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

2025 ANNUAL FINANCIAL REPORT

This document is not prepared in accordance with the provisions of the European Commission's Delegated Regulation (EU) 2019/815 on a single electronic communication format (ESEF). The annual financial report, prepared in accordance with the provisions of the aforementioned Delegated Regulation, is available on the authorised storage system "eMarket STORAGE" (www.emarketstorage.com) and on the company's website.

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HIGHLIGHTS

Net revenues[1]
Euro 541.7 million (+22.7% on 2024)

EBITDA
Reported: Euro 32.3 million (+24.9% on 2024)
Adjusted (*)[2]: Euro 34.8 million (+30.8% on 2024)

EBIT
Reported: Euro 12.0 million (+42.7% on 2024)
Adjusted (*)[2]: Euro 14.5 million (+58.3% on 2024)

Profit before taxes
Euro 13.1 million (Euro 6.8 million in 2024)

Net Profit
Euro 11.6 million (Euro 6.4 million in 2024)

Net Financial Position
cash position of Euro 591.7 million (Euro 501.7 million on December 31, 2024)

Investments
Euro 44.2 million (Euro 35.0 million in 2024)

Backlog[1]
Euro 2,166 million (+25.6% on December 31, 2024)

Research and development
costs of Euro 196.5 million, net of pass-through costs incurred in 2025, equal to 36.3% of revenues net of pass-through revenues for 2025 (Euro 178.5 million net of pass-through costs incurred in 2024, equal to 40.4% of revenues net of pass-through revenues for 2024)

Employees
1,426 at December 31, 2025 (1,355 at December 31, 2024)

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

[1] Net of "pass-through" revenues.

[2] Net of non-recurring costs.

LETTER TO THE SHAREHOLDERS

Dear Shareholders

We are pleased to present the Avio Group Annual Financial Report for the year 2025, integrated with the Consolidated Sustainability Statement. Avio, as an organisation already subject to the non-financial reporting obligation under Legislative Decree No. 254/2016, complies with the new requirements set out in Directive (EU) 2022/2464 ("CSRD Directive") from the previous year.

In 2025, your Company launched a new, ambitious growth strategy, laying the groundwork to capitalise on the increasing pace of expansion of the Space and Defence markets, in both Europe and the United States.

On September 11, 2025, the Company approved its new Business Plan and launched a Euro 400 million rights issue to expand production capacity for both the Space and Defence sectors, and fund, in particular, the construction of a new solid-propellant motor facility in the United States, set to be operational by the end of 2028. The share capital increase was approved by the Extraordinary Shareholders' Meeting of October 23, 2025, with the favourable vote of more than 99% of the share capital present, and was concluded on November 20, 2025 with the subscription of 100% of the options offered, confirming the significant appreciation by the market of the Company's strategy.

The past year also built upon the significant milestones achieved in 2024, reinforcing our strong performance in both the Space and Defence.

In the Space business, over the past year, we executed successful missions with Vega C, reaffirming its operational track record. On December 1, 2025, Vega C successfully completed the VV28 mission, carrying the KOMPSAT-7 (KOrea Multi-Purpose SATellite-7) satellite into orbit for the Korea Aerospace Research Institute (KARI). This major achievement follows that of the VV27 and VV26 missions, which respectively concluded successfully on July 26 and April 29 of last year, placing into orbit the four CO3D satellites (Airbus), the MicroCarb satellite (CNES) and the Biomass satellite (ESA). These successful missions confirm the reliability and versatility of the Vega C launcher, and have further strengthened our partnerships with key institutional and private clients.

Meanwhile, work also continued on the Ariane 6 launchers in the year. Avio is a partner of the programme, providing the P120C solid rocket boosters and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. Following the March 6 and August 13 launches, Ariane 6 successfully completed missions VA265 and VA266 on November 4 and December 17, taking the Sentinel-1D and two Galileo satellites into orbit. Building on this momentum, Avio will continue to supply P120C boosters, in configurations of two or four to increase payload capacity. Furthermore, in November 2025, Avio and ArianeGroup signed a major Ariane 6 component contract worth over Euro 200 million through until 2029, including P120C/P160C boosters, and liquid oxygen turbopumps.

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

The ESA Ministerial Council, held in Bremen on 26–27 November 2025, reached landmark decisions to secure strategic funding for the European Space sector. The European space budget has in fact 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 (approx. +12% compared to the 2022 Ministerial Council contributions), accounting for approx. 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.

Our Defence activities continued to grow throughout 2025, with the Company signing over Euro 250 million in new orders. In Europe, the co-operation with the MBDA Group was further strengthened with the signing of new production orders, including those concluded in July and December for a total of approximately Euro 100 million. Meanwhile, the development of the defence business in the United States continued further, partly in preparation for the establishment of the solid propellant engine production facility in Virginia. The partnership

with the US military was strengthened during the year by, for example, signing a supplementary agreement for the production, assembly, integration and testing of solid propellant engines for tactical missiles.
Collaboration continued with Raytheon, a leading defence solutions company for the US government and its allies. A purchase order was signed with the company to continue engineering activities on the Mk 104 dual-thrust engine (supporting the Standard Missile line) up to the Critical Design Review stage, as was a memorandum of understanding to support Avio in constructing its facility in the United States. In the final quarter of the year, Avio finalised an agreement with Lockheed Martin, effectively granting two of the world's leading defence players preferential access to the production capacity of the planned facility.

From an economic-financial perspective, 2025 saw the achievement of a new order backlog record, in line with the revised upwards Guidance in January 2026 and amounting to Euro 2.2 billion thanks to the signing of new contracts during the year with a total value of close to one billion Euro. These contracts mainly cover the Vega C launch services acquired in the transfer of responsibilities from Arianespace to Avio, the Ariane 6 component production agreement with ArianeGroup, and approximately Euro 250 million in solid-propulsion defence orders from both European and US partners.

Net Revenues of Euro 542 million were essentially in line with the upper limit of the Guidance revised upwards in January 2026, growth of approximately 23% and due mainly to the increased production activities for Vega C, the growth in production of the P120C/P160C engines for the Ariane 6 launcher, and the growth in the defence sector.

Reported EBITDA was Euro 32.3 million, up approximately 25% on 2024, in line with Guidance and reflecting the improvement in revenues driven mainly by the growth of the space business.

EBIT was Euro 12.0 million, increasing on Euro 8.4 million in the previous year.

The Net Profit of Euro 11.6 million exceeded Guidance and was up Euro 5.2 million on 2024, reflecting the Company's improved operating performance in addition to financial income earned on available cash. On the basis of these results, again this year the Board of Directors have proposed to the Shareholders' Meeting the distribution of a dividend of Euro 6.8 million (Euro 0.14846 per share).

We again express this year our satisfaction and gratitude for the great trust placed in the Company by the market, which is clearly and significantly reflected in Avio's share price, which rose more than 150% in FY 2025, reaching new all-time highs since its market listing. The share performance, as well as the general improvement in the stock's liquidity profile, supported Avio's inclusion in the FTSE Italia Mid Cap Index from June 23, 2025, in addition to the MSCI Global Small Cap Index from November 24, 2025.

Avio in the year also continued on its path of continuous improvement related to the areas of Sustainability. The Consolidated Sustainability Statement since the previous year has seen a major update in terms of its structure and content, in line with the new applicable regulation. This year, Avio again conducted the double materiality assessment process in terms of the evaluation and management of impacts, risks and opportunities related to sustainability matters, from the dual perspective of impact materiality (the "inside-out" perspective) and financial materiality (the "outside-in" perspective) through the involvement of both internal and external stakeholders.
Particular importance is given to the attention and constant commitment to human capital, which represents the founding pillar on which Avio has defined a development plan targeted at enhancing qualities and skills, based on specific selection, training, management and remuneration policy processes. The Group operates in a particularly specialised sector where the procurement of highly qualified resources is essential. Avio therefore is focused on attracting and identifying talented individuals who stand out for their high-level skills that are difficult to replace.
Furthermore, on February 21, 2025, Avio obtained certification for gender equality protection, in accordance with the UNI/PdR 125:2022 guidelines, implementing a related management system aimed at affirming the Group's commitment to promoting policies and practices aimed to reduce the gender gap in the workplace.
Aware of the importance of generating sustainable value, including over the medium to long term, Avio adopts a management model which ensures the highest standards of transparency, fairness and responsibility.
In line with ESG ("Environmental, Social and Governance") principles, current regulations and international best practices, the company is committed to integrating the respect for human rights into every aspect of its operations.
In this regard, it has adopted a Human Rights Policy aimed at defining the fundamental principles and commitments made to protect and safeguard human rights in the undertaking of its business activities and in every context in which it operates, so as to promote an ethical, safe and just working environment that complies with internationally-recognised standards and principles.
Avio annually confirms its membership of the Business Integrity Forum (BIF), an initiative of Transparency International Italia that brings together large Italian companies committed to preventing and combatting

corruption in business practices by adopting and circulating anti-corruption tools and practices and encouraging an improved culture of legality. The Company also cooperates assiduously with the Italian Transparency and Anti-Corruption Association (AITRA).

Thanks to the achievement of all these important milestones, 2025 marked another turning point in Avio's history, in which the foundation was laid for writing a new, exciting equity story for the Company. We expect Vega C launch activities to continue their momentum, driven by a renewed European commitment to the Space sector, reaffirmed at the 2025 ESA Ministerial Council, and Avio's new mandate as a launch operator. Furthermore, our strengthened partnerships and new orders from both European and major US defence clients point towards an acceleration of growth opportunities across both continents.

The success of the rights issue further demonstrates the confidence investors have placed in the Company's new growth strategy and leadership. Leveraging our proven expertise and resolve, Avio is committed to achieving the ambitious targets set out in the new Business Plan, and to continuing to generate long-term value for our stakeholders.

Once again, we would like to express our gratitude to you, dear Shareholders, for the trust you have placed in us.

Roberto Italia
Chairperson of the Board of Directors
Avio S.p.A.

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

DIRECTORS' REPORT

THE AVIO GROUP

PROFILE

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

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

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

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

The process to transfer Vega C Launch Service Operator (LSO) and Launch Service Provider (LSP) functions has been completed in line with the ESA Board Resolution of November 6, 2023. The Group therefore undertakes the following activities: develops the Launch Service User Manual, conducts marketing and commercialisation activities, functions as a single interface with launch service customers, is responsible for the development of the launch manifest, and defines customer requirements and specification of payload interfaces for the launch system. Avio and ESA formalised 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, a launcher which made its maiden flight on July 13, 2022. Vega C has the capacity for a greater payload than the Vega and optimises production costs thanks to the sharing of the new first stage (P120C) with Ariane 6.

- Ariane 6, whose test launch took place on July 9, 2024. The launcher has two distinct configurations for feasible missions, guaranteeing greater payload flexibility. In particular, the A62, with two P120C solid propulsion boosters, and the A64, with four P120C solid propulsion boosters, will be used for both GEO (geostationary) satellite positioning, at an altitude of 36,000 km, and other kinds of mission, such as launches to LEO orbits, SSO (sun-synchronous) polar orbits, MEO (medium earth) orbits, 4.5 tonne satellites to GEO orbits, and 20 tonne satellites to LEO orbits. In this context, Avio supplies solid boosters for both Ariane 6 configurations, as well as two oxygen turbopumps for the liquid stages of the Vulcain 2 and Vinci engines;

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

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

In addition, on July 24, 2024, Avio announced the launch of two *partnerships* with Raytheon (RTX) and the U.S. Army[3], in addition to the signing of a new order with the U.S. Government Armed Forces to provide industrial capabilities and expertise

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

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

in the production, assembly, integration, and testing of solid propulsion engines for tactical missiles[4]. These collaborations continued in 2025[5].

