evaluation that considers both results achieved and organizational conduct throughout the year. Specifically, 60% of the evaluation is based on the achievement of role- and performance-related targets, while the remaining 40% is based on organizational skills and conduct, including teamwork, communication, results orientation, operational flexibility, analytical thinking, and innovation.

The process involves setting and agreeing on targets at the beginning of the year, interim reviews, and a final evaluation supported by a feedback meeting between the manager and the employee. The goal of this process is to ensure the most objective assessment possible of the individual's contribution, taking into account the results achieved, the tasks performed, and their conduct over the course of the twelve months. The reward system therefore recognizes not only the achievement of operational goals but also soft skills and the ability to collaborate effectively within the organization.

Talent Attraction (Employer Branding)

In recent years, the Talent Team has worked - and continues to work - on enhancing the Avio brand. The goal in this area is to make the company attractive and well-recognized in the Italian job market and expand the pool of qualified candidates to support current and future recruiting needs, a goal that is pursued through a structured employer branding strategy.

Employer branding activities are based on two main "assets": online and offline.

On the online front, during the half-year, digital content dedicated to employer branding was created and disseminated, published on Avio's official social channels and on the company intranet. The initiatives were designed to attract junior and senior candidates, increasing both the number and quality of applications received, and promoting opportunities for growth and internal mobility.

Pages were also created and updated on our main external digital channels, such as: LinkedIn, Glassdoor, and Indeed. In accordance with its D&I policies, a new recruitment platform has been adopted: Jobmetoo.

Offline initiatives focused on organizing and participating in events for both internal staff - strengthening the network of Employer Branding Ambassadors by involving employees from various company departments - and external stakeholders with different skill sets and levels of experience. These included university students, professionals, and industry experts. These initiatives fostered dialogue with potential candidates and helped attract increasingly qualified staff. Collaboration with the academic world was further strengthened through corporate presentations, workshops, and case studies, with the goal of promoting awareness of the aerospace sector and increasing Avio's visibility among the next generation of talent. This approach was also reinforced by Avio's participation in specialized master's programs in the aerospace and aviation fields, where it provided scholarships to develop skills that align with the company's business needs.

Important topics including Sustainability and D&I were addressed in H1 2026 through participation in several dedicated summits and events.

In H1 2026, the HR Talent&Development team organized and participated in 36 activities, including:

- 4 company visits;
- 4 conferences/roundtables (including 1 D&I event);
- 9 career days/job meetings;
- 13 speeches, educational presentations, lectures, and seminars at universities across Italy;
- 1 Project work + 1 day assessment and award ceremony;
- 2 Recruitment days for the Avio-sponsored master's degree program at La Sapienza University;
- 2 "GET PREPARED" orientation days;
- 1 presentation on a doctoral project at Avio - University of Pisa.

Training

Avio recognizes 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 2026, 19,958 hours of training were provided, with 3,187 participations (from personnel, contractors and staff leasing), a 19% increase on the previous year. 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 5.17 points on a 6-point scale.

Specifically, the following activities were carried out in H1 2026:

- the process to consolidate the Avio Academy began; this is intended not merely as a catalogue of courses, but as an internal system for sharing knowledge, developing skills, and leveraging the company's know-how. The model is based on enhancing internal training, identifying subject matter experts in addition to internal trainers, mapping training needs, and developing training programs that align with key roles and business objectives. It was against this backdrop that the Train the Trainer - Avio Academy & Faculty project was launched. This targeted in-house trainers and sought to establish a common language, clarifying the role of the in-house trainer, and making the transfer of expertise more structured, accessible, and sustainable over time. The program included engagement and feedback activities, a pre-course survey, dedicated training sessions, and opportunities for discussion, all with the goal of strengthening standards, shared methodologies, and a sense of belonging to the company's Faculty. In H1, the Train-the-Trainer model was also applied to the Human Factor 2.0 project through the involvement of supervisors as internal subject matter experts and safety trainers. This approach aligned with the goal of developing increasingly sustainable in-house training that is closely aligned with the business and focused on continuous improvement;

- internal training was strengthened in the company's key areas of expertise, with a particular focus on technical and specialized skills, engineering, digital skills, process management, security and compliance, and organizational management. A total of 6,000 hours of training was delivered, involving 40 in-house trainers and an average satisfaction rating of 5.21 on a scale of 6. The following initiatives were particularly significant:
 - 1) training designed to meet engineering needs, specifically: Requirement Management &, DOORS; System Data Management &, SED, MBSE, Trajectory Optimization, Computational Fluid Dynamics; Training in the field of GNC (GNC Algorithms [C-CODE], Flight Separation, Flight Processes, Flight Safety); Wind Tunnel Test Activities;
 - 2) security and compliance activities, such as the half-yearly NOS e-learning training, and management/organizational programs such as training on shifts, attendance, and national collective bargaining agreements (CCNL). Support was also provided for training on corporate security issues as part of the Smile Campaign (VV29). This saw the participation of 124 people, for a total of 208 hours of training provided;
- the "Human Factor 2.0" project continued, building on the initiative launched in 2025. The goal of this project was to strengthen the safety culture and prevent human error by developing non-technical skills: leadership, communication, situational awareness, stress management, problem-solving, and teamwork. The second phase of the project targeted 22 Supervisors and consisted of an online follow-up session on human error models and safety skills. There were also two in-person "Train the Trainer" sessions, designed to develop the Safety Officer's role as a subject matter expert and internal safety trainer within the company's training academy. The activities included exercises, role-playing, case studies, microteaching, debriefings, and opportunities for discussion. The goal was to strengthen situational awareness, improve the ability to recognize warning signs, and promote safe conduct in operational processes. The program received an overall average rating of 5.19 out of 6 and led to the development of a roadmap for internal training in 2026–2027. This seeks to provide training for 90% of supervisors and contribute to the spread of a shared safety culture focused on continuous improvement;
- the cross-functional Team Working program resumed for the Engineering/Temis group, involving 25 participants for a total of 258 hours of training. The program was structured around experiential learning activities designed to strengthen teamwork, foster integration, improve collaboration, communication, and trust, foster accountability and ownership, define shared best practices, and apply the lessons learned to daily work. The program also provides an opportunity to reinforce effective organizational conduct, promote greater alignment between team members, and foster a more collaborative, mindful, and results-oriented approach to work;
- a new training project was presented as part of the Fondimpresa Call for Proposals on Basic and Transversal Skills, which sought to strengthen the transversal and technical-digital skills considered a priority for the organization. The program includes courses lasting 24 hours each, held in dedicated corporate classrooms, with a focus on public speaking, time and task management, negotiation and conflict resolution, communication and negotiation, creative thinking and problem-solving, teamwork, and the basics of Python programming. Overall, the activities included in the current plan are expected to involve 169 participants and 4,056 student-hours of training. In practical terms, the plan calls for 12 sessions. The project is designed to develop key skills to improve collaboration, effective communication, time management, negotiation skills, problem-solving, teamwork, and basic digital skills;
- the cross-functional training program for the Defense Team was designed and launched. The goal of this project is to strengthen the operational effectiveness of the teams involved in the Defense business through greater integration across functions, alignment on objectives, and shared responsibility. The project focuses on developing key managerial and transferable skills, including cross-departmental teamwork, clear and effective communication, the ability to make consistent decisions, accountability, performance, and reliability. The program lasts a total of 24 hours and is divided into four sessions, from June 2026 to January 2027, combining experiential outdoor training and team coaching, with the goal of highlighting team dynamics and translating them into concrete action to be applied in the workplace. The roadmap provided for an initial orienteering activity, a team coaching session, a sports activities event in Rome in October 2026, and a second team coaching and follow-up session in January 2027;
- specialized technical training programs were organized for Operations and Quality. These focused on hydraulic maintenance, the use of measurement and control systems such as PC-DMIS with Hexagon

Arm and AS1 and PolyWorks Inspector Premium with Laser Tracker and ultrasonic testing, and also covered in-house courses on production and sensitive processes such as lapping restoration, Permaswage, X-ray image interpretation, leak testing, explosives handling, two-component bonding, crimping, and soft soldering, in accordance with company technical specifications. These initiatives have strengthened operational and quality control capabilities, highlighting the contribution of in-house trainers and the transfer of technical expertise to the production departments;

- institutional training was provided to support professional development. In this area, the "New Professional" training program was developed to support the transition to the Professional level and to promote a target-oriented approach to work. The training program was designed with the input of an in-house trainer and an external consultant, with the goal of enhancing educational effectiveness and ensuring higher program quality; this resulted in a satisfaction rating of 5.55 out of 6. The second edition of the "Empowering the Next Gen Skills" program began; this initiative is designed to develop and strengthen the key skills required to navigate changing organizational and professional landscapes. This program is designed to harness the potential of the younger generations, fostering awareness, proactivity, collaboration, and adaptability, in order to promote more robust, independent, and innovation-orientated professional growth;
- there was increased use of MOOC platforms (Ansys and Learning Hub) to support self-guided learning; these focused particularly on maintaining technical and scientific skills in fluid dynamics (CFD), electromagnetism, optics, and mesh management using Ansys software.

Special attention was paid to designing training activities on AI, Cyber Security 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 2026, focusing on the Microsoft Copilot 365 tool. Differentiated pathways have been established for various professionals in the company.
- the Security Awareness Plan – Notice 3/2025 was launched. This is funded through Fondimpresa and developed as part of the company's cybersecurity program promoted by ICT with the support of HR. The plan seeks to strengthen the culture of cybersecurity and cyber risk management, with a focus on Governance, Risk & Compliance and alignment with the requirements of the NIS2 Directive. The initiative involves at least 180 participants and provides more than 2,000 hours of training, and does not affect the company's training budget.
- 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. The collaboration with Valore D continued, with the goal of strengthening the company's culture on diversity, equity and inclusion, and promoting greater awareness of inclusive conduct, the celebration of differences, and relational well-being within the organization. Activities in this area included access to digital content and e-learning modules focused on topics such as unconscious bias, inclusive language, gender equality, STEM, digital violence, sponsorship, identity and orientation, and the balance between money and gender, and opportunities to reflect on similarities, differences, vision, focus, and possibilities. The initiative seeks to help disseminate tools and resources that can be used to recognize stereotypes and biases, fostering more mindful ways of interacting, and supporting the development of a more open, equitable, and inclusive organizational culture. This reaffirms the company's commitment to making inclusion an integral part of its development and awareness programs for its workforce.

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;
- support for internationalization with a focus on individual and group language training (French language courses, Italian language courses);
- Quality Management System training;
- refresher training on Legislative Decree No. 231/01 via eLearning

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.

Organization and management of personnel

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 Avio's 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 Airola, 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 promoted 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, traffic to the company website increased.

Events and shows

The main events in the year include:

- January 4 – Avio launched the “Team Up For The Planet” initiative in collaboration with Luiss University. To mark the occasion, a video was posted on the company’s social media channels to highlight the company’s role as a strategic partner and its commitment to sustainability and social responsibility.
- January 19 – Avio announced a strategic partnership with FISL (Italian Winter Sports Federation). This initiative formed part of a strategy to enhance the Avio brand through association with Italian athletes and the values of excellence, performance, speed, and pushing the limits, values that are embodied in sports. The partnership was announced through an announcement on the website and various posts on the company’s social media channels, helping to increase the brand’s visibility and market position.
- January 26 – Avio managed and coordinated an institutional presence at the Middle East Space Conference (MESC), held in Oman. This included organizing the presentation by Maxime Fabre, Launch Services Sales Director, at the panel discussion “Building Partnerships Beyond Borders. The View from Global Space Companies”. The company’s participation was promoted through its social media channels.
- January 27 – Avio managed an institutional presence at the 18th European Space Conference in Brussels, coordinating Chief Executive Officer Giulio Ranzo’s participation on the panel “Access to Space: Industry Readiness” and communication activities in relation to the signing of a strategic agreement with Airbus Defense and Space. The event was supported by constant communication efforts across internal and external channels.
- February 10 – Avio organized an institutional presence at the SmallSat Symposium 2026 in Silicon Valley. Francesco Sgarbossa, Launch Services Sales Director, spoke at the session entitled “Small Payloads, Large Upmass: Structuring Launch for SmallSat Customers”. The company’s participation was promoted through dedicated communication efforts on its social media channels.
- February 12 – A press release on the Ariane 6 VA267 mission was published as a major milestone: the debut of the four-booster P120C configuration, developed by EUROPROPULSION, a joint venture between Avio and ArianeGroup.
- February 17 – The values campaign, an internal communications project with the tagline “Together We Are Avio”, began to be promoted externally through a strategic communications campaign focused on employer branding, with the goal of highlighting the company’s people, its distinctive values, and its corporate culture. Dedicated content published on the company’s social media channels highlighted the role of human capital as a strategic asset for Avio, promoting the recruitment, growth, and development of new talent.
- February 24 – A press release was published on the announcement by Avio USA that it would be constructing a new facility to produce solid-fuel rocket engines in Hurt, Pittsylvania County, Virginia. The initiative involves an investment of more than 500 million dollars and the creation of over 1,000 jobs, representing a significant step toward strengthening Avio’s industrial presence in the United States. The news was shared on internal and external communication channels.
- March 16 – 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 communicator. He discussed Avio’s

role as a launch service operator, Avio's contribution to the European space industry, and its strategic vision for autonomous access to space.

- March 23 – Avio's official inclusion in the FTSE MIB index was highlighted with the publication of a Wired Italia interview with Nevio Quattrin, Head of Investor Relations, on the company's social media channels.
- April 27 – The "Get On Board" employer branding initiative was launched; this initiative focuses on onboarding new hires and promoting company values and a sense of belonging. It was shared externally through a post on the company's social media channels.
- May 5 – Avio's new corporate website was launched, the result of a digital transformation project to strengthen the company's online presence and highlight its evolution in the aerospace and defense sectors. The new platform features a more customer-centered approach, more intuitive navigation, and high security standards.
- 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 12 – Avio reviewed and approved its Q1 2026 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 13 – Avio participated, as a sponsor, in the Global Space and Technology Convention (GSTCE) in Singapore, featuring a presentation by Maxime Fabre, Sales Director, on the panel "Launch Industry Outlook: Reusable Rockets, New Entrants, and the Future of Access to Orbit". Avio's presence was highlighted through a promotional video posted on its official communication channels.
- May 19 – A press release was issued regarding the success of the VV29 mission, the first flight operated by Avio in its new role as a launch service operator. The Communications Department also directly managed media relations activities in French Guiana, organizing a 3-day media tour for 10 international journalists. A dedicated launch kit was created for the first time for the mission; this was published on the company's website and promoted on social media channels, and the Vega Go! flight was broadcast live on Avio's YouTube channel, with management including content creation and coordination of graphic art.
- May 27 – The international media coverage of the VV29 mission was promoted through a press roundup on the company's social media channels, featuring articles published following the successful launch. The report included both in-depth coverage of the mission and interviews conducted during the media tour in French Guiana with representatives from Avio.
- June 5 – To mark World Environment Day, content highlighting the strategic role of the Vega family of launchers in international climate monitoring missions was posted on the company's social media channels. This emphasized the contribution of space technologies to sustainability and the protection of the planet.
- June 8 – Avio participated in the "12 Ore Nuotando con Amore" (12 Hours of Swimming with Love) charity relay to support AISM. The initiative featured in a post on the company intranet, which included photos and highlights from the event.
- June 17 – A press release was issued to mark the successful launch of Ariane 6, highlighting Avio's technological contribution to development of the new P160C boosters, which were used for the first time on a launcher.
- June 18 – Avio participated as a sponsor in the ESA Media Workshop 2026 at ESA ESRIN in Frascati, an event dedicated to the role of satellite data, artificial intelligence, and climate communication in tackling global challenges. Mariano Genito, Chief Development Officer, spoke alongside ESA experts to discuss the contribution of the Vega-C and Space Rider programs to Europe's independent access to space, Earth observation, and scientific research.
- June 20 – Avio's Chief Operating Officer, Rosario Esposito, appeared as a guest on "Countdown – *Dallo Spazio alla Terra*" (From Space to Earth) on Sky TG24 to discuss the challenges facing the space industry and the skills required to shape the sector's future. The interview was promoted through the company's communication channels, including its YouTube channel.
- June 23 – To mark International Women in Engineering Day, a special video was posted on the company's social media channels. This featured a dual interview that brought together two female engineering professionals from different generations to discuss the evolution of women's roles in the industry, changes in career paths, and the value of female talent at Avio.

GROUP MAIN RISKS AND UNCERTAINTIES

Risks relating to the war in Ukraine

Since 2022, the war in Ukraine and subsequent EU sanctions against the Russian Federation have prompted the Group to adjust its operations regarding component procurement from Ukrainian industrial partners and the management of relationships with Russian suppliers.

At June 30, 2026, Avio maintains no direct procurement from Russian suppliers. Two Ukrainian partners remain strategic suppliers for the Group in currently providing the Vega C fourth stage main engine (MEA). At the end of 2023, a contract was finalized for the supply of additional engines. As a result, the engines intended for medium-term missions are already available in Avio's facilities, and further deliveries are planned for subsequent missions.

Production by an ESA-qualified Ukrainian supplier of the carbon-carbon inserts used to manufacture the nozzles for the Z40 and Z9 engines of the Vega-C launcher was suspended following the anomaly on flight VV22 and replaced by production from a European supplier previously used for the Vega launcher.

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 program.

As these assessments gradually matured, they were promptly reported in the press releases dated February 25, 2022⁴⁴, March 25, 2022⁴⁵, July 17, 2022⁴⁶, and September 9, 2022⁴⁷ 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, 2026, Avio had outstanding advances to Ukrainian suppliers of approximately Euro 8.4 million, of which:

- Euro 1.3 million related to previous Carbon-Carbon insert 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, Euro 1.9 million paid in 2024, and Euro 0.9 million paid in 2026 as advances for future production of 20 additional MEAs beyond Batch 4; these advances will be recovered with deliveries expected by the end of 2027.

In this context, both Vega C Launch Service Provider contracts transferred from Arianespace and those signed directly by Avio include force majeure clauses, which may be invoked, where the necessary conditions are met, to cover Avio's contractual obligations. 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 analyzing the process and methods required for the certification of these solutions in the qualification dossier of the Vega-C launcher. Specifically, and with the support of the Italian Space Agency, an alternative solution has been identified for the replacement of the MEA, which is currently being tested (contract signed with the ASI in April 2023).

⁴⁴ See the press release at the link: <https://www.avio.com/it/comunicati-stampa/operativita-di-vega-non-impattata-dai-recenti-eventi-in-ucraina>.

⁴⁵ See the press release at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/operativita-di-vega-non-impattata-nel-medio-termine-dal-conflitto-in-ucraina/MXxjb211bmJlYXRpLjE3Q2NzZWMDAwMjMyMDlyMXwxdlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6ImB1YmtpYyYlInNlYyY1IiwiaWF0IjE3ODQ2ODY0OTJ9.g4GudSN4tn7NzEvFa-GvnTww1Q6qn1mIkZ6PXpHqo>

⁴⁶ See the press release at the link: <https://syndication.teleborsea.it/Avio/Financial-Announcements/attivita-vega-non-impatate-dagli-aggiornamenti-del-conflitto-in-ucraina-nel-medio-termine/MXxjb211bmJlYXRRLjE3NzEWMDAwNDUyMDIyMXwxfDIwMjYwOTA2/eJybGciOIJIuz1NiIsInR5cCI6KlpkVXCj9.eJyJaCia6nBtYmxpYylsinNyYl6ikFWsu8ilLcjPYYXQIOEj3ODqZ0DYOMdAwNR9.WalfcdtxB4Ke7d0NV0SrYPikymBGH5utvwamx75uNO>

⁴⁷ See the press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-avio-1h-2022/Mxxjb121bmjYXRplE3NzEwMDAwNDkzMdJlMxwxdlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJaIjoiNmB1YmxpYyIsbnNyYyI6IkFWSU8iLCJpYXQiOiE3ODQyODZNTi9t.68jBlZhUnYT8IHtHulPvBX_Wx0-wqKS0Qw9XPMLqdI

In conclusion, as also stated in the 2025 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 alternative orbital engine in Italy under the Next Gen EU project.

Risk Assessment Update

The risk assessment activity carried out at December 31, 2025, 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 12, 2026.

Macroeconomic risks

General aspects

The 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 space 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 programs, with a consequent possible impact on the Group financial position.

In addition, as reported, the space programs have principally been executed through the use of funding provided by the governments and the European authorities. Although the 2022 ESA Ministerial Conference and that subsequently held in 2025 had a positive response in terms of allocations for the Company together with the National Recovery and Resilience Plan (PNRR) funds, these allocations depend on the policies adopted by governments and - in general - the economic conditions in Europe. 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.

As regards the instability in the Middle East caused by the war between the United States, Israel, and Iran, the Group currently has no business operations or significant commercial or supply relationships with counterparties located in the areas directly affected. As such, no significant direct impacts were identified in relation to the Group's business continuity, supply chain, revenue, or profit margins. The Group will continue to monitor and assess potential indirect effects on its financial results, particularly in relation to extreme energy cost volatility and potential inflationary pressures from the conflict. In order to counter and contain this external trend, Avio's management has focused on implementing measures designed to mitigate its exposure to this risk. With this in mind, Avio has enhanced its real-time monitoring of plant consumption, which enables the gradual optimization and increased flexibility of production flows. At the same time, a broader assessment is underway regarding potential investments in energy and technological efficiency focused on reducing dependence from market fluctuations.

Geopolitical risks

With regard to developments in the geopolitical context - specifically the conflicts in the Middle East and the aforementioned war in Ukraine, in addition to the imposition of U.S. tariffs on imports - at this time, in addition to that previously reported regarding the war in Ukraine, no risks are identified that could have a negative impact on the Group's financial position, given the regulations currently applied by the U.S. government to imported goods, as government military contracts are excluded.

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 financial position.

Risks related to changes in energy costs.

In H1 2026, energy costs were higher than the levels experienced in the same period of 2025. 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 financial position, prospects and strategies.

Specific business risks

The space programs, 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 unfavorable 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 position.

Meanwhile, the ESA Ministerial Conference held in November 2025 confirmed the application of decisions made at the ESA Council meeting on November 6, 2023, particularly relating to key aspects of programs of interest to Avio and, specifically, Ariane 6 and Vega C.

