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Explanatory report of the Board of Directors of Avio S.p.A., prepared pursuant to Article 72 and Annex 3A, Schedules 2 and 3, of the regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended (the "Issuers' Regulation"), and pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code on the exercise of the delegated power pursuant to Article 2443 of the Italian Civil Code for the share capital increase, against payment and on an indivisible basis, with the exclusion of option right pursuant to the aforementioned Article 2441, paragraph 4, second sentence, of the Italian Civil Code

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SECTION I

Introduction

By resolution of 23 October 2025, the extraordinary shareholders' meeting of Avio S.p.A. ("**Avio**", the "**Issuer**" or the "**Company**") granted the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, *inter alia*, "*the power, to be exercised by 23 October 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code, through the issuance, on one or more tranches, of ordinary shares, with regular entitlement and the same characteristics as the outstanding ordinary shares on the issuance date, to be admitted to trading on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the date of exercise of the delegated power (excluding any share premium), and within the limits of 10% of the total number of shares of the Company existing on the date of exercise of the delegated power, also to service warrants, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, exclusively to entities in which the Italian State has a direct or indirect stake of at least 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities that are similar, related, synergistic and/or instrumental to those of the Company and/or having a purpose similar or related to that of the Company, identified by the Board of Directors, with the favourable vote of at least all but one of the Directors in office, or (iii) to service of shares incentive plans*" (the "**Delegated Power**").

Under the above-mentioned power, it is provided that the unit price of such shares (including any share premium) shall not be less than the market value of the shares. The resolutions of the Board of Directors exercising the Delegated Power shall set the subscription price as indicated above, as well as a specific deadline for the subscription of the shares, and shall provide, pursuant to Article 2439, second paragraph, of the Italian Civil Code, that if the resolved increase is not subscribed by the deadline fixed each time, the capital shall be increased by an amount (excluding any share premium) equal to the subscriptions collected up until such deadline.

Pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code: "*In companies with shares listed on regulated markets or traded in multilateral trading facilities, the by-laws may also exclude option right within the limits of ten per cent of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a specific report by an independent auditor or an auditing firm. The reasons for the exclusion or limitation, as well as the criteria adopted for determining the issue price, must be set out in a specific report by the directors, filed at the registered office and published on the company's website within the deadline for convening the shareholders' meeting, without prejudice to the provisions of special laws*".

In this respect, the Board of Directors intends to exercise the above-mentioned Delegated Power in two *tranches*:

- (i) for a maximum nominal amount equal to approximately 7% of the pre-existing share capital of Avio as of today's date, resolving to increase the share capital, against payment, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for a maximum amount of Euro 109,393,951.20 (including share premium), through the issuance of a maximum of 3,275,268 ordinary shares, without indication of nominal value, with regular entitlement and the same characteristics as the outstanding ordinary shares of Avio on the issuance date, to be reserved for subscription to Vantage HYP (Luxembourg) S.à r.l. (the "**Investor**"), a company indirectly controlled by certain funds managed and/or advised by Advent International, L.P., at an issue price per share equal to Euro 33.40, to be subscribed by 31 December 2026 (the "**Reserved Capital Increase**");

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- (ii) for a maximum nominal amount equal to approximately 3% of the pre-existing share capital of Avio as of today's date, resolving to increase the share capital, against payment and in divisible form, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, to be reserved for incentive plans based on *warrants* and *stock options* addressed to directors, executives with strategic responsibilities and other managerial figures of Avio (the "**MIP Capital Increase**"). For further information regarding the MIP Capital Increase, reference is made to Section II of this explanatory report prepared by the Board of Directors of Avio, pursuant to Article 72 and Annex 3A, Schedules 2 and 3, of the Issuers' Regulation.

As of today's date, the share capital of Avio amounts to Euro 158,506,882.70, divided into a total of 46,789,543 shares without nominal value.

The Avio shares to be issued under the Reserved Capital Increase, together with those already outstanding, will bring the total number of shares issued by the Company to 50,064,811 ⁽¹⁾. Such shares will be ordinary shares of Avio with regular entitlement; they shall be fully paid up at the time of their subscription at the price per share determined in accordance with the criteria set out in Paragraph 4 below.

The newly issued shares arising from the Reserved Capital Increase are reserved for subscription exclusively to the Investor, as identified below, and will be automatically admitted to trading on the Euronext Milan regulated market, STAR segment, organized and managed by Borsa Italiana S.p.A., like the other outstanding ordinary shares of Avio, without the need to publish an offering prospectus and/or an admission to trading prospectus by virtue of the exemptions set forth in Article 1, paragraphs 4(b) and 5(a), of Regulation (EU) 2017/1129.

This Section I of the explanatory report is prepared by the Board of Directors of Avio, pursuant to Article 72 and Annex 3A, Schedules 2 and 3, of the Issuers' Regulation, as well as pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, in order to illustrate (i) the reasons for the Board of Directors' decision to exercise the Delegated Power and, consequently, to increase the share capital with the exclusion of option right, and (ii) the criteria adopted for determining the issue price of the shares arising from the Reserved Capital Increase.

1. Reasons for exercising the Delegated Power, purpose of the Reserved Capital Increase, and reasons for the exclusion of option right

The proposed Reserved Capital Increase is part of the broader expansion project of the Company's activities, already initiated through the rights issue completed by Avio in November 2025, in the United States and Europe.

Advent is a leading global private equity investor committed to working in partnership with *managers*, entrepreneurs and founders to help transform businesses. With 16 offices across five continents, Advent oversees more than USD 94 billion in assets under management and has completed 448 investments across 44 countries. Advent has a long-established investment strategy in the defense sector, where it has consistently backed businesses supporting national security priorities. Since 2020, Advent has invested more than USD 15 billion of *enterprise value* across the global defense sector, including investments in Cobham, Ultra Electronics, Vantor and Attalon.

On 6 July 2026, the Investor and Avio entered into an investment agreement (the "**Investment Agreement**") regarding, *inter alia*: (i) the subscription of the Reserved Capital Increase by the Investor,

¹ For completeness, it should be noted that the Avio shares to be issued overall from the Reserved Capital Increase and the MIP Capital Increase, together with those already outstanding, will bring the total number of shares issued by the Company to 51,468,497.

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subject to the satisfaction of the Conditions Precedent (as defined below); (ii) a provision whereby, 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; (iii) a lock-up on the Avio shares held by the Investor for a period of 12 months from the *closing* date, subject to certain early termination events. For further information regarding the shareholders' agreement provisions contained in the Investment Agreement, reference is made to the essential information prepared pursuant to Article 130 of the Issuers' Regulation, published on the Company's website and disclosed to the public in accordance with applicable law.