In the field of **satellite propulsion**, Avio has developed and supplied the European Space Agency (ESA) and the Italian Space Agency (ASI) with propulsion subsystems for the launching and control of several satellites, including the latest SICRAL, Small GEO and EDRS-C satellites. Avio participated in the development and testing of the propulsion systems of the Hera satellite and is contributing to 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:

- **Ariane**

  Ariane is a space programme 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, 2024[6]; for this launcher Avio, through its subsidiary Europropulsion, is producing (i) the solid propellant P120C engine, (ii) the liquid oxygen turbopump for the Vulcain 2 engine and (iii) the liquid oxygen turbopump for the Vinci engine. Avio is already working on a more powerful version of the boosters, called the P160, which will increase the thrust of the launcher and consequently also its load capacity.

- **Vega**

  Vega is a space programme for LEO missions, whose development has been funded by the ESA, with mainly Italian funding, and for which the Group is the prime contractor for the production and integration of components for the entire launcher and for the production of the solid propulsion engines 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, and of the Vega Evolution launcher ("Vega-E"). For the latter, the Group is responsible for the development and subsequent production of the entire launcher, as well as the development of a cryogenic liquid oxygen-methane engine for the high stage, called M10.

- **Defence**

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

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

With net revenues in 2025 of Euro 541.7 million and Reported EBITDA of Euro 32.3 million, the Group currently occupies a leading position in the Italian and European space industry, substantially supported by its high degree of competitivity - drawing over 90% of its revenues from overseas.

The highly technological content of Avio's operations required a research and development spend - for the portion mainly commissioned by ESA, ASI and Member State ministries - accounting for approximately 36.3% of net revenues in 2025. These activities were carried out both in-house and through sub-contractors and a network of laboratories and partnerships with some of the leading domestic and international universities and research centres.

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

[5] See also the September 24, 2025 press release at the following 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/MXxjb211bmljYXRpLjE3NzEwMDAwNjcyMDI1MXwxfDIwMjUxMDEz

See press release of August 27, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-rafforza-la-collaborazione-con-le-forze-armate-statunitensi/MXxjb211bmljYXRpLjE3NzEwMDAwNTIyMDI1MXwxfDIwMjYwMzAy

[6] See press release of November 9, 2024 at the link: https://www.avio.com/it/comunicati-stampa/successo-volo-inaugurale-dellariane-6

CORPORATE BOARDS AND COMMITTEES

Board of Directors

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

The Shareholders' Meeting established, in continuity with the previous term, the number of members of the Board of Directors as 11 and the term of office of the Board of Directors as three fiscal years, concluding on the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2025.

On May 15, 2025, following the resignation of a Director, the Board of Directors resolved to co-opt a Director, with a term of office, in accordance with the law and By-Laws, until the next Shareholders' Meeting. The subsequent Shareholders' Meeting, held on October 23, 2025, resolved to confirm the appointment of the co-opted Director, with the term of office aligned with that of the other members of the Board of Directors in office and, therefore, concluding on the date of the Shareholders' Meeting called to approve the financial statements as of December 31, 2025.

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

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

(*) Director co-opted by the Board of Directors and subsequently appointed by the Shareholders' Meeting on October 23, 2023

Board of Statutory Auditors

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

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

Supervisory Board

On May 9, 2023, the Board of Directors of the parent company Avio S.p.A. appointed the Supervisory Board, whose term of office is three years, concluding on the date of the Shareholders' Meeting called to approve the 2025 Annual Accounts.

Alessandro De Nicola	Chairperson
Giorgio Martellino	Member
Raoul Vitulo	Member

Independent Audit Firm

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

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 external auditor for the fiscal years 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 certify the compliance 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 programme until its completion, including a first rocket stage (the P120C) to be shared with the forthcoming Ariane 6 launcher, also fully financed.

2015
The outcome of the Ministerial Conference of ESA countries, held the previous December 2014, led in August 2015 to the signing of major development contracts for the Vega-C and Ariane 6 launchers. Avio's key role was recognised thanks to its participation in the development programme for Vega-C and Ariane 6's shared rocket stage, the P120C, and its lead systems engineering role in the VECEP programme for the development of the Vega-C launcher.
For the first time in the history of the Kourou Space Centre as many as 12 launches were made in one year, including 6 involving Ariane and 3 for Vega.

2016 - 2017
In the fourth quarter of 2016, the operation for the acquisition and listing of the Avio Group by Space2 S.p.A., an Italian SPAC listed on the MIV market/SIV segment of Borsa Italiana S.p.A., was initiated.

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

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

2018
As part of the process initiated by European Space Agency (ESA) member states for new governance of the European launchers sector, in order to transfer to the prime contractors (Ariane Group for Ariane 6 and Avio for Vega-C) the responsibility for commercial exploitation of the new products and the associated risks, and following completion of the accompanying flights for Vega launcher testing, the shareholders of ELV S.p.A. (held 70% by Avio S.p.A. and 30% by ASI) reorganised operations, with development, production and distribution of launchers carried out by the industrial shareholder Avio, while ELV S.p.A. concentrates on the research and development of new technologies and on aviation testing.

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

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

2019-2021
On August 19, 2019 the company Avio France S.A.S., with registered office in Paris and wholly-owned by Avio S.p.A., was incorporated. Its corporate scope is to undertake engineering activities to study and design space transport systems and subsystems.

2022-2023
Avio USA Inc., which is wholly-owned by Avio S.p.A., was incorporated in Delaware and established in Virginia. Avio USA is structured to operate in compliance with US security and export control regulations and is managed by a US-majority board of directors.

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

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

2024-2025
On July 30, 2024, an Avio branch was set up and registered on August 29, 2024 at the Nanterre Companies Register, based in Boulogne-Billancourt. Its main scope is the commercialisation of launch services, in order to strengthen discussions and collaboration with local institutions.

Avio has progressively assumed the role of Launch Service Provider for the Vega C launcher. In particular, on July 10, 2025, with the approval of the new Launcher Exploitation Declaration ("LED")[7], Avio was assigned the role of launch service provider for the Vega family of launchers. On August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana. This is the first time an Italian company has been enabled to provide space access services, and is based on its recognised technological and industrial capabilities and its strategic positioning as part of the European space industry.

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 customers[8].

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 approx. 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 launcher[9].

[7] 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

[8] See 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

[9] See 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

BUSINESS DIVISIONS

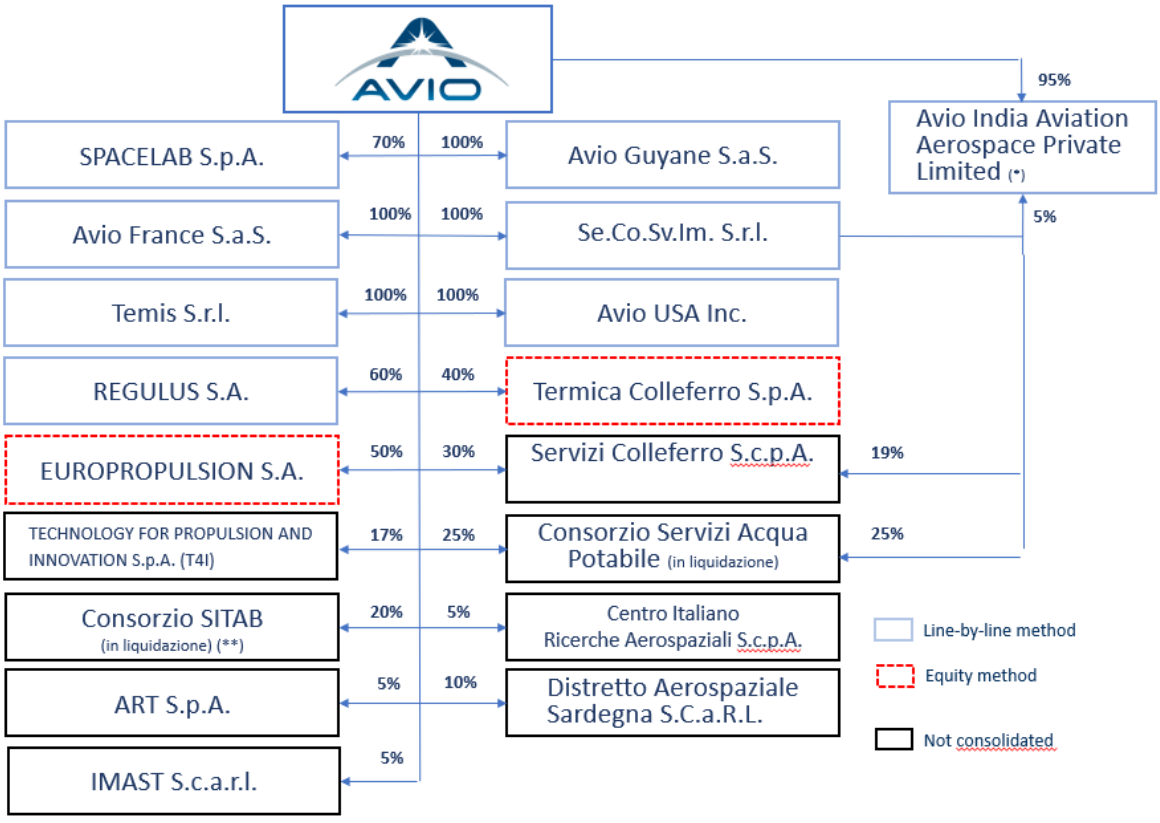
Core operations: design, development and production of solid and liquid propellant propulsion systems for space launchers; design, development and production of solid propellant propulsion systems for tactical missiles in the defence segment; development, integration and supply of complete light space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

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

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

GROUP STRUCTURE AND INTERNATIONAL PRESENCE

The Avio Group's ownership structure is reported below:



(*) indicates that the company is in voluntary liquidation. No financial significant commitments are expected for the Avio Group related to the liquidation.
(**) on December 5, 2025, the Shareholders' Meeting approved the Company's final liquidation budget. Pursuant to Article 2495 of the Civil Code, on January 8, 2026, the Company was removed from the Companies Register.

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

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

STRATEGY

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, defence, and technological sovereignty;
- structural pressure to reduce launch costs;
- accelerated technological innovation, with a focus on reusability, "green" propellants, and the digitalisation 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.

Across the Defence sector, the international climate has driven a structural increase in investments. 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 Defence businesses with an industrial model combining:

- **Launch Systems**;
- **Space Propulsion**;
- **Defence Propulsion**.

Our strategy for the current decade is oriented to:

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

Space business

The Space business remains the primary driver of the Group's revenue, structured in the following business lines: Vega, Ariane, Technological Development Projects (NextGen EU), and Satellite activities.

Transformation of the European launcher industrial model

2025 marked a pivotal strategic milestone for the Group. Following the approval of the new **Launcher Exploitation Declaration (LED)** by ESA Member States on July 10, 2025[10], Avio was formally appointed as the **Launch Service Provider (LSP)** and **Launch Service Operator (LSO)** for the Vega C launcher. This milestone:

- redefines the framework established in 2017;
- assigns Avio full commercial leadership for the launch services of the Vega family;
- consolidates the progressive transfer of operational and integration functions.

Furthermore, in August 2025, French authorities granted Avio a ten-year licence to conduct space operations under the French Space Operations Act (Loi sur les opérations spatiales – LOS, 2008, and further decrees), marking Avio's full assumption of direct operational responsibilities. The new strategic model strengthens the Group's:

- vertical integration;

[10] 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

- control of the value chain;
- long-term commercial visibility.