The main outcomes included:

- the funding required to offset 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;
- funding for a tender 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);

The Group conducts research and development programs 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 Defense 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 reorganize or cancel activities and programs 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. These resources are subject to both financial and timing constraints.

Any delays in fulfilling contractual obligations or negative assessments of compliance may (i) from a financial point of view, see the contracting authorities only partially recognize 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 profit margins, with possible negative effects on the Group's financial position.

Regarding projects funded under Italy's Recovery and Resilience Plan (PNRR), the primary risk profile concerns the Space Transportation System (STS) program. This program saw certain technical difficulties arise in connection with the development activities, which proved to be more complex than expected. An analysis of the situation led ESA, in agreement with Avio, to amend the contract, reducing the scope of work and partially reducing the funding. Given the potential technical difficulties that may still arise before the project is completed, work will continue to closely monitor the progress of the work and changes in the associated costs.

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

In H1 2026, the backlog decreased 5.4% compared to the end of 2025. As a potential risk of aerospace industry groups, the backlog may be subject to unexpected adjustments and therefore may not be indicative of future revenue or operating performance.

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 customers, with possible negative impacts on the Group's operations and financial position.

In addition, for the recognition of revenue and related profit margins deriving from long-term works contracts, the percentage-of-completion method is used, based on total cost estimates for the execution of contracts and verification of the progress 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 position. Against this risk the Company has introduced procedures, IT and reporting systems, as well as a trusted and professional workforce, with the goal of monitoring current performance and considering any risk elements in estimates.

Among the decisions taken at the ESA Council meeting on November 6, 2023, the process to formally assign Avio the roles of Launch Service Operator (LSO) and Launch Service Provider (LSP) for Vega C concluded in 2025, with the following milestones:

- the 2017 amendment to the Launchers Exploitation Declaration (LED) was finalized on July 10, 2025⁴⁸ 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);
- the ESA and AVIO Launch exploitation Agreement (LEA) was finalized and signed on October 31, 2025, formally appointing AVIO as Launch Service Provider, Service Operator, Prime Contractor, and Design Authority, establishing the legal framework for the Vega-C exploitation phase, and defining the roles and responsibilities of ESA and Avio;

⁴⁸ 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>

- in its role as Vega-C Launch Service Operator, Avio obtained, on August 13, 2025, a ten-year license from the French government for space operations under the French Space Operations Act (Loi sur les opérations spatiales - LOS, 2008), and subsequent decrees.

The transfer was effectively completed with the Vega-C mission designated VV29, carried out in May 2026 and managed entirely by Avio in its dual capacity as Launch Service Provider (LSP) and Launch Service Operator (LSO). The new governance entails:

- on the one hand, the direct management by Avio of every aspect of the business in terms of both the commercialization 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 damage associated with the launcher flight phase. In any event, these risks will be covered by specific insurance policies that the Group will enter into 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.

The main risks associated with the new governance, with potential impacts particularly on revenue and profits, could result from the possibility that future contracts for new Vega launch services - for which Avio will be completely responsible for finalization and execution - are not fully purchased, (i.e. single missions are not fully covered) and/or on schedule, with the consequent risk of negative effects on the financial position of Avio and the Group companies.

The current backlog, which covers launch activities until early 2029 at a high frequency (potentially up to six missions per year), reflects the growing scale of European satellite programs and ongoing commercial activities. It highlights a concrete forecast for consolidation - and possibly a further increase - in the production rates of launchers and related components, funded by Member States through the European Space Agency as part of the latest Ministerial Conference.

On the other hand, the push toward greater openness to competition in the European launcher sector - as evidenced by the ESA starting the European Launcher Challenge and the related funding allocated at the November 2025 Ministerial Conference - could lead, in the long term, to a decline in volumes, with consequent potential negative effects on Avio's financial position.

While the Group intends to continue its industrial policy to ensure maximum launch reliability, any unfavorable 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.

Finally, there was a recent business expansion in the Defense sector - where average acquisitions in the five-year period 2020-2025 grew significantly on the three-year period 2017-2019 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 programs, 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 modernizing 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 finalize the development of new thrusters: to tackle the range of projects for the commissioning of modernized missile systems, over the medium-term there may be a need for Avio to expand its workforce and include specialized skills not readily available on the labor 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 specialized training within the Group that would engage more qualified staff, resulting in a contraction - in the short term - of revenue and an increase in internal costs, with possible negative consequences on the Group's financial position.

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 defense 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.

On August 13, 2026, an incident occurred at the neighboring company KNDS. The accident damaged some assets owned by the company Secosvim (a subsidiary of Avio) and leased to KNDS. However, no impact on the operational continuity of the Avio Group companies was observed as a result of this event.

SUBSEQUENT EVENTS

Business

Avio to launch the Copernicus Sentinel-3C and Flex satellites on September 14, 2026 using Vega C⁴⁹

On September 14 at 10:21 p.m. local time in Kourou (1:21 a.m. UTC; 3:21 a.m. CEST on September 15), Avio will launch two Earth observation satellites: Sentinel-3C, part of the Copernicus program for the European Commission, and the FLEX Earth Explorer for the European Space Agency (ESA). The mission, named "VV30," will use a Vega C launcher vehicle – the second operated by Avio – to be launched from the European Spaceport in French Guiana.

Copernicus Sentinel-3C is the third satellite in the Sentinel-3 mission to monitor the health of our planet through space-based observation of the oceans, land, ice, and atmosphere. Once operational, the mission will be managed jointly by ESA and EUMETSAT on behalf of the European Commission, with satellite operations managed by EUMETSAT. The satellite will provide essential data for climate monitoring, weather forecasting, environmental protection, and disaster response. The mass of the satellite is 1,143 kg.

FLEX is the eighth Earth Explorer mission developed as part of ESA's FutureEO program. It is designed to monitor the health of vegetation from space by detecting the faint fluorescence emitted by plants during photosynthesis, an otherwise invisible signal associated with plant activity. The data gathered will support research on agricultural productivity and provide a unique method of assessing plant health and better understanding how photosynthesis affects the carbon and water cycles. The satellite weighs 397 kg.

The FLEX and Copernicus Sentinel-3C satellites were built by Thales Alenia Space as prime contractor, with support from several European companies in developing the onboard instruments.

Other significant events

Grant of powers to the Chairperson of Avio S.p.A. Board of Directors S.p.A. and Appointment of the Lead Independent Director⁵⁰

Further to the announcement made on April 29, 2026, the Board of Directors of Avio S.p.A., meeting on July 6, 2026, resolved to grant the Chairperson, Mr. Roberto Italia, delegated powers, to be exercised in coordination with the Chief Executive Officer, (i) with regard to the management of institutional relationships to develop and strengthen the Company's business in the space and defense sectors in international markets, and (ii) to manage and promote operational strategies for business development in international markets (with particular emphasis, given its strategic importance, on the US market).

At the same meeting, the Board of Directors appointed Raffaele Cappiello, an Independent Director, as Lead Independent Director, in accordance with Recommendation 13 of the Corporate Governance Code. The Lead Independent Director will remain in office until the end of the current Board of Directors' term and, therefore, until the Shareholders' Meeting called to approve the 2028 financial statements.

Avio and Advent sign an investment agreement to accelerate growth⁵¹

On July 6, 2026, the Board of Directors of Avio S.p.A. unanimously approved the signing of an investment agreement with funds managed and controlled by Advent International L.P., a leading US-based private equity firm and one of the most active global investors in the aerospace and defense sectors. The agreement is designed to support Avio's long-term growth in Italy and its expansion plans in the United States and sees Advent acquire a non-controlling interest in Avio.

Under the terms of the Agreement, Advent will acquire a stake representing approximately 7% of Avio's share capital on a pre-money basis. As regards this acquisition, Avio's Board of Directors will resolve – in accordance

⁴⁹ See the press release of July 30, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-lancera-i-satelliti-copernicus-sentinel-3-c-e-flex-il-14-settembre-2026-con-il-vega-c>

⁵⁰ See the press release of July 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/conferimento-di-deleghe-al-presidente-del-consiglio-di-amministrazione-e-nomina-del-lead-independent-director>

⁵¹ See the press release of July 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita>

with the powers granted to the Board of Directors pursuant to Article 2443 of the Civil Code by Avio's Extraordinary Shareholders' Meeting of October 23, 2025 - on a capital increase to be carried out through the issuance of up to 3,275,268 shares (representing a pre-money investment of approximately 7% of Avio's share capital), to be reserved for subscription by Advent pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, at a price per share of Euro 33.40 Euro, for a maximum total amount of Euro 109,393,951.20. Pursuant to the Agreement, on the closing date, Advent will pay the full value of the subscription price for the investment in Avio in cash. The Agreement is subject to customary conditions precedent, including, among other matters, obtaining authorization under Italian "golden power" legislation, as set out in Decree-Law No. 21 of March 15, 2012. Pursuant to the Agreement, subject to the fulfilment of the conditions precedent, effective as of the closing date, Advent will be subject to a 12-month lock-up period, except in the event of certain early termination events. The Agreement also provides that, in the event of the voluntary resignation of one of the Company's current Independent Directors, the Board of Directors will consider the possibility of co-opting a new Director designated by the Investor.

The capital raised will strengthen Avio's financial position and accelerate its long-term strategy to tackle the challenges associated with a lack of solid-propellant engine production capacity in both the United States and Europe. Following the reduction in inventories, the prime contractors require qualified alternative production sources to support the increase in production rates and fill what has now become a structural shortfall. In this regard, Avio expects the gap between supply and demand in the EU and the United States to average around 3,000-3,700 tons per year to 2030, a significant increase from the 2,400 tons previously estimated.

The transaction also broadens Avio's shareholder base through the entry of a leading investor in the aerospace and defense sectors, one that boasts strong relationships with prime contractors, subcontractors, and US government agencies, and a proven track record in supporting and executing value-creation initiatives. The greater financial flexibility created by the investment will also allow Avio to pursue potential opportunities for vertical integration within its supplier ecosystem, securing critical suppliers and strengthening the resilience of its supply chain in a market where demand structurally exceeds available capacity.

Against this backdrop, and in partnership with Advent, Avio will leverage its strong Italian roots to actively pursue its expansion strategy and establish itself as an independent supplier of solid-propellant engines in the United States, with the goal of seizing further growth opportunities and creating long-term value.

The Board of Directors of Avio S.p.A. exercises the powers granted under Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting held on October 23, 2025⁵²

On July 8, 2026, the Board of Directors of Avio S.p.A. exercised its power:

- (i) to increase its share capital by a maximum nominal amount equal to approximately 7% of Avio's existing share capital as of today's date, to be reserved for subscription by Vantage HYP (Luxembourg) S.r.l. (the "Investor"), a company indirectly controlled by certain funds managed by and/or for which Advent International, L.P. provides advisory services (the "Reserved Capital Increase");
- (ii) to increase its share capital by a maximum nominal amount equal to approximately 3% of Avio's existing share capital as of today's date, to be reserved for incentive plans based on warrants and stock options intended for Directors, Key Management Personnel and other managerial personnel of Avio S.p.A. (the "MIP Capital Increase" and, together with the Reserved Capital Increase, the "Capital Increase").

The Board of Directors also approved certain key elements of future incentive plans designed to carry out a strategic review of the Company's compensation structure.

⁵² See the press release of July 8, 2026 at the link: <https://syndication.teleborsa.it/Avvio/Financial-Announcements/Il-cda-esercita-la-delega-di-cui-all-art-2443-del-codice-civile-confermando-dall-assemblea-straordinaria-del-23-ottobre-2026/Mxmbj211bmjlYXRpLjNzEwMFAwNzgyMDI2MXwxflDlwMjYwOTA2/eyJhbgGciOjIjU0t1ZiNlslRnR5cC16lkpXVCJ9.eyJjaC16InB1YmxpYyIsInNlYyYl6kFWSU8iLCJpYXQiOiJ9OQ0dY0Dl9.nsWB8WGIUp25uxK-WrJ4Qkdnx1icu4yi8Ujrl6ayGg>

The Board of Directors of Avio S.p.A. approves several incentive plans based on financial instruments⁵³

On July 29, 2026, the Board of Directors of Avio S.p.A. approved, among other matters, and having received approval from the Appointments and Remuneration Committee:

- a stock-based incentive plan for Avio's Chairperson, Chief Executive Officer, Key Management Personnel, and other members of management. This plan is based on the free allocation of stock options conferring the right to subscribe for newly issued Avio ordinary shares resulting from the capital increase referred to in Article 5.4 of Avio's By-Laws;
- a Performance Share Plan for Avio's Chief Executive Officer, Key Management Personnel and other members of management, based on the free allocation of Avio shares, which will be submitted to the Shareholders' Meeting for approval. Vesting is contingent upon the achievement of certain performance targets;
- a Restricted Share Plan for Avio managers other than the Chairperson, the Chief Executive Officer, and Key Management Personnel, based on the free allocation of Avio shares, which will be submitted to the Shareholders' Meeting for approval. Vesting is contingent solely on the beneficiary's continued employment at the end of the vesting period.

As part of the overall incentive plan, the Board of Directors also approved a warrant-based co-investment opportunity for the Avio Chairperson, Chief Executive Officer, and Key Management Personnel. This is based on the allocation, for consideration, of warrants conferring the right to subscribe to Avio ordinary shares resulting from the capital increase referred to in Article 5.4 of Avio's By-Laws.

The Board of Directors also resolved:

- (i) to amend Section I of the remuneration policy approved by Avio's Shareholders' Meeting on April 28, 2026, in order to take the aforementioned plans into account, and
- (ii) to call the Ordinary Shareholders' Meeting on September 8, 2026, in accordance with the legal procedures and deadlines, to discuss the following items on the Agenda:
 - a. to amend Section I of the remuneration policy approved by the Ordinary Shareholders' Meeting on April 28, 2026;
 - b. to approve incentive plans based on financial instruments pursuant to Article 114-*bis* of Legislative Decree No. 58/98;
 - c. to approve the proposal to authorize the purchase treasury shares pursuant to and for the purposes of Articles 2357 and subsequent of the Italian Civil Code, and Article 132 of the CFA and Article 144-*bis* of the Issuers' Regulation.

Resignation of an Independent Director⁵⁴

On July 29, 2026, Elena Pisonero, Non-Executive, Independent Director and Chairperson of the Appointments and Remuneration Committee, resigned for personal reasons, effective as of the date of the Shareholders' Meeting called for September 8, 2026. This meeting was called, among other matters, to vote on the incentive plans that the Board of Directors had unanimously resolved on that same date to submit to the Shareholders' Meeting, subject to the unanimous favorable opinion of the Appointments and Remuneration Committee.

Sale of ART S.p.A. shares

In August, an agreement was signed for the sale of the 5% stake held by Avio S.p.A. in ART S.p.A. and the subsequent reinvestment in the special-purpose vehicle established by the new ownership to purchase the above company. The transaction, which is subject to conditions precedent, is expected to close in the second half of 2026.

⁵³ See the press release of July 29, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/Il-consiglio-di-amministratori-approva-alcune-piani-di-investimenti-vasati-su-strumenti-finanziari/MXxbj21bmjYXRpLEj3NzEwMDAwODQyMDI2MXwxfDlwMjA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6ImB1YmtpYyIsInR5cCI6IkpXVCJ9I3Q0ODQyODI0Ij09.n5WB8WGIUp25uxK-WrJ4Odnx1icu4y8iUjxrl6ayGg>

⁵⁴ See the press release of July 29, 2026 at the link: https://investors.avio.com/Investors/Financial-Announcements/2026?ctx=eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsbnNyYyI6IjFWSU8iLCJpYXQiOiJlE3ODU3Njc2MzN9.be3Yp_bp2SaRaQivrkS073VZdMd3I4tCm7feITl1erw

Ordinary Shareholders' Meeting of Avio S.p.A.⁵⁵

On September 8, 2026, Avio's Ordinary Shareholders' Meeting was held. The following resolutions were adopted: (i) amendment of the remuneration policy approved by the Ordinary Shareholders' Meeting of April 28, 2026; (ii) approval of the financial instruments-based incentive plans pursuant to Article 114-bis of Legislative Decree No. 58/98 and (iii) approval of the proposal to authorize the purchase and disposal of treasury shares pursuant to Article 2357 and subsequent of the Italian Civil Code.

The Ordinary Shareholders' Meeting, with the approval of more than 80% of the share capital present, approved the proposed amendments to the remuneration policy adopted by the Ordinary Shareholders' Meeting on April 28, 2026, in order to take into account the proposal to approve certain financial instruments-based incentive plans pursuant to Article 114-bis of Legislative Decree No. 58/98.

The Meeting approved, with the affirmative vote of more than 80% of the share capital present, the adoption of certain financial instruments-based incentive plans pursuant to Article 114-bis of the CFA, as prepared by the Board of Directors, having received the opinion of the Appointments and Remuneration Committee. Specifically, the following plans were approved:

- an incentive plan called the "2026–2031 Stock Option Plan" - for Avio's Chief Executive Officer, the Chairperson of the Board of Directors, Avio's Key Management Personnel, and other Avio managers, based on the grant, free of charge, of stock options that confer the right to subscribe to newly-issued Avio ordinary shares;
- an incentive plan called the "2026–2028 Performance Share Plan" - for Avio's Chief Executive Officer, Key Management Personnel, and other Avio managers, based on the grant of Avio shares free of charge, replacing the 2026–2028 cash-based incentive plan, as provided for in the 2026 remuneration policy approved by the Shareholders' Meeting on April 28, 2026;
- an incentive plan called the "2027–2029 Restricted Share Plan" - for Avio executives other than the Chief Executive Officer, the Chairperson of the Board of Directors, and Key Management Personnel, based on the granting of Avio shares free of charge, and
- an additional incentive plan, as an investment tool, called the "2026–2031 Warrant Plan" - for Avio's Chief Executive Officer, Chairperson of the Board of Directors and Key Management Personnel - based on the granting, for consideration, of warrants conferring the right to subscribe to newly-issued Avio ordinary shares.

The Ordinary Shareholders' Meeting resolved, with the approval of more than 99% of the share capital present, to authorize the purchase of the Company's treasury shares, in one or more tranches, in an amount to be determined at the discretion of the Board of Directors, for a total value not exceeding 1% of the share capital.

OUTLOOK

As described in the "Strategy" section of the Directors' Report, further consolidation of Vega C launcher activities is expected in the coming months, with the completion of the next scheduled mission. In H1 2026, the launcher demonstrated its reliability and versatility by completing the VV29 mission, successfully launching the Solar Wind Magnetosphere Ionosphere Link Explorer (SMILE) scientific satellite for the ESA and the Chinese Academy of Sciences (CAS). The mission's success marked a milestone for the company, as it was the first Vega C launch in which Avio served as the Launch Service Operator. Launch activities will continue in the coming months with the VV30 mission, which is currently scheduled for September 14. Avio will once again assume its newly acquired responsibilities as launch service provider and operator for the Vega launcher family. This comes in the wake of approval of the new Launchers Exploitation Declaration ("LED") on July 10, 2025.

Following the successful Ariane 6 flights in H1 2026, a gradual increase in production of the P120/P160 engines is expected. This will contribute to the space production activities and have a positive effect in terms of operating leverage. This is further confirmed by the fact that on February 12, 2026, the Ariane 6 launcher successfully completed mission VA267 using P120C boosters in a four-engine configuration for the first time to

⁵⁵ See also the press release of September 8, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/assemblea-ordinaria-degli-azionisti-di-avio-s-p-a-8-settembre-2026/MXxjb211bmliYXRpLjE3NzEwMDAwOTQyMDI2MXwxfDIwMjYwOTA5/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYyI6IjF6IjE3NzEwMDAwOTQyMDI2MDI2f2R2hvAeUGA>

transport 32 Amazon Leo constellation satellites⁵⁶: in the coming months, the Ariane 6 launcher is expected to continue performing additional missions with four boosters instead of two. Against this backdrop, Mission VA269, which completed successfully on June 17, 2026, is particularly significant in that it was the first mission carried out in a four-booster configuration using the new P160C first-stage engines⁵⁷. As the common propulsion system for the family of European launch vehicles, the P160C will support evolutions in the performance of Ariane 6 and future Vega configurations, strengthening Europe's ability to meet growing institutional and commercial demand, including the large-scale deployment of satellite constellations. Its monolithic carbon-fiber structure and increased propellant load ranks the P160C among the most powerful solid-propellant engines in its class, confirming Avio's key role in ensuring Europe's independent access to space.

New order acquisitions are expected in the Space business in relation to the funds allocated by the ESA Ministerial Council held on November 26 and 27, 2025. In this regard, Avio expects to be awarded new contracts worth more than Euro 600 million over the period 2026-2027, with execution scheduled by 2028-2029. These relate to both the development and operational exploitation of launchers and are substantially in line with the Company's plans and guidelines⁵⁸.

Defense propulsion activities are expected to grow further, partly driven by contracts signed this year. The collaboration with the MBDA Group was further strengthened in 2026 with the signing of a new production order for the supply of solid-propellant engines for the ASTER30 defense system. This is specifically designed to support European defense in response to the growing demand for the SAMP/T NG missile defense system⁵⁹. Meanwhile, the development of the defense business in the United States continued further, partly in preparation for the establishment of a solid propellant engine production facility in Virginia, with the signing of a contract with Defense Systems and Solutions (DSS), acting as prime contractor for the US Department of War, for the development, qualification and initial production of a solid rocket motor (SRM) for air defense⁶⁰. As reported in the press release regarding the 2026 half-year results of September 10, 2026, and in the presentation of the 2026 half-year results to be reported to investors and analysts on September 10, 2026⁶¹, the main 2026 guidance operating-financial forecasts are confirmed.

As also stated in the 2026 half-year 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. These assessments were promptly reported in the press releases dated February 25, 2022, March 25, 2022, July 17, 2022 and September 9, 2022⁶² and are still accurate.