Completion of the Investment Agreement is subject to the satisfaction of the following conditions precedent (the "**Conditions Precedent**"): (i) the obtaining of the authorizations, approvals and consents required under the applicable legislation on the so-called *Golden Power* regime pursuant to Law Decree No. 21 of 15 March 2012, converted into Law No. 56 of 11 May 2012, without the imposition of conditions, undertakings, corrective and/or remedial measures that have a material impact on the economic terms of the transaction or on the business of the Company and the group headed by it; (ii) the issuance, by the independent auditing firm referred to in Article 2441, paragraph 4, second sentence, of the Italian Civil Code, of a report confirming that the issue price of the shares under the Reserved Capital Increase is fair and corresponds to the market value of the Avio shares.

The proposal to exclude option right in connection with the Reserved Capital Increase originates from the intention to give effect to the Investment Agreement with the Investor in order to enable the Company - through the entry into the shareholder base of a high-standing operator - to promptly raise new financial resources to pursue industrial or strategic projects in the United States and support Avio's business development.

In particular, the capital raised will strengthen Avio's balance sheet and accelerate its long-term strategy to address critical shortages in solid rocket motor production capacity across both the United States and Europe. The transaction also broadens Avio's shareholder base by including a leading aerospace and defense investor with deep relationships across prime contractors, sub-primes and U.S. government agencies, as well as a proven *track record* of supporting value creation initiatives and execution. The increased financial flexibility this investment brings also enables Avio to pursue potential vertical integration opportunities within its supplier ecosystem in order to secure critical suppliers and bolster Avio's supply chain resilience in a market where demand structurally exceeds capacity.

Following the execution of the Reserved Capital Increase, the Investor will hold approximately 6.54% of the share capital of Avio.

Based on the foregoing, the Board of Directors of Avio considers that the reasons for the exclusion of option right, in compliance with the terms of the Delegated Power, lie in the opportunity to allow the entry into the shareholder base of a high-standing strategic operator.

2. Placement syndicates, methods and terms of their involvement

No placement through syndicates is envisaged, given that the Avio shares arising from the Reserved Capital Increase will be reserved for subscription to the Investor.

3. Other forms of placement envisaged

Other than as described in Paragraph 2 above, no other forms of placement of the shares arising from the proposed Reserved Capital Increase are envisaged.

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4. Criteria for determining the issue price of the new shares arising from the Reserved Capital Increase and considerations of the Board of Directors regarding the correspondence of the issue price to the market value of Avio ordinary shares

Article 2441, paragraph 4, second sentence, of the Italian Civil Code provides that in companies with shares listed on regulated markets or traded in multilateral trading facilities, the by-laws may exclude option right within the limits of 10% of the pre-existing share capital, provided that the issue price of the shares “*corresponds to the market value of the shares and that this is confirmed in a specific report by an independent auditor or an auditing firm*”.

In this regard, such statutory provision does not provide further guidance, including as to timing, and therefore leads to the conclusion that multiple criteria, even differing from one another, are admissible, to be established based on the characteristics of each individual capital increase transaction.

It should be noted that the Board of Directors of Avio has carried out its analyses, assessments and considerations with the support of an independent financial advisor of primary *standing*, Studio Laghi (the “**Financial Advisor**”), appointed to support the determinations of the Board of Directors of Avio in connection with the Reserved Capital Increase. The Financial Advisor issued its fairness opinion on 8 July 2026.

The contents of the *fairness opinion* were shared with and endorsed by the Board of Directors of Avio for the purposes of determining the criteria for setting the issue price of the shares arising from the Reserved Capital Increase.

For the purposes of setting the issue price of the new shares arising from the proposed Reserved Capital Increase (the “**Price**”), the Board of Directors of Avio made reference to the volume-weighted average of the official prices of the Company’s ordinary shares, as published by Bloomberg, recorded over the 21 consecutive trading days on Euronext Milan preceding the execution of the Investment Agreement (*i.e.* reference period: 8 June 2026 – 6 July 2026, inclusive), equal to Euro 33.90.

An adjustment discount of approximately 1.5% was applied to the above reference price, in line with market practice for comparable transactions. Accordingly, the Board of Directors set the Price at Euro 33.40 per share.

The Board of Directors determined the Price on a definitive and final basis. Regardless of the fact that the Price determination criteria were agreed upon with the Investor, the Board of Directors nevertheless carried out, with the support of the Financial Advisor, an independent assessment of the financial fairness of the Price, in accordance with the provisions of Article 2441, paragraph 4, second sentence, of the Italian Civil Code, taking into account the reference to the “*market value*” of the shares.

In addition, for the determination of the percentage discount, the Board of Directors, based on the analyses carried out, considered that a discount of approximately 1.5% relative to the value of the Avio shares – as resulting from the calculation of the volume-weighted average of closing prices over the 21 consecutive trading days on Euronext Milan preceding the last trading day before the date of execution of the Investment Agreement – is consistent with the provisions of Article 2441, paragraph 4, second sentence, of the Italian Civil Code, and with regard to the market value of the Company.

In the context of the assessments carried out by the Board of Directors, and taking into account the analyses performed by the Financial Advisor, it was found that the methodology considered most representative of the market value of Avio shares is that of stock market prices. This method is considered appropriate to represent market value as the quoted price of shares expresses, in an efficient market, the value attributed by the market to the traded shares, reflecting market expectations regarding the financial and economic performance of the Company.

As regards the criterion adopted, the Board of Directors verified that the use of the volume-weighted average, rather than the arithmetic average, of the market prices represents the prevailing approach in

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market practice, as it gives greater weight to actual traded volumes, thereby neutralizing as far as possible the price volatility arising from thinly-traded transactions, and thus identifying in the best possible way the actual value attributed by the market to the stock.

With respect to the discount applied, the Board of Directors carried out, with the support of the Financial Advisor, an analysis aimed at determining the implicit premiums/discounts granted by subscribing companies to the shareholders of target companies in specific capital increase transactions with the exclusion of option right. In this case, only capital increase transactions with the exclusion of option right deemed relevant, carried out from 2021 through June 2026 on the Italian stock market, were selected. This selection allowed the identification of a sample of comparable transactions in respect of which the implicit premiums/discounts recognized relative to the volume-weighted average prices of the shares in the months preceding the date of announcement of the capital increase were analyzed. The analysis showed that the 1.5% discount applied falls within the range of discounts observed in the sample of comparable transactions and is lower than the median discount implicitly recognized relative to the volume-weighted average prices in the month preceding the date of execution of the Investment Agreement.

The Board of Directors of Avio did not consider it necessary, in light of the results of its assessments, to use a cross-check method relative to the stock market price method.