The strategic expansion represents a structural shift in the Group's business and industrial model, cementing its position as the European benchmark in the light launcher segment, with direct responsibility for the entire launch service lifecycle. 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 approx. 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 launcher[11].

Vega: consolidation and growth

The strategic priorities for the Vega launcher family are:

- stabilisation and increase of the **Vega C** launch cadence;
- 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, Avio also successfully developed and qualified the successor to the P120C, the higher-performance **P160C** motor now set to power Ariane 6 (Block 2) and future Vega configurations, significantly boosting payload capacity across the European fleet.

November 2025 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 approx. 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 launcher.

Ariane programme

Within the Ariane 6 programme, 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.

The Group's leadership position within the Ariane programme secures:

- long-term production continuity;
- high technological expertise;
- strategic integration in leading European institutional programmes.

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 Green Multi-Purpose Engine (MPGE) under the 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.

[11] See 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

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

Defense business

The Defence sector 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.

On July 21, 2025, Avio announced a production order from MBDA France for the supply of propulsion engines and related aerodynamic surfaces for the ASTER 30 defence system, with a value of approx. Euro 50 million[12].

On August 27, 2025[13], Avio announced the signing of a supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles.

European market

The Group partners with leading global primes on major European missile programmes. 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.

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;
- industrial partnerships have been forged with leading US defence primes;
- a new production facility is planned for construction in the US, and estimated to be operational by 2028;

During 2025:

- development has advanced on the Mk 104 Dual Thrust Rocket Motor;
- purchase orders and supplemental agreements have been secured with key US government and industry counterparts;
- required regulatory clearances have been granted to operate on national defence programmes;

The strategic objective is:

- to create a self-sustaining industrial platform in the United States;
- to progressively expand the US share of total Group revenue;
- to diversify the Group's global footprint.

Investments and production capacity

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

- scale the production rate of P120 and P160 motors;
- upgrade the infrastructure at the Colleferro and Kourou sites;
- drive the growth of new Defence programmes;
- develop the new production plant in the US.

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

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

Strategic summary

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

1. reinforcing our Space leadership through the full end-to-end integration of our LSP/LSO roles and the development of next-gen launchers;
2. driving structural expansion in the Defence business by accelerating growth across Europe and establishing a dedicated industrial base in the US.
3. scaling innovation and manufacturing capacity through targeted investments to support increasing volumes and enhanced global competitiveness.

Together, 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 defence markets. Our technological positioning, deep vertical integration and strong order book visibility are key differentiators that underpin the resilience and long-term sustainability of the Group's business model.

SHAREHOLDERS

At December 31, 2025, 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. 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.[14] 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 capital increase that began and concluded in FY 2025[15]. On September 11, 2025, Avio's Board of Directors approved to submit to its shareholders a proposal for a rights issue capital increase for a total maximum amount of Euro 400 million (the "Capital Increase under Option"). The Rights Issue Capital Increase approved by the Extraordinary Shareholders' Meeting held on October 23, 2025 subsequently provided that (i) the option rights to subscribe to the new shares (the "Option Rights") would be exercisable from November 3, 2025 to November 17, 2025 (the "Option Period"), and (ii) the Option Rights would be tradable on the Euronext Milan, Euronext STAR Milan Segment, from November 3, 2025 to November 11, 2025. The Option 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 option rights during the rights offering period and the subscription of the related shares, the Rights Issue Capital Increase 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).

[14] See also the May 30, 2025 and June 12, 2025 press releases at the links: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-dell+exercise-+sponsors-warrant-space2-s-p-a-+/MXxjb211bmljYXRpLjE3NzEwMDAwMzQyMDI1MXwxfDIwMjUwNzAz

https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAwMzkyMDI1MXwxfDIwMjUwNzAz

[15] See press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwMTEy

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

Shareholder	% share capital
Leonardo S.p.A.	19.30%
WCM Investment Management LLC	5.00%
DWS Investment GmbH	4.92%
Plenisfer Investment SGR S.p.A.	4.28%
Delfin S.a.r.l.	3.73%
In Orbit S.p.A.	1.04%
Treasury shares	2.11%
Remaining MTA free float	59.62%
Total	**100.00%**

FY 2025

SIGNIFICANT EVENTS IN 2025

Business

ESA Zero Debris Charter with BULL Co., Ltd.

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

We consider in this regard the recent signing of a Memorandum of Understanding (MOU) with BULL Co., Ltd., a Japanese start-up developing a space debris prevention device, to study the application of an innovative space debris prevention device aboard the Vega C rocket. The collaboration with BULL will further improve Vega C's respect for the orbital environment[16].

First bi-propellant ignition tests successfully carried out[17]

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

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

Success for Ariane 6 flight VA263[18]

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

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

Successful P160C engine ignition test[19]

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

The P160C is one of the world's largest solid propellant thrusters with a monolithic carbon fibre structure. It contains 157 tonnes of propellant. The P160C development programme is managed and funded by the European Space Agency.
This new thruster has a greater solid propellant capacity than the one currently used for Ariane 6 and Vega-C and therefore significantly increases launcher performance. The new P160C thruster is shared by the two European launchers and will be used as a booster for Ariane 6 and as a first stage for Vega-C and Vega-E.

[16] See press release of January 15, 2025 at the link: https://www.avio.com/it/comunicati-stampa/prevenzione-dei-detriti-spaziali-con-nuovo-dispositivo-su-vega-c

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

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

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

Successful VV26 flight of Vega C[20]

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

Avio becomes launch service provider for the Vega launcher family[21]

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

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

Orders worth Euro 60 million signed with MBDA in France[22]

As part of the existing framework contract with MBDA in France, on July 21, 2025, Avio signed a production order relating to the supply of propulsion engines and related aerodynamic surfaces for the ASTER 30 defence system, with a value of approx. Euro 50 million.
Under the same framework contract, Avio also signed standalone, unrelated orders for an aggregate amount of a further approx. Euro 10 million.
All orders will be developed on average over a five-year production period.

VEGA-C successfully launches CO3D and MICROCARB satellites[23]

Vega-C successfully completed the VV27 mission, putting the CO3D and MicroCarb satellites into orbit. The launcher took off at 23:03 local time on July 25 (04:03 CEST on July 26).
The P120C first stage provided lift-off thrust and fired for 2 minutes and 23 seconds, after which the Zephyr 40 and Zephyr 9 ignited. The AVUM+ upper stage carried out four ignitions to place the four CO3D satellites and the MicroCarb into their intended orbits at 495 and 650 kilometres, respectively. The mission concluded after 1 hour and 51 minutes with the de-orbit ignition of AVUM+, as per the ESA's Zero Debris Charter.

CO3D satellites, developed by Airbus Defence and Space, are designed to map the Earth's surface in 3D and provide 2D imagery for institutional and commercial customers. The MicroCarb satellite, developed by CNES, is designed to study sources and sinks of carbon dioxide (CO_2), the greenhouse gas that is contributing most to climate change.

Strengthening cooperation with the US military[24]

Following rapid development and prototyping activities conducted over the past year, Avio announced on August 27, 2025 the signing of an supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles.

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

[20] See press release of April 29, 2025 at the link: https://www.avio.com/it/comunicati-stampa/vega-c-lancia-con-successo-satellite-biomass-lesa-0

[21] 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

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

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

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

Three new launch contracts signed with ESA under the European "Flight Ticket" initiative[25]

Avio announced on August 27, 2025 the signing of three launch service contracts with the European Space Agency (ESA) as part of the "Flight Ticket" initiative, jointly promoted by the ESA and the European Commission to offer European companies and institutions the opportunity to test new technologies in space.

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

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

Avio and Spacelaunch announce new Vega C launch agreement[26]

On September 18, 2025, Avio and SpaceLaunch - an American launch services company based in Austin, Texas - signed a Launch Services Contract to place an institutional earth-observation satellite in orbit using Vega C in 2027.

The non-European institutional client, the identity of which will be disclosed by the end of the year, awarded the mission following an open international tender. Vega C was selected for its versatility and cost-effectiveness. The satellite has a launch mass of approximately 700 kilograms and will be placed in a sun-synchronous orbit.

Avio USA and Raytheon extend partnership to accelerate production of Mk 104 engine[27]

On September 24, 2025, Avio USA and Raytheon, belonging to the RTX Group (NYSE: RTX), signed a purchase order for up to USD 26 million, earmarked for the continuation of engineering activities on the MK 104 dual-thrust rocket motor to support Raytheon's Standard Missile line.

The purchase order comes 13 months after the two companies signed a contract for preliminary engineering work on the Mk 104 engine. The funds will provide support up to the Critical Design Review stage, for the purchase of materials with long qualification lead times and will increase and accelerate solid propellant motor production capacity.

Avio signs contract with ESA to develop technology for reusable upper stages[28]

To develop advanced technologies for in-flight demonstration of a reusable upper stage - this is the strategic goal of the Euro 40 million contract signed on September 29, 2025, by Avio and the European Space Agency (ESA). The 24-month contract is a significant step in the transition of European launch systems to full reusability, in line with the latest global developments in space transportation.

Success for Ariane 6 flight VA265[29]

On November 5, 2025, Ariane 6 successfully carried the Earth observation satellite Sentinel-1D, equipped with synthetic aperture radar technology and part of the European Commission's Copernicus program, into orbit. The launcher was equipped with two P120C solid-propellant boosters developed by the Europropulsion

[25] See press release of August 27, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-sigla-tre-nuovi-contratti-di-lancio-con-esa-nellambito-delliniziativa

[26] See press release of September 18, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-spacelaunch-annunciano-nuovo-accordo-di-lancio-vega-c

[27] See press release of September 24, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-usa-raytheon-rtx-estendono-propria-collaborazione-accelerare-produzione-del

[28] See press release of September 29, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-firma-contratto-da-40-milioni-di-euro-con-lagenzia-spaziale-europea-sviluppo

[29] See press release of November 5, 2025 at the link: https://www.avio.com/it/comunicati-stampa/successo-volo-va265-dellariane-6-sentinel-1d-orbita

consortium between Avio and ArianeGroup, which worked perfectly for the approximately 130 seconds of ignition. Avio is also responsible for production of the liquid-oxygen turbopump of the Vulcain 2.1 main-stage engine.

Avio and Raytheon sign MoU to construct new US facility[30]

On November 10, 2025, Avio and Raytheon, belonging to the RTX Group (NYSE: RTX), signed a Memorandum of Understanding (MOU) to support Avio in constructing a state-of-the-art solid propellant engine manufacturing facility in the United States. This will serve Raytheon and other customers as a vertically integrated supplier. Raytheon will have preferential access to a portion of the Avio facility's production capacity in order to meet future demand.

Avio and Lockheed Martin sign term sheet to construct new US facility[31]

On November 10, 2025, Avio and Lockheed Martin signed a non-binding term sheet to support Avio in constructing a state-of-the-art solid propellant engine manufacturing facility in the United States. This will serve Lockheed Martin and other customers as a vertically integrated independent supplier.

ESA signs two new agreements for use of Ariane 6 and Vega C[32]

On November 14, 2025, two Launchers Exploitation Arrangements (LEAs) were signed at the ESA's Paris headquarters, marking a significant step in the continuation of Ariane 6 and Vega-C operations. Following decisions made by the ESA Council in 2023, the revision of the Launchers Exploitation Declaration (LED) was finalised on July 10, 2025, and the Guiana Space Centre Agreement was signed on October 23, 2025. The LEAs signed translate the LED's mandate to the ESA into concrete implementation agreements between the ESA and launch operators.

The two agreements - one with Arianespace and ArianeGroup for Ariane 6 and one with Avio for Vega-C - define the duties and responsibilities of each operator and specify the ESA's role as supervisor. The agreements also establish the framework for co-operation between the parties to ensure continued autonomous European space access from the European spaceport in French Guiana through the exploitation of ESA-developed launchers.