Regarding Middle East instabilities relating to the current conflict involving the United States, Israel, and Iran, the Group currently anticipates no impact on business performance. With no direct exposure or supply chain links to the affected areas, the Group will nonetheless continue to monitor and assess potential indirect effects

⁵⁶ See the press release of February 12, 2026 at the link: https://syndication.teleborsea.it/Avio/Financial-Announcements/Il-nuovo-ariane-64-con-4-booster-p120c-lancia-con-successo-i-satelliti-amazon-le/MXxib211bmIjYXRPlJzE3NzEwMDAwMTMwMDI2MXwxflDlwMjYwOTA2/eYJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJaCl6inB1YmxyYylSlNyYyl6lKFWUS8ilCJoYXQlOjE3ODo2ODY3MTJ9.q6lX-HJ6_1av5BpAJ49cQMqOQlnrZB317uwxxEs5_CM

⁵⁷ See the press release of June 17, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/il-nuovo-ariane-6-con-4-booster-p160c-lancia-con-succedea-i-satelliti-amazon-lew/MXxb211bmjlYXRbljE3NdEwMDAwNjkiMDI2MXwxflDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJaCl6lB1YmxpYyIsbnYyYl6lKfW5u8lKJoYXQlOiE3ODQ2ODY3NDN9.F5A-Q2UfoRSeW45i9l5lePa9iRKCpU6bYlo_BiTrLeH8

⁵⁸ See the press release of December 5, 2025 at the link: <https://syndication.teleborsa.it/Avvio/Financial-Announcements/consiglio-ministeriale-esa-2025/MXXjbl21bmJlYXRyblE3NzEwMDAxMTUyMDI1MXwxfDlwMjYwOTA2/eyJhGciOiJlUz11NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsInNyYyIjoi2025-12-05T00:00:00Z>

⁵⁹ See the press release of June 18, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/siglato-nuovo-ordine-da-oltre-35-milioni-di-euro-clm-mbda-in-fiancia/MXxjb21bmliYXRpLjE3NzEwMDAwNzlyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.ejYjaCI6NlB1YmxpYyIsInN5YyI6IjFwSjU8IiJpYXQiOiE0ODQ2ODY4MzZ9.nx2tvFZbYyzbYX5sxU-D2tRoGDSTrfhmCbwOvKMs0-E>

⁶⁰ See the press release of March 6, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-ha-firmato-un-contracto-da-65-milioni-di-dollari-per-un-nuovo-progetto-di-sviluppo-di-un-motore-a-propellente-solido-negli-usa/MXxjb21bmjIYXRPLJE3NzEwMDAwMjMyMDI2MXwxfdlWmYjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpzZW50L3V4IiwiaWF0IjoiMTYyOTQ0ODQyODY5MTk5Lnl5IiwibGF0eSI6ImFganUbSVRLZnRok_GRRofPailVeEqEiNs

⁶¹ Avio's website, in the "Investors" section: <https://investors.avio.com/Investors/Financial-Announcements/>.

on financial results, including extreme energy cost volatility and potential inflationary pressures from the conflict.

Finally, the next few months are expected to see the completion of the reserved capital increase transaction, through which Advent International L.P., a leading US-based private equity firm and one of the world's most active investors in the aerospace and defense sectors, will acquire an approximately 7% stake in Avio's share capital on a pre-money basis⁶³. The capital raised will reinforce Avio's financial position and accelerate its long-term strategy. It will also broaden the company's shareholder base through the entry of a leading investor in the aerospace and defense sectors, one that boasts strong relationships with prime contractors, subcontractors, and US government agencies, and a proven track record in supporting and executing value-creation initiatives.

TRANSACTIONS WITH PARENTS, SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND INVESTEES

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.

OTHER INFORMATION

As per Article 40 of Legislative Decree No. 127/1991, it is disclosed that, as a result of the treasury share purchase program, at June 30, 2026, the Parent held 626,929 treasury shares, representing 1.34% of its 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, 2026, 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 Notes section "7. Related party transactions";
- iii. the **Inside Information Processing Policy**, most recently approved by the Company's Board of Directors on September 9, 2022;
- iv. an **Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001** as subsequently amended and integrated, most recently approved on July 30, 2025 by the Company's Board of Directors to account for all legislative changes introduced by Legislative Decree No. 231/2001;

⁶³ See the press release of July 6, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita/MXxb211bmIjYXRpLjE3NzEwMDAwNzYyMDI2MXwxflDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsbnN5YyI6IkpFWSU8ILCjYpYXQIOjE3ODQ2ODY4Nzd9.tTMOIEW5dYasG_kVCZujCKzG7DGiqpck4JJQIE8efkw

- 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. an **Avio Group Anti-Corruption Code**, last 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.
- xii. a **Human Rights Policy**, approved by the Company's Board of Directors on January 29, 2025, in the pursuit of sustainable success (as defined in the Recommendations of the Corporate Governance Code) and in accordance with national and international best practices;
- xiii. further administrative and operational procedures are not included in this document, as they are not directly related to the governance structure and are adopted by the Chief Executive Officer or the head of the relevant department, within the scope of the powers granted to them, in order to enact the Directives and policies established by the Board.

The new By-Laws⁶⁴ - as amended following the change in share capital upon conclusion of the Rights Issue and subsequent amendments - are 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 authorized 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, 2026, please refer to the "Corporate Governance" section of the Company's website and to the Corporate Governance and Ownership Structure Report.

* * *

September 10, 2026

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

⁶⁴ See the press release of July 23, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/messa-a-disposizione-dello-statuto-aggiornato/MXxjb211bmliYXRpLjE3NzEwMDAwODMyMDI2MXwxfdlWmJlYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsInNyYyI6IjFWSU8iLCJpYXQiOiE3ODQ2ODY5NzI5LrIzaDCdH7n4IUALZ6uZloDkLstkMxUFA5E1jKEvfTPQ>

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2026

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	June 30, 2026	December 31, 2025
<i>(in Euro)</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	217,166,283	193,949,902
Right-of-use assets	3.2	11,347,455	11,960,908
- of which related parties		495,569	564,186
Investment property	3.3	3,997,373	4,053,153
Intangible assets with definite life	3.4	136,160,900	134,570,687
Goodwill	3.5	62,829,038	62,829,038
Investments	3.6	20,445,280	18,270,069
Non-current financial assets	3.7	1,177,441	1,177,441
- of which related parties		1,177,441	1,177,441
Deferred tax assets	3.8	87,517,508	87,570,000
Other non-current assets	3.9	6,183,888	6,504,167
Total non-current assets		546,825,167	520,885,364
Current assets			
Inventories	3.10	153,591,300	148,549,767
Contract work-in-progress	3.11	218,177,367	196,845,439
- of which related parties		29,406,435	20,596,470
Trade receivables	3.12	5,831,726	5,613,457
- of which related parties		1,297,946	2,113,113
Cash and cash equivalents	3.13	545,467,263	601,845,509
Tax assets	3.14	25,850,740	21,873,603
Other current assets	3.15	174,581,767	168,449,302
- of which related parties		41,399,926	44,644,578
Total current assets		1,123,500,163	1,143,177,077
TOTAL ASSETS		1,670,325,329	1,664,062,442

**CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

Note

June 30, 2026

December 31, 2025

(in Euro)

EQUITY

Share capital	3.16	158,506,882	158,506,882
Share premium reserve	3.17	451,976,267	447,591,404
Other reserves	3.18	17,501,332	18,561,713
Retained earnings		63,734,079	62,187,850
Profit attributable to owners of the parent		9,678,822	10,475,744
Equity attributable to owners of the parent		701,397,383	697,323,594
Equity attributable to non-controlling interests	3.20	10,571,569	11,154,739
TOTAL EQUITY		711,968,952	708,478,333

LIABILITIES

Non-current liabilities

Non-current financial liabilities		-	13,028
Non-current lease liabilities	3.21	6,409,645	6,826,861
- of which related parties		291,450	360,630
Employee benefits	3.22	8,676,870	8,792,646
Provisions for risks and charges	3.23	17,165,582	17,168,120
Other non-current liabilities	3.24	26,403,988	27,596,788
Total non-current liabilities		58,656,085	60,397,443

Current liabilities

Current financial liabilities		21,627	17,131
Current lease liabilities	3.21	3,334,625	3,278,479
- of which related parties		165,566	150,000
Provisions for risks and charges	3.23	11,271,375	16,413,493
Trade payables	3.25	151,588,833	127,169,879
- of which related parties		10,350,209	14,403,265
Advances from customers for contract work-in-progress	3.11	690,291,864	714,909,678
- of which related parties		249,695,252	244,349,482
Current tax liabilities	3.26	8,067,983	5,132,310
Other current liabilities	3.27	35,123,983	28,265,697
- of which related parties		91,667	65,000
Total current liabilities		899,700,292	895,186,666

TOTAL LIABILITIES

958,356,377

955,584,109

TOTAL LIABILITIES AND EQUITY

1,670,325,329

1,664,062,442

The notes are an integral part of the Condensed Consolidated Financial Statements at June 30, 2026.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	H1 2026	H1 2025
<i>(in Euro)</i>			
Revenue	3.28	277,244,056	260,363,303
- of which related parties		91,429,644	75,632,564
Other operating income	3.29	4,338,965	2,995,012
- of which related parties		483,779	186,435
Consumption of raw materials	3.30	(107,331,023)	(76,334,186)
Service costs	3.31	(97,768,573)	(112,809,322)
- of which related parties		(23,467,847)	(43,833,006)
Personnel expenses	3.32	(63,572,947)	(61,730,124)
Amortization and depreciation	3.33	(10,672,270)	(9,965,721)
Other operating costs	3.34	(2,655,833)	(2,853,304)
Investments accounted for using the equity method - operating income/(charges)	3.35	1,650,817	362,945
EBIT		1,233,192	28,603
Financial income	3.36	5,256,801	704,936
- of which related parties		-	-
Financial expenses	3.37	(481,320)	(375,054)
- of which related parties		(3,000)	(4,152)
NET FINANCIAL INCOME/(EXPENSES)		4,775,481	329,882
Other income/(charges) from financial assets	3.6	3,324,395	-
INCOME/(CHARGES) FROM FINANCIAL ASSETS		3,324,395	-
PROFIT/(LOSS) BEFORE TAXES		9,333,068	358,485
Income taxes	3.38	(177,023)	(545,636)
PROFIT/(LOSS) FOR THE PERIOD		9,156,045	(187,151)
-- of which: Owners of the parent		9,678,822	(565,659)
Non-controlling interests		(522,777)	378,508
Basic earnings/(losses) per share	3.39	0.21	(0.02)
Diluted earnings/(losses) per share	3.39	0.19	(0.02)

The notes are an integral part of the Condensed Interim Consolidated Financial Statements at June 30, 2026.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	H1 2026	H1 2025
<i>(in Euro)</i>		
PROFIT/(LOSS) FOR THE PERIOD (A)	9,156,045	(187,151)
Other comprehensive income:		
<u>Items that will not be reclassified to profit or loss:</u>		
- Actuarial gains/(losses) - Actuarial reserve	(80,555)	34,294
- Tax effect relating to actuarial gains/(losses)	(20,481)	14,601
Total items that will not be reclassified to profit (loss) for the period	(101,036)	48,895
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
- Translation differences	45,945	67,827
Total items that are or may be reclassified subsequently to profit or loss	45,945	67,827
OTHER COMPREHENSIVE INCOME/(EXPENSE), NET OF TAX (B)	(55,090)	116,721
TOTAL COMPREHENSIVE INCOME /(EXPENSE) FOR THE PERIOD (A+B)	9,100,954	(70,430)
-- of which: Owners of the parent	9,624,124	(449,081)
Non-controlling interests	(523,169)	378,651

The notes are an integral part of the Condensed Interim Consolidated Financial Statements at June 30, 2026.

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 reserve	Stock grant reserve	Translation reserve	Retained earnings	Profit attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity 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 the profit for the previous year									6,087	(6,087)	-		-
Distribution of dividends of the parent 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/(expense) for the period													
- Profit/(loss) for the period										(566)	(566)	379	(187)
- Translation differences								68			68		68
- Actuarial gains/(losses), net of tax effect						49					49		49
Total comprehensive income/(expense) for the period	-	-	-	-	-	49	-	68	-	(566)	(449)	379	(70)
Equity 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

	Share capital	Share premium reserve	Treasury shares	Unavailable reserve for treasury shares in portfolio	Legal reserve	Actuarial reserve	Stock grant reserve	Translation reserve	Retained earnings	Profit attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01/01/2026	158,507	447,592	(12,046)	12,046	18,193	(4,140)	4,549	(45)	62,192	10,476	697,324	11,155	708,479
Allocation of the profit for the previous year					502				9,974	(10,476)	-		-
Distribution of dividends of the parent Avio S.p.A.									(6,800)		(6,800)		(6,800)
Use of treasury shares		4,385	4,385	(4,385)			(2,858)		(1,527)		-		-
Stock option plan							1,350				1,350		1,350
Other changes						4			(105)		(101)	(60)	(161)
Total comprehensive expense for the period													
- Profit/(loss) for the period										9,679	9,679	(523)	9,156
- Translation differences								46			46		46
- Actuarial gains/(losses), net of tax effect						(101)					(101)		(101)
Total comprehensive income/(expense) for the period	-	-	-	-	-	(101)	-	46	-	9,679	9,624	(523)	9,101
Equity at 30/06/2026	158,507	451,976	(7,661)	7,661	18,695	(4,236)	3,042	1	63,735	9,679	701,397	10,572	711,969

The notes are an integral part of the Condensed Interim Consolidated Financial Statements at June 30, 2026.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro thousands)

		H1 2026	H1 2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		9,156	(187)
Adjustments for:			
- Income taxes	3.38	177	546
- Investments accounted for using the equity method - operating income/(charges)	3.35	(1,651)	(363)
- Dividends from Joint Ventures	3.35	2,800	1,740
- Amortization and depreciation	3.33	10,672	9,966
- Other non-monetary (income)/charges	3.6	(3,324)	-
Net change in provisions for risks and charges		(5,088)	(7,001)
Net change in employee benefits		(217)	(244)
Changes in:			
- Inventories		(5,042)	(3,910)
- Contract work-in-progress and advances from customers		(45,950)	(18,017)
- of which related parties		(3,464)	(1,000)
- Trade receivables		(218)	(1,325)
- of which related parties		815	(129)
- Trade payables		24,419	(20,902)
- of which related parties		(4,053)	2,579
- Other current and non-current assets		(6,963)	26,823
- of which related parties		3,245	20,812
- Other current and non-current liabilities		12,135	3,810
- of which related parties		27	(51)
Income taxes paid		(2,524)	(327)
Interest received/(paid)		2,001	330
Cash flows generated by/(used in) operating activities	(A)	(9,616)	(9,062)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in:			
- Property, plant and equipment	3.1	(26,182)	(5,209)
- Investment property	3.3	(12)	(190)
- Intangible assets with definite life	3.4	(7,286)	(4,872)
Cash flows generated by/(used in) investing activities	(B)	(33,480)	(10,271)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of EIB loans		-	(1,000)
Dividends paid by the parent Avio S.p.A.		(6,800)	(3,750)
Share capital increase and share premium reserve		-	10,400
Other changes in current and non-current financial assets		(2,774)	(2,075)
- of which related parties		-	69
Other changes in current and non-current financial liabilities		(3,708)	578
- of which related parties		(54)	(67)
Cash flows generated by/(used in) financing activities	(C)	(13,282)	4,152
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C)	(56,378)	(15,180)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		601,846	101,684
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		545,467	86,504

The notes are an integral part of the Condensed Interim Consolidated Financial Statements at June 30, 2026.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2026

1. GENERAL INFORMATION

Avio S.p.A. (the "Company" or the "Parent") is a company limited by shares 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) organized and managed by Borsa Italiana S.p.A..

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

At June 30, 2026, Avio S.p.A. held, directly or indirectly, investments in seven subsidiaries (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 consolidated financial statements are presented in Euro which is the Group's 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 Flows, as well as these Notes, are reported in thousands of Euro where not otherwise indicated. Foreign operations are included in the consolidated financial statements in accordance with the accounting policies described below.

2. MATERIAL ACCOUNTING POLICIES

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

These Condensed interim consolidated financial statements at June 30, 2026 were prepared in accordance with International Financial Reporting Standards (hereafter also "IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission. IFRS Accounting Standards refer 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 interim consolidated financial statements, drawn up in accordance with IAS 34 - Interim Financial Reporting, the same accounting policies were adopted as for the preparation of the consolidated financial statements of the Avio Group at December 31, 2025, except for that outlined below in paragraph "2.7. Accounting policies". Therefore, these financial statements must be read together with the consolidated financial statements of the Avio Group at December 31, 2025.

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

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

2.2. Financial Statements

The Condensed interim consolidated financial statements at June 30, 2026 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 Flows and these 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 profit/(loss) from discontinued operations, where applicable;
- for the Condensed Consolidated Statement of Comprehensive Income, the adoption of the two-statement approach with indication of other gains/losses net of the related tax effect;
- for the Condensed Consolidated Statement of Cash Flows, the adoption of the indirect method.

2.3. Comparative information

In accordance with IAS 34, these Condensed interim consolidated financial statements present the 2025 comparative figures for the Condensed Consolidated Statement of Financial Position and for the first half of 2025 for the Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Cash Flows and Condensed Consolidated Statement of Changes in Equity.

2.4. Basis of consolidation

The basis of consolidation is in line with that utilized for the preparation of the consolidated financial statements of the Avio Group at December 31, 2025, to which reference should be made for further information.

2.5. Translation of foreign currency balance and foreign operations

The financial statements of each consolidated company are prepared in the currency of the primary economic environment in which it operates. For the condensed interim consolidated financial statements, the financial statements of each foreign entity which utilizes a currency other than the Euro is translated into this latter, as the Group's functional and presentation currency, applying to the items: (i) on the assets and liabilities of the statement of financial position, the current closing rates; (ii) on the statement of profit or loss, the average exchange rates for the period.

The translation differences arising from the translation of financial statements of investees operating in currencies other than the Euro, resulting from the application of differing exchange rates for assets and liabilities, equity and statement of profit or loss, are recognized in the "Translation reserve" under equity (included under "Other reserves") for the share attributable to the parent.

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 statement of profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at closing rates. The positive and/or negative differences between the amounts adjusted to the closing rate and those recorded in the period are also recognized in the statement of profit or loss. Non-monetary assets measured at historical cost in currencies other than the functional currency are not translated at the closing date.

2.6. Consolidation scope

The Condensed interim consolidated financial statements at June 30, 2026 include the financial statements of the parent, 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 Europropulsion S.A., held 50% jointly with another shareholder, consolidated using the equity method.

The consolidation scope at June 30, 2026 was as follows:

Companies included in the consolidation scope at June 30, 2026				Holding
Parent				
Company Name	Registered office	Share/quota capital 30/06/2026	Share/quota capital 31/12/2025	% Held
Avio S.p.A.	via Leonida Bissolati, 76 - Rome	Euro 158,506,882.70	Euro 158,506,882.70	N/A
Companies consolidated using the line-by-line method				
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)	19.10 (USD)	13.50 (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.

The non-controlling interest in the equity and profit/(loss) of the consolidated subsidiaries are recognized separately from the Group equity, under "Non-controlling interests".

2.7. Accounting policies and basis of measurement

IFRS Accounting Standards, amendments and interpretations applied from January 1, 2026

The following IFRS Accounting Standards, amendments and interpretations were applied for the first time by the Group from January 1, 2026:

- 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 amendments 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 derecognized 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 adoption of this amendment does not have significant effects on the consolidated financial statements of the Group.

- 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 adoption of this amendment does not have significant effects on the consolidated financial statements of the Group.

- 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 adoption of this amendment does not have significant effects on the consolidated financial statements of the Group.

IFRS Accounting Standards, amendments and interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at June 30, 2026

The following IFRS Accounting Standards, amendments and interpretations were endorsed by the EU, but are not yet mandatory and have not been not adopted in advance by the Group at June 30, 2026:

- 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 primary financial statement and introduces important changes to the statement of profit or loss structure. Specifically, the new standard requires that:
 - income and expense are classified into three new categories (operating, investing and financing), in addition to the income taxes and discontinued operations categories already in the statement of profit or loss;

- ○ two new sub-totals are presented: operating profit or loss and profit or loss before financing and income tax (i.e., EBIT).

The new standard also:

- ○ requires more information on the management defined performance measures;
- introduces new criteria for aggregation and disaggregation of information; and,
- ○ introduces a number of changes to the format of the statement of cash flows, including a requirement that operating profit or loss is used as the starting point for the presentation of the statement of cash flow prepared using the indirect method and that certain classification options are removed 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 early application is permitted. The Directors are currently assessing the possible effects of introduction of this new standard on the Group's consolidated financial statements.

IFRS Accounting 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 endorsement of the amendments and standards described below.

- 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 Accounting Standards. This standard can be applied by an entity that meets the following main criteria:
 - it is a subsidiary;
 - 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 that prepares consolidated financial statements in accordance with IFRS Accounting Standards.

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

- On November 13, 2025, the IASB published a document called "**Translation to a Hyperinflationary Presentation Currency - Amendment to IAS 21**" that clarifies conversion procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments where:
 - its functional currency is that of a non-hyperinflationary economy and is converting its operating results and statement of financial position to the currency of a hyperinflationary economy; or,
 - it is converting the operating results and statement of financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy into the currency of a hyperinflationary economy.

The amendments will be applicable to financial statements for periods beginning January 1, 2027. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On May 27, 2026, the IASB published **IFRS 20 - Regulatory Assets and Regulatory Liabilities**. The new standard applies to all entities subject to a specific type of rate regulation, i.e. a rate regulation that creates timing differences. The objective of the new standard is to require an entity to provide relevant information that reflects the impact of income and expenses arising from regulated activities on the entity's profit or loss, in addition to the impact of assets and liabilities arising from regulated activities on the statement of financial position.

In order to achieve this objective, the new standard sets out the requirements for the recognition, measurement, presentation and disclosure of assets, liabilities, revenue and expenses arising from regulated activities. Assets and liabilities arising from regulated activities constitute a subset of the rights and obligations created by a regulatory agreement. Information regarding this subset of rights and obligations enables financial statement users to understand:

- the income and expenses arising from an entity's regulated activities, which result from the assets and liabilities associated with those regulated activities. This understanding, together with the information required by other IFRS, will provide guidance on the total allowable compensation for regulated goods or services provided by the entity during a reporting period and, consequently, on the entity's financial performance and future cash flow prospects.