Based on the above, the Board of Directors therefore considers that the criterion used for determining the Price in the context of the Reserved Capital Increase is appropriate and adequate to ensure its correspondence to the “*market value*” of the stock. The method used, consistent with market practice for transactions of this nature, allows reference to a sufficiently long period of time in order to eliminate volatility phenomena that may affect financial markets, thus reflecting the value that the market attributes to the Company’s stock while at the same time adequately taking into account the available information on the stock itself.

Finally, it should be noted that the value of the Avio stock – in particular following the market announcement of the execution of the Investment Agreement on 6 July 2026 – experienced variations compared to the values recorded in the preceding period. As of today’s date, however, the Board of Directors considered it reasonable not to take into account such variations, not only in accordance with the Investment Agreement but also in compliance with the Italian Valuation Principles (“*PIV*”), prepared by the Italian Valuation Body (OIV), on this type of valuations, which require determining a *pre-money* market price (see PIV, § IV 3.2), i.e. from a perspective that considers the issuer’s value regardless of the creation of new value and the market expectations in terms of the transaction’s impact on the stock performance.

The Board of Directors also carried out, with the support of the Financial Advisor, an analysis of the liquidity of Avio shares. More specifically, the liquidity of the Avio stock was analyzed over a period preceding the current date based on a number of indicators commonly used in professional practice. The analysis was conducted both with reference to the Company’s stock and with respect to a sample of stocks of companies comparable to Avio.

With regard to the liquidity of the Avio stock, the Board of Directors notes that the analyses conducted on the stock show a “*tradability*” of the Avio stock consistent with that of comparable companies, considering that the average daily volumes traded relative to the free float over the last year are at levels close to or above, both in absolute and relative terms, those of a basket of companies comparable to Avio.

As regards any difficulties and limitations encountered in determining the unit issue price of the new shares, it is noted that although the stock market price method is the most suitable to identify the market value of Avio shares, the application of such method may identify different values, to a greater or lesser extent, depending on the time at which the assessment is made. These elements of complexity

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were nevertheless weighed by the Board of Directors which, also with the support of the Financial Advisor, considered that the criterion chosen for determining the issue price of the new shares is reasonable, non-arbitrary and suitable to express the market value of the Company's shares pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code.

In this regard, over the time horizons considered, the Avio stock did not show significant volatility, a circumstance that allowed the Board of Directors not to encounter particular difficulties in the assessments carried out and, in any event, the use of the volume-weighted average over an adequate time horizon would in any case have neutralized or at least limited its impact on the assessments carried out.

KPMG S.p.A., the independent auditing firm appointed for the statutory audit of Avio's accounts, will issue a report on the adequacy of the Price determination criteria described above to determine a fair price pursuant to the combined provisions of Articles 2441, paragraph 4, second sentence, of the Italian Civil Code and 158 of the CFL.

5. Expected timeline for execution of the transaction

It is expected that the subscription of the Reserved Capital Increase will take place by the fourth quarter of 2026.

6. Number, category, entitlement date and issue price of the newly issued shares

In the context of the Reserved Capital Increase, a maximum of 3,275,268 Avio shares will be issued, without indication of nominal value.

The newly issued shares will have regular entitlement and will therefore grant the Investor the same rights as the shares already outstanding at the time of issuance. In addition, such shares will be listed on Euronext Milan, STAR Segment, like the outstanding Avio ordinary shares, and will be subject to the dematerialization and centralized management regime at Monte Titoli S.p.A., pursuant to Articles 83-*bis* and following of the CFL.

The unit issue Price of the new shares, equal to Euro 33.40 (of which Euro 3.38 per share allocated to share capital and the remaining portion to share premium, substantially in line - with minimal rounding - with the existing accounting par value) was determined by the Board of Directors of Avio as illustrated in Paragraph 4 above.

7. Shareholders who have expressed their availability to subscribe

The newly issued shares arising from the Reserved Capital Increase are reserved for subscription exclusively to the Investor and, consequently, the Company has not received any expressions of interest from shareholders to subscribe for the shares to be issued in this context.

8. Financial, equity and dilutive effects of the Reserved Capital Increase

The Reserved Capital Increase is aimed at issuing new Avio shares for subscription by the Investor.

Assuming full subscription of the Reserved Capital Increase, it would result in an increase in net equity equal to Euro 109,393,951.20, from which the transaction costs will be deducted.

The execution of the Reserved Capital Increase will result, for the existing shareholders of the Company, in a dilutive effect, in terms of their shareholding in the Company's share capital, equal to 6.54%.

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9. Amendments to the By-Laws and right of withdrawal

As a result of the exercise of the delegated power to increase the share capital described above, it will be appropriate to amend Article 5 of the By-Laws, by introducing a new paragraph reflecting the adoption of the relevant resolution by the Board of Directors.

The table below provides a comparison of the current text of Article 5.4 of the By-Laws with the text that the Board of Directors proposes to adopt, highlighting the amendments relating to the exercise of the Delegated Power.

Please note that such amendments do not take into account the further amendments connected to the exercise of the delegated power relating to the MIP Capital Increase, for which reference is made to the more detailed description in Section II of this explanatory report.

Art. 5.4 - Current text	Art. 5.4 - Proposed amendments
<p>Under Article 2443, first paragraph, of the Italian Civil Code, the Board of Directors is granted the power, to be exercised by 23 October 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code, by issuing, on one or more tranches, ordinary shares, with regular entitlement and the same characteristics as the outstanding ordinary shares on the issuance date, to be admitted to trading on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the date of exercise of the delegated power (excluding any share premium), and within the limits of 10% of the total number of shares of the Company existing on the date of exercise of the delegated power, also to service warrants, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, exclusively to entities in which the Italian State has a direct or indirect stake of at least 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities similar, related, synergistic and/or instrumental to those of the Company and/or having a purpose similar or related to that of the Company, identified by the Board of Directors, with the favourable vote of at least all the Directors in office minus one, or also (iii) to service of shares incentive plans. The unit price of these shares (including any share premium) shall not be less than the market value of the shares. The resolutions of the Board of Directors exercising the delegated power shall set the subscription price as indicated above, as well as a specific deadline for the subscription of the shares and shall provide, pursuant to Article 2439, second paragraph, of the Italian Civil Code, that if the resolved increase is not subscribed by the deadline fixed each time, the capital shall be increased by an amount (excluding any share premium) equal to the</p>	<p><i>Unchanged</i></p>