Avio and ArianeGroup sign contract for stabilised Ariane 6 production phase[33]

On November 17, 2025, Avio and ArianeGroup signed a new agreement to renew their industrial co-operation and ensure independent European space access. Europropulsion, a 50/50 joint venture owned by ArianeGroup and Avio, will supply P160C solid-propellant engines for the stabilised production phase of the European Ariane 6 heavy launcher. The contract guarantees P160C production for the next few years, until 2029, and is a milestone for Ariane 6. For Avio, the total value of orders associated with the contract signed exceeds Euro 200 million.

Vega C successfully places Kompsat-7 satellite into orbit[34]

On December 1, 2025, Vega C completed the VV28 mission, successfully carrying the KOMPSAT-7 (KOrea Multi-Purpose SATellite-7) satellite into orbit for the Korea Aerospace Research Institute (KARI).
The mass of the KOMPSAT-7 satellite is approx. 1,810 kg. It is designed for widespread observation of the Korean peninsula and to meet the growing national demand for high-quality satellite imagery.

[30] See press release of November 10, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-raytheon-rtx-firmano-mou-realizzazione-di-nuovo-stabilimento-motori

[31] See press release of November 10, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-lockheed-martin-firmano-term-sheet-realizzazione-di-nuovo-impianto-motori

[32] See 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

[33] See press release of November 17, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-arianegroup-firmano-contratto-fase-di-produzione-stabilizzata-di-ariane-6

[34] See press release of December 1, 2025 at the link: https://www.avio.com/it/comunicati-stampa/vega-c-porta-con-successo-orbita-satellite-kompsat-7

Record subscriptions at ESA ministerial council: more than Euro 600 million in new contracts expected for Avio[35]

As recently resolved at the ESA Member States 2025 Ministerial Council held in Bremen on November 26 and 27, the European space budget 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 (approx. +12% compared to the 2022 Ministerial Council contributions), accounting for approx. 16% of the total funds committed by ESA member states. Based on commitments from ESA member states, Avio expects to be awarded new contracts worth more than Euro 600 million over the period 2026-2027, with execution scheduled by 2028-2029.

Three new orders worth more than Euro 35 million signed with MBDA[36]

On December 5, 2025, as part of the existing framework contract with MBDA, Avio S.p.A. ("Avio" or the "Company") signed two production orders relating to the supply of propulsion engines and related aerodynamic surfaces for the area defence system, for a total value of over Euro 35 million. All orders will be developed on average over a five-year production period.

Avio USA selects Virginia for new solid-propellant engine production facility[37]

Avio USA has selected Virginia as the location for a new state-of-the-art facility that will produce solid-propellant engines for the defence, tactical propulsion, missile systems and space sectors. The investment in the 80,000m^2 facility will amount to approx. USD 500 million and will be part-funded by the Euro 400 million capital increase concluded by Avio S.p.A. in November 2025. Final approval and announcement of the site selection is expected early next year.

Avio announces two launch services agreements for Vega C worth more than Euro 100 million[38]

On December 19, 2025, Avio signed two Launch Services Agreements with two different customers (one European and the other non-European) to carry several satellites into orbit aboard the Vega C. The names of the customers and the satellites are currently confidential and will be announced in due course by the customers.

Other significant events

Resignation and co-option of a Director[39]

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

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

[35] See 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

[36] See press release of December 5, 2025 at the link: https://www.avio.com/it/comunicati-stampa/siglati-nuovi-ordini-con-mbda-oltre-35meu

[37] See press release of December 11, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-usa-sceglie-virginia-nuovo-stabilimento-di-produzione-di-motori-propellente

[38] See press release of December 19, 2025 at the link: https://www.avio.com/it/comunicati-stampa/avio-annuncia-due-accordi-di-servizi-di-lancio-vega-c-oltre-100meu

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

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

Distribution of dividends[40]

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

Allocation of shares to beneficiaries of the "2022-2024 Performance Shares Plan" [41]

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

Amendment to the "2023-2025 Performance Share Plan" and "2024-2026 Performance Share Plan" [42]

On May 15, 2025, the Board of Directors approved the proposed amendments to the "2023-2025 Performance Share Plan" and the "2024-2026 Performance Share Plan" plans (the "Plans") and, therefore, to the related Prospectuses. These changes related to granting the Board of Directors the power to amend the Plans, upon the proposal of or in consultation with the Appointments and Remuneration Committee, without the need for further approval by the Company's Shareholders' Meeting and in any event consistent with the Remuneration Policies, in certain specific cases, ensuring that the essential contents of the Plans remain as unchanged as possible and/or to facilitate their implementation.

Resignation of Chief Financial Officer and Executive Officer for Financial Reporting[43]

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

Change in the share capital of Avio S.p.A.[44]

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

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

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

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

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

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

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

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

[43] See also the May 30, 2025 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/dimissioni-del-chief-financial-officer-e-dirigente-preposto/MXxjb211bmljYXRpLjE3NzEwMDAwMzEyMDI1MXwxfDIwMjUwODI3

[44] See also the May 30, 2025 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-dell+esercizio-degli-+sponsor-warrant-space2-s-p-a-+/MXxjb211bmljYXRpLjE3NzEwMDAwMzQyMDI1MXwxfDIwMjUwNzAz

The June 12, 2025 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAwMzkyMDI1MXwxfDIwMjUwNzAz

Tax audit FY 2018-2019

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

By settlement agreements dated July 18, 2025, and December 11, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims in relation to IRES and IRAP for the tax years 2018 and 2019, and paid the first instalment on July 21, 2025, amounting to Euro 916 thousand for the tax year 2018, and the first instalment on December 12, 2025, amounting to Euro 259 thousand for the tax year 2019.
For further details, see the "Group tax audits" section in the Explanatory Notes.

Appointment of new investor relations manager[45]

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

Appointment of new Chief Financial Officer and Executive Officer

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

Approval of the Business plan and proposed capital increase[46]

The Board of Directors of Avio S.p.A. ("Avio" or the "Company"), meeting on September 11, 2025, unanimously approved the Company's new business plan and resolved to submit to the Extraordinary Shareholders' Meeting of October 23, 2025, a proposal for a share capital increase to be executed in one or more tranches against payment in cash of a maximum total amount of Euro 400 million (including any share premium), through the issue of ordinary shares without par value. These shares shall have the same characteristics as those currently in circulation and shall be offered with pre-emptive rights to the Company's shareholders in proportion to the number of shares held, pursuant to Article 2441, paragraph 1, of the Civil Code (the "Rights Issue Capital Increase"). As is standard practice, it is proposed that the Extraordinary Shareholders' Meeting grant the Board full powers to determine the terms and conditions of the Rights Issue Capital Increase, including the issue price, any share premium, the final value of the Rights Issue Capital Increase, and the number of newly issued shares to be offered to shareholders, with the power to determine the timing of the Rights Issue Capital Increase.

Accelerating growth opportunities in the European and US space and defence markets will require the Company's production capacity to be increased both in Italy and in the United States, alongside deeper vertical integration.
In defence, investments in new propulsion technologies and manufacturing assets will combine with Avio's US development project, which focuses on constructing a new site that, when operational by late 2028, will produce solid-propellant engines to serve multiple customers.
In the space sector, Avio, as supplier and operator of the Vega launch service, will continue to benefit from market dynamics that currently predict a 10% average annual growth rate between 2024 and 2034 (in terms of tonnes launched into orbit). It will do this by increasing Vega C flight frequency and evolving its launcher platform with Vega E, in addition to providing thrusters for Ariane launchers.

The Extraordinary Shareholders' Meeting was also called upon to renew the proxy granted to the Board of Directors, pursuant to Article 2443 of the Civil Code, to increase the share capital with the exclusion of pre-emptive rights pursuant to Article 2441, paragraph 4, second part, of the Civil Code, in one or more tranches and against payment in cash, within the limit of 10% of the pre-existing share capital at the time of the proxy (excluding any share premium) and within the limit of 10% of the total number of Company shares pre-existing

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

[46] See Avio's website, "Investors" section

at the time the proxy is exercised (the "Reserved Capital Increase"). This proxy enables the Board itself to determine the terms of the further capital increase - including the maximum number of shares to be issued and the relevant subscription price - on the basis of the market conditions prevailing at the time the transaction is actually launched.

Extraordinary and Ordinary Shareholders' Meeting of October 23, 2025[47]

The Shareholders' Meeting, in extraordinary session, with the favourable vote of more than 99% of the share capital attending the Shareholders' Meeting, approved the Board of Directors' proposal to increase the company's paid-in share capital by a maximum total amount of Euro 400 million, including any share premium. This increase is to be carried out within 12 months of the date of the Shareholders' Meeting resolution, in divisible form, through the issue of ordinary shares, with regular dividend rights, as a rights issue to the company's shareholders, as per Article 2441 of the Civil Code (the "Rights Issue Capital Increase").

The Extraordinary Shareholders' Meeting also approved, with the favourable vote of 77% of the share capital attending the meeting, the proposal to grant the Board of Directors a power, pursuant to Article 2443 of the Civil Code, to be exercised by October 23, 2030, to increase the share capital, paid-in and in divisible form and with the exclusion of pre-emptive rights, pursuant to Article 2441, fourth paragraph, second section of the Civil Code, through the issue, on one or more occasions and also at the service of warrants, ordinary shares, with regular dividend entitlement, the same characteristics as the ordinary shares in circulation on the issue date and to be admitted to trading on the regulated Euronext Milan market organised and managed by Borsa Italiana S.p.A, within the limits of 10% of the pre-existing share capital at the date of exercise of the power (excluding any share premium), as well as within the limits of 10% of the total number of shares of the Company pre-existing at the date of exercise of the power.

The Extraordinary Shareholders' Meeting also resolved to amend Article 5 of Avio's By-Laws accordingly.

In ordinary session, the Shareholders' Meeting approved the proposal (i) to confirm Ms. Milena Lerario as Director of Avio until the expiry of the term of office of the other Directors currently in office (i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ending on December 31, 2025) and (ii) to terminate in advance and by mutual consent, for FY 2026 only, the sustainability reporting compliance engagement conferred upon Deloitte & Touche S.p.A., specifying that this engagement will be carried out by KPMG S.p.A. - previously appointed as the independent audit firm in charge of the legal audit of the Company's financial statements by Avio's Shareholders' Meeting of December 20, 2024 - for the 2026, 2027 and 2028 financial years, subject to potential early termination. Both proposals were approved with the favourable vote of more than 99% of the share capital attending the Shareholders' Meeting.

Change in the share capital of Avio S.p.A.[48]

Following the completion of the rights issue approved by the Company's Extraordinary Shareholders' Meeting on October 23, 2025 for a total maximum amount of Euro 400 million (including any share premium), the final terms and conditions of which were set by Avio's Board of Directors on October 30, 2025 (the "Capital Increase"), 19,630,197 new ordinary Avio shares were issued, with no indication of par value, for a total equivalent value 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).

[47] See press release of October 23, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/assemblea-straordinaria-e-ordinaria-degli-azionisti-di-avio-s-p-a-23-ottobre-2025/MXxjb211bmljYXRpLjE3NzEwMDAwNzUyMDI1MXwxfDIwMjYwMjIw

[48] See press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwMjIw

MARKET PERFORMANCE AND OPERATIONS

General overview: historic and future outlook

There were 325 orbital launches in 2025 (compared to 264 in 2024), 13 of which recorded a failure (compared to 7 in 2023). Globally, these 325 launches put into orbit 4,541 satellites (2,777 in 2024, +63%), for a total transported mass of 3,087 tonnes (2,001 tonnes in 2024, +53%). 2025 saw the continuation of the trend of previous years, dominated by the deployment of SpaceX's Starlink mega-constellation (3,177 satellites launched in 2025, equal to 2,269 tonnes of mass, via 118 dedicated Falcon 9 launches).