- the assets and liabilities arising from an entity's regulated activities. This understanding will provide information upon the entity's financial position at the end of a reporting period and upon the amount, timing and uncertainty of the entity's future cash flows.

IFRS 20 will replace **IFRS 14 - Regulatory Deferral Accounts** - and will be effective as of January 1, 2029, although early adoption is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On June 27, 2026, the IASB published a document entitled "**Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)**", which clarifies which entities are eligible to measure investments in associates and joint ventures using the fair value option provided under IAS 28. The IASB has decided to develop amendments to address:
 - the lack of clarity regarding the meaning of "similar entities, including investment-linked insurance funds" and how that definition should be interpreted - narrowly or broadly; and,
 - the various interpretations of the relationship between the scope of application of the fair value option in IAS 28 and the requirements of IFRS 18 regarding "specified main business activities".

The amendments shall be applied concurrently with the implementation of IFRS 18 and, therefore, will apply to financial statements for fiscal years beginning on or after January 1, 2027. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

3. COMPOSITION, COMMENTS AND CHANGES IN THE PRINCIPAL FINANCIAL STATEMENTS ITEMS AND OTHER DISCLOSURES

NON-CURRENT ASSETS

3.1. PROPERTY, PLANT & EQUIPMENT

The values of Property, plant and equipment at June 30, 2026 are shown net of the accumulated depreciation, 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, 2026 and December 31, 2025.

	30/06/2026			31/12/2025		
	Historical cost	Accumulated depreciation	Carrying amount	Historical cost	Accumulated depreciation	Carrying amount
Land	30,703	-	30,703	14,651	-	14,651
Buildings	93,110	(29,485)	63,625	91,862	(28,477)	63,385
Plant & machinery	102,031	(73,422)	28,609	100,408	(72,284)	28,124
Industrial & commercial equipment	21,574	(19,186)	2,388	21,718	(18,979)	2,739
Other assets	22,334	(14,962)	7,371	20,878	(14,367)	6,510
Assets in progress and advances	84,470	-	84,470	78,540	-	78,540
Total	354,221	(137,055)	217,166	328,057	(134,107)	193,950

The changes between December 31, 2025 and June 30, 2026 in the gross values of property, plant and equipment are illustrated in the table below (Euro thousands):

Historical cost	31/12/2025	Investments	Decreases for disposals	Reclassifications	30/06/2026
Land	14,651	16,052	-	-	30,703
Buildings	91,862	1,248	-	-	93,110
Property, plant and equipment	100,408	1,623	-	-	102,031
Industrial and commercial equipment	21,718	57	(17)	(184)	21,574
Other assets	20,878	1,438	-	18	22,334
Assets in progress and advances	78,540	5,764	-	166	84,470
Total	328,057	26,182	(17)	-	354,221

The increases in the period of Euro 26,182 thousand concern:

- land totaling Euro 16,052 thousand, primarily related to investments made in April to acquire approximately 1,200 acres of land zoned for industrial use within the Southern Virginia Multimodal Park by the subsidiary Avio USA Inc.;
- buildings amounting to Euro 1,248 thousand, mainly relating to extraordinary maintenance and restructuring;
- plant and production machinery amounting to Euro 1,623 thousand, mainly to achieve increased flight frequency;
- equipment amounting to Euro 57 thousand, mainly relating to production control instruments;
- other assets amounting to Euro 1,438 thousand, mainly relating to IT equipment and furnishings related to the Group's administrative site;
- assets in progress and advances for Euro 5,764 thousand. These investments mainly concerned the works to construct the infrastructure for the Next-Gen EU projects for Euro 587 thousand, and expenses for the purchase of assets to increase flight frequency, amounting to Euro 3,608 thousand.

The changes in the year 2025 in the gross values of property, plant and equipment are illustrated in the table below (Euro thousands):

Historical cost	31/12/2024	Investments	Decreases for disposals	Reclassifications	31/12/2025
Land	14,651	-	-	-	14,651
Buildings	89,464	3,989	(209)	(1,381)	91,862
Plant & machinery	98,221	3,578	(674)	(717)	100,408
Industrial & commercial equipment	19,894	3,402	(19)	(1,559)	21,718
Other assets	19,575	2,424	(196)	(926)	20,878
Assets in progress and advances	59,602	14,355	-	4,583	78,540
Total	301,407	27,748	(1,098)	-	328,057

Between December 31, 2025 and June 30, 2026, the changes to accumulated depreciation were as follows (in Euro thousands):

Accumulated amortization	31/12/2025	Depreciation	Decreases for disposals	Reclassifications	30/06/2026
Buildings	(28,477)	(996)	-	-	(29,485)
Property, plant and equipment	(72,284)	(1,150)	-	(12)	(73,422)
Industrial & commercial equipment	(18,979)	(222)	15	12	(19,186)
Other assets	(14,367)	(764)	169	-	(14,962)
Total	(134,107)	(3,132)	184	-	(137,055)

The following movements in accumulated depreciation took place in 2025 (in Euro thousands):

Accumulated depreciation	31/12/2024	Depreciation	Decreases for disposals	Reclassifications	31/12/2025
Buildings	(26,624)	(1,882)	-	29	(28,477)
Plant & machinery	(70,257)	(2,076)	(36)	85	(72,284)
Industrial & commercial equipment	(18,458)	(507)	15	(29)	(18,979)
Other assets	(12,779)	(1,503)	-	(85)	(14,367)
Total	(128,118)	(5,968)	(21)	-	(134,107)

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

3.2. RIGHT-OF-USE ASSETS

The values of right-of-use assets at June 30, 2026 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 rights-of-use of the Avio Group at June 30, 2026 and December 31, 2025.

	30/06/2026			31/12/2025		
	Historical cost	Accumulated depreciation	Carrying amount	Historical cost	Accumulated depreciation	Carrying amount
Land	3,066	(988)	2,077	3,066	(898)	2,168
Buildings	9,126	(4,963)	4,163	8,915	(4,531)	4,384
Plant and machinery	1,690	(1,194)	496	1,690	(1,125)	565
Other assets	9,725	(5,114)	4,610	9,232	(4,388)	4,844
Total	23,606	(12,259)	11,347	22,902	(10,942)	11,960

The movements between December 31, 2025 and June 30, 2026 in the gross value of right-of-use assets are illustrated in the table below (Euro thousands):

Historical cost	31/12/2025	Investments	Decreases for contract termination	Reclassifications	30/06/2026
Land	3,066	-	-	-	3,066
Buildings	8,915	234	(41)	18	9,126
Plant and machinery	1,690	-	-	-	1,690
Other assets	9,232	1,132	(622)	(18)	9,725
Total	22,902	1,366	(663)	-	23,606

The right-of-use assets recognized in accordance with 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.;
- lease of office and industrial use land and buildings in Paris (France), Arlington (USA), Corbetta (Lombardy), Airola (Campania) and Villaputzu (Sardinia); lease of apartments for employees in French Guiana; lease of company cars.

The increases in the period of Euro 1,366 thousand mainly concern the new leases of company cars and the new apartment lease contracts/renewals for the employees in Guyana, where the spaceport is located.

The decreases, amounting to Euro 663 thousand, related to the termination of leases for vehicles and apartments for employees.

The changes in the year 2025 in the gross value of right-of-use assets are illustrated in the table below (Euro thousands):

Historical cost	31/12/2024	Investments	Decreases for contract termination	Reclassifications	31/12/2025
Land	3,066	-	-	-	3,066
Buildings	7,213	1,955	(252)	-	8,915
Plant and machinery	1,690	-	-	-	1,690
Other assets	7,714	2,517	(999)	-	9,232
Total	19,681	4,472	(1,251)	-	22,902

Between December 31, 2025 and June 30, 2026, the changes to accumulated depreciation of right-of-use assets were as follows (in Euro thousands):

Accumulated amortization	31/12/2025	Amortization and depreciation	Decreases for contract termination	Reclassifications	30/06/2026
Land	(898)	(90)	-	-	(988)
Buildings	(4,531)	(455)	41	(18)	(4,963)
Plant and machinery	(1,125)	(69)	-	-	(1,194)
Other assets	(4,388)	(1,163)	419	18	(5,114)
Total	(10,942)	(1,777)	460	-	(12,259)

The following movements in accumulated depreciation of right-of-use assets took place in 2025 (in Euro thousands):

Accumulated amortization	31/12/2024	Amortization and depreciation	Decreases for contract termination	Reclassifications	31/12/2025
Land	(717)	(181)	-	-	(898)
Buildings	(3,095)	(1,579)	144	-	(4,531)
Plant and machinery	(959)	(166)	-	-	(1,125)
Other assets	(3,217)	(1,877)	706	-	(4,388)
Total	(7,989)	(3,803)	850	-	(10,942)

3.3. INVESTMENT PROPERTY

The values of Investment property at June 30, 2026 are shown net of accumulated depreciation, as illustrated in the table below (Euro thousands). The table illustrates the comparison between the balances in Investment property of the Avio Group at June 30, 2026 with December 31, 2025.

	30/06/2026			31/12/2025		
	Historic cost	Accumulated amortization	Carrying amount	Historic cost	Accumulated amortization	Carrying amount
Land	1,834	-	1,834	1,834	-	1,834
Buildings & facilities	3,704	(1,541)	2,163	3,693	(1,473)	2,219
Total	5,538	(1,541)	3,997	5,527	(1,473)	4,053

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, 2025 and June 30, 2026 in the gross values of investment property of the Avio Group are illustrated in the table below (Euro thousands):

Historic cost	31/12/2025	Investments	Decreases	Reclassifications	30/06/2026
Land	1,834	-	-	-	1,834
Buildings & facilities	3,693	11	-	-	3,704
Total	5,527	11	-	-	5,538

The changes in 2025 in the gross values of investment property of the Avio Group are illustrated in the table below (Euro thousands):

Historic cost	31/12/2024	Investments	Decreases	Reclassifications	31/12/2025
Land	1,834	-	-	-	1,834
Buildings & facilities	3,391	301	-	-	3,693
Total	5,225	301	-	-	5,527

In H1 2026, the changes in accumulated depreciation were as follows (in Euro thousands):

Accumulated depreciation	31/12/2025	Amortization and depreciation	Utilizations	Reclassifications	30/06/2026
Buildings & facilities	(1,473)	(67)	-	-	(1,541)
Total	(1,473)	(67)	-	-	(1,541)

The following movements in accumulated depreciation took place in 2025 (in Euro thousands):

Accumulated depreciation	31/12/2024	Amortization and depreciation	Utilizations	Reclassifications	31/12/2025
Buildings & facilities	(1,338)	(135)	-	-	(1,473)
Total	(1,338)	(135)	-	-	(1,473)

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 DEFINITE LIFE

The values of intangible assets with definite life at June 30, 2026 are shown net of accumulated amortization, as illustrated in the table below (Euro thousands). The table illustrates the comparison between the balances in Intangible assets with definite life of the Avio Group at June 30, 2026 with December 31, 2025.

	30/06/2026			31/12/2025		
	Historic cost	Accumulated amortization	Carrying amount	Historic cost	Accumulated amortization	Carrying amount
Development costs - amortizable	71,727	(24,753)	46,974	71,685	(23,005)	48,680
Development costs - in progress	44,622	-	44,622	39,094	-	39,094
Total development costs	116,348	(24,753)	91,595	110,779	(23,005)	87,774
Assets from Client Accreditation	46,616	(28,045)	18,571	46,616	(26,491)	20,125
Concessions, licenses, trademarks and similar rights	33,248	(19,130)	14,118	31,889	(17,461)	14,428
Other	18,705	(7,124)	11,581	18,352	(6,399)	11,952
Assets in progress and advances	295	-	295	291	-	291
Total	215,213	(79,052)	136,161	207,927	(73,357)	134,570

The amortizable development costs primarily refer to design and testing costs relating to the Z40 and P120C engines. Most development costs in progress refer to projects relating to the new liquid oxygen and methane engines.

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

With reference to development costs in progress, which are not subject to amortization as referring to programs which have not yet commenced commercial production at June 30, 2026, recognition under intangible assets with definite useful lives (with prior verification of the absence of impairment) is supported by the profitability forecasts of the programs.

As part of 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 programs for a total of Euro 44,785 thousand.

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

As part of 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 programs for a total of Euro 1,831 thousand.

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

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

The changes in H1 2026 in the gross values of Intangible assets with definite life of the Avio Group are illustrated in the table below (Euro thousands):

Historic cost	31/12/2025	Investments	Decreases	Reclassifications	30/06/2026
Development costs - amortizable	71,685	42	-	-	71,727
Development costs - in progress	39,094	5,528	-	-	44,622
Total development costs	110,779	5,570	-	-	116,348
Assets from Client Accreditation	46,616	-	-	-	46,616
Concessions, licenses, trademarks and similar rights	31,889	1,353	-	7	33,248
Other	18,352	19	-	334	18,705
Assets in progress & advances	291	345	-	(341)	295
Total	207,927	7,286	-	-	215,213

The increases in H1 2026 totaled Euro 7,286 thousand, which principally refer to:

- Euro 5,570 thousand, mainly for design and testing costs for the construction of the new engines and avionics elements;
- Euro 1,353 thousand concerning software licenses and implementation projects

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

Historic cost	31/12/2024	Investments	Decreases	Reclassifications	31/12/2025
Development costs - amortizable	71,685	-	-	-	71,685
Development costs - in progress	29,523	9,687	(117)	-	39,094
Total development costs	101,208	9,687	(117)	-	110,779
Assets from Client Accreditation	46,616	-	-	-	46,616
Concessions, licenses, trademarks and similar rights	27,427	4,462	-	-	31,889
Other	16,181	2,410	(239)	-	18,352
Assets in progress and advances	291	-	-	-	291
Total	191,723	16,560	(356)	-	207,927

In H1 2026, the changes in accumulated depreciation were as follows (in Euro thousands):

Accumulated amortization	31/12/2025	Amortization	Decreases	Reclassifications	30/06/2026
Development costs - amortizable	(23,005)	(1,748)	-	-	(24,753)
Development costs - in progress	-	-	-	-	-
Total development costs	(23,005)	(1,748)	-	-	(24,753)
Assets from Client Accreditation	(26,491)	(1,554)	-	-	(28,045)
Concessions, licenses, trademarks and similar rights	(17,461)	(1,669)	-	-	(19,130)
Other	(6,399)	(725)	-	-	(7,124)
Total	(73,357)	(5,696)	-	-	(79,052)

The changes in 2025 in accumulated amortization were as follows (in Euro thousands):

Accumulated amortization	31/12/2024	Amortization	Decreases	Reclassifications	31/12/2025
Development costs - amortizable	(19,518)	(3,502)	-	15	(23,005)
Development costs - in progress	-	-	-	-	-
Total development costs	(19,518)	(3,502)	-	15	(23,005)
Assets from PPA	(23,383)	(3,077)	-	(31)	(26,491)
Concessions, licenses, trademarks and similar rights	(15,004)	(2,456)	-	-	(17,461)
Other	(5,061)	(1,354)	-	16	(6,399)
Total	(62,966)	(10,390)	-	-	(73,357)

3.5. GOODWILL

At June 30, 2026, goodwill amounted to 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 single Group CGU corresponding to its entire operating sector;
- Euro 1,824 thousand Euro relating to the 2022 acquisition of Temis S.r.l. This amount constitutes the residual amount recognized under Goodwill following the conclusion of the process to allocate the difference between the purchase price of 100% of this company and the net equity acquired in 2023. This goodwill is also allocated to its entire operating sector.

As indicated in Note "2.7. Accounting policies and basis of measurement" of the financial statements at December 31, 2025, goodwill is not amortized but written down for impairment, if any. 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 corresponds to its entire operating sector.

Goodwill allocated to the CGU was subject to an impairment test on December 31 2025, on the basis of cash flows from the CGU estimated based on forecasts from the 2025-2035 long-term plan approved by the Board of Directors on September 11, 2025. The outcome of the test did not indicate the need for a write-down of the carrying amount of goodwill at December 31, 2025. In the first half of 2026, any indicators of impairment were assessed using both internal and external information sources.

The internal information sources mainly included assessment of:

- the profit or loss for the period.

In H1 2026, there was a general improvement in operating results compared to the same period of 2025. Specifically, net revenue saw double-digit growth on a half-year basis for the fourth consecutive year (+17.5% compared to H1 2025), confirming the company's robust ability to once again fulfill orders in H1 2026. Revenue growth in the first half of the year was primarily driven by increased Vega C production, production of engines for Ariane 6, and defense propulsion-related activities;

- the order backlog.

At June 30, 2026, the backlog stood at Euro 2,048.1 million. This result was achieved thanks to new contracts secured in H1 2026 worth approximately Euro 159 million. More than two-thirds of these were for production and development contracts in the defense sector, with the remainder primarily consisting of development contracts for the Vega C launcher;

- growth of the Defense business.

In H1 2026, revenue related to defense solid propulsion increased by approximately 25% on the same period in the previous year, as reported in the presentation to analysts and investors regarding the H1 2026 results to be communicated to the financial community on September 10, 2026.

Revenue from defense activities totaled approximately Euro 50 million (approximately 18% of net revenue for the half year), compared to Euro 40 million in the first half of 2025.

Among the key events of the period was the announcement of the signing of a USD 65 million contract for a new solid-propellant engine development project in the U.S.⁶⁵, and the signing of a new order worth over Euro 35 million with MBDA in France⁶⁶ for the supply of solid-propellant engines and related aerodynamic surfaces for the ASTER 30 defense system, intended, in particular, to support European defense in response to the growing demand for the SAMP/T NG missile defense system;

- success of the VV29 Vega C mission⁶⁷.

On May 19, 2026, the Vega C VV29 flight successfully launched the Solar Wind Magnetosphere Ionosphere Link Explorer (SMILE) scientific satellite for the European Space Agency (ESA) and the Chinese Academy of Sciences (CAS) from the European spaceport in French Guiana using a Vega C launcher.

SMILE will measure the interactions between the solar wind and Earth's magnetosphere to improve understanding of the dynamics between the Sun and Earth. The mission's success marked a significant milestone for the company, as it was the first Vega C launch in which Avio served in its new role as Launch Service Operator.

Also as a result of the success of the flight, the preparatory work to increase the launch frequency is expected to continue this year;

- success of Ariane 6 missions VA267⁶⁸, VA268 and VA269.

On February 12, 2026, and April 30, 2026, the Ariane 6 launcher successfully completed missions VA267 and VA268, placing a total of 64 satellites from the Amazon Leo constellation into orbit. For the first time, the rocket used four P120C solid-propellant boosters instead of two. The four-booster configuration doubles the performance of Ariane 6 compared to the dual-booster version, representing a major step forward for the European space program.

On June 17, 2026, Ariane 6 also completed another mission (VA269). This was particularly significant as it was also the first mission carried out in a four-booster configuration using the new P160C first-stage

⁶⁵ See the press release of March 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-ha-firmato-contratto-da-65-milioni-di-dollari-nuovo-progetto-di-sviluppo-di>

⁶⁶ See the press release of June 18, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/siglato-nuovo-ordine-da-oltre-35-milioni-di-euro-con-mbda-in-francia->

⁶⁷ See the press release of May 19, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-lancia-con-successo-il-satellite-smile-con-vega-c>

⁶⁸ See the press release of February 12, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/nuovo-ariane-64-con-4-booster-p120c-lancia-con-successo-satelliti-amazon-leo>

engines. As the common propulsion system for the family of European launch vehicles, the P160C will support evolutions in the performance of Ariane 6 and future Vega configurations. 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 profit margins;

- distribution of dividends.

On April 28, 2026, Avio S.p.A.'s Ordinary Shareholders' Meeting approved the Board of Directors' proposal to distribute an ordinary dividend of Euro 6,800 thousand, to be paid out from the 2025 profit;

- investment agreement with funds managed and controlled by Advent International⁶⁹.

On July 6, 2026, the Board of Directors of Avio approved the signing of an investment agreement with funds managed by Advent International, designed to support the Group's long-term growth and expansion plans in the United States.

The agreement will see Advent subscribe to a reserved capital increase through the issuance of up to 3,275,268 new ordinary shares at a price of Euro 33.40 per share, for a total maximum value of approximately Euro 109.4 million. Following the transaction, Advent will hold a stake representing approximately 7% of Avio's share capital on a pre-money basis.

Completion of the transaction is subject to the fulfilment of the customary conditions precedent, including authorization under Italian "Golden Power" legislation. The funds raised through the capital increase will be used to strengthen the Company's equity and support its growth strategy, with a particular focus on expanding production capacity in the solid-propellant engine sector and developing its operations in the United States.

External information sources mainly included assessment of:

- ongoing conflict between the United States, Israel and Iran and the trend in energy costs.

Regarding Middle East instabilities relating to the current conflict involving the United States, Israel, and Iran, the Group currently anticipates no impact on business performance. With no direct exposure or supply chain links to the affected areas, the Group will nonetheless continue to monitor and assess potential indirect effects on financial results, including extreme energy cost volatility and potential inflationary pressures from the conflict;

- market capitalization.

At the approval date of the Condensed Interim Consolidated Financial Statements, the market capitalization is higher than the carrying amount of consolidated net equity;

- results of the impairment test conducted to December 31, 2025.

The impairment test performed at December 31, 2025 reported a substantial positive margin between the recoverable value of the CGU and the carrying amount of the net capital employed which was also confirmed following sensitivity analyses and stress tests conducted on the weighted average cost of invested capital. Specifically, considering an average WACC of 10%⁷⁰, the break-even WACC that made the recoverable value of the CGU equal to the carrying amount of the net capital employed recognized at December 31, 2025 was 20.77%;

- 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

⁶⁹ See the press release of July 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita>

⁷⁰ Specifically, for each explicit projection year, an average discount rate (i.e. "Rolling WACC") equal to the discount rates calculated for Italy (9.23%) and the United States (10.64%), weighted by the contribution of the Italian and US businesses to EBITDA, was used for the purpose of discounting cash flows. The WACC used for the purpose of preparing the impairment test is thus found to be in the range of 9.2% to 10% on average.