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<p>subscriptions collected up until such deadline. The Board of Directors is vested with all powers for such acts, issue of new shares and for making any modifications to this article of the By-Laws.</p>	
<p>-</p>	<p>In execution of the delegated power granted to the Board of Directors by the Extraordinary Shareholders' Meeting of 23 October 2025, the Board of Directors, at its meeting of 8 July 2026, resolved to increase the share capital for an amount equal to approximately 7% of the pre-existing share capital of Avio as of 8 July 2026, against payment, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for a maximum amount of Euro 109,393,951.20 (including share premium), through the issuance of a maximum of 3,275,268 ordinary shares, without indication of nominal value, with regular entitlement and the same characteristics as the outstanding ordinary shares of Avio on the issuance date, to be reserved for subscription to Vantage HYP (Luxembourg) S.à r.l. and to be executed by 31 December 2026 at an issue price per share equal to Euro 33.40 (the "Reserved Capital Increase"). Should the Reserved Capital Increase not be subscribed, the aforementioned delegated power shall remain valid and may be exercised in full (or partially for any remaining available and unsubscribed portion).</p>
<p>-</p>	<p><i>Omissis</i></p>

In the opinion of the Board of Directors, the amendment to the By-Laws under consideration does not fall within any of the cases in which shareholders are entitled, under the applicable legislation, to the right of withdrawal.

10. Proposed resolution to the Board of Directors

Dear Directors, Dear Statutory Auditors,

in light of the foregoing, we submit the following resolution proposal for your consideration:

"The Board of Directors of Avio S.p.A.,

- *having acknowledged the attestation issued by the Board of Statutory Auditors that the current share capital of Euro 158,506,882.70 is fully subscribed and paid up;*
- *having reviewed the report issued by the auditing firm KPMG S.p.A., pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code and Article 158 of the CFL,*

resolves

- 1) *to approve, as a whole, in accordance with the conditions and terms described in Section I of the explanatory report, the transaction;*
- 2) *to give execution to the delegated power granted to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, by the extraordinary shareholders' meeting on 23 October 2025 and, consequently, to increase the share capital, on the basis of and in accordance with Section I of the explanatory report, for an amount equal to approximately 7% of the pre-existing share capital of*

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Avio as of 8 July 2026, against payment, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for a maximum amount of Euro 109,393,951.20 (including share premium), through the issuance of a maximum of 3,275,268 ordinary shares, without indication of nominal value, with regular entitlement and the same characteristics as the outstanding ordinary shares of Avio on the issuance date, to be reserved for subscription to Vantage HYP (Luxembourg) S.à r.l. and to be executed by 31 December 2026 at an issue price per share equal to Euro 33.40;

- 3) with reference to the issue price, to provide that the capital increase will be carried out substantially in compliance with the pre-existing accounting par value, by allocating Euro 3.38 per share to share capital and the remaining portion to share premium;*
- 4) to establish, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, that the capital increase referred to in point 2 above shall be divisible and therefore shall be limited to the amount resulting from the subscriptions made by the final deadline of 31 December 2026;*
- 5) to insert in Article 5 of the current By-Laws the transitional clause whose text is set out in Section I of the explanatory report prepared by the Board of Directors pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code;*
- 6) to grant the Chairman and the Chief Executive Officer, severally, with the power to sub-delegate, all the widest powers and authority, without exception, to provide for all that is necessary for the implementation, fully and in each part, of the resolutions adopted, and to establish in general the terms, conditions and methods of the transaction, in compliance with the Golden Power legislation pursuant to Law Decree No. 21 of 15 March 2012, converted into Law No. 56 of 11 May 2012, including the powers:*
 - to receive the subscription declarations for the shares, to make all declarations and filings, including those required for legal publication purposes, in order to give effect to the resolutions and to fulfill the formalities necessary for all the resolutions adopted today to obtain, where required by applicable law, the required regulatory approvals;*
 - to do in general everything necessary for the full implementation of the resolutions themselves, with all powers necessary and appropriate for this purpose, without exception, including the power to sign and submit all necessary, or even merely appropriate, preparatory, implementing or otherwise related documentation in connection with the capital increase and to carry out all activities necessary and/or appropriate for the subscription of the resolved capital increase and for the issuance of the shares;*
 - to make the consequent and necessary amendments to the By-Laws from time to time required as a result of the resolutions adopted and the outcome of the subscription of the capital increase, as well as the power to file with the Companies' Register, pursuant to Article 2436 of the Italian Civil Code, the updated text of the By-Laws reflecting the share capital amount and the number of shares, and the attestation pursuant to Article 2444 of the Italian Civil Code, including the authority to introduce in the resolution itself, and in compliance with its substance, all such amendments, additions or deletions as may be deemed necessary or merely appropriate, or as may be requested by the competent authorities in connection with authorization and registration, or as may be imposed or suggested by the final regulatory framework, all with the widest powers necessary and appropriate for this purpose, hereby promising to ratify and hold valid;*
 - to define and execute all documents necessary to carry out the capital increase, to perform all acts and transactions necessary and appropriate under the applicable legislation for the issuance of the ordinary shares and the consequent capital increase, including the preparation, execution*

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and submission of any declaration, document, market announcement or document required by the competent Authorities, as well as the management of relations with the relevant bodies and competent Authorities and the request for and obtaining of all authorizations and approvals necessary for the successful completion of the transaction;

- *to render enforceable, in accordance with the law, the adopted resolutions, determining the implementation timing, to establish the date of issuance of the shares, to set, supplement and further specify the terms and methods of issuance of the shares, including the authority to determine the subscription methods, where not already established by this resolution or by supplementary resolutions;*
- *to prepare, submit, receive and sign all documents required for the execution of the resolved transaction, and to sign any deed, contract, communication or other document necessary and/or appropriate for the completion of the transaction.”.*

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SECTION II

Introduction

By resolution of 23 October 2025, the extraordinary shareholders' meeting of Avio S.p.A. ("**Avio**", the "**Issuer**" or the "**Company**") granted the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, *inter alia*, "*the power, to be exercised by 23 October 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code, through the issuance, on one or more tranches, of ordinary shares, with regular entitlement and the same characteristics as the outstanding ordinary shares on the issuance date, to be admitted to trading on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the date of exercise of the delegated power (excluding any share premium), and within the limits of 10% of the total number of shares of the Company existing on the date of exercise of the delegated power, also to service warrants, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, exclusively to entities in which the Italian State has a direct or indirect stake of at least 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities that are similar, related, synergistic and/or instrumental to those of the Company and/or having a purpose similar or related to that of the Company, identified by the Board of Directors, with the favourable vote of at least all but one of the Directors in office, or (iii) to service of shares incentive plans*" (the "**Delegated Power**").

Under the above-mentioned power, it is provided that the unit price of such shares (including any share premium) shall not be less than the market value of the shares. The resolutions of the Board of Directors exercising the Delegated Power shall set the subscription price as indicated above, as well as a specific deadline for the subscription of the shares, and shall provide, pursuant to Article 2439, second paragraph, of the Italian Civil Code, that if the resolved increase is not subscribed by the deadline fixed each time, the capital shall be increased by an amount (excluding any share premium) equal to the subscriptions collected up until such deadline.

Pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code: "*In companies with shares listed on regulated markets or traded in multilateral trading facilities, the by-laws may also exclude option right within the limits of ten per cent of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a specific report by an independent auditor or an auditing firm. The reasons for the exclusion or limitation, as well as the criteria adopted for determining the issue price, must be set out in a specific report by the directors, filed at the registered office and published on the company's website within the deadline for convening the shareholders' meeting, without prejudice to the provisions of special laws*".

In this respect, the Board of Directors intends to exercise the above-mentioned Delegated Power in two *tranches*:

- (i) for a maximum nominal amount equal to approximately 7% of the pre-existing share capital of Avio as of today's date, resolving to increase the share capital, against payment, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, to be reserved for subscription to Vantage HYP (Luxembourg) S.à r.l., a company indirectly controlled by certain funds managed and/or advised by Advent International, L.P. (the "**Investor**") (the "**Reserved Capital Increase**"). In this regard, it is noted that on 6 July 2026, the Investor and Avio entered into an investment agreement (the "**Investment Agreement**") regarding, *inter alia*: the subscription of the Reserved Capital Increase by the Investor, subject to the satisfaction of certain conditions precedent. For further information regarding the Reserved Capital Increase, reference is made to Section I of this explanatory report prepared by

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the Board of Directors of Avio, pursuant to Article 72 and Annex 3A, Schedules 2 and 3, of the Issuers' Regulation; and

- (ii) for a maximum nominal amount equal to approximately 3% of the pre-existing share capital of Avio as of today's date, resolving to increase the share capital, against payment and in divisible form, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for a maximum amount equal to Euro 46,883,112.40 (including share premium), through the issuance of a maximum of 1,403,686 ordinary shares, without indication of nominal value, with regular entitlement and the same characteristics as the outstanding ordinary shares of Avio on the issuance date, to be reserved for incentive plans based on *warrants* and *stock options* addressed to directors, executives with strategic responsibilities and other managerial figures of Avio according to the terms and conditions, respectively, of specific regulations – existing and/or future – approved by the competent corporate bodies, at an issue price per share equal to Euro 33.40, to be subscribed by 31 December 2031 (the “**MIP Capital Increase**”).

As of today's date, the share capital of Avio amounts to Euro 158,506,882.70, divided into a total of 46,789,543 shares without nominal value.

The Avio shares to be issued under the MIP Capital Increase, together with those already outstanding, will bring the total number of shares issued by the Company to 48,193,229 ⁽²⁾. Such shares will be ordinary shares of Avio with regular entitlement; they shall be fully paid up at the time of their subscription at the price per share determined in accordance with the criteria set out in Paragraph 4 below.

The newly issued shares arising from the MIP Capital Increase are reserved for subscription to directors, executives with strategic responsibilities and other managerial figures of Avio, and will be automatically admitted to trading on the Euronext Milan regulated market, STAR segment, organized and managed by Borsa Italiana S.p.A., like the other outstanding ordinary shares of Avio, without the need to publish an offering prospectus and/or an admission to trading prospectus by virtue of the exemptions set forth in Article 1, paragraphs 4(b) and 5(a), of Regulation (EU) 2017/1129.

Section II of this explanatory report is prepared by the Board of Directors of Avio, pursuant to Article 72 and Annex 3A, Schedules 2 and 3, of the Issuers' Regulation, as well as pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, in order to illustrate (i) the reasons for the Board of Directors' decision to exercise the Delegated Power and, consequently, to increase the share capital with the exclusion of option right, and (ii) the criteria adopted for determining the issue price of the shares arising from the MIP Capital Increase.

1. Reasons for exercising the Delegated Power, purpose of the MIP Capital Increase, and reasons for the exclusion of option right

In implementation of the remuneration policy approved by the ordinary shareholders' meeting of Avio on 28 April 2026, the Board of Directors of Avio approved, *inter alia*, on today's date, with the support of the Nomination and Remuneration Committee, the key elements for the definition of the terms and conditions of a medium-to-long-term incentive plan based on *warrants* (the “**Warrant Plan**”) addressed to directors and executives with strategic responsibilities (the “**Warrant Plan Beneficiaries**”), and of a medium-to-long-term incentive plan based on *stock options* (the “**Stock Option Plan**”) and, together with the Warrant Plan, the “**Plans**”) addressed to directors, executives with strategic responsibilities and other

² For completeness, it should be noted that the Avio shares to be issued overall from the Reserved Capital Increase and the MIP Capital Increase, together with those already outstanding, will bring the total number of shares issued by the Company to 51,468,497.

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managerial figures of Avio (the “**Stock Option Plan Beneficiaries**”), for which newly issued shares under the Delegated Power may be partially used.

The Plans are part of the broader context of a strategic review of the Company’s remuneration structure, which envisages a combination of *warrants*, *stock options*, *performance shares* and *restricted shares*, prompted by the significant evolution in Avio’s corporate size during the 2023–2025 three-year period. This structure is aimed at strengthening the alignment of management’s interests with those of shareholders in order to incentivize conduct oriented towards sustainable value creation and the coherent execution of the strategic cycle, as well as ensuring the Company’s ability to attract and retain highly qualified managerial resources in a market characterized by high specialization and strong international competitiveness.

Warrant Plan

Based on the key elements approved on today’s date by the Board of Directors of the Company, the Warrant Plan will provide for the issuance of *warrants*, with a 3-year vesting period, to be granted – for consideration (at a price at fair value as of today’s date) – to the Warrant Plan Beneficiaries identified by the Board of Directors of the Company, each conferring the right to subscribe for newly issued ordinary shares of the Company at a unit price equal to Euro 33.40, in the ratio to be determined by the Board of Directors of Avio, subject to calibration of the Stock Option Plan.

The expiry date of the *warrants* will coincide with 31 December 2031.

The partial exercise of the Delegated Power for the MIP Capital Increase in connection with the Warrant Plan is subject to the approval of such plan by the ordinary shareholders’ meeting of Avio pursuant to Article 114-*bis* of the CFL, which will be convened by the Board of Directors in accordance with applicable law once the terms and conditions of the Warrant Plan have been defined.

For further information on the terms and conditions of the Warrant Plan, reference is made to the information document that will be prepared pursuant to Article 84-*bis* of the Issuers’ Regulation and in accordance with Schedule 7 of Annex 3A to the Issuers’ Regulation and which will be made available to the public within the terms and in accordance with applicable law for the ordinary shareholders’ meeting to be convened.