The numbers for 2025, therefore, confirm the trend of expansion in the launch sector (and the space sector in general), due largely, as evident from 2019 onwards, to the deployment of Mega-Constellations, i.e. low orbit satellite constellations, (as noted above, SpaceX's Starlink in particular, but also the first batch of 27 Amazon Kuiper [USA] satellites launched in April 2025 on Atlas V, ULA).

From the perspective of orbits, low Earth orbit (LEO) missions (Vega's target segment) continue to consistently increase: in 2025 globally, there were 259 LEO launches (with a transported mass of 2,682 tonnes, compared to 1,696 tonnes in 2024, excluding launches to the ISS and the CSS), and 32 GTO/GEO launches (transported mass of 150 tonnes, compared to 118 tonnes in 2024). The trend set for the first time in 2020 of LEO transported mass exceeding that of GTO/GEO is therefore confirmed, with the phenomenon largely attributable to the launch of mega-constellations.

As for the type of satellites, it is worth noting that of the 4,541 satellites put into orbit in 2025, 1,767 were SmallSats (i.e., with a mass <600 KG) compared to 610 in 2024, a recovery from 2024 as they were related to the deployment of '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 2025, 84% of the mass was carried by US launchers (188 total launches), 12% by Chinese launchers (93 total launches, showing their poor fill-up compared to U.S. competitors), and only 1% by European Ariane and Vega launchers (7 launches).

Mega-constellation deployment accounts for 83% of the total mass launched. Discounting this predominant component, the overall mass carried into orbit drops to 518 tonnes, and the distribution of this mass among the different orbits is more balanced: one third of the mass is placed in LEO (ISS/CSS excluded) - i.e. in the Vega C target market - one third goes to ISS and CSS Space Stations, while just under one third is placed in GEO and only 5% in other orbits. It is worth noting that 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 a CAGR of 9% from 2024 and 2030, and 7% from 2030 and 2040. This growth is expected to occur above all in LEO orbits (deployment and replenishment of constellations, infrastructures and space logistics), but also in escape orbits (the Moon, Mars, exploration and colonization operations), not only at institutional but also at commercial level.

Globally, it is also estimated that revenues generated by the launch segment, equal to approximately USD 9.3 billion in 2024, will rise to USD 19 billion in 2030 (CAGR of 5%) and USD 27 billion in 2040 (CAGR of 4%), confirming - in the face of far greater growth in mass transported to orbit - the strong pricing pressure in the launch segment.

Launchers market

2025 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 approx. 95% 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 2025:

- New Glenn, a heavy Blue Origin (USA) launcher;
- CZ 8A, a heavy CGWIC (China) launcher;
- Spectrum, a mini Isar Aerospace (Germany) launcher - Failure;
- Zhuque-2, Chinese commercial medium launcher with LOX/CH4 liquid propulsion;
- Eris (Block 1), Australian mini launcher developed by Gilmour Space Technologies (Australia) - Failure
- Vulcan Centaur VC4S, a new heavy version developed by ULA, USA;
- Zhuque-3, a Chinese commercial medium launcher with LOX/CH4 liquid propulsion, partially reusable;
- Hanbit-Nano, a mini launcher developed by InnoSpace (South Korea) - Failure.

The most used "legacy" launchers remained the Falcon 9, SpaceX (160 launches), the CZ, CGWI in its various versions (69 launches), and the Electron, USA (18 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 its magazines, including SpaceNews Magazine.

Defence market

In 2025, NATO military expenditure saw a sharp increase over previous years, driven by an accelerated rearmament trend, particularly in Europe, where investments surged by 12.6% in line with the strategy for the majority of Allies to meet or exceed the 2% GDP spending target.

EU Member States' defence expenditure marked its eleventh consecutive year of growth, reaching an estimated Euro 381 billion in 2025. Notably, Italian military spending is rapidly converging towards the 2% of GDP target, having seen a significant up-tick from 1.5–1.6% in 2024.

Short-Term Outlook:

Further growth is projected for 2026, in line with NATO's desire to increase the common military budget and meet international commitments, especially through focused investments in new weaponry. In Europe, Germany has approved a 2026 defence budget in excess of Euro 108 billion.

In Italy, record-high military expenditure is projected for 2026, with a Euro 1 billion year-on-year increase in core defence spending to approximately Euro 34 billion - up a massive 45% over the last decade - and over Euro 13 billion allocated to new weaponry procurement.

Long-Term Outlook:

Following the June 2025 NATO Summit, Member State leaders discussed raising military and core defence spending to 5% of GDP over the next decade, including strategic resilience investments.

GROUP OPERATING PERFORMANCE AND FINANCIAL AND EQUITY POSITION

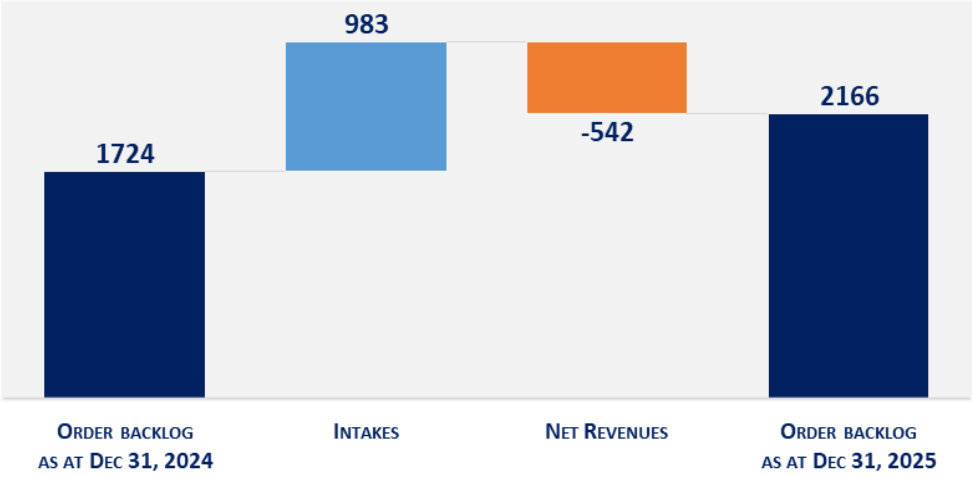
Backlog

The industrial sector of space programmes in which Avio operates is characterised by medium-long term projects with limited volatility, associated with an order backlog that provides solid medium-long term visibility.

The backlog at December 31, 2025 was Euro 2,166 million, a net increase of Euro 442 million (+25.6%) compared to Euro 1,724 million at December 31, 2024.

The order intake in 2025 totalled Euro 983 million, mainly concerning:

- in the space segment:
  - Vega
    - the transfer of Vega C launch service contracts from Arianespace and the signing of new direct agreements, following Avio's appointment as Launch Service Provider;
    - for the development of advanced technologies focused on demonstrating a reusable upper stage;
    - in addition to orders for further Vega E and Space Rider development activities.
  - the production of Ariane 6 components, specifically P120C/P160 boosters, and liquid oxygen turbopumps;
- in the defence segment for solid propellant propulsion systems for tactical missiles, for the supply of propulsion engines for the missiles, for the signing of contracts related to the US business.



With regards to the backlog at December 31, 2025, which coincides with the remaining outstanding obligations totalling Euro 2,166 million, it is reasonably estimated that it shall give rise to the recognition of revenues of approx. 30% of the amount respectively in 2026 and in 2027, and for the remainder of 2028 and 2029. The 2025 results press release of March 12, 2026[49], commented that Avio closed 2025 with an order backlog of Euro 2,166 million, up 25.6% compared to December 31, 2024, and in line with the Revised Guidance objectives (Euro 2,100–2,200 million), driven primarily by Vega C launch service contracts transferred from Arianespace, the contract worth more than Euro 200 million signed with ArianeGroup for the production of Ariane 6 components, as well as, for approximately Euro 250 million, orders signed in the area of solid defence propulsion with both European and U.S. counterparts. An indication on the order intake or Backlog in 2025 is also reported:

[49] See press release of March 13, 2025 at the link: https://www.avio.com/it/comunicati-stampa/risultati-esercizio-2024

- in the institutional presentations for investors and analysts on the approval of the 2025 Half-Year Report[50] and the Additional Quarterly Disclosures of 2025[51] and in the relative Press Releases[52] available on the company website in the "Investors" section;
- in the other presentations for investors and analysis other than the approval of the 2025 Half-Year Report and the Additional Quarterly Disclosures for 2025, available on the website of the Company in the "Investors" section.

Operating Results

The table below presents the Group operating performance for 2025 and 2024 (in Euro thousands):

	FY 2025	FY 2024 restated (*)	Change
Revenues	583,690	480,420	103,270
of which: Pass-through revenues	42,016	38,868	3,148
Revenues, net of pass-through revenues	**541,674**	**441,552**	**100,122**
Other operating income	10,138	6,654	3,484
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(522,584)	(424,421)	(98,162)
Effect valuation of investments under equity method - operating income/(charges)	3,032	2,034	998
Reported EBITDA	**32,261**	**25,819**	**6,442**
Amortisation & depreciation	(20,295)	(17,436)	(2,859)
Reported EBIT	**11,966**	**8,383**	**3,583**
Interest and other financial income (charges)	1,551	(1,620)	3,171
Net financial income/(charges)	**1,551**	**(1,620)**	**3,171**
Income from financial assets	(438)	-	(438)
Profit before tax	**13,079**	**6,764**	**6,315**
Current and deferred taxes	(1,482)	(378)	(1,104)
Net profit for the year	**11,596**	**6,385**	**5,211**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

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

[50] See also the presentation of the H1 2025 highlights at the link: https://avio-data.teleborsa.it/2025%2f2025_09_12-Avio-1H-2025-results_v2_20250912_095111.pdf

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

See also the presentation of the Q1 2025 highlights at the link: https://avio-data.teleborsa.it/2025%2f2025_10_28-Avio-9m-2025-highlights_v7_20251028_073417.pdf

[52] See also the May 15, 2025 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-q1-2025/MXxjb211bmljYXRpLjE3NzEwMDAwMjAyMDI1MXwxfDIwMjUwNzMx

See also the September 12, 2025 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-1h-2025/MXxjb211bmljYXRpLjE3NzEwMDAwNTUyMDI1MXwxfDIwMjUxMDA2

See also the press release dated October 27, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-9m-2025/MXxjb211bmljYXRpLjE3NzEwMDAwNzcyMDI1MXwxfDIwMjYwMjIw

Revenues net of "pass-through" revenues were Euro 541,674 thousand in 2025, up Euro 100,122 thousand (+22.7%) on 2024. 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 defence sector. These revenues are substantially at the upper level of the Revised Guidance for 2025 (Euro 510-540 million), as reported in the press release related to the 2025 results of March 12, 2026[53].

The table below presents net revenues by business line (in Euro thousands):

	FY 2025	FY 2024	Change
Vega	272,723	205,557	67,166
Ariane	101,127	75,267	25,860
Technology Development Projects (NextGen EU)	81,305	87,394	(6,089)
Defense	81,654	69,829	11,825
Satellite and other activities	4,865	3,506	1,357
Revenues, net of pass-through revenues	**541,674**	**441,552**	**100,122**

Reported EBITDA in 2025 amounted to Euro 32,261 thousand, in line with Guidance for 2025 (Euro 27-33 million), as reported in the press release on the 2025 results of March 12, 2026[54].