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 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 defense research and development activities:

- the annual value of global launch market volumes (research by the Company with input from external advisors using Novaspaces sources, January 2026,) is expected to increase from approximately 3,000 tons in 2025 to 4,000 tons in 2035 at an annual rate (CAGR) of 3% over the period 2025-2035. Such growth is distributed across the various industry segments and, specifically: (i) the Non Mega-constellations segment, which includes Earth observation and science, is estimated to grow at 8% annually, increasing from 500 to 1,100 tons; (ii) the Mega-Constellations segment, that is satellite constellations for communications and navigation, including Starlink and Amazon LEO, will grow more slowly, with a CAGR of 1.3%, rising from 2,500 to 2,900 tons;
- a temporary provision has been made in overall resources allocated to space programs at the government level: according to a recent Novaspaces report⁷¹, government funding for space economy activities totaled more than USD 137 billion in 2025, up 0.5% from 2024. Also according to the same source, these budgets are forecast to grow to USD 165 billion in 2034, with a CAGR of 2% over 9 years;
- in Europe, the budgets of the national space agencies and the European Space Agency (hereinafter also "ESA") have grown by an average of approximately 7% annually between 2015 and 2024, as can be deduced from the data published by the agencies themselves⁷². This is in addition to the funds made available by the Italian state under the National Recovery and Resilience Plan - hereafter also NRRP - following the COVID-19 pandemic. It is underlined that, as a result of the latest ESA Ministerial Council held in November 2025, the European space budget has increased by 30% on the previous three-year period to Euro 22.1 billion, a record in the history of the European Space Agency. Italy confirmed its leading role in the sector, committing approximately Euro 3.5 billion (approximately +12% compared to the 2022 Ministerial Council contributions), accounting for approximately 16% of the total funds committed by ESA member states. Based on these commitments, Avio expects to be awarded new contracts worth more than Euro 600 million over the period 2026-2027, with execution scheduled by 2028-2029. These relate to both the development and operational exploitation of launchers and are substantially in line with the Company's plans and guidelines;
- following on from the decision adopted by the Board of the ESA in Seville on November 6, 2023⁷³, the decision of the Board of the ESA of July 5, 2024⁷⁴ has laid the basis for the commercialization of the Vega launcher by Avio. On July 10, 2025, the new Launchers Exploitation Declaration ("LED") was then approved, assigning Avio the role of launch service provider for the Vega family of launchers⁷⁵. In August 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana. As outlined above, the VV29 mission, which was successfully completed in May, was thus the first Vega C launch carried out with Avio in its new role as Launch Service Operator;
- the defense solid propulsion business in Europe and the United States is expected to grow significantly over the next decade, partly due to the substantial discrepancy between supply and demand for solid

⁷¹ "Government Space Programs, 25th edition" report, Novaspaces, published January 2026

⁷² 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

⁷³ See the press release of November 7, 2023 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/consiglio-ministeriale-esa-importanti-decisioni-su-ariane-6-vega-c-e-vega-e/MXxb211bmIjYXRpLjE3NzEwMDAwNTMyMDIzMXwxfDIwMjYwOTA2eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYyI6IjFWSU8iLCJpYXQiOiE3ODQ2OTAyMzh9.YJwBK7B75XLrJfBKygGE1GZ-1KRqYNiktQmuK5sdg>

⁷⁴ See the 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>

⁷⁵ See the 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>

propellant engines, which is estimated to average around 3,000–3,700 tons per year over the next five years.

Based on the main assessments carried out as above, there were no triggering events at June 30, 2026. As such, the carrying amount was not subjected to further impairment tests.

3.6. INVESTMENTS

The investments held by the Avio Group at June 30, 2026 and December 31, 2025 follow (in Euro thousands).

	30/06/2026		31/12/2025		Change
	Group share	Carrying amount	Group share	Carrying amount	
<i>Companies under joint control</i>					
- Europropulsion S.A. (*)	50.00%	6,148	50.00%	7,921	(1,773)
Total companies under joint control		6,148		7,921	(1,773)
<i>Associates</i>					
- Termica Colleferro S.p.A.	40.00%	6,593	40.00%	5,969	623
- Other consortiums (*)		68		68	-
Total associates		6,661		6,037	623
<i>Other companies</i>					
- Other companies		7,636		4,312	3,324
Total other companies		7,636		4,312	3,324
Total		20,445		18,270	2,175

(*) 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, 2025 and June 30, 2026 in investments are shown below (Euro thousands):

	31/12/2025	Measured at equity	Increases	Decreases	Other changes	30/06/2026
Companies under joint control	7,921	(1,773)	-	-	-	6,148
Associates	6,037	623	-	-	-	6,661
Other companies	4,312	-	3,346	(22)	-	7,636
Total	18,270	(1,149)	3,346	(22)	-	20,445

"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 1,773 thousand (due to the increase for the 50% share of the profit for H1 2026, amounting to Euro 1,027 thousand, net of the decrease of Euro 2,800 thousand following the reduction in the company's equity due to the dividends paid to Avio S.p.A. in the period). "Associates" include the investment in Termica Colleferro S.p.A., totaling Euro 6,593 thousand and in a number of consortia, for Euro 68 thousand. The movements for the half-year all relate to the investment in Termica Colleferro, which is measured at equity.

"Other companies" include the following non-controlling interests in C.I.R.A. - Centro Italiano Ricerche Aerospaziali S.c.p.A., 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". The change in investments in other companies is primarily due to the fair value adjustment of the investment held in ART S.p.A., with a balancing entry in the statement of profit or loss under "other income/(charges) from financial assets".

The fair value of the investment in ART S.p.A. as of June 30, 2026 was estimated based on the measurement determined in connection with the transaction to sell the company's shares, which was formalized after the reporting date. This measurement is based on a negotiation between independent parties and is supported by a fairness opinion prepared by an independent expert.

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 noted 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., the 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 investment in T4i S.p.A., a spin-off of the University of Padua based in Monselice (PD), specializing in innovative propulsion systems for aerospace applications, it is noted in particular that it was founded in 2014 by a team led by Daniele Pavarin and over the years has demonstrated expertise and excellence in the development of propulsion technologies, growing fast and working on ambitious programs 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 an increase in the investment in T4i of approx. 17%.

3.7. NON-CURRENT FINANCIAL ASSETS

The table below illustrates the non-current financial assets of the Avio Group at June 30, 2026 and at December 31, 2025 (in Euro thousands).

	30/06/2026	31/12/2025	Change
Shareholder loan to Termica Colleferro S.p.A.	1,177	1,177	-
	1,177	1,177	-

This shareholder loan, to the associate Termica Colleferro, is interest-free and is subordinated to the full repayment by the latter company of the loan previously granted by the lending banks, which matures on February 24, 2027. In August, the associate Termica Colleferro made a partial reimbursement of approximately Euro 300 thousand, with the remainder to be settled from 2028.

3.8. DEFERRED TAX ASSETS

The Avio Group's recognized deferred tax assets amount to Euro 87,518 thousand (Euro 87,570 thousand at December 31, 2025). The recognized amount represents the net balance of the deferred tax assets and liabilities calculated on the temporary differences between the assets and liabilities assumed for the purposes of the preparation of the financial statements and the respective amounts 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 utilized. The summary of the temporary differences (deductible and taxable) 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):

	30/06/2026	31/12/2025	Change
Gross deferred tax assets on temporary differences			
<i>Temporary differences deriving from previous corporate operations</i>			
Fiscal amortization on previous goodwill whose tax benefits remain in the Company.	21,811	22,524	(713)
Financial expenses exceeding 30% of Reported EBITDA	29,638	24,585	5,053
<i>Temporary differences deriving from current corporate operations</i>			
Provision for personnel charges	3,688	4,590	(902)
Other deductible temporary differences	144	186	(42)
Provision for future and legal risks and charges	5,111	5,719	(608)
Loss allowance - trade and other receivables	96	96	-
Total gross deferred tax assets	60,488	57,701	2,788
Deferred tax liability on temporary differences			
<i>Temporary differences deriving from previous corporate operations</i>			
Amortization intangible assets from PPA 2017 - Customer accreditation	(4,977)	(5,378)	401
<i>Temporary differences deriving from current corporate operations</i>			
Other temporary assessable differences	(779)	(1,188)	409
Total gross deferred tax liabilities	(5,756)	(6,566)	810
Net deferred tax assets/(liabilities)	54,732	51,135	3,598
Deferred tax assets on tax losses	53,150	53,470	(320)
Total deferred tax assets	107,882	104,605	3,278
Unrecognized deferred tax assets	(20,364)	(17,034)	(3,330)
Recognized net deferred tax assets (liabilities)	87,518	87,570	(52)

Deferred tax assets on temporary differences and on tax losses were recognized for the amounts whose future recovery was considered probable, on the basis of forecast taxable 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 horizon 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 program which provides for the development and construction of the "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 programs and gave the go ahead for the long-term development program of the engine and of the Upper Stage of the Vega E, or rather the next step in the evolution of the Vega launcher.

The deferred tax assets recognized mainly refer to the tax losses carried forward (Euro 53,150 thousand), to the financial expenses exceeding 30% of the gross operating profit that can be carried forward (Euro 29,638 thousand), and to the amortization of the Space and Aviation goodwill that can be deducted by Avio in future years (Euro 21,811 thousand). As for the other companies, the most significant item relates to the environmental restoration provision of the subsidiary Secosvim (Euro 3,169 thousand).

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

In terms of developments compared to the previous year, it is noted that although the carrying amount of deferred taxes remains constant, the total amount of deferred tax assets that can potentially be recognized has increased by approximately Euro 3.3 million, mainly due to the increase in interest expense that is temporarily non-deductible.

3.9. OTHER NON-CURRENT ASSETS

The table below illustrates other non-current assets at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Other non-current assets	6,183	6,504	(320)
	6,183	6,504	(320)

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

	30/06/2026	31/12/2025	Change
Assets from FCA Partecipazioni	4,712	4,945	(233)
Assets from the Economic Development Ministry for disbursements pursuant to Law 808/85 - non-current portion	957	957	-
Guarantee deposits	276	313	(38)
Other non-current assets	239	288	(49)
Total	6,183	6,504	(320)

"Assets from FCA Partecipazioni" refer 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 pay 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 disbursed 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 amount due from FCA Partecipazioni of Euro 16.5 million, divided into due within and after one year according to the due dates of the expected collections, and a corresponding provision for charges of Euro 16.9 million.

"Assets from the Economic Development Ministry for disbursements pursuant to Law 808/85 - non-current portion", amounting to Euro 957 thousand, refer to the present value of the non-current portion of the concessions granted by the Ministry for Economic Development under Law 808/85.

These amounts are recognized using the amortized cost method, calculated based on the effective interest rate, and are increased due to the effect of the accumulated amortization of the difference between the initial value and the actual collected amount with a balancing entry under "Financial income". The amounts due within one year are classified under "Other current assets" (Note 3.15).

CURRENT ASSETS

3.10. INVENTORIES

The table below illustrates inventories at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Inventories	153,591	148,550	5,042
	153,591	148,550	5,042

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

	31/12/2025	Change	30/06/2026
Raw materials, supplies and consumables	127,487	3,172	130,659
Raw materials, supplies and consumables – allowance for obsolescence	(2,422)	(60)	(2,482)
Raw materials, supplies and consumables - carrying amount	125,065	3,113	128,178
Work-in-progress	14,313	(1,950)	12,363
Work in progress – allowance for write-down	-	-	-
Work-in-progress - carrying amount	14,313	(1,950)	12,363
Finished products and other inventories	11,129	3,879	15,008
Finished products and other inventories – allowance for obsolescence	(1,957)	-	(1,957)
Finished products and other inventories - carrying amount	9,172	3,879	13,050
	148,550	5,042	153,591

The increase in inventories relates to procurement needed 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 items: "Contract work-in-progress" and "Advances for contract work in progress".

"Contract work-in-progress", recognized under assets, 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", recognized under liabilities, 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 based on the progress 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 at June 30, 2026 and December 31, 2025 is as follows (in Euro thousands):

	30/06/2026	31/12/2025	Change
Contract work-in-progress	218,177	196,845	21,332
Advances for contract work-in-progress	(690,292)	(714,910)	24,618
Net total	(472,114)	(518,064)	45,950

The table below summarizes the contract work-in-progress relating to the projects where the gross value is higher than the advances collected; these works are therefore recognized at their net value under assets (Euro thousands):

	30/06/2026	31/12/2025	Change
Contract work-in-progress (gross)	2,275,227	2,285,968	(10,740)
Advances for contract work-in-progress (gross)	(2,057,050)	(2,089,122)	32,072
Contract work-in-progress (net)	218,177	196,845	21,332

The table below summarizes the contract work-in-progress relating to the projects where the gross value is lower than the advances collected; these works are therefore recognized at their net value under liabilities (Euro thousands):

	30/06/2026	31/12/2025	Change
Contract work-in-progress (gross)	1,036,676	762,604	274,072
Advances for contract work-in-progress (gross)	(1,726,967)	(1,477,513)	(249,454)
Advances for contract work-in-progress (net)	(690,292)	(714,910)	24,618

At present, the share of variable fees reported in "Contract work-in-progress (gross)" recognized to the financial statements accounts for approximately 1% of Contract Work in Progress (gross).

3.12. TRADE RECEIVABLES

The table below illustrates trade receivables at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Trade receivables	5,832	5,613	218
	5,832	5,613	218

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

	30/06/2026	31/12/2025	Change
Receivables from third parties	4,669	3,769	900
Receivables from associates and jointly controlled companies	751	1,403	(652)
	5,420	5,172	247
Receivables from associates and jointly controlled companies due after one year	412	441	(29)
	412	441	(29)
Total	5,832	5,613	218

The nominal value of receivables from third parties was adjusted by a loss allowance of Euro 490 thousand in order to reflect their fair value.

Receivables from third parties

The breakdown of this item is shown below (Euro thousands):

	30/06/2026	31/12/2025	Change
Gross balance	5,159	4,258	901
less: loss allowance	(490)	(489)	(1)
Total	4,669	3,769	900

Receivables from associates and jointly-controlled companies

The breakdown of this item is shown below (Euro thousands):

	30/06/2026	31/12/2025	Change
Europropulsion S.A.	199	329	(130)
Servizi Colleferro S.C.p.A.	132	176	(44)
Consorzio Servizi Acqua Potabile	328	314	13
Termica Colleferro S.p.A. due within one year	92	584	(492)
	751	1,403	(652)
Termica Colleferro S.p.A. due after one year	412	441	(29)
	412	441	(29)
Total	1,163	1,844	(681)

3.13. CASH AND CASH EQUIVALENTS

The table below illustrates cash and cash equivalents at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Cash and cash equivalents	545,467	601,846	(56,378)
Total	545,467	601,846	(56,378)

Cash and cash equivalents mainly concern balances on bank current accounts, in addition to some short-term restricted deposits. Short-term restricted deposits amount to Euro 405,000 thousand at June 30, 2026 (Euro 310,000 thousand at December 31, 2025). The decrease of Euro 56,378 thousand is principally due to the cyclical nature of operating cash flows, in addition to capital expenditures.

3.14. CURRENT TAX ASSETS

The table below illustrates tax assets at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Current tax assets	25,850	21,873	3,977
Total	25,850	21,873	3,977

The following table shows the net changes by type of tax credit and tax between the balances as of June 30, 2026 and the previous year (amounts in thousands of Euro):

	30/06/2026	31/12/2025	Change
VAT	13,038	11,938	1,100
Research and development tax credits	2,830	2,830	-
Tax credits for simple and 4.0 technological innovation	2,260	2,260	-
Tax credits for the purchase of simple new capital goods and 4.0	2,282	2,282	-
Tax assets	5,046	2,195	2,851
EU VAT assets	394	368	25
Total	25,850	21,873	3,977

They increased Euro 3,977 thousand on December 31, 2025. The changes in the specific tax categories are presented below.

VAT assets

VAT assets of Euro 13,038 thousand (Euro 11,938 thousand at December 31, 2025), include:

- Euro 609 thousand, relating to VAT reimbursement requests to the Tax Authorities (Euro 1,890 thousand at December 31, 2025);
- Euro 12,392 thousand, relating to VAT reimbursements to date not requested for repayment (Euro 10,023 thousand at December 31, 2025).

During the first half of the year, "VAT assets" increased Euro 1,100 thousand compared to the previous year, due to the VAT assets accrued in the period of Euro 3,100 thousand, net of offsets and reimbursements for Euro 2,000 thousand.

The increase in the VAT asset 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 due on the transactions carried out by the Company is not high, or is at least lower than the VAT asset 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 asset.

Research and development and technological innovation tax credit

These tax credits totaled Euro 7,372 thousand (Euro 7,372 thousand at December 31, 2025).

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 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, jewelry, 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 year the credit is due;
2. the assets can be offset over three equal annual portions from the tax period subsequent to due date, 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 customers, was not renewed.

Recognition in the Financial Statements

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

The Avio Group recognized R&D tax credits of Euro 7,372 thousand in these interim financial statements, attributable entirely to the parent, Avio S.p.A., and accrued in 2020, 2021, 2022, 2023 and 2024.

These amounts 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 asset, and as they accrue in the 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 grants related to income and, for this reason, the related economic benefit has been recognized in full in the same year in which the eligible costs from which these subsidies accrue were accounted for.

Tax assets

Tax assets of Euro 5,046 thousand (Euro 2,195 thousand at December 31, 2025), principally concerned:

- IRES tax of Euro 939 thousand and IRAP tax of Euro 1,705 thousand of the parent Avio S.p.A.;
- tax receivables for withholdings on current account interest income of Euro 1,167 thousand of the parent company Avio S.p.A.;
- other tax assets of Euro 1,235 thousand, including those of the Guiana subsidiary Regulus S.A.

The change in this item is primarily attributable to the payment of the first IRAP instalment by the parent, Avio S.p.A., and to the increase in withholdings on current account interest income due to higher financial income accrued on the current accounts and the quarterly restricted deposits made during 2026 due to the increased average cash on hand, following the conclusion of the rights issue for a total amount of approximately Euro 400 million, which occurred in the last two months of 2025.

EU VAT assets

The EU VAT assets relate to inter-EU transactions and amount to Euro 394 thousand (Euro 368 thousand at December 31, 2025).

3.15. OTHER CURRENT ASSETS

The table below illustrates other current assets at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Other current assets	174,581	168,449	6,132
Total	174,581	168,449	6,132

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

	30/06/2026	31/12/2025	Change
Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion	1,186	1,186	-
Amounts due from employees	5,650	1,288	4,362
Prepayments and accrued income	5,771	1,733	4,038
Grants/subsidies receivable	239	239	-
Amounts due from FCA Partecipazioni	285	285	-
Amounts due from sundry debtors	346	472	(126)
Social security institutions	550	23	526
Amounts from associated companies	499	339	160
Advances to suppliers	160,056	162,884	(2,829)
Total	174,581	168,449	6,132

"Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion", amounting to Euro 1,186 thousand, refers to the present value of the current portion of the concessions granted by the Ministry for Economic Development under Law 808/85, which are due within one year.

The portion due after one year is classified under "Other non-current assets" (Note 3.9).

The change in amounts due from employees (for Euro 4,362 thousand) is primarily attributable to the completion, in the last week of June 2026, of the 2023-2025 Restricted Share Plan, which resulted in the allocation of shares to the beneficiaries. In this regard, Avio made an advance payment of the IRPEF withholding taxes related to the allocation of shares to employees; these amounts were subsequently recovered in July 2026. This item also includes the Group cash advances for the coverage of mission and travel expenses.

"Prepayments and accrued income" of Euro 5,771 thousand increased on December 31, 2025 given the normal deferral of costs paid in one settlement at the beginning of 2026, but also pertaining to the second half of 2026.

Receivables for grants and subsidies of Euro 239 thousand concerning various subsidized 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.

Regarding the "Amounts due from FCA Shares" amounting to Euro 285 thousand, reference should be made to note "3.9 Other non-current assets". The amount recognized at June 30, 2026 is the instalment due within one year.

Amounts due from sundry debtors of Euro 346 thousand mainly concern certain recharges, including of a tax nature, to a number of counterparties.

Advances to suppliers of Euro 160,056 thousand at June 30, 2026 (Euro 162,884 thousand at December 31, 2025) refer to payments to subcontractors made on the basis of interim progress reports (SAL) for the execution of activities. 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 158,506,882 at June 30, 2026 (Euro 158,506,882 at December 31, 2025); 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). Space2, following the acquisition of the Avio Group on March 31, 2017, then merged the parent Avio S.p.A., effective as of April 10, 2017, and was 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 Space2 shares were assigned to Leonardo S.p.A. and In Orbit S.p.A.
- of Euro 202,542 thousand as the increase due to the exercise, in the second half of 2017, of market warrants;
- of Euro 800,000 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).
- of Euro 66,742,669, as an increase resulting from the issuance of 19,630,197 shares following the rights issue capital increase that began and concluded in FY 2025⁷⁶. On September 11, 2025, Avio's Board of Directors approved to submit to its shareholders a proposal for a rights issue for a total maximum amount of Euro 400 million (the "Rights Issue"). The Rights Issue approved by the Extraordinary Shareholders' Meeting held on October 23, 2025 subsequently provided that (i) the rights to subscribe to the new shares (the "Subscription Rights") would be exercisable from November 3, 2025 to November 17, 2025 (the "Subscription Period"), and (ii) the Subscription Rights would be tradable on the Euronext Milan, Euronext STAR Milan Segment, from November 3, 2025 to November 11, 2025. The Subscription Period concluded on November 17, 2025, with the subscription of 19,400,448 new shares, representing approximately 98.83% of the total new shares offered. Following the sale of unexercised subscription rights during the subscription period and the subscription of the related shares, the Rights Issue concluded successfully on November 20, 2025, with the subscription of 100% of the shares offered. This did not require the intervention of the underwriting syndicate and saw a total of 19,630,197 new ordinary Avio shares issued for a total countervalue of Euro 399,867,112.89 (of which Euro 66,742,669.80 to be allocated to share capital and Euro 333,124,443.09 to be allocated to share premium).

The share capital at June 30, 2026⁷⁷ comprised 46,789,543 ordinary shares (46,789,543 at December 31, 2025).