Stock Option Plan

Based on the key elements approved on today’s date by the Board of Directors of the Company, the Stock Option Plan will provide for the issuance of *stock options* to be granted free of charge to the Stock Option Plan Beneficiaries identified by the Board of Directors of the Company, each conferring the right to subscribe for newly issued ordinary shares of the Company at an issuance price equal to Euro 33.40, subject to the satisfaction of certain performance conditions, in the ratio and according to the mechanisms to be determined by the Board of Directors of Avio.

The Stock Option Plan Beneficiaries may exercise, in whole or in part, the vested *stock options* by no later than 31 December 2031.

The partial exercise of the Delegated Power for the MIP Capital Increase in connection with the Stock Option Plan is subject to the approval of such plan by the ordinary shareholders’ meeting of Avio pursuant to Article 114-*bis* of the CFL, which will be convened by the Board of Directors in accordance with applicable law once the terms and conditions of the Stock Option Plan have been defined.

For further information on the terms and conditions of the Stock Option Plan, reference is made to the information document that will be prepared pursuant to Article 84-*bis* of the Issuers’ Regulation and in accordance with Schedule 7 of Annex 3A to the Issuers’ Regulation and which will be made available to the public within the terms and in accordance with applicable law for the ordinary shareholders’ meeting to be convened.

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** * **

The proposal to exclude option right in connection with the MIP Capital Increase is aimed at encouraging the participation in the share capital of Avio by the beneficiaries of incentive plans and at enhancing, from a medium/long-term perspective, the contribution made to the success of the Issuer by those who hold the most significant positions within the Company and, at the same time, at incentivizing investment in the Issuer by the beneficiaries identified by the Board of Directors who share the Company's growth project.

2. Placement syndicates, methods and terms of their involvement

No placement through syndicates is envisaged, given that the Avio shares arising from the MIP Capital Increase will be allocated for subscription to the beneficiaries of the Plans upon satisfaction of the conditions set out therein.

3. Other forms of placement envisaged

Other than as described in Paragraph 2 above, no other forms of placement of the shares arising from the proposed MIP Capital Increase are envisaged.

4. Criteria for determining the issue price of the new shares arising from the MIP Capital Increase and considerations of the Board of Directors regarding the correspondence of the issue price to the market value of Avio ordinary shares

Article 2441, paragraph 4, second sentence, of the Italian Civil Code provides that in companies with shares listed on regulated markets or traded in multilateral trading facilities, the by-laws may exclude option right within the limits of 10% of the pre-existing share capital, provided that the issue price of the shares "*corresponds to the market value of the shares and that this is confirmed in a specific report by an independent auditor or an auditing firm*".

In this regard, such statutory provision does not provide further guidance, including as to timing, and therefore leads to the conclusion that multiple criteria, even differing from one another, are admissible, to be established based on the characteristics of each individual capital increase transaction.

It should be noted that the Board of Directors of Avio has carried out its analyses, assessments and considerations with the support of an independent financial advisor of primary *standing*, Studio Laghi (the "**Financial Advisor**"), appointed to support the determinations of the Board of Directors of Avio in connection with the MIP Capital Increase. The Financial Advisor issued its fairness opinion on 8 July 2026.

The contents of the *fairness opinion* were shared with and endorsed by the Board of Directors of Avio for the purposes of determining the criteria for setting the issue price of the shares arising from the MIP Capital Increase.

For the purposes of setting the issue price of the new shares arising from the proposed MIP Capital Increase (the "**Price**"), the Board of Directors of Avio made reference to the volume-weighted average of the official prices of the Company's ordinary shares, as published by Bloomberg, recorded over the 21 consecutive trading days on Euronext Milan preceding the execution of the Investment Agreement (*i.e.* reference period: 8 June 2026 – 6 July 2026, inclusive), equal to Euro 33.90.

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An adjustment discount of approximately 1.5% was applied to the above reference price, in line with market practice for comparable transactions. Accordingly, the Board of Directors set the Price at Euro 33.40 per share.

The Board of Directors determined the Price on a definitive and final basis. Regardless of the fact that the Price determination criteria were agreed upon with the Investor, the Board of Directors nevertheless carried out, with the support of the Financial Advisor, an independent assessment of the financial fairness of the Price, in accordance with the provisions of Article 2441, paragraph 4, second sentence, of the Italian Civil Code, taking into account the reference to the “*market value*” of the shares.

In addition, for the determination of the percentage discount, the Board of Directors, based on the analyses carried out, considered that a discount of approximately 1.5% relative to the value of the Avio shares – as resulting from the calculation of the volume-weighted average of closing prices over the 21 consecutive trading days on Euronext Milan preceding the last trading day before the date of execution of the Investment Agreement – is consistent with the provisions of Article 2441, paragraph 4, second sentence, of the Italian Civil Code, and with regard to the market value of the Company.

In the context of the assessments carried out by the Board of Directors, and taking into account the analyses performed by the Financial Advisor, it was found that the methodology considered most representative of the market value of Avio shares is that of stock market prices. This method is considered appropriate to represent market value as the quoted price of shares expresses, in an efficient market, the value attributed by the market to the traded shares, reflecting market expectations regarding the financial and economic performance of the Company.

As regards the criterion adopted, the Board of Directors verified that the use of the volume-weighted average, rather than the arithmetic average, of the market prices represents the prevailing approach in market practice, as it gives greater weight to actual traded volumes, thereby neutralizing as far as possible the price volatility arising from thinly-traded transactions, and thus identifying in the best possible way the actual value attributed by the market to the stock.

With respect to the discount applied, the Board of Directors carried out, with the support of the Financial Advisor, an analysis aimed at determining the implicit premiums/discounts granted by subscribing companies to the shareholders of target companies in specific capital increase transactions with the exclusion of option right. In this case, only capital increase transactions with the exclusion of option right deemed relevant, carried out from 2021 through June 2026 on the Italian stock market, were selected. This selection allowed the identification of a sample of comparable transactions in respect of which the implicit premiums/discounts recognized relative to the volume-weighted average prices of the shares in the months preceding the date of announcement of the capital increase were analyzed. The analysis showed that the 1.5% discount applied falls within the range of discounts observed in the sample of comparable transactions and is lower than the median discount implicitly recognized relative to the volume-weighted average prices in the month preceding the date of execution of the Investment Agreement.

The Board of Directors of Avio did not consider it necessary, in light of the results of its assessments, to use a cross-check method relative to the stock market price method.

Based on the above, the Board of Directors therefore considers that the criterion used for determining the Price in the context of the MIP Capital Increase is appropriate and adequate to ensure its correspondence to the “*market value*” of the stock. The method used, consistent with market practice for transactions of this nature, allows reference to a sufficiently long period of time in order to eliminate volatility phenomena that may affect financial markets, thus reflecting the value that the market attributes to the Company’s stock while at the same time adequately taking into account the available information on the stock itself.