The increase in EBITDA on 2024 is mainly attributable to the contribution of higher revenues driven primarily by the growth of the space business. Similar considerations apply to the EBIT figure (amounting to Euro 11,966 thousand, increasing on FY 2024 by Euro 3,583 thousand), to which is added the impact of higher depreciation and amortisation compared to the previous year, mainly related to the recent investments to increase the cadence of Vega-C flights and the investments in Information Technology.

The result for 2025 was also shaped by the research and development tax credit of Euro 743 thousand (Euro 1,796 thousand in 2024), mainly relating to research and development activities, commissioned by the European Space Agency, recognised in the results for the year on the basis of the costs incurred for the Group's long-term research and development projects to which the grant refers, as well as to the Industry 4.0 and technological innovation investments.

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

	FY 2025	FY 2024	Change
Adjusted EBITDA (*)	**34,755**	**26,573**	**8,182**
Adjusted EBITDA Margin (against revenues net of pass-through revs.)	6.4%	6.0%	
Adjusted EBIT (*)	**14,460**	**9,137**	**5,323**
Adjusted EBIT Margin (against revenues net of pass-through revs.)	2.7%	2.1%	

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

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

[53] Avio's website, in the "Investors" section: https://investors.avio.com/Investors/Financial-Announcements/

[54] Avio's website, in the "Investors" section: https://investors.avio.com/Investors/Financial-Announcements/

2025 Adjusted EBITDA was Euro 34,755 thousand (6.4% of net revenues) and is in line with 2025 Guidance (Euro 30-36 million), increasing on Euro 26,573 thousand in 2024 restated (6.0% of net revenues). This performance was primarily driven by higher Space sector revenues, partially offset by the progressive completion of the Technological Development Projects.

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

2025 Adjusted EBIT was Euro 14,460 thousand (2.7% of net revenues), increasing Euro 5,323 thousand on Euro 9,137 thousand in 2024 restated (2.1% of net revenues). The increase in Adjusted EBIT reflects the same underlying developments as for the movement in Adjusted EBITDA, net of the effect of amortisation and depreciation in the year.

The reconciliation between Reported EBIT, Adjusted EBIT and Adjusted EBITDA for 2025 and 2024 is provided below (Euro thousands):

		FY 2025	FY 2024	Change
A	**Reported EBIT**	**11,966**	**8,383**	**3,583**
	Non-recurring Charges/(Income) comprising:			
	- exploratory activities of potential new business (*)	-	-	-
	- new European launcher governance	615	967	(352)
	- Other non-recurring charges/(income)	186	184	2
	- corporate, legal and financial consultancy	210	534	(324)
	- settlement agreements/incentives/other personnel costs	936	(95)	1,031
	- extraordinary provisions for risks associated with Vega C's return to flight, net of compensation expected from the European Space Agency, and for the future execution of programmes (mainly included in provisions for risks and charges and with a minority portion to adjust inventories).	547	(836)	1,383
	- registration tax provision	-	(58,220)	58,220
	- (indemnity) registration tax	-	58,220	(58,220)
B	**Total Non-recurring Charges/(Income)**	**2,494**	**754**	**1,740**
C	**Adjusted EBIT A+B**	**14,460**	**9,137**	**5,323**
D	Net amortisation & depreciation	20,295	17,436	2,859
E	**Adjusted EBITDA C+D**	**34,755**	**26,573**	**8,182**

(*) The 2024 amount of Euro 4,709 thousand has been reclassified for illustrative purposes only under recurring costs for uniformity with that stated from January 1, 2025 concerning the costs for exploratory activities of potential new business under recurring costs. In 2024, the classification under non-recurring costs was consistent with the start-up phase of the U.S. subsidiary's operations.

The movement in the Charges/(Income) item is mainly attributable to (i) the higher "extraordinary provisions/(releases) for risks related to the future execution of programmes" and (ii) to the extraordinary charges for personnel departures within the Group companies in the "settlement agreements/incentives/other personnel costs" item, partially offset by the lower costs for corporate and legal consulting.

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

	FY 2025	FY 2024	Change
Net profit/(loss)	**11,596**	**6,385**	**5,211**
Current and deferred taxes	1,482	378	1,104
(Income)/charges from financial assets	438	-	438
(Interest and other income)/financial charges	(1,551)	1,620	(3,171)
Non-recurring expenses/(income) (*)	2,494	754	1,740
Adjusted EBIT	**14,460**	**9,137**	**5,323**
Net amortisation and depreciation	20,295	17,436	2,859
Adjusted EBITDA	**34,755**	**26,573**	**8,182**

(*) The 2024 amount of Euro 4,709 thousand has been reclassified for illustrative purposes only under recurring costs for uniformity with that stated from January 1, 2025 concerning the costs for exploratory activities of potential new business under recurring costs. In 2024, the classification under non-recurring costs was consistent with the start-up phase of the U.S. subsidiary's operations.

Financial results

Net financial income in 2025 amounted to Euro 1,551 thousand, while the previous year saw net financial charges of Euro 1,620 thousand; the increased contribution of Euro 3,170 thousand is mainly attributable to interest income accrued on current accounts and the quarterly restricted deposits made during 2025 due to the increased average cash on hand, particularly in the final two months following the conclusion of the rights issue share capital increase for a total amount of approximately Euro 400 million. It is recalled that last year the financial management result was impacted by the financial charges arising from the settlement procedure with the Tax Agency following the tax audit related to the years 2018 and 2019 that began in December 2024, in relation to the non-suspension of the deductibility of some amortisation of goodwill dating back to the year 2003, with subsequent recovery as a deduction of the same in the years 2020 to 2029.

Income taxes

In FY 2025, income taxes mainly include Euro 1,297 thousand of IRAP (Euro 670 thousand in 2024), increasing as a result of the regulatory restrictions introduced by the recent Budget Law, which provided for the temporary freezing for the year 2025 of the deduction of previously available non-accounting amortisation allowances ("Aviation" Goodwill and "Space" Goodwill) and Euro 20 thousand of deferred tax income related to provisions for risks and charges (charge of Euro 850 thousand in 2024).
It is recalled that in 2024 prior year taxes of Euro 5,983 thousand were recognised and income from deferred taxes of Euro 7,171 thousand concerning the settlement procedure with the Tax Agency following a tax audit relating to the years 2018 and 2019 that began in December 2024, in relation to the non-suspension of the deductibility of some amortisation of goodwill dating back to the year 2003, with subsequent recovery as a deduction of the same in the years 2020 to 2029, allowing the recognition of deferred tax assets for a corresponding amount.

Balance Sheet

The Group balance sheet is broken down in the following table (in Euro thousands):

	December 31, 2025	December 31, 2024	Change
Property, plant and equipment (*)	193,950	173,288	20,662
Investment property (*)	4,053	3,887	167
Right-of-use	11,961	11,693	268
Goodwill	62,829	62,829	-
Intangible assets with definite life	134,571	128,757	5,814
Investments	18,270	17,416	854
Total fixed assets	**425,634**	**397,870**	**27,764**
Net working capital	**(334,146)**	**(204,952)**	**(129,194)**
Other non-current assets	6,504	7,942	(1,438)
Other non-current liabilities	(27,597)	(15,852)	(11,745)
Net deferred tax assets	87,570	87,547	23
Provisions for risks & charges	(33,582)	(42,302)	8,721
Employee benefits	(8,793)	(9,493)	700
Net Capital Employed	**115,591**	**220,759**	**(105,168)**
Non-current financial assets	1,177	2,010	(833)
Net capital employed & Non-current financial assets	**116,768**	**222,769**	**(106,001)**
Net financial position	591,710	90,091	501,619
Equity	(708,478)	(312,860)	(395,618)
Source of funds	**(116,768)**	**(222,769)**	**106,001**

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

"Total fixed assets" amounted to Euro 425,634 thousand at December 31, 2025, a net increase of Euro 27,764 thousand on December 31, 2024 as a combined effect of the following main movements:

- a net increase of Euro 20,828 thousand in Property, plant and equipment and Investment property, primarily due to investments, totalling Euro 28,049 thousand and mainly related to the investments in plant and buildings, the first tranche of investments for the construction of the new production facility in the United States and to extraordinary maintenance, net of depreciation for the period;
- a net increase in Rights-of-use of Euro 268 thousand, mainly attributable to the net effect of new contracts in use, in particular the leases related to the offices in the United States and the contracts for the fleet of cars, net of depreciation for the period;
- a net increase in Intangible Assets with a definite life of Euro 5,814 thousand, due to:
  - investments for Euro 16,204 thousand, mainly relating to design and testing and for the construction of the new engines and avionics elements;
  - decrease for amortisation for the year amounting to Euro 10,390 thousand.
- net increase of Equity Investments of Euro 854 thousand, mainly due to the effect of the equity valuation of the investments in the jointly-controlled company Europropulsion S.A. and the associated company Termica Colleferro S.p.A., partially offset by the write-down of Arianespace Participation S.A., following the conclusion in December 2025 of the share capital increase transaction of the investee, and as it did not subscribe to such Avio exited the shareholding structure.

"Net working capital" was negative deriving from an excess of liabilities over assets of Euro 334,146 thousand, with a movement on the previous year of Euro 129,194 thousand. The main components are outlined in the following table (in Euro thousands):

	December 31, 2025	December 31, 2024 restated (*)	Change
Contract work-in-progress, net of advances	(518,064)	(400,620)	(117,444)
Inventories	148,550	147,943	607
Trade payables	(127,170)	(109,213)	(17,957)
Trade receivables	5,613	3,074	2,540
Other current assets and liabilities	156,925	153,864	3,061
Net working capital	**(334,146)**	**(204,952)**	**(129,194)**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

The negative "Net working capital" (current trading) increased due to the cyclical nature of advances from clients characterised by the advances associated with the acquisition of new orders, in addition to the advancement of the production and development orders partially offset by the strategic supply procurement dynamics.

"Other current assets and liabilities" in Net working capital increased by Euro 3.061 thousand from the previous year. The main components are shown below (in Euro thousands):

	December 31, 2025	December 31, 2024 restated (*)	Change
VAT receivables	11,938	8,779	3,158
Research and development tax credits, technological innovation and industry 4.0.	7,372	7,372	-
Current tax receivables	2,563	2,726	(163)
Other current assets	168,449	170,451	(2,002)
Current income tax liabilities	(5,132)	(3,359)	(1,773)
Other current liabilities	(28,266)	(32,105)	3,840
Other current assets and liabilities	**156,925**	**153,864**	**3,061**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

"VAT Receivables" increased Euro 3,158 thousand compared to the previous year, due to the VAT receivables accrued in the period of Euro 5,357 thousand, net of offsets and reimbursements for Euro 2,199 thousand.

With regards to the research and development, technological innovation and Industry 4.0 tax credits, the Avio Group recognised R&D tax credits of Euro 7,372 thousand, attributable entirely to the parent company Avio S.p.A., and accrued over recent years. With reference to the account "other current liabilities", please refer to the Notes to the consolidated financial statements at December 31, 2025.

"Other current assets" decreased by Euro 2.002 thousand, mainly due to item "Advances to suppliers". This item refers to payments to subcontractors made on the basis of interim progress reports and also includes advances paid upon the signing of contracts. The change during the period reflects ordinary business cycle dynamics.

"Provisions for risks and charges" refer mainly to provisions for legal and environmental charges, in addition to the provisions for the future execution of programmes established previously. The decrease in the item mainly refers to: (i) the reclassification to current tax liabilities of Euro 3,984 thousand and to other non-current liabilities of Euro 2,995 thousand following the signing of the July 18, 2025 and December 11, 2025 settlement agreements, by which the statement of claims concerning FY 2018 and FY 2019 were settled with reference to

the findings on the rescheduling of amortisation on goodwill generated in 2003, and (ii) the utilisation of Euro 4,064 thousand of provisions for environmental risks and charges for the payment of the related charges.