3.17. SHARE PREMIUM RESERVE

The share premium reserve amounting to Euro 459,637 thousand at June 30, 2026 (Euro 459,637 thousand at December 31, 2025), is restricted to the extent of the carrying amount of the treasury shares held. At June 30, 2026, the available portion of the share premium reserve was Euro 451,976 thousand (at December 31, 2025: Euro 447,591 thousand), with the carrying amount of the treasury shares held amounting to Euro 7,661 thousand (Euro 12,046 thousand at December 31, 2025).

⁷⁶ See the press release of November 25, 2025 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmIjYXRpLjE3NzEwMDAxMDkyMDI1MXwxflDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2OTAzMjN9.KA1UxvLkRihDX2XlIjwdWQN4ynKidPvADCL0BSZEK>

⁷⁷ On July 6, 2026, Avio signed an investment agreement with funds managed and controlled by Advent International L.P. ("Advent"), a leading US-based private equity firm and one of the most active global investors in the aerospace and defense sectors. The agreement provides for Advent to subscribe to a reserved capital increase equal to approximately 7% of Avio's share capital on a pre-money basis. The transaction's closing is subject to certain conditions precedent.

See the press release of July 6, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita/MXxjb211bmIjYXRpLjE3NzEwMDAwNzYyMDI2MXwxflDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsInNyYiOiJlFWSU8iLCJpYXQiOiE3ODQ2OTAzMjN9.6Q4ZXelpBm41cDhdZdEMHOXTEEdSh3RNpJklaPixmo>

3.18. OTHER RESERVES

Other reserves at June 30, 2026 and December 31, 2025 were as follows (Euro thousands):

	30/06/2026	31/12/2025	Change
Legal reserve	18,695	18,193	502
Treasury shares held	(7,661)	(12,046)	4,385
Unavailable reserve for treasury shares held	7,661	12,046	(4,385)
Actuarial gains/(losses) reserve	(4,236)	(4,135)	(101)
Stock grant reserve	3,042	4,549	(1,508)
Translation reserve	1	(45)	46
Total	17,501	18,562	(1,060)

The legal reserve, which totals Euro 18,695 thousand, changed during the first half of the year due to the allocation of 5% of Avio S.p.A.'s 2025 profit.

With regard to treasury shares, at June 30, 2026, Avio S.p.A. held 626,929 treasury shares, equal to 1.34% of the share capital. The value of the treasury shares acquired amounts to Euro 7,661 thousand; the change in treasury shares of Euro 4,385 thousand is a result of the free allocation to the beneficiaries of the "2023-2025 Performance Share Plan" and the "2023-2025 Restricted Share Plan" - approved by the Board of Directors on March 13, 2023 and subsequently by the Shareholders' Meeting on April 28, 2023 - of a total of 105,114 and 264,566 company shares, respectively, following the Board of Directors' resolution of May 12, 2026 as a result of the achievement of the performance targets under the Plan (for the "2023-2025 Restricted Share Plan", 10,862 shares remain to be delivered as of June 30, 2026).

The actuarial reserve, amounting to a negative of Euro 4,236 thousand, concern the actuarial losses deriving from the application of IAS 19 revised, with the related tax effect where applicable.

The stock grant reserve represents, for Euro 3,042 thousand (Euro 4,549 thousand at December 31, 2025), the accumulated cost to June 30, 2026 of the 2024-2026 plan to grant treasury shares to top management, partially offset by a decrease of Euro 2,858 thousand related to the completion of the "2023-2025 Performance Share Plan" and the "2023-2025 Restricted Share Plan".

The translation reserve, positive for Euro 1 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 PROFIT OR LOSS OF THE PARENT AND CONSOLIDATED EQUITY AND PROFIT OR LOSS

The reconciliation between equity at June 30, 2026 and the profit of Avio S.p.A. for H1 2026 and the corresponding consolidated financial statements balances is as follows (in Euro thousands):

	Equity at 30/06/2026	Profit H1 2026
Financial statements of Avio S.p.A.	693,821	13,954
Elimination of the investments recognized in Avio S.p.A.	(90,793)	-
Recognition of the share of equity and profit or losses of the consolidated companies attributable to Avio Group	91,646	(3,016)
Other consolidation adjustments	6,724	(1,259)
Consolidated financial statements (share attributable to the owners of the parent)	701,397	9,679

For the reconciliation of the equity of Avio S.p.A. and the consolidated 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 related equity, the other consolidation adjustments mainly include:

- 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 measurement 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 2026, for a final positive effect of Euro 2,449 thousand;
- the measurement 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 2026, for a final negative impact of Euro 1,079 thousand;
- other net effects, positive for Euro 2,210 thousand, mainly related to the elimination of leases, in particular with Se.Co.Sv.Im. S.r.l., partially offset by the net accumulated amortization of the gains from the allocation of the acquisition price of Temis.

For the reconciliation of the profit for the period of Avio S.p.A. and the consolidated profit of the Avio Group, in addition to the recognition of the loss for the period of the consolidated companies (Euro 3,016 thousand, mainly regarding Se.co.sv.im Srl, Regulus SA and Avio USA Inc.), the other consolidation adjustments, totaling a net charge of Euro 1,259 thousand, mainly include:

- the equity measurement of the joint venture Europropulsion S.A., which led to the recognition of charges of Euro 1,773 thousand in the consolidated financial statements;
- the equity measurement of the associate Termica Colleferro S.p.A., which led to the recognition of income of Euro 623 thousand in the consolidated financial statements;
- the elimination of leases with Group companies, in particular Se.Co.Sv.Im. S.r.l., which resulted in the total recognition of income to the consolidated financial statements of Euro 2 thousand;
- the net amortization of the 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):

Consolidated companies	30/06/2026					
	% Non-controlling interests	Capital and Reserves	Profit/(loss) for the period	Share of capital and reserves	Share of profit/(loss)	Equity attrib. to non-controlling Interests
Spacelab S.p.A.	30.00%	6,025	87	1,807	26	1,833
Regulus S.A.	40.00%	23,217	(1,372)	9,287	(549)	8,738
		29,242	(1,285)	11,094	(523)	10,572

NON-CURRENT LIABILITIES

3.21. NON-CURRENT AND CURRENT LEASE LIABILITIES

The composition of non-current lease liabilities at June 30, 2026 and December 31, 2025 is as follows (amounts in Euro thousands):

	30/06/2026	31/12/2025	Change
Non-current lease liabilities to the associate Termica Colleferro S.p.A.	291	361	(70)
Non-current lease liabilities to third parties	6,118	6,466	(348)
Total	6,410	6,827	(417)

The composition of current lease liabilities at June 30, 2026 and December 31, 2025 is as follows (amounts in Euro thousands):

	30/06/2026	31/12/2025	Change
Current lease liabilities to the associate Termica Colleferro S.p.A.	166	150	16
Current lease liabilities to third parties	3,169	3,128	41
	3,335	3,278	56

The movements in lease liabilities are presented in the table below (amounts in Euro thousands):

	31/12/2025	Increases	Payments	Decreases for contract termination	Financial expenses	Reclassifications	30/06/2026
Non-current lease liabilities	6,827	1,366	-	(663)	79	(1,200)	6,410
Current lease liabilities	3,278	-	(1,144)	-	-	1,200	3,335
Total	10,105	1,366	(1,144)	(663)	79	-	9,744

The lease 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 regard to lease 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 lease 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.

3.22. EMPLOYEE BENEFITS

This item 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 liabilities for contributions to be paid at the reporting date are included in "Other current liabilities" and the cost for the period matures based on the service period of the employee and is taken to the statement of profit or loss item "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, the Italian TFR (post-employment benefit) and the special loyalty bonus indemnity, payable on departure to the employees which have matured the required number of years' service.

The liabilities recognized for these institutions is calculated on an actuarial basis, utilizing the projected unit credit method.

The Italian TFR relates to the amount to be paid to employees on the termination of employment, pursuant to the provisions of Article 2120 of the Italian 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 TFR accrued 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 TFR accrued 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 measured in accordance with actuarial methods. For the companies of the Group with a number of employees below fifty, the portion accrued in the year continues to be accrued to the company TFR, unless specific choices are made voluntary by the individual employees.

Other long-term employee benefits

The Group also recognizes to employees other long-term benefits issued on the reaching of a fixed number of years of service. In this instance, the recognized obligation reflects the probability that the payment will be made and its duration. These liabilities are calculated on an actuarial basis, utilizing the "projected unit credit" method.

The Group mainly has "unfunded" defined benefit plans, principally comprising the Italian TFR.

The provisions, compared with the previous year, are broken down as follows (in Euro thousands):

	30/06/2026	31/12/2025	Change
- Defined benefit plans:			
Italian TFR	2,984	2,998	(15)
Other defined benefit plans	2,726	2,615	111
	5,710	5,613	97
- Other long-term employee benefits	2,967	3,180	(213)
Total employee benefit provisions	8,677	8,793	(116)
<i>of which:</i>			
- Italy	7,714	7,669	45
- Other Countries	963	1,123	(161)
	8,677	8,793	(116)

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 31/12/2025	5,613	3,180	8,793
Financial expenses/(income)	60	24	84
Actuarial (gains)/losses in statement of profit or loss	-	(52)	(52)
Actuarial (gains)/losses in statement of comprehensive income	81	-	81
Current service cost current	88	68	156
Benefits paid	(132)	(252)	(384)
At 30/06/2026	5,710	2,967	8,677

The table below provides the main assumptions used for the actuarial calculation and a comparison with both FY 2025 and H1 2025:

	30/06/2026	31/12/2025	30/06/2025
Discount rate	3.20%	2.81%	2.73%
Expected salary increases	2.25%	2.17%	2.17%
Inflation rate	European Zero-Coupon Inflation-Indexed Swap curve at 30.6.2026	European Zero-Coupon Inflation-Indexed Swap curve at 31.12.2025	European Zero-Coupon Inflation-Indexed Swap curve at 25.6.2025
Average employee turnover rate	5.05%	4.97%	4.85%

Securities issued by corporate issuers with "AA" ratings were utilized for the calculation of the present value, assuming that this class identifies a high rating level within a range of "Investment Grade" securities and therefore excluding more risky securities. The market curve utilized was a "Composite" curve which reflects the market conditions at the measurement 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.

3.23. PROVISIONS FOR RISKS AND CHARGES

The table below illustrates provisions for risks and charges at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Provisions for risks and charges	28,437	33,582	(5,145)
Total	28,437	33,582	(5,145)

The breakdown of the provisions for risks and charges at June 30, 2026 and at December 31, 2025 is presented below (Euro thousands):

	30/06/2026			31/12/2025		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Provision for variable remuneration	4,592	2,131	6,723	7,672	2,080	9,751
Provision for legal and environmental risks and charges	4,366	6,630	10,996	4,948	6,772	11,720
Other provisions for risks and charges	2,313	8,405	10,718	3,794	8,316	12,110
Total	11,271	17,166	28,437	16,413	17,168	33,582

These provisions include:

- provisions for variable remuneration for Euro 6,723 thousand (Euro 9,751 thousand at December 31, 2025), 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 under way, amount to Euro 10,996 thousand (Euro 11,720 thousand at December 31, 2025);
- other provisions for risks and charges of Euro 10,718 thousand (Euro 12,110 thousand at December 31, 2025), mainly referring to extraordinary charges for the future execution of programs net of compensation expected from the European Space Agency, amounting to Euro 5,815 thousand (Euro 6,259 thousand at December 31, 2025); these provisions include, among others, charges for the restoration of leased areas of Euro 2,196 thousand (Euro 2,196 thousand at December 31, 2025) and royalties provided for by Law 808/85 of Euro 1,611 thousand (Euro 1,444 thousand at December 31, 2025).

The movements in current and non-current provisions in H1 2026 are shown below (amounts in Euro thousands):

	31/12/2025	Accruals	Other changes	Utilizations	Reversals	30/06/2026
Provision for variable remuneration	9,751	4,395	-	(7,423)	-	6,723
Provision for legal and environmental risks and charges	11,720	57	-	(781)	-	10,996
Other provisions for risks and charges	12,110	166	-	(1,342)	(216)	10,718
Total	33,582	4,618	-	(9,547)	(216)	28,437

The main changes in the first half of the year were:

- the provisions for variable remuneration were utilized for Euro 7,423 thousand, in consideration of the bonuses paid to employees in April 2026 for the achievement of individual and company objectives relating to 2025. The accrual of Euro 4,395 thousand mainly relates to variable remuneration which will be paid in the first half of 2027, on the basis of the achievement of individual and company objectives for 2026.
- the provisions for legal and environmental risks and charges were utilized for Euro 781 thousand to pay environmental charges;
- other provisions for risks and charges: the accruals mainly concern the royalties based on law 808; the utilizations principally concern the charges arising in the period related to the future execution of programs, net of the offsets expected from the European Space Agency previously accrued to the provisions; and the reclassification to current tax liabilities in the amount of Euro 390 thousand, subsequently paid in H1 2026, following the signing of the settlement agreement dated February 20, 2026, regarding the findings concerning the restructuring of goodwill amortization which arise in 2003; see also the section "Group operating performance and financial position" in the Directors' Report.

3.24. OTHER NON-CURRENT LIABILITIES

The table below illustrates this item at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Other non-current liabilities	26,404	27,597	(1,193)
Total	26,404	27,597	(1,193)

The breakdown of other non-current liabilities at June 30, 2026, compared with the previous year, is presented below (Euro thousands):

	30/06/2026	31/12/2025	Change
Tax liabilities			
Tax settlement - portion due after one year	2,462	2,995	(533)
	2,462	2,995	(533)
Liabilities relating to Law 808/85			
Deferred income on disbursements pursuant to Law 808/85 - portion due after one year	19,221	19,881	(660)
Liabilities to MiSE for disbursements pursuant to Law 808/85 (as per MiSE Decree 03/07/2015 and pursuant to the Director's Decree June 11, 2024) - portion due after one year	3,103	3,103	-
Liabilities to MiSE for disbursements pursuant to Law 808/85 - portion due after one year	483	483	-
Deferred income on disbursements pursuant to Law 808/85 (as per MiSE Decree 3/07/2015) - portion due after one year	714	714	-
	23,522	24,182	(660)
Other liabilities			
Liabilities with MiSE for other subsidies	420	420	-
	420	420	-
Total	26,404	27,597	(1,193)

Tax liabilities

Tax settlement - portion due after one year

This total amount of Euro 7,171 thousand was accrued in 2024 under provisions for risks and consisted 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 years with regard to the findings regarding the remodulation of the amortization of goodwill generated in 2003, outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. Following the signing of the settlement agreements of July 18, 2025 and December 11, 2025 by which the statements of claims concerning FY 2018 and 2019 were settled, with the disapplication of penalties, in HY 2025, Euro 3,984 thousand was reclassified to current tax liabilities and Euro 2,995 thousand to other non-current liabilities. Following the payments made in 2025 and until June 30, 2026, totaling Euro 3,934 thousand, the remaining liability at 30 June 2026 is Euro 3,358 thousand, of which Euro 896 thousand is classified under current tax liabilities.

Liabilities relating to Law 808/85

Deferred income on disbursements pursuant to Law 808/85 - portion due after one year

This item, amounting to Euro 19,221 thousand, is composed as follows:

- Euro 10,949 thousand represents the initial counter-entry of the amount due from the Ministry for Economic Development against the grants pursuant to Law 808/85, relating to the projects qualifying as functional to national security, for the amount to be allocated to the statement of profit or loss in future years, after one year, in correlation to the allocation of the costs against which the disbursements were granted.
- Euro 8,273 thousand against the grants pursuant to Law 808/85, relating to the projects qualifying as functional to national security, for the amount to be allocated to the statement of profit or loss in future years, after one year, in correlation to the allocation of the costs against which the

disbursements were granted related to the projects approved on October 30, 2025 and submitted under the June 11, 2024 Directorial Decree - R&D project funding in the aerospace sector.

Liabilities to the Ministry for Economic Development for disbursements pursuant to Law 808/85 (as per MiSE Decree 03/07/2015) and pursuant to the Director's Decree June 11, 2024 - Financing for R&D projects in the aerospace sector) - portion due after one year

- Disclosure upon the liability to MiSE for disbursements as per Law 808/85 according to the ex MiSE Decree of 03/07/2015 regarding the contribution received by Avio S.p.A. for Euro 1,397 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 subsidized 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 recognized 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 amortized cost.

The difference between the nominal and present values of the amount receivable and payable is recognized over the course of the benefit.

- The following information is provided regarding the Payables to Mimit (Ministry of Enterprise) for disbursements pursuant to Law 808/85 Directorial decree of June 11, 2024 - R&D project funding in the aerospace sector - amount beyond one year equal to Euro 1,706 thousand.

The interventions referred to in the Directorial Decree of June 11, 2024 - R&D project funding in the aerospace sector (Law 808/85), related to projects essential for National Security, will be repaid (without interest) by the beneficiary companies at a rate of 20% of the amount disbursed; for large enterprises, the repayment is made in ten equal annual installments starting from the year following the disbursement of the funding.

The repayment is made in ten equal annual installments starting from the year following the disbursement of the funding. On November 28, 2025, the parent Avio was recognized the Settlement Decree by the Ministry for Economic Development with regards to expenses incurred as part of the research and development projects STS-PMD, SMCI-PAD, SCTCP, MCCPLUS; this disbursement falls under the regulations of the directorate decree of June 11, 2024.

Both the grants receivable from the Ministry for Economic Development and the subsequent reimbursements payable to the Ministry have been accounted for at amortized cost. The difference between the nominal and present values of the amount receivable and payable is recognized 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 item, which amounted to Euro 714 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.

Liabilities to MiSE for other subsidies

This item, amounting to Euro 420 thousand, consists of liabilities 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 Program "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", and
- "Innovative composite materials for space, aeronautics and automotive I.S.A.C."

The liabilities are recognized at their present value.

CURRENT LIABILITIES

3.25. TRADE PAYABLES

The table below illustrates trade payables at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Trade payables	151,589	127,170	24,419
Total	151,589	127,170	24,419

Trade payables of the Avio Group at June 30, 2026 amount to Euro 151,589 thousand; this amount includes, for Euro 2,556 thousand, trade payables to associates and jointly controlled companies as follows (Euro thousands):

	30/06/2026	31/12/2025	Change
Europropulsion S.A.	300	6,318	(6,018)
Termica Colleferro S.p.A.	2,003	1,147	855
Servizi Colleferro S.C.p.A.	253	2	251
Total	2,556	7,467	(4,911)

3.26. CURRENT TAX LIABILITIES

The table below illustrates current tax liabilities at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Current tax liabilities	8,068	5,132	2,936
Total	8,068	5,132	2,936

The breakdown of current tax liabilities is shown below (in Euro thousands):

	30/06/2026	31/12/2025	Change
IRAP	700	605	95
Withholding taxes	6,377	2,961	3,416
Other tax liabilities	934	919	15
Foreign income taxes	57	648	(591)
Total	8,068	5,132	2,936

Withholding taxes, amounting to Euro 6,377 thousand, refer to employee and consultant withholding taxes. The increase on the previous year is primarily attributable to the completion, in the last week of June 2026, of the 2023-2025 Restricted Share Plan, which resulted in the allocation of shares to the beneficiaries. In this regard, Avio made an advance payment of the IRPEF withholding taxes related to the allocation of shares to employees, recognizing to these latter a receivable (3.15 "other current assets"); these amounts were subsequently recovered in July 2026. In addition, an increase in the number of the Group's employees is reported.

Other tax liabilities refer to the current portion of the liability arising from the settlement agreements described in notes "3.23 provisions for risks and charges" and "3.24 other non-current liabilities".

Foreign income taxes totaling Euro 57 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.

3.27. OTHER CURRENT LIABILITIES

The table below illustrates other current liabilities at June 30, 2026 and December 31, 2025 (Euro thousands).

	30/06/2026	31/12/2025	Change
Other current liabilities	35,123	28,267	6,856
Total	35,123	28,267	6,856

The breakdown of this item at June 30, 2026 and December 31, 2025 is shown in the table below (Euro thousands):

	30/06/2026	31/12/2025	Change
Other accrued liabilities and deferred income	11,925	8,387	3,538
Liabilities to employees	14,621	11,376	3,245
Other liabilities to third parties	3,490	3,068	422
Liabilities to social security institutions	3,766	4,116	(350)
Deferred income on disbursements pursuant to Law 808/85 - current portion	1,320	1,320	-
Total	35,123	28,267	6,856

Accrued expenses and deferred income

This item, amounting to Euro 11,925 thousand (Euro 8,387 thousand at December 31, 2025), mainly refers to the deferment of commercial costs and grants to the following period.

Liabilities to employees

Liabilities to employees amount to Euro 14,621 thousand (Euro 11,376 thousand at December 31, 2025) and include remuneration to be settled, in addition to vacations and other rights accrued and not utilized. The increase of Euro 3,245 thousand is also due to the increase (+21) in headcount during the half-year (from 1,426 at December 31, 2025 to 1,447 at the end of the half-year).

Other liabilities to third parties

This item totals Euro 3,490 thousand (Euro 3,068 thousand at December 31, 2025) and relates to liabilities for urban development charges due to the municipalities in which the Group operates for Euro 195 thousand and other liabilities to third-parties for Euro 3,295 thousand (of which Euro 1,774 thousand of the subsidiary Regulus S.A.).

Liabilities to social security institutions

This item concerns amounts to be paid, amounting to Euro 3,766 thousand (Euro 4,116 thousand at December 31, 2025), relating to company and employee contributions, in accordance with regulations in force.

Deferred income on disbursements pursuant to Law 808/85 - current portion

This item, amounting to Euro 1,320 thousand (Euro 1,320 thousand at December 31, 2025), concerns the deferral of the contribution, with regard to the portion expected to be recognized in the statement of profit or loss within the next 12 months.

STATEMENT OF PROFIT OR LOSS

3.28. REVENUE

Total revenue, comprising the change in contract work-in-progress and revenue from product sales and the provision of services, amounted to Euro 277,244 thousand. They amounted to Euro 260,363 thousand in the first half of 2025. The following table compares the two periods (in Euro thousands):

	H1 2026	H1 2025	Change
Revenue from sales	1,985	15,264	(13,279)
Revenue from services	2,951	4,596	(1,645)
	4,936	19,860	(14,924)
Changes in contract work in progress	272,309	240,504	31,805
Total	277,244	260,363	16,881

In terms of the recognition of revenue, in order to present a breakdown and comparison of revenue in the clearest manner possible, it should be noted that, in H1 2026 contracts, no contracts were completed (Euro 15,108 thousand in H1 2025). The effects of completion are shown under "Revenue from sales" for the proceeds from the related advances received and under "Changes in contract work in progress" for the completion of the contracts from work in progress.