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Finally, it should be noted that the value of the Avio stock – in particular following the market announcement of the execution of the Investment Agreement on 6 July 2026 – experienced variations compared to the values recorded in the preceding period. As of today's date, however, the Board of Directors considered it reasonable not to take into account such variations, not only in accordance with the Investment Agreement but also in compliance with the Italian Valuation Principles (“PIV”), prepared by the Italian Valuation Body (OIV), on this type of valuations, which require determining a *pre-money* market price (see PIV, § IV 3.2), i.e. from a perspective that considers the issuer's value regardless of the creation of new value and the market expectations in terms of the transaction's impact on the stock performance.

The Board of Directors also carried out, with the support of the Financial Advisor, an analysis of the liquidity of Avio shares. More specifically, the liquidity of the Avio stock was analyzed over a period preceding the current date based on a number of indicators commonly used in professional practice. The analysis was conducted both with reference to the Company's stock and with respect to a sample of stocks of companies comparable to Avio.

With regard to the liquidity of the Avio stock, the Board of Directors notes that the analyses conducted on the stock show a “tradability” of the Avio stock consistent with that of comparable companies, considering that the average daily volumes traded relative to the free float over the last year are at levels close to or above, both in absolute and relative terms, those of a basket of companies comparable to Avio.

As regards any difficulties and limitations encountered in determining the unit issue price of the new shares, it is noted that although the stock market price method is the most suitable to identify the market value of Avio shares, the application of such method may identify different values, to a greater or lesser extent, depending on the time at which the assessment is made. These elements of complexity were nevertheless weighed by the Board of Directors which, also with the support of the Financial Advisor, considered that the criterion chosen for determining the issue price of the new shares is reasonable, non-arbitrary and suitable to express the market value of the Company's shares pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code.

In this regard, over the time horizons considered, the Avio stock did not show significant volatility, a circumstance that allowed the Board of Directors not to encounter particular difficulties in the assessments carried out and, in any event, the use of the volume-weighted average over an adequate time horizon would in any case have neutralized or at least limited its impact on the assessments carried out.

KPMG S.p.A., the independent auditing firm appointed for the statutory audit of Avio's accounts, will issue a report on the adequacy of the Price determination criteria described above to determine a fair price pursuant to the combined provisions of Articles 2441, paragraph 4, second sentence, of the Italian Civil Code and 158 of the CFL.

5. Expected timeline for execution of the transaction

It is expected that the subscription of the MIP Capital Increase will take place by 31 December 2031.

6. Number, category, entitlement date and issue price of the newly issued shares

In the context of the MIP Capital Increase, a total maximum of 1,403,686 Avio shares will be issued, also without indication of nominal value.

The newly issued shares will have regular entitlement and will therefore grant the beneficiaries of the incentive plans based on *warrants* and/or *stock options* – existing and/or future – approved by the

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competent corporate bodies of Avio the same rights as the shares already outstanding at the time of issuance. In addition, such shares will be listed on Euronext Milan, STAR Segment, like the outstanding Avio ordinary shares, and will be subject to the dematerialization and centralized management regime at Monte Titoli S.p.A., pursuant to Articles 83-*bis* and following of the CFL.

The unit issue Price of the new shares, equal to Euro 33.40 (of which Euro 3.38 per share allocated to share capital and the remaining portion to share premium, in compliance - with minimal rounding - with the existing accounting par value) was determined by the Board of Directors of Avio as illustrated in Paragraph 4 above.

7. Shareholders who have expressed their availability to subscribe

The newly issued shares arising from the MIP Capital Increase are reserved for subscription exclusively to the beneficiaries of the incentive plans based on *warrants* and/or *stock options* - existing and/or future - approved by the competent corporate bodies of Avio and, consequently, the Company has not received any expressions of interest from shareholders to subscribe for the shares to be issued in this context.

8. Financial, equity and dilutive effects of the MIP Capital Increase

The MIP Capital Increase is aimed at issuing new Avio shares to be allocated to directors, executives with strategic responsibilities and other managerial figures of Avio as beneficiaries of incentive plans based on *warrants* and/or *stock options* - existing and/or future - approved by the competent corporate bodies of Avio.

Assuming full subscription of the MIP Capital Increase, it would result in an increase in net equity equal to Euro 46,883,112.40, from which the transaction costs will be deducted.

The full subscription of the MIP Capital Increase would result, for the existing shareholders of the Company, in a dilutive effect, in terms of their shareholding in the Company's share capital, equal to 2.91%.

9. Amendments to the By-Laws and right of withdrawal

As a result of the exercise of the delegated power to increase the share capital described above, it will be appropriate to amend Article 5 of the By-Laws, by introducing a new paragraph reflecting the adoption of the relevant resolution by the Board of Directors.

The table below provides a comparison of the current text of Article 5.4 of the By-Laws with the text that the Board of Directors proposes to adopt, highlighting the amendments relating to the exercise of the Delegated Power.

Please note that such amendments do not take into account the further amendments connected to the exercise of the delegated power relating to the Reserved Capital Increase, for which reference is made to the more detailed description in Section I of this explanatory report.

Art. 5.4 - Current text	Art. 5.4 - Proposed amendments
Under Article 2443, first paragraph, of the Italian Civil Code, the Board of Directors is granted the power, to be exercised by 23 October 2030, to increase the share capital, against payment and in divisible form and with the exclusion of option right, pursuant to Article 2441,	<i>Unchanged</i>

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<p>fourth paragraph, second sentence, of the Italian Civil Code, by issuing, on one or more tranches, ordinary shares, with regular entitlement and the same characteristics as the outstanding ordinary shares on the issuance date, to be admitted to trading on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A., within the limits of 10% of the share capital existing on the date of exercise of the delegated power (excluding any share premium), and within the limits of 10% of the total number of shares of the Company existing on the date of exercise of the delegated power, also to service warrants, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, exclusively to entities in which the Italian State has a direct or indirect stake of at least 20% of the share capital, or (ii) to financial investors and/or industrial partners and/or entities that carry out activities similar, related, synergistic and/or instrumental to those of the Company and/or having a purpose similar or related to that of the Company, identified by the Board of Directors, with the favourable vote of at least all the Directors in office minus one, or also (iii) to service of shares incentive plans. The unit price of these shares (including any share premium) shall not be less than the market value of the shares. The resolutions of the Board of Directors exercising the delegated power shall set the subscription price as indicated above, as well as a specific deadline for the subscription of the shares and shall provide, pursuant to Article 2439, second paragraph, of the Italian Civil Code, that if the resolved increase is not subscribed by the deadline fixed each time, the capital shall be increased by an amount (excluding any share premium) equal to the subscriptions collected up until such deadline. The Board of Directors is vested with all powers for such acts, issue of new shares and for making any modifications to this article of the By-Laws.</p>	
-	<i>Omissis</i>
	<p>In execution of the delegated power granted to the Board of Directors by the Extraordinary Shareholders' Meeting of 23 October 2025, the Board of Directors, at its meeting of 8 July 2026, resolved to increase the share capital for a maximum amount equal to approximately 3% of the pre-existing share capital of Avio as of 8 July 2026, against payment and in divisible form, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for a maximum amount equal to Euro 46,883,112.40 (including share premium), through the issuance of a maximum of 1,403,686 ordinary shares, without indication of nominal value, with regular entitlement and the same characteristics as the outstanding ordinary shares of Avio on the issuance</p>