Analysis of the net cash position

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

		December 31, 2025	December 31, 2024	Change
A	Cash and cash equivalents	(291,846)	(101,684)	(190,161)
B	Other liquidity	(310,000)	-	(310,000)
C	Other current financial assets	-	-	-
D	**Liquidity (A+B+C)**	**(601,846)**	**(101,684)**	**(500,161)**
E	Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	3,296	3,014	282
F	Current portion of non-current debt	-	2,003	(2,003)
G	**Current financial debt (E+F)**	**3,296**	**5,017**	**(1,721)**
H	**Net current financial debt (G-D)**	**(598,550)**	**(96,668)**	**(501,882)**
I	Non-current financial debt (excluding current portion and debt instruments)	6,840	6,577	263
J	Debt instruments	-	-	-
K	Trade payables and other non-current payables	-	-	-
L	**Non-current financial debt (I + J + K)**	**6,840**	**6,577**	**263**
M	**Total financial debt (H + L)**	**(591,710)**	**(90,091)**	**(501,619)**

At December 31, 2025, the Avio Group reports a net cash position of Euro 591,710 thousand (Euro 90,091 thousand at December 31, 2024), with cash and cash equivalents exceeding financial liabilities.

The net cash position reported at the item "M Total financial debt (H+L)" in the above table, as per the recommendations of the regulatory authorities, increased from a positive balance of Euro 90,091 thousand at December 31, 2024 to a positive balance of Euro 591,710 thousand, increasing Euro 501,619 thousand, principally due to the conclusion of the capital increase in November 2025, with a countervalue of approximately Euro 400 million, and to the cyclical nature of operating cash flows, in addition to capital expenditures.

The current financial debt, amounting to Euro 3,296 thousand (Euro 5,017 thousand at December 31, 2024), includes:

- current financial liabilities for leased assets of Euro 3,278 thousand (Euro 2,992 thousand at December 31, 2024);
- other current financial liabilities for Euro 18 thousand (Euro 21 thousand at December 31, 2024).

The non-current financial debt, amounting to Euro 6,840 thousand (Euro 6,577 thousand at December 31, 2024), includes:

- non-current financial liabilities, mainly for leased assets of Euro 6,827 thousand (Euro 6,547 thousand at December 31, 2024);
- other financial liabilities for Euro 13 thousand (Euro 30 thousand at December 31, 2024).

Statement of changes in Equity

Consolidated equity at December 31, 2025 amounts to Euro 708,479 thousand, increasing Euro 395,618 thousand compared to December 31, 2024, as a result of the following main movements:

- distribution of a dividend of Euro 3,750 thousand on the 2024 result;
- share capital increase of Euro 800 thousand and share premium reserve of Euro 9,600 thousand following the exercise of the Sponsor Warrants by Space Holding S.p.A.;
- increase in share capital of Euro 66,743 thousand and share premium reserve of Euro 305,782 thousand following the conclusion of the capital increase in November 2025. The share premium reserve is shown net of transaction costs incurred in completing the capital increase transaction;
- allocation of treasury shares amounting to Euro 1,289 thousand to the beneficiaries of the "2022-2024 Performance Shares Plan";
- recognition of the 2025 consolidated net profit of Euro 11,596 thousand;
- positive effect from the recognition of the stock grant reserve for Euro 2,837 thousand;

RESEARCH AND DEVELOPMENT

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

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

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

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

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

Research and development costs incurred overall by the Avio Group in 2025 amounted to Euro 238.6 million (Euro 217.4 million in 2024), equating to 40.9% of gross consolidated revenues in 2025 (45.2% in 2024). These amounts also include costs capitalised in the reporting year.

Self-financed activities in 2025 amounted to Euro 14.5 million (Euro 4.9 million in 2024) and include Euro 9.6 million relating to development costs capitalised as Intangible assets with definite life (Euro 2.4 million in 2024) and Euro 4.9 million concerning research costs or development costs not capitalisable and directly recharged to the income statement (Euro 2.6 million in 2024).

The total amount of costs related to self-financed activities charged to the income statement in 2025 was Euro 8.4 million (Euro 6.1 million in 2024), comprising Euro 4.9 million of directly expensed non-capitalisable costs (Euro 2.6 million in 2024) and Euro 3.5 million for the amortisation of development costs capitalised (principally) in previous years (Euro 3.5 million in 2024).

In 2025, Avio continued its innovation upon the main product lines, harmonising basic research, applied research and pre-competitive development activities.

Solid Propulsion

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

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-fibre solid propellant engine casings (those of the Vega launchers and the Aster booster, for example) and internal thermal protection of both the combustion chamber and nozzles. In this area, a special focus is placed on improving production processes and optimising the thermo-mechanical and ablative properties of the class of materials used to make the throat inserts, including carbon phenolic (Cph) and carbon-carbon (c-c).

Liquid Propulsion

Avio considers cryogenic propulsion based on liquid oxygen and methane as the answer to future generations of late stages for launch vehicles, as well as for exploration spacecraft.
In 2025, work continued on the design and testing of the cryogenic propulsion LPM 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 M10 engine's LOX/CH4 combustion chamber were built entirely in ALM, and successfully subjected to mechanical pressure and cold fluid dynamics testing at the Avio Colleferro facility. The second prototype was then assembled with the other sub-systems and test bench components (valves, tubing, sensors and harness) and configured for the firing test. The first fire test campaign was successfully concluded at the end of February 2020 at NASA's Marshall Space Flight Center. This was the first test campaign for a prototype for an innovative 100KN combustion chamber with cooling channel, manufactured in ALM by implementing the Avio "Single Material Single Part" patent.

The results confirmed that additive technology and a single, metallic, low thermal diffusivity material (such as Inconel) can be used to build a full-scale thrust chamber with adequate heat exchange for the MR10. This marks an important step forward for the development and qualification of the LOx-CH4 engine (for the upper stage of the Vega E).

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

In late 2024, the design and of the third DM3 demonstrator of MR10 was completed. In H1 2025, the implementation and integration of the subsystems of the SPTF bench are being completed. 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.

The introduction of the innovative high-performance M10 engine will enable the Vega E launcher to carry a payload of approximately three tons into orbit - therefore significantly more than the Vega C. Furthermore, thanks to the manoeuvrability features of the M10 engine, with re-ignition and active thrust control capabilities, the Vega E launcher will be able to release many satellites in different orbits during the same mission and at very competitive cost.

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

- 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 M10, the M60 will be made by additive layer manufacturing (ALM) to an innovative thermodynamic design that maximizes 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.

Development and integration of the Space Rider propulsion system continued. Space Rider is a reusable, uncrewed orbital lifting body, capable of returning to Earth to be reused for a subsequent mission, and offering space laboratory services for various kinds of payloads. Avio was commissioned to develop Space Rider by ESA in collaboration with the co-prime contractor Thales Alenia. In particular, the integration of Space Rider with the Vega C modules will create a large and flexible system of services, under the name of Vega Space Systems. Currently, the first operational Space Rider mission, to be carried by the Vega C launcher, is scheduled for 2027.

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

- In Flight Demonstrator (IFD), for the development and testing of a LOX/CH4 propulsion demonstrator for a small single-stage-to-orbit launcher and a two-stage-to-orbit launcher, based on use of the M10 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

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

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

As part of the Teseo MK2/E programme, following the successful completion of activities carried out in 2024 (bench tests of DM1 and DM2 and the first launch of the F0 missile at PISQ in Sardinia), development activities continued in 2025 on the axial booster that will be used on a long-range anti-ship and "dual role" missile.

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

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

Since November 2025 Avio has participated in the R&S HYROGLIVE (Hypersonic Glide Vehicle Research & Innovation for European Defence) programme as a partner in a European consortium led by MBDA Deutschland, funded by the European Defence Fund (EDF). HYROGLIVE seeks to develop European expertise in hypersonic vehicle (HGV) technology, including hypersonic gliders, to create both deep strike capabilities and effective defences 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.

COMMUNICATION AND SOCIAL RESPONSIBILITY

Avio promotes its image and its products through participation at major domestic and international aerospace events, regarding also the research and development of new technologies in the 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 featuring Avio are publicised through social media, as well as press releases. This boosts brand awareness and brand reputation both domestically and internationally. Thanks to a targeted cross-posting campaign between the various platforms, we generated increased traffic to the company website.

Events and shows

The main events in the year include:

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

- February 26 - Avio participated in the Global Space Technology Convention & Exhibition (GSTCE) from February 26-27 in Singapore. Marino Fragnito, Chief Commercial and Launch Services Director, spoke on the panel "The Future of Launch: Emerging Vehicles, Market Trends and Scaling Global Constellations". The Communications Team also organised an invitation-only breakfast in the meeting room.
- February 26 - Colleferro, the German Ambassador H.E. Hans-Dieter Lucas visited Avio headquarters. The meeting discussed current scenarios and new opportunities in the space industry. The event was shared through a post on social media channels and internally.
- March 11 - solidarity at Avio: a day dedicated to selling plants with the goal of raising funds to be donated to Multiple Sclerosis Research. Employees were able to purchase an orchid or gardenias with a small donation. Thanks to the generous efforts of all involved and the presence of AISM volunteers, 100 plants were distributed for a total of more than €1,500. The news was shared on social media and the intranet.
- March 13 - Avio reviewed and approved the Group's consolidated results for 2024. This news was disseminated on social media, the intranet and uploaded to the website.
- March 17 - Chief Executive Officer, Giulio Ranzo, was a guest on CLASS CNBC's Caffè Affari program, hosted by Adolfo Valente. The interview covered topics relating to Avio's financial results, business growth, and consolidation of the company's strategic role in key segments of the space and defence industry in both Europe and the United States.
- March 31 - Polytechnic University of Milan, participation in the conference organised by Osservatori Digital Innovation entitled "The future of the Italian Space Economy: between tradition and innovation". Maurizio Cutroni, Commercial Operations, represented Avio on the panel discussion covering changes in the Italian space supply chain.
- April 11 - Avio participated in Made in Italy Day, an event that celebrates the excellence and value of Italian industry around the world. Marco Biagioni, Programmes Director, explained how technology, research and passion can make Italy a benchmark in the space sector.
- April 24 - The P160C engine qualification test was carried out successfully at the European spaceport in French Guiana, using the Solid Propellant Booster Test Stand (BEAP). The successful P160C engine ignition test is a major milestone in the development of future evolutions of the European Ariane 6 and Vega launchers. The news was uploaded to the website and shared with the media and on social channels.
- April 28 - Chief Executive Officer Giulio Ranzo was a guest on Countdown - From Space to Earth, the Sky Tg24 series hosted by Emilio Cozzi. The episode discussed Avio's role in technological innovation, increased launch frequency and development in the defence sector.
- April 29 - A press release was published regarding the successful VV26 flight. Vega C launched the Biomass satellite into orbit for the European Space Agency (ESA). The news was announced through a press release and a social media post.
- May 8 - Padua, Avio takes centre stage at "Galileo - Festival of Science and Innovation" with a booth and customised gadgets. The festival was an opportunity to build synergies between companies, institutions, universities and research and innovation centres. Marco Biagioni, Programmes Director, participated in the panel discussion "Beyond Earth: moving towards the European shuttle", which focused on the future of European spaceflight.
- May 11 - More than 100 employees sporting Avio-branded flags and gadgets participated in the Race for the Cure in support of research and the fight against breast cancer. The Communications Department shared photos of the day on social media.
- May 15 - Avio reviewed and approved its Q1 2025 results. A press release was issued in coordination with the Investor Relations Department and subsequently shared with the press and on the company website.
- May 17 - Avio sponsored the 13th Sapienza Rocketry Challenge in Segni. This is a launch competition for rocket models built by students in the Space Propulsion Laboratory course at the Department of Mechanical and Aerospace Engineering at the Sapienza University of Rome.
- May 20 - Venice, Avio played a leading role at the "Space Meetings" event. This saw an international benchmark for the aerospace sector, saw the presence of Avio with a stand and the participation of Chief Executive Officer Giulio Ranzo in the roundtable "Defining a Space Roadmap: The Draghi Report and Post-ESA Ministerial 2025 Perspectives".
- May 21 - Avio confirms its position among the "Sustainability Leaders" in the ranking of Italy's 240 most transparent and sustainable companies, compiled by *Statista* and *Il Sole 24 Ore*. The list takes

into account 45 indicators on three performance areas: environmental, social and governance. This achievement was celebrated through social posts and internal news.