At present, the share of variable fees accounts for approximately 6% of revenue.

For information on revenue 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. With regards to the breakdown of revenue in H1 2026 by region compared with the comparative period, reference should be made to paragraph 4. "Disclosure by operating and regional segment" of these notes. Revenue by business line for the two comparative periods is presented below (amounts in Euro thousands):

	H1 2026	H1 2025	Change
Launch Systems (*)	169,978	178,678	(8,700)
Space Propulsion	57,289	41,683	15,606
Defense Propulsion	49,977	40,002	9,975
Revenue	277,244	260,363	16,881

(*) The line items "Vega", "Technology Development Projects (NextGen EU)" and "Satellite and Other Activities", which were presented separately in the first half of 2025 for illustrative purposes only, are included in the "Launch Systems" line item.

3.29. OTHER OPERATING INCOME

"Other operating income" for the two periods is compared below (in Euro thousands):

	H1 2026	H1 2025	Change
Other income	975	694	280
Income for the portion of profit or loss of the disbursements as per Law 808/85	660	685	(25)
Income from the release of provisions	18	107	(89)
Grants relating to income	2,685	1,509	1,176
Other prior year income	1	-	1
Total	4,339	2,995	1,344

In the first half of 2026, the item comprised:

- other income from recharges of Euro 975 thousand (Euro 694 thousand in H1 2025);
- income for the portion of the disbursements as per Law 808/85 recognized in the statement of profit or loss for Euro 660 thousand (Euro 685 thousand in H1 2025), relating mainly to the parent Avio S.p.A.;
- grants relating to income amounting to Euro 2,685 thousand (Euro 1,509 thousand in the comparative period) and referred principally to projects such as "Development of Sustainable Italian Carbon-phenolics for Aerospace Engine Nozzles - CARISMA", "ENLIGHTEN - European iNitiative for Low cost, Innovative & Green High Thrust Engine", "SALTO", "HYDIS" and "DISCO".

3.30. CONSUMPTION OF RAW MATERIALS

The breakdown of this item is as follows (Euro thousands):

	H1 2026	H1 2025	Change
Purchase of raw materials	111,496	79,703	31,793
Change in raw materials	(3,837)	(2,419)	(1,418)
Change in finished products, in progress and semi-finished	(328)	(950)	622
Total	107,331	76,334	30,997

3.31. SERVICE COSTS

This item for the two comparative periods is as follows (Euro thousands):

	H1 2026	H1 2025	Change
Other service costs	22,766	13,890	8,876
Corporate and supervisory body fees	733	807	(74)
Maintenance	3,558	1,555	2,003
Consultancy costs	5,682	6,196	(514)
Costs for activities carried out by co-producers	65,694	90,738	(25,044)
Costs for the short-term use of third party assets	2,604	2,608	(4)
Costs capitalized for internal works	(3,268)	(2,984)	(283)
Total	97,769	112,809	(15,041)

Service costs, amounting to Euro 97,769 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 fees due to the Avio Group's corporate boards, relating to:

- Directors' fees of Euro 338 thousand (Euro 318 thousand in H1 2025) and specific committee fees of Euro 97 thousand (Euro 77 thousand in H1 2025);
- Supervisory Body fees of Euro 71 thousand (Euro 110 thousand in H1 2025);
- Board of Statutory Auditors' fees of Euro 90 thousand (Euro 108 thousand in H1 2025);
- Audit fees of Euro 136 thousand (Euro 194 thousand in H1 2025).

3.32. PERSONNEL EXPENSES

This item for the two comparative periods is as follows (Euro thousands):

	H1 2026	H1 2025	Change
Wages and salaries	47,133	45,191	1,942
Social security expenses	11,718	10,133	1,585
Accruals for variable remuneration	5,512	4,926	586
Other long-term benefits - current portion	45	43	2
Actuarial (gains)/losses recognize in the statement of profit or loss relating to other long-term benefits	(52)	(43)	(8)
Accruals to "Other defined benefit plans"	2,684	2,700	(15)
Costs capitalized for internal works	(3,466)	(1,218)	(2,249)
Total	63,573	61,730	1,843

The increase of Euro 1,843 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 2026	H1 2025	Change
Blue-collar	363	371	(8)
White-collar	1,023	984	39
Executives	48	47	1
Total	1,434	1,402	32

3.33. AMORTISATION AND DEPRECIATION

This item for the two comparative periods is as follows (Euro thousands):

	H1 2026	H1 2025	Change
Intangible assets with definite life	5,696	5,470	226
Property, plant and equipment	3,132	2,842	290
Right-of-use assets	1,777	1,546	231
Investment property	67	108	(41)
Total	10,672	9,966	707

Amortization of Intangible assets with definite life primarily includes:

- amortization of capitalized development costs of Euro 1,748 thousand (Euro 1,978 thousand in H1 2025);
- Euro 1,493 thousand for the amortization of intangible assets regarding the Ariane and Vega programs, identified following the purchase price allocation process regarding the Group by Space2 in 2017 (same amount in H1 2025).

3.34. OTHER OPERATING COSTS

This account amounts to Euro 2,656 thousand (Euro 2,853 thousand in H1 2025) and mainly comprises the following items:

- indirect taxes and duties amounting to Euro 1,436 thousand (Euro 980 thousand in the first half of 2025);

- other operating costs of Euro 1,217 thousand (Euro 1,855 thousand in H1 2025) related to membership fees, entertainment expenses, and other non-recurring costs;
- prior-year costs of Euro 4 thousand (Euro 19 thousand in H1 2025).

3.35. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - OPERATING INCOME/(CHARGES)

This item, amounting to Euro 1,651 thousand (Euro 363 thousand in the first half of 2025), includes:

- the effects of the application of the equity method for the measurement of the investment:
 - in the jointly controlled company Europropulsion S.A.; in this regard, a charge of Euro 1,772 thousand was recognized, corresponding to Avio's share of the change in the company's equity at June 30, 2026; the equivalent figure for H1 2025 was a charge of Euro 1,570 thousand;
 - in the associate Termica Colferro S.p.A., amounting to income of Euro 623 thousand (income of Euro 193 thousand in H1 2025);
- dividends collected from the jointly controlled company Europropulsion for Euro 2,800 thousand (Euro 1,740 thousand in H1 2025).

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.

3.36. FINANCIAL INCOME

The breakdown of this item is as follows (Euro thousands):

	H1 2026	H1 2025	Change
Bank interest income	5,180	416	4,764
Interest income on VAT reimbursements	2	81	(79)
Financial income from amortized cost	56	43	13
	5,238	540	4,698
Realized exchange rate gains	29	165	(136)
Unrealized exchange rate gains	(10)	-	(10)
	19	165	(146)
Total	5,257	705	4,552

Financial income, amounting to Euro 5,257 thousand (Euro 705 thousand in the comparative period), mainly comprised:

- interest income on short-term restricted deposits with financial institutions for Euro 5,180 thousand (Euro 416 thousand in the comparative period). This increase derives chiefly from interest income accrued on current accounts and the quarterly restricted deposits made during 2026 due to the increased average cash on hand, following the conclusion of the rights issue share capital increase for a total amount of approximately Euro 400 million, which occurred in the last two years of FY 2025;
- interest income from the discounting of receivables for Euro 56 thousand (Euro 43 thousand in the comparative period);
- exchange rate differences for Euro 19 thousand (Euro 165 thousand in the comparative period).

Realized exchange rate gains arise on the collection of receivables and settlement of payables in foreign currencies.

Unrealized exchange rate losses relate to the period-end translation of receivables and payables in foreign currencies.

3.37. FINANCIAL EXPENSES

The breakdown of this item is as follows (Euro thousands):

	H1 2026	H1 2025	Change
Interest on EIB loans	-	8	(8)
Interest on other payables	10	105	(96)
Discounting on employee benefits	84	101	(18)
Financial expenses from amortized cost	84	97	(14)
	177	312	(135)
Realized exchange rate losses	354	98	256
Unrealized exchange rate losses	(50)	(35)	(15)
	304	63	241
Total	481	375	106

Financial expenses, amounting to Euro 481 thousand (Euro 375 thousand in the comparative period), mainly comprised:

- discounting for employee benefit updates for Euro 84 thousand;
- financial expenses from amortized cost applied to liabilities for Euro 84 thousand;
- exchange rate losses for Euro 304 thousand.

Realized exchange rate losses arise on the collection of receivables and settlement of payables in foreign currencies.

Unrealized exchange rate losses relate to the period-end translation of receivables and payables in foreign currencies.

3.38. INCOME TAXES

The effective tax charge in the period, against the comparative period, is presented below (in Euro thousands):

	H1 2026	H1 2025	Change
Italian company taxes	(95)	(349)	254
Taxes overseas companies	(50)	(47)	(3)
Prior year taxes	(49)	(166)	117
Net deferred tax income/charge	17	17	-
	(177)	(545)	368

This charge consists of:

- IRES and IRAP income tax expense for the Italian companies of Euro 95 thousand (Euro 349 thousand in H1 2025);
- current tax charges of overseas subsidiaries for Euro 50 thousand (Euro 47 thousand in H1 2025);
- prior year taxes of Euro 49 thousand (Euro 166 thousand in H1 2025);
- deferred tax income of Euro 17 thousand (income of Euro 17 thousand in H1 2025).

The reconciliation between the theoretical and effective IRES corporate income tax is presented below (in Euro thousands):

	H1 2026	H1 2025
Pre-tax profit	9,333	358
Ordinary rate applied	24.00%	24.00%
Theoretical tax charge	2,240	86
Effect of increases (decreases) to the ordinary rate:		
Permanent increases	1,710	818
Permanent decreases	(3,546)	(3,369)
Temporary difference increases	4,593	3,680
Temporary difference decreases	(21,610)	(12,189)
Total changes	(18,853)	(11,060)
Utilization of fiscal losses	-	-
IRES taxable income of the Group	(9,520)	(11,060)
Effective IRES taxes	-	-
Effective IRAP taxes	(95)	(349)
Other direct taxation of foreign companies	(50)	(47)
Sub-total current income taxes	(145)	(396)
Deferred-tax (charge)/income	17	17
Sub-total deferred income taxes	17	17
Prior year taxes	(49)	(166)
Subtotal Prior year taxes	(49)	(166)
Total tax (charge)/income	(177)	(545)

3.39. EARNINGS/(LOSS) PER SHARE

An explanatory statement is reported below (in Euro):

	H1 2026	H1 2025
Profit attributable to the owners of the parent	9,678,822	(565,659)
Weighted average number of outstanding shares	46,789,543	27,159,346
Average number of treasury shares	(938,327)	(985,747)
Average number of shares entitled to dividends	45,851,217	26,173,599
Basic earnings/(loss) per share (in Euro)	0.21	(0.02)
Diluted earnings/(losses) per share (in Euro)*	0.19	(0.02)

(*) Diluted earnings (or loss) per share for H1 2026 were calculated assuming full subscription of the maximum number of shares resulting from the exercise of the authorization referred to in Article 2443 of the Italian Civil Code, granted by the Extraordinary Shareholders' Meeting of October 23, 2025, to the Board of Directors on July 8, 2026⁷⁸: (i) 3,275,268 shares associated with the capital increase reserved for Vantage HYP (Luxembourg) S.à r.l. (approximately 7% of the pre-existing share capital) and (ii) 1,403,686 shares associated with the capital increase to fund warrant- and stock-based incentive plans (approximately 3% of the pre-existing share capital).

⁷⁸ See the press release of July 8, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/il-cda-esercita-la-delega-di-cui-all-art-2443-del-codice-civile-conferita-dall-assemblea-straordinaria-del-23-ottobre-2025/MXxjb211bmljYXRpLjE3NzEwMDAwNzgyMDI2MXwxfDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJkFWSU8iLCJpYXQiOiJ3ODQ2OTAzNTR9.6Q4ZXelpBm41cDhdZdEMH0XTeEdSh3RNpJkIaPlxmo>

On May 12, 2026⁷⁹, the Board of Directors resolved to allocate, free of charge, to the beneficiaries of the 2023-2025 Performance Share Plan and the 2023-2025 Restricted Share Plan, respectively, 105,114 and 264,566 company shares, respectively (for the 2023-2025 Restricted Share Plan, 10,862 shares remain to be delivered as at June 30, 2026).

⁷⁹See the press release of May 12, 2026:
[eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYyI6IjFWSU8iLCJpYXQiOiJlE3ODg2MTM3NzF9.-71VjWn1nKUK8OZqtheWnXZM87qcsGgdZIKaID8bQCvRw4](#)

4. DISCLOSURE BY OPERATING AND GEOGRAPHICAL SEGMENTS

Disclosure by operating segment

In the first half of 2026, the Avio Group continued operating activities in line with previous years. Consequently, all the assets and liabilities, costs and revenue refer to a single cash generating unit ("CGU"), which corresponds to the consolidation scope of the Group.

As of June 30, 2026, similar to December 31, 2025, there were no receivables equal to or exceeding 10% of the Avio Group's consolidated revenue from individual counterparties.

The Group workforce numbered 1,447 at June 30, 2026. At December 31, 2025, Group employees numbered 1,426.

The Chief Executive Officer is identified as the main operational decision-maker and regularly reviews the operating results to ensure appropriate resource allocation and to assess the Group's overall performance.

Disclosure by geographical segment

The following table (in Euro thousands) presents the breakdown of Group revenue by geographical segment (defined on the basis of the customer's home country) for the period ended June 30, 2026, together with the comparative period:

	H1 2026	H1 2025	Change
Revenue Italy	25,540	16,786	8,754
Revenue Rest of Europe	241,950	236,815	5,135
Revenue Rest of the World	9,754	6,762	2,992
	277,244	260,363	16,881

Revenue from the Group's largest customers (i.e. customers accounting for 10% or more of revenues) amounted to approximately Euro 220 million in H1 2026 (approximately Euro 230 million in H1 2025). No other single customer accounted for 10% or more of revenue for H1 2026.

Group activities are similarly allocated - on the basis of the same criterion as revenues (customer country location) - mainly in Italy and Europe. As regards new investments made in H1 2026, approximately 50% of these relate to the subsidiary Avio USA Inc., primarily for the acquisition of approximately 1,200 acres of land zoned for industrial use within the Southern Virginia Multimodal Park. The remaining investment, however, was made almost entirely by the Group's Italian companies.

5. COMMITMENTS AND RISKS

The Group's principal commitments and risks for the two comparative periods are summarized in the following table (in Euro thousands):

	30/06/2026	31/12/2025
Guarantees given:		
Personal guarantees:		
Sureties issued to third parties on behalf of Group	41,649	24,084
Other guarantees	3,402	3,402
Total guarantees given	45,051	27,486
Guarantees received:		
Sureties and guarantees received	1,206	1,206
	1,206	1,206

Guarantees given

They include sureties issued by third parties on behalf of the Group in favor of clients for the execution of contracts and other guarantees in the form of comfort 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 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 recognized 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 nature 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 favorable or unfavorable) 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 reporting date, 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) Tax audit FY 2018 and 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 amortization 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 amortization 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 amortization, 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 amortization 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 amortization, 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, 2025, the Lazio TA announced the IRES and IRAP statements of claims for 2019, and - limited to the findings on the amortization 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 challenging 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 amortization 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). In 2025, the Company paid approximately Euro 2.8 million in three instalments to settle disputes related to FY 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 challenged the deduction for IRAP purposes of certain items attributable to personnel expenses, for a total of Euro 454,481. This corresponds to a higher IRAP assessment of Euro 21,906, plus penalties and interest.

By settlement agreement dated December 11, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims relating to 2019 in relation to IRES and IRAP and on June 30, 2026, paid the first of three instalments of approximately Euro 0.8 million.

As a result of the reconfiguration of the amortization of goodwill for the tax year 2020, a difference was determined that led to a higher taxable base and, consequently, a higher IRAP of Euro 334,970.00, which the

Lazio TA challenged with the notification of a specific statement of claims. By settlement agreement dated February 20, 2026, the company also settled the 2020 tax year in the amount referred to earlier.

B) Se.Co.Sv.Im. S.r.l. - Tax audits and disputes

No tax disputes and/or tax audits are pending for the company at the reporting date.

C) Spacelab S.p.A. (formerly ELV S.p.A.) - Tax audits and disputes.

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 challenged 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*" and was unfavorable 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 recognize 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. To date, 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 statement of profit or loss for FY 2024 to cover this potential risk.

In addition, in 2023, the Company underwent a tax audit and following the completion in 2024 received a request for payment of approximately Euro 600 thousand for the years 2020 to 2022. This notice was settled in early 2025. There was no impact on the statement of profit or loss in 2025 as these amounts had already been set aside in previous years. Therefore, taking all the elements described into account, the financial statements of this company at June 30, 2026 reflect a total accrual of Euro 1.4 million.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Fair value of financial assets and liabilities and calculation models utilized

In relation to any financial instruments recognized at fair value at the reporting date, IFRS 7 requires that these values are classified based on the hierarchy levels which reflect the significance of the input utilized in the determination of fair value. The following levels are used:

- level 1 - assets or liabilities subject to measurement 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, 2026. Investments in other companies measured at fair value fall into the level 3 fair value category.

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).

The Group continually monitors the above financial risks, undertaking initiatives to offset and contain potential impacts through appropriate policies and, in general, where considered necessary, also specific hedging instruments (not currently required).

This section provides qualitative and quantitative disclosure upon the impact of these risks on the Company and on the Group. The following quantitative data cannot be used for forecasting purposes or completely reflect the complexity and the related market reactions which can derive from any change in assumptions.

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 recognized receivables, particularly trade receivables and guarantees provided in favor of third parties.

The maximum theoretical exposure to the credit risk for the Group at June 30, 2026 essentially concerned the total carrying amount of trade receivables, whose value at this date amounted to Euro 5,831 thousand. It should be noted that Euro 2,202 thousand is past due, of which Euro 1,220 thousand more than 365 days.

This amount was recognized under Assets, as the net balance between the nominal value of trade receivables and, as balancing 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, it is noted that the issuing of invoices involves as a balancing-entry, against the recognition of an asset from customers, the recognition of a liability concerning the advances to be received. These are both recognized in the statement of financial position. These are both recognized in the statement of financial position.

The main customers of the Group are represented by government bodies and public sector entities, which by their nature do not present significant risk concentrations and are as follows: European Space Agency, Europropulsion, MBDA France and MBDA Italy.

In addition, operating on an order basis, the Avio Group plans the management of advances so as to attain the funding before and when the order costs are incurred, on the basis of the various contractual milestones and mitigating therefore the risk regarding the payment of receivables against the production activities commenced.

Based on an analysis of overdue trade receivables at June 30, 2026, trade receivables net of the loss allowance amounted to Euro 490 thousand.

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 cash pooling 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, optimizing 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 optimize 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 regard to the current financial structure of the Group, which has limited credit exposure and interest-bearing debt, and considering the fact that the functional 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 Group, considering that stated with regards to the insignificant market risk related to interest rate and exchange rate movements, at June 30, 2026 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 cash pooling management transactions and the related charges and income. These transactions are eliminated on 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 merged company under the threshold established by the IFRS Accounting Standards and Article 2359 of the Italian 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 in its investment in the merged 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 Statement of Financial Position and on the Group Statement of Profit or Loss at June 30, 2026 and December 31, 2025 (in Euro thousands):

Counterparty	June 30, 2026										Financial liabilities
	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	
Leonardo S.p.A.	-	-	-	-	1,650	-	-	5,102	92	-	-
MBDA Italia S.p.A.	-	-	-	-	-	4,114	-	-	-	50,128	-
MBDA France S.A.	-	-	-	135	-	11,228	-	-	-	55,340	-
Thales Alenia Space Italia S.p.A.	-	-	-	-	-	-	-	1,095	-	33,444	-
Telespazio S.p.A.	-	-	-	-	-	-	-	1,598	-	-	-
Companies with a connecting relationship and related investees	-	-	-	135	1,650	15,342	-	7,795	92	138,913	-
Termica Colferro S.p.A.	496	-	-	504	-	-	1,177	2,003	-	-	457
Europropulsion S.A.	-	-	-	199	39,738	14,065	-	300	-	110,782	-
Consorzio Servizi Acque Potabile	-	-	-	328	12	-	-	-	-	-	-
Servizi Colferro - Società Consortile per Azioni	-	-	-	132	-	-	-	253	-	-	-
Associates and jointly controlled companies	496	-	-	1,163	39,750	14,065	1,177	2,556	-	110,782	457
Total related parties	496	-	-	1,298	41,400	29,406	1,177	10,350	92	249,695	457
Total carrying amount	11,347	6,184	153,591	5,832	174,582	218,177	1,177	151,589	35,124	690,292	9,766
% on total	4.37%	0.00%	0.00%	22.26%	23.71%	13.48%	100.00%	6.83%	0.26%	36.17%	4.68%

December 31, 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.	-	-	-	-	1,830	-	-	3,952	65	-	-
MBDA Italia S.p.A.	-	-	-	134	-	2,707	-	-	-	54,875	-
MBDA France S.A.	-	-	-	135	-	13,527	-	-	-	32,615	-
Thales Alenia Space Italia S.p.A.	-	-	-	-	-	-	-	1,083	-	33,626	-
Telespazio S.p.A.	-	-	-	-	-	-	-	1,902	-	-	-
Companies with a connecting relationship and related investees	-	-	-	269	1,830	16,234	-	6,936	65	121,117	-
Termica Colleferro S.p.A.	564	-	-	1,025	-	-	1,177	1,147	-	-	511
Europropulsion S.A.	-	-	-	329	42,803	4,362	-	6,318	-	123,232	-
Consorzio Servizi Acque Potabile	-	-	-	314	12	-	-	-	-	-	-
Servizi Colleferro - Società Consortile per Azioni	-	-	-	176	-	-	-	2	-	-	-
Associates and jointly controlled companies	564	-	-	1,844	42,815	4,362	1,177	7,467	-	123,232	511
Total related parties	564	-	-	2,113	44,645	20,596	1,177	14,403	65	244,349	511
Total carrying amount	11,961	6,504	148,550	5,613	168,449	196,845	1,177	127,170	28,266	714,910	10,135
% on total	4.72%	0.00%	0.00%	37.64%	26.50%	10.46%	100.00%	11.33%	0.23%	34.18%	5.04%

In H1 2026 and H1 2025, the main statement of profit or loss transactions by the Group with related parties were as follows (in Euro thousands):

Counterparty	H1 2026				
	Operating Revenue and changes in contract work-in-progress	Other operating income	Operating Costs ⁽¹⁾	Financial Income	Financial Expenses
Leonardo S.p.A.	-	-	5,350	-	-
MBDA Italia S.p.A.	12,681	-	-	-	-
MBDA France S.A.	28,780	-	-	-	-
Thales Alenia Space Italia S.p.A.	2,198	-	488	-	-
Telespazio S.p.A.	-	-	1,326	-	-
Companies with a connecting relationship and related investees	43,659	-	7,164	-	-
Termica Colleferro S.p.A.	4	66	6,399	-	3
Europropulsion S.A.	47,766	264	9,227	-	-
Consorzio Servizi Acque Potabile	-	14	-	-	-
Servizi Colleferro - Società Consortile per Azioni	-	140	678	-	-
Associates and jointly controlled companies	47,770	484	16,304	-	3
Total related parties	91,430	484	23,468	-	3
Total carrying amount	277,244	4,339	268,673	5,257	481
% on total	32.98%	11.15%	8.73%	0.00%	0.62%

Counterparty	H1 2025				
	Operating Revenue and changes in contract work-in-progress	Other operating income	Operating Costs ⁽¹⁾	Financial income	Financial Expenses
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 related investees	37,188	-	4,406	-	-
Termica Colleferro S.p.A.	70	60	5,304	-	4
Europropulsion S.A.	38,286	68	33,454	-	-
Consorzio Servizi Acque Potabile	-	59	-	-	-
Servizi Colleferro - Società Consortile per Azioni	88	-	669	-	-
Associates and jointly controlled companies	38,445	186	39,427	-	4
Total related parties	75,633	186	43,833	-	4
Total carrying amount	260,363	2,995	250,874	705	375
% on total	29.05%	6.22%	17.47%	0.00%	1.11%

⁽¹⁾ The item includes raw materials, service costs and personnel expenses.