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	<p>date, to be reserved for incentive plans based on <i>warrants</i> and <i>stock options</i> addressed to directors, executives with strategic responsibilities and other managerial figures of Avio according to the terms and conditions of specific regulations - existing and/or future - approved by the competent corporate bodies of Avio, at an issue price per share equal to Euro 33.40, to be subscribed by 31 December 2031 (the "MIP Capital Increase"). Should the MIP Capital Increase not be subscribed, the aforementioned delegated power shall remain valid and may be exercised in full (or partially for any remaining available and unsubscribed portion).</p>
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In the opinion of the Board of Directors, the amendment to the By-Laws under consideration does not fall within any of the cases in which shareholders are entitled, under the applicable legislation, to the right of withdrawal.

10. Proposed resolution to the Board of Directors

Dear Directors, Dear Statutory Auditors,

in light of the foregoing, we submit the following resolution proposal for your consideration:

"The Board of Directors of Avio S.p.A.,

- *having acknowledged the attestation issued by the Board of Statutory Auditors that the current share capital of Euro 158,506,882.70 is fully subscribed and paid up;*
- *having reviewed the report issued by the auditing firm KPMG S.p.A., pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code and Article 158 of the CFL;*
- *subject to the approval of the financial instrument-based incentive plans to be submitted for approval to an ordinary shareholders' meeting of Avio to be convened pursuant to Article 114-bis of the CFL,*

RESOLVES

- 1) *to approve, as a whole, in accordance with the conditions and terms described in Section II of the explanatory report, the transaction;*
- 2) *to give execution to the delegated power granted to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, by the extraordinary shareholders' meeting on 23 October 2025 and, consequently, to increase the share capital, on the basis of and in accordance with Section II of the explanatory report, for a maximum amount equal to approximately 3% of the pre-existing share capital of Avio as of 8 July 2026, against payment and in divisible form, with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for a maximum amount equal to Euro 46,883,112.40 (including share premium), through the issuance of a maximum of 1,403,686 ordinary shares, without indication of nominal value, with regular entitlement and the same characteristics as the outstanding ordinary shares of Avio on the issuance date, to be reserved for incentive plans based on warrants and stock options addressed to directors, executives with strategic responsibilities and other managerial figures of Avio according to the terms and conditions of specific regulations - existing and/or future - approved by the competent corporate bodies of Avio, at an issue price per share equal to Euro 33.40, to be subscribed by 31 December 2031;*

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- 3) *with reference to the issue price, to provide that the capital increase will be carried out in compliance with the pre-existing accounting par value, by allocating Euro 3.38 per share to share capital and the remaining portion to share premium;*
- 4) *to establish, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, that the capital increase referred to in point 2 above shall be divisible and therefore shall be limited to the amount resulting from the subscriptions made by the final deadline of 31 December 2031;*
- 5) *to insert in Article 5 of the current By-Laws the transitional clause whose text is set out in Section II of the explanatory report prepared by the Board of Directors pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code;*
- 6) *to grant the Chairman and the Chief Executive Officer, severally, with the power to sub-delegate, all the widest powers and authority, without exception, to provide for all that is necessary for the implementation, fully and in each part, of the resolutions adopted, and to establish in general the terms, conditions and methods of the transaction, including the powers:*
 - *to receive the subscription declarations for the shares, to make all declarations and filings, including those required for legal publication purposes, in order to give effect to the resolutions and to fulfill the formalities necessary for all the resolutions adopted today to obtain, where required by applicable law, the required regulatory approvals;*
 - *to do in general everything necessary for the full implementation of the resolutions themselves, with all powers necessary and appropriate for this purpose, without exception, including the power to sign and submit all necessary, or even merely appropriate, preparatory, implementing or otherwise related documentation in connection with the capital increase and to carry out all activities necessary and/or appropriate for the subscription of the resolved capital increase and for the issuance of the shares;*
 - *to make the consequent and necessary amendments to the By-Laws from time to time required as a result of the resolutions adopted and the outcome of the subscription of the capital increase, as well as the power to file with the Companies' Register, pursuant to Article 2436 of the Italian Civil Code, the updated text of the By-Laws reflecting the share capital amount and the number of shares, and the attestation pursuant to Article 2444 of the Italian Civil Code, including the authority to introduce in the resolution itself, and in compliance with its substance, all such amendments, additions or deletions as may be deemed necessary or merely appropriate, or as may be requested by the competent authorities in connection with authorization and registration, or as may be imposed or suggested by the final regulatory framework, all with the widest powers necessary and appropriate for this purpose, hereby promising to ratify and hold valid;*
 - *to define and execute all documents necessary to carry out the capital increase, to perform all acts and transactions necessary and appropriate under the applicable legislation for the issuance of the ordinary shares and the consequent capital increase, including the preparation, execution and submission of any declaration, document, market announcement or document required by the competent Authorities, as well as the management of relations with the relevant bodies and competent Authorities and the request for and obtaining of all authorizations and approvals necessary for the successful completion of the transaction;*
 - *to render enforceable, in accordance with the law, the adopted resolutions, determining the implementation timing, to establish the date of issuance of the shares, to set, supplement and further specify the terms and methods of issuance of the shares, including the authority to determine the subscription methods, where not already established by this resolution or by supplementary resolutions;*



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- *to prepare, submit, receive and sign all documents required for the execution of the resolved transaction, and to sign any deed, contract, communication or other document necessary and/or appropriate for the completion of the transaction.”.*

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This explanatory report approved by the Board of Directors of Avio is transmitted to the auditing firm KPMG S.p.A., for the purposes of issuing the report on the correspondence to market value of the issue price of the shares relating to the capital increase with the exclusion of option right pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code and Article 158 of the CFL.

Rome, 8 July 2026

The Chief Executive Officer