Transactions with companies with a connecting relationship and related investees

Transactions with Leonardo S.p.A. and its investee companies are of a commercial nature.

Transactions with associates and jointly-controlled companies

Company transactions with associates and jointly-controlled companies may be summarized 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 Europropulsion S.A., revenue relates to the sale of company core business products, as part of ordinary operations and concluded at normal market conditions.
- financial assets 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 Europropulsion S.A., the costs incurred relate to transactions within ordinary operations and concluded at normal market conditions;
- revenue, relating to the transactions described previously with regards to trade receivables;
- operating costs, relating to the transactions described previously with regards to trade payables.

Transactions with 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.

8. LIST OF GROUP COMPANIES AT JUNE 30, 2026

The following table presents the key details of Avio Group investees at June 30, 2026:

Companies included in the consolidation scope at June 30, 2026				Holding
Parent				
Company Name	Registered office	Share/quota capital 30/06/2026	Share/quota capital 31/12/2025	% Held
Avio S.p.A.	via Leonida Bissolati, 76 - Rome	Euro 158,506,882.70	Euro 158,506,882.70	N/A
Companies consolidated using the line-by-line method				
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)	19.10 (USD)	13.50 (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 2026:

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"

Lender	Project	Years_costs Project	Loans issued in 2026 (€/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	2012-2013	-	28.11.2025	0.17
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	-	28.11.2025	0.84
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	-	28.11.2025	0.8
Ministry for Economic Development	LOX/LCH technology demonstrator for the first stage of the Vega E launcher	2014-2016	-	27.11.2025	0.36
Mimit - Ministry of Enterprise and Made in Italy	"STS-PMD - EXPERIMENTAL TECHNOLOGY DEVELOPMENT FOR PROGNOSTICS OF DEFENCE ENGINE COMPONENTS"	2024-2025	-	19.12.2025	-
Mimit - Ministry of Enterprise and Made in Italy	"SMCI-PAD - DEVELOPMENT OF INNOVATIVE COMPOSITES WITH PREPREG FOR DEFENCE APPLICATIONS"	2024-2025	-	17.12.2025	-
Mimit - Ministry of Enterprise and Made in Italy	"SCTCP - COMBINED SYSTEM OF INNOVATIVE TESTS AND CONTROLS FOR PROGNOSTIC IMPROVEMENT"	2024-2025	-	19.12.2025	-
Mimit - Ministry of Enterprise and Made in Italy	"MCCPLUS - High-efficiency copper combustion chamber for military propulsion."	2024-2025	-	19.12.2025	-
			-		2.17

"Receivables from the Ministry for Economic Development" for disbursements in accordance with Law 808/85, amounting to Euro 2.17 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 1.81 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 0.36 million for the "LOX/LCH demonstrated technology for the third stage of the Vega E launcher" project.

These amounts are recognized using the amortized cost method, calculated based on the effective interest rate, and are increased due to the effect of the accumulated amortization of the difference between the initial value and the actual collected amount with a balancing entry under "Financial income".

Other grants

Lender	Project	Years_costs Project	Loans issued in 2026 (€/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	2020-2023	2.31	15.04.2026	NA
EDF European Defense Fund	Hydis2 Hypersonic Defense Interceptor System	2024-2025	0.9	25.06.2026	NA
Lazio Region Lazio Innova	AMOI - Advanced Materials Open Infrastructure	2024	0.42	01.06.2026	NA
EDF European Defense Fund	Hyroglive Hypersonic Glide Vehicle Research & Innovation for European Defense.	ADVANCE	1.24	04.03.2026	NA
MINISTRY FOR UNIVERSITY AND SCIENTIFIC RESEARCH Ministry of University and Research	KNOWLEDGE	BALANCE	0.14	24.12.2025	NA
Ministry for Economic Development (Mise) (now MIMIT) and Lazio and Campania regional governments	FIMS: Fabbirca Intelligente Motori Spaziali ("Intelligent Space Engine Factory")	2022-2023	0.5	18.05.2026	NA
			5.51		

Other Italian companies in the Avio Group

The Avio Group's other Italian companies did not receive any public grants during the period.

As reported in the notes in relation to current tax assets, 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

Business

Avio to launch the Copernicus Sentinel-3C and Flex satellites on September 14, 2026 using Vega C⁸⁰

On September 14 at 10:21 p.m. local time in Kourou (1:21 a.m. UTC; 3:21 a.m. CEST on September 15), Avio will launch two Earth observation satellites: Sentinel-3C, part of the Copernicus program for the European Commission, and the FLEX Earth Explorer for the European Space Agency (ESA). The mission, named "VV30," will use a Vega C launcher vehicle - the second operated by Avio - to be launched from the European Spaceport in French Guiana.

Copernicus Sentinel-3C is the third satellite in the Sentinel-3 mission to monitor the health of our planet through space-based observation of the oceans, land, ice, and atmosphere. Once operational, the mission will be managed jointly by ESA and EUMETSAT on behalf of the European Commission, with satellite operations managed by EUMETSAT. The satellite will provide essential data for climate monitoring, weather forecasting, environmental protection, and disaster response. The mass of the satellite is 1,143 kg.

FLEX is the eighth Earth Explorer mission developed as part of ESA's FutureEO program. It is designed to monitor the health of vegetation from space by detecting the faint fluorescence emitted by plants during photosynthesis, an otherwise invisible signal associated with plant activity. The data gathered will support research on agricultural productivity and provide a unique method of assessing plant health and better understanding how photosynthesis affects the carbon and water cycles. The satellite weighs 397 kg.

The FLEX and Copernicus Sentinel-3C satellites were built by Thales Alenia Space as prime contractor, with support from several European companies in developing the onboard instruments.

Other significant events

Grant of powers to the Chairperson of Avio S.p.A. Board of Directors S.p.A. and Appointment of Lead Independent Director⁸¹

Further to the announcement made on April 29, 2026, the Board of Directors of Avio S.p.A., meeting on July 6, 2026, resolved to grant the Chairperson, Mr. Roberto Italia, delegated powers, to be exercised in coordination with the Chief Executive Officer, (i) with regard to the management of institutional relationships to develop and strengthen the Company's business in the space and defense sectors in international markets, and (ii) to manage and promote operational strategies for business development in international markets (with particular emphasis, given its strategic importance, on the US market).

At the same meeting, the Board of Directors appointed Raffaele Cappiello, an Independent Director, as Lead Independent Director, in accordance with Recommendation 13 of the Corporate Governance Code. The Lead Independent Director will remain in office until the end of the current Board of Directors' term and, therefore, until the Shareholders' Meeting called to approve the 2028 financial statements.

Avio and Advent sign an investment agreement to accelerate growth⁸²

On July 6, 2026, the Board of Directors of Avio S.p.A. unanimously approved the signing of an investment agreement with funds managed and controlled by Advent International L.P., a leading US-based private equity firm and one of the most active global investors in the aerospace and defense sectors. The agreement is designed to support Avio's long-term growth in Italy and its expansion plans in the United States and sees Advent acquire a non-controlling interest in Avio.

Under the terms of the Agreement, Advent will acquire a stake representing approximately 7% of Avio's share capital on a pre-money basis. As regards this acquisition, Avio's Board of Directors will resolve - in accordance with the powers granted to the Board of Directors pursuant to Article 2443 of the Civil Code by Avio's

⁸⁰ See press release of July 30, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-lancera-i-satelliti-copernicus-sentinel-3-c-e-flex-il-14-settembre-2026-con-il-vega-c>

⁸¹ See the press release of July 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/conferimento-di-deleghe-al-presidente-del-consiglio-di-amministrazione-e-nomina-del-lead-independent-director>

⁸² See the press release of July 6, 2026 at the link: <https://www.avio.com/it/comunicati-stampa/avio-e-advent-sottoscrivono-un-accordo-di-investimento-per-accelerare-la-crescita>

Extraordinary Shareholders' Meeting of October 23, 2025 - on a capital increase to be carried out through the issuance of up to 3,275,268 shares (representing a pre-money investment of approximately 7% of Avio's share capital), to be reserved for subscription by Advent pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, at a price per share of Euro 33.40 Euro, for a maximum total amount of Euro 109,393,951.20. Pursuant to the Agreement, on the closing date, Advent will pay the full value of the subscription price for the investment in Avio in cash. The Agreement is subject to customary conditions precedent, including, among other matters, obtaining authorization under Italian "golden power" legislation, as set out in Decree-Law No. 21 of March 15, 2012. Pursuant to the Agreement, subject to the fulfilment of the conditions precedent, effective as of the closing date, Advent will be subject to a 12-month lock-up period, except in the event of certain early termination events. The Agreement also provides that, in the event of the voluntary resignation of one of the Company's current Independent Directors, the Board of Directors will consider the possibility of co-opting a new Director designated by the Investor.

The capital raised will strengthen Avio's financial position and accelerate its long-term strategy to tackle the challenges associated with a lack of solid-propellant engine production capacity in both the United States and Europe. Following the reduction in inventories, the prime contractors require qualified alternative production sources to support the increase in production rates and fill what has now become a structural shortfall. In this regard, Avio expects the gap between supply and demand in the EU and the United States to average around 3,000-3,700 tons per year to 2030, a significant increase from the 2,400 tons previously estimated.

The transaction also broadens Avio's shareholder base through the entry of a leading investor in the aerospace and defense sectors, one that boasts strong relationships with prime contractors, subcontractors, and US government agencies, and a proven track record in supporting and executing value-creation initiatives. The greater financial flexibility created by the investment will also allow Avio to pursue potential opportunities for vertical integration within its supplier ecosystem, securing critical suppliers and strengthening the resilience of its supply chain in a market where demand structurally exceeds available capacity.

Against this backdrop, and in partnership with Advent, Avio will leverage its strong Italian roots to actively pursue its expansion strategy and establish itself as an independent supplier of solid-propellant engines in the United States, with the goal of seizing further growth opportunities and creating long-term value.

The Board of Directors of Avio S.p.A. exercises the powers granted under Article 2443 of the Civil Code by the Extraordinary Shareholders' Meeting held on October 23, 2025⁸³

On July 8, 2026, the Board of Directors of Avio S.p.A. exercised its power:

- (iii) to increase its share capital by a maximum nominal amount equal to approximately 7% of Avio's existing share capital as of today's date, to be reserved for subscription by Vantage HYP (Luxembourg) S.r.l. (the "Investor"), a company indirectly controlled by certain funds managed by and/or for which Advent International, L.P. provides advisory services (the "Reserved Capital Increase");
- (iv) to increase its share capital by a maximum nominal amount equal to approximately 3% of Avio's existing share capital as of today's date, to be reserved for incentive plans based on warrants and stock options intended for Directors, Key Management Personnel and other managerial personnel of Avio S.p.A. (the "MIP Capital Increase" and, together with the Reserved Capital Increase, the "Capital Increase").

The Board of Directors also approved certain key elements of future incentive plans designed to carry out a strategic review of the Company's compensation structure.

⁸³ See the press release of July 8, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/il-cda-esercita-la-delega-di-cui-all-art-2443-del-codice-civile-conferita-dall-assemblea-straordinaria-del-23-ottobre-2025/MXxjb211bmljYXRpLjE3NzEwMDAwNzgyMDI2MXwxfDIwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmxpYyIsInNyYiOiJkFWSU8iLCJpYXQiOiJlY3ODQ2OTAzNTR9.6Q4ZXelpBm41cDhdZdEMH0XTeEdSh3RNpJklaPlxmo>

The Board of Directors of Avio S.p.A. approves several incentive plans based on financial instruments⁸⁴

On July 29, 2026, the Board of Directors of Avio S.p.A. approved, among other matters, and having received approval from the Appointments and Remuneration Committee:

- a stock-based incentive plan for Avio's Chairperson, Chief Executive Officer, Key Management Personnel, and other members of management. This plan is based on the free allocation of stock options conferring the right to subscribe for newly issued Avio ordinary shares resulting from the capital increase referred to in Article 5.4 of Avio's By-Laws;
- a Performance Share Plan for Avio's Chief Executive Officer, Key Management Personnel and other members of management, based on the free allocation of Avio shares, which will be submitted to the Shareholders' Meeting for approval. Vesting is contingent upon the achievement of certain performance targets;
- a Restricted Share Plan for Avio managers other than the Chairperson, the Chief Executive Officer, and Key Management Personnel, based on the free allocation of Avio shares, which will be submitted to the Shareholders' Meeting for approval. Vesting is contingent solely on the beneficiary's continued employment at the end of the vesting period.

As part of the overall incentive plan, the Board of Directors also approved a warrant-based co-investment opportunity for the Avio Chairperson, Chief Executive Officer, and Key Management Personnel. This is based on the allocation, for consideration, of warrants conferring the right to subscribe to Avio ordinary shares resulting from the capital increase referred to in Article 5.4 of Avio's By-Laws.

The Board of Directors also resolved:

- (iii) to amend Section I of the remuneration policy approved by Avio's Shareholders' Meeting on April 28, 2026, in order to take the aforementioned plans into account, and
- (iv) to call the Ordinary Shareholders' Meeting on September 8, 2026, in accordance with the legal procedures and deadlines, to discuss the following items on the Agenda:
 - a. to amend Section I of the remuneration policy approved by the Ordinary Shareholders' Meeting on April 28, 2026;
 - b. to approve incentive plans based on financial instruments pursuant to Article 114-*bis* of Legislative Decree No. 58/98;
 - c. to approve the proposal to authorize the purchase treasury shares pursuant to and for the purposes of Articles 2357 and subsequent of the Italian Civil Code, and Article 132 of the CFA and Article 144-*bis* of the Issuers' Regulation.

Resignation of an Independent Director⁸⁵

On July 29, 2026, Elena Pisonero, Non-Executive, Independent Director and Chairperson of the Appointments and Remuneration Committee, resigned for personal reasons, effective as of the date of the Shareholders' Meeting called for September 8, 2026. This meeting was called, among other matters, to vote on the incentive plans that the Board of Directors had unanimously resolved on that same date to submit to the Shareholders' Meeting, subject to the unanimous favorable opinion of the Appointments and Remuneration Committee.

Sale of ART S.p.A. shares

In August, an agreement was signed for the sale of the 5% stake held by Avio S.p.A. in ART S.p.A. and the subsequent reinvestment in the special-purpose vehicle established by the new ownership to purchase the above company. The transaction, which is subject to conditions precedent, is expected to close in the second half of 2026.

⁸⁴ See the press release of July 29, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/il-consiglio-di-amministrazione-approva-alcuni-piani-di-incentivazione-basati-su-strumenti-finanziari/MXxb211bmljYXRpLjE3NzEwMDAwODQyMDI2MXwxflDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsbnNyYyI6IjFWSU8iLCJpYXQiOiJlE3ODQ2OTAzNTR9.6Q4ZXelpBm41cDhdZdEMH0XTeEdSh3RNpJklaPlxmo>

⁸⁵ See the press release of July 29, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/dimissioni-di-un-amministratore-indipendente/MXxb211bmljYXRpLjE3NzEwMDAwODQyMDI2MXwxflDlwMjYwOTA2/eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9.eyJjaCI6InB1YmtpYyIsbnNyYyI6IjFWSU8iLCJpYXQiOiJlE3ODQ2OTAzNTR9.6Q4ZXelpBm41cDhdZdEMH0XTeEdSh3RNpJklaPlxmo>

Ordinary Shareholders' Meeting of Avio S.p.A.⁸⁶

On September 8, 2026, Avio's Ordinary Shareholders' Meeting was held. The following resolutions were adopted: (i) amendment of the remuneration policy approved by the Ordinary Shareholders' Meeting of April 28, 2026; (ii) approval of the financial instruments-based incentive plans pursuant to Article 114-bis of Legislative Decree No. 58/98 and (iii) approval of the proposal to authorize the purchase and disposal of treasury shares pursuant to Article 2357 and subsequent of the Civil Code.

The Ordinary Shareholders' Meeting, with the approval of more than 80% of the share capital present, approved the proposed amendments to the remuneration policy adopted by the Ordinary Shareholders' Meeting on April 28, 2026, in order to take into account the proposal to approve certain financial instruments-based incentive plans pursuant to Article 114-bis of Legislative Decree No. 58/98.

The Meeting approved, with the affirmative vote of more than 80% of the share capital present, the adoption of certain financial instruments-based incentive plans pursuant to Article 114-bis of the CFA, as prepared by the Board of Directors, having received the opinion of the Appointments and Remuneration Committee. Specifically, the following plans were approved:

- an incentive plan called the "2026–2031 Stock Option Plan" - for Avio's Chief Executive Officer, the Chairperson of the Board of Directors, Avio's Key Management Personnel, and other Avio managers, based on the grant, free of charge, of stock options that confer the right to subscribe to newly-issued Avio ordinary shares;
- an incentive plan called the "2026–2028 Performance Share Plan" - for Avio's Chief Executive Officer, Key Management Personnel, and other Avio managers, based on the grant of Avio shares free of charge, replacing the 2026–2028 cash-based incentive plan, as provided for in the 2026 remuneration policy approved by the Shareholders' Meeting on April 28, 2026;
- an incentive plan called the "2027–2029 Restricted Share Plan" - for Avio executives other than the Chief Executive Officer, the Chairperson of the Board of Directors, and Key Management Personnel, based on the granting of Avio shares free of charge, and
- an additional incentive plan, as an investment tool, called the "2026–2031 Warrant Plan" - for Avio's Chief Executive Officer, Chairperson of the Board of Directors and Key Management Personnel - based on the granting, for consideration, of warrants conferring the right to subscribe to newly-issued Avio ordinary shares.

The Ordinary Shareholders' Meeting resolved, with the approval of more than 99% of the share capital present, to authorize the purchase of the Company's treasury shares, in one or more tranches, in an amount to be determined at the discretion of the Board of Directors, for a total value not exceeding 1% of the share capital.

• • •

September 10, 2026

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

⁸⁶ See also the press release of September 8, 2026 at the link: <https://syndication.teleborsa.it/Avio/Financial-Announcements/assemblea-ordinaria-degli-azionisti-di-avio-s-p-a-8-settembre>



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
Avio S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Avio Group, comprising the statement of financial position as at 30 June 2026 and the statements of profit and loss, comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the IFRS Accounting Standard applicable to interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Avio Group as at and for the six months ended 30 June 2026 have not been prepared, in all material respects, in accordance with the IFRS Accounting Standard applicable to interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and endorsed by the European Union.

KPMG S.p.A.
è una società per azioni
di diritto italiano
e fa parte del network KPMG
di entità indipendenti affiliate a
KPMG International Limited,
società di diritto inglese



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Avio Group

Report on review of condensed interim consolidated financial statements

30 June 2026

Other matters

The 2025 annual and condensed interim consolidated financial statements were respectively audited and reviewed by other auditors, who expressed an unmodified opinion and an unmodified conclusion thereon on 31 March 2026 and 11 September 2025, respectively.

Rome, 10 September 2026

KPMG S.p.A.

(signed on the original)

Marco Mele
Director of Audit

Statement on 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 Roberto Carassai, 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 consistency in relation to the characteristics of the company;
 - the effective application of the administrative and accounting procedures for the drawing up of the condensed interim consolidated statements for the six-month period ended June 30, 2026.
2. In this regard, we note that:
 - the adequacy of the administrative and accounting procedures to prepare the condensed interim consolidated financial statements as at and for the six-month period ended June 30, 2026 was verified by evaluating the Internal Accounting Control System on financial disclosure
 - this assessment utilized 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 IFRS Accounting Standards, endorsed by 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) give a true and fair view of the financial position and results of operations 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 interim consolidated 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 10, 2026

Avio S.p.A.

Giulio Ranzo
Chief Executive Officer
(Signed)

Roberto Carassai
Executive Officer for Financial Reporting
(Signed)