- May 27 - Avio presented a booth at Small Sat Europe, the leading European event dedicated to small satellite technologies, from May 27-28 in Amsterdam. Chief Commercial and Launch Services Director Marino Fragnito participated in the panel discussion "Availability of current and planned launch capabilities". The Communications team also organised the drinks reception on the first day.
- May 27 - European Commissioner for the Defence and Space Industry, Andrius Kubilius, visited Colleferro. After an introductory meeting hosted by Chief Executive Officer Giulio Ranzo, during which the main ongoing programmes and Avio's role in the European space launcher scenario were explained, the guests were given a tour of the company's manufacturing facilities. The Communications Department publicised the visit through social media posts and on the internal channels.
- May 28 - Giovanna Manca, Head of the Launch Systems Preparation Department, spoke about the operation of the Vega C launcher in a video interview conducted by *Fondazione Leonardo*. The video was shared internally and externally on the social media channels.
- June 5 - World Environment Day. In a short video Leonardo Marigliani - Launch Systems Business Development - explained how satellites launched into orbit by our launchers contribute to our understanding of Earth's environmental conditions. The video was shared internally on the company's infopoints and intranet and externally through Avio's social media channels.
- June 10 - Avio hosted the fourth Meeting of *Space Agencies of IILA member countries* in Colleferro, in collaboration with the *Italian Space Agency.* The event brought together representatives from Latin America and the Caribbean and focused on innovation, sustainability and advanced technologies. Its goal was to strengthen co-operation and promote new synergies in the space sector. News of the meeting was shared on social media.
- June 12 - Marco Biagioni, Programmes Director, gave an interview for Astrea, a radio and TV programme hosted by the channel Radio Radio. The interview focused on Avio's national and international role and the importance of playing a leading role in the space economy. The Communications Department organised the event and supported the preparation of the Q&A.
- June 17 - Avio participated at the 55th International Paris Air Show in Le Bourget. Chief Executive Officer Giulio Ranzo appeared on the panel "European Space Transportation Cooperation: Securing Our Access to Space" alongside key players in European industry. In his talk, he outlined Avio's strategic vision for the future of launch vehicles. An editorial in the name of the CEO was produced, and this was given space in the Corriere della Sera newspaper.
- June 23 - International Women in Engineering Day. We celebrated the event with a video of "our" female engineers. The short interviews were designed to highlight all the female workers at Avio and to emphasise the fight to overcome the gender gap. It was a way to give voice to the talent, passion and commitment of female professionals who contribute to innovation and progress every day. The video was shared internally and externally on all social media channels.
- June 30 - Avio took part in the Eucass industry fair as a Gold Sponsor, alongside the Sapienza University of Rome. The event, which is globally significant in the space sector, began with Chief Executive Officer Giulio Ranzo as a speaker at the opening ceremony. The Communications Department covered each day of the fair by posting a number of photos on social media.
- July 10 - Avio becomes launch service provider for the Vega launcher family To support this new engagement, the Company initiated a development plan to strengthen its organisation, industrial capabilities and operational infrastructure. The news was announced through a press release and a social media post.
- July 14 - Avio supports the association "Swimmingtravel - ASD Nuotando con Amore", participating in the Crossing of the Strait of Messina, an amateur swim that featured eight company staff. The initiative was publicised internally and on social channels.
- July 22 - Drafting and external dissemination of press release regarding the signing of new orders with MBDA in France, worth a total of Euro 60 million, for the supply of engines and related aerodynamic surfaces for the ASTER 30 system.
- July 26 - Success for the VV27 mission. Vega-C launches into orbit the CO3D satellites developed by Airbus Defence and Space, with the goal of mapping the Earth's surface in 3D and providing 2D images for institutional and commercial customers, and MICROCARB, developed by CNES, which is designed to study carbon dioxide (CO_2) sources and sinks. The news is shared with the media and on all internal and external communication channels.

- August 27 - Dissemination of a press release regarding the signature of three new launch contracts with the ESA as part of the "Flight Ticket" initiative, promoted together with the European Commission to test new technologies in space.
- September 10 - Avio welcomes the President of IHI AEROSPACE, accompanied by a company delegation, to its Colleferro headquarters. The visit, described in a news story on the intranet, is an important opportunity to strengthen international collaboration and confirm the strategic partnership between Avio and IHI AEROSPACE.
- September 16 - Visit of President of the Republic Sergio Mattarella to Colleferro, during which he meets Roberto Italia, Chairperson of Avio, and Giulio Ranzo, Chief Executive Officer. The meeting highlights the strong connection between Avio, the local community and the region, underlining how the Company's innovation and commitment constitute a reference point for technological development on a national and European level. The news is shared on internal and external communication channels and picked up by the local press.
- September 17 - Organisation of the Vega Day event at the Italian Embassy in Paris, as part of World Space Business Week. This initiative celebrated the success of Vega C, key actor in three successful launches in the previous 12 months, confirming Avio's strategic role in European space transportation. Organisational aspects included co-ordinating invitations, producing dedicated materials and a video. The event was subsequently communicated internally on the intranet and highlighted on social media channels.
- September 18 - Press release issued regarding Avio's membership of EU Space ISAC, the European network that brings together companies, institutions and universities to strengthen cyber security in the space sector.
- September 24 - Avio USA and Raytheon (RTX Group) sign a purchase order worth up to USD 26 million to develop the Mk 104 dual-thrust engine, used in the Standard Missile line. The agreement will enable progress to the Critical Design Review stage, accelerating the production capacity of solid-propellant engines. The news was shared with the press, on social media channels and via a news item on the intranet.
- September 26 - Avio takes part in the second Air Force Balloon Cup as an official sponsor of the event. Also representing the Company in the skies over Piacenza was a hot air balloon with the Avio logo.
- September 29 - A press release is issued regarding the contract signed by Avio with the ESA, worth Euro 40 million, to develop advanced technologies for the in-flight demonstration of a reusable upper stage. The 24-month initiative is a strategic step in the transition of European launch systems to full reusability, in line with the latest global developments in space transportation. The news is shared with the press, on LinkedIn and internally.
- September 29 - Avio attends the 76th International Astronautical Congress (IAC) in Sydney, Australia. A video featuring interviews and footage from our facilities is produced in collaboration with WebsEdge and shared on LinkedIn alongside the announcement of our participation. News of Spacelab's selection among the top 87 publications is shared internally.
- October 2 - Avio hosts an *AISM* - Italian Multiple Sclerosis Association donation point to support research. A bag of apples could be purchased - or donated to those most in need - with a minimum donation of 10 Euros. The news was shared on social media channels and the intranet.
- October 14 - Avio attends ICNC 2025 (Numerical Combustion Conference) as a Gold Sponsor, hosting a dedicated booth to promote sustainable technologies in changing combustion.
- October 16 - Avio hosts an institutional booth at the Aerospace Festival at Olbia's Archaeological Museum. The event is dedicated to popularising science and promoting aerospace culture and involves companies, researchers, students and enthusiasts in the field.
- October 23 - Avio sponsors FISI - Italian Winter Sports Federation. The collaboration provides the Avio brand with an important visibility opportunity. Among the most significant initiatives was a photo shoot for Olympic athletes wearing the Italian tracksuit adorned with the Avio logo.
- October 25 - Avio Guyane plays a leading role for the first time at the *Fête de l'Espace*, participating independently with a dedicated booth. This offered visitors opportunities for discussion, small games and popular activities to explain the contribution of European launchers in aerospace in an accessible, interesting and engaging way.
- November 7 - Visit of Giorgio Gori MP to the Colleferro office. He was welcomed by Chief Executive Officer Giulio Ranzo, with whom he discussed Avio's main activities and ongoing projects. The news was shared on internal and external communication channels.
- November 10 - Drafting and dissemination of press releases related to the signature of two agreements: first, a Memorandum of Understanding with Raytheon (RTX) to construct a new

manufacturing facility dedicated to solid-propellant engines in the United States; the second agreement is a Term Sheet signed with Lockheed Martin to support the creation of the same facility, which will supply Lockheed Martin and other customers as a vertically integrated independent supplier.

- November 14 - Drafting and dissemination of a press release regarding the signing of two agreements with the ESA for the use of Ariane 6 and Vega C, granting Europe autonomous access to space from the European spaceport in French Guiana.
- November 18 - Avio features on an episode of *Rai Cultura*'s "*Che Magnifica Impresa*" (What a Magnificent Enterprise) dedicated to Aerospace, with reporting from inside the Colleferro headquarters. Marco Biagioni, Programs Director, outlines the company's contribution to European space propulsion. An excerpt from the episode is shared internally, on social media and video walls.
- December 1 - Drafting of a press release detailing the success of the VV28 mission: the Vega-C launcher carried into orbit the KOMPSAT-7 satellite, which is designed for widespread observation of the Korean peninsula and to meet the growing national demand for high-resolution satellite imagery. The statement was released to the press, posted on the website and shared on social media channels.
- December 2 - Avio receives the *Bâtiment d'Intégration Lanceur* (BIL) from ArianeGroup, a facility that was previously used to assemble Ariane 5 launchers. By adapting the BIL for Vega C, Avio can optimise preparation flows for future launch campaigns, increase flexibility, and reduce pressure on the ZLD during critical phases. The initiative also represents a responsible approach to sustainability as it reuses valuable structures rather than building new ones. The news was shared internally and on social media channels.
- December 10 - Avio brings a customised exhibition space to the NSE (New Space Economy Expoforum) at the Rome Exhibition Centre, one of the key European events dedicated to the space economy.
- December 17 - Christmas celebration event for employees at the Colleferro facility. The initiative included a short speech by top management followed by a festive lunch celebration. ADMO - Bone Marrow Donor Association panettone were distributed and the Values campaign was presented. This seeks to align employees with company values by personalising work spaces with panels, stickers and window decals.

GROUP PRINCIPAL 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.

As of December 31, 2025, 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 assembly (MEA). Avio had also chosen a Ukrainian supplier (ESA approved) for the production of the carbon-carbon inserts used to make the nozzles for the Z40 and Z9 engines of the Vega-C carrier, and in 2019 began an investment activity to improve its expertise in the production of carbon-carbon inserts.

As of March 2022, following the outbreak of hostilities between Russia and Ukraine, Avio had already undertaken a supply contract from a previously used European supplier. Also in view of the recommendations of the Commission of Inquiry following the VV22 flight anomaly, the procurement of carbon-carbon inserts from Ukrainian suppliers has been banned by the ESA. Against this backdrop, at the end of 2023 a contract was finalised with two of the aforementioned Ukrainian suppliers of the fourth stage main engine for the Vega and Vega-C launchers for the supply of additional engines, with delivery expected in the medium term (2025-2027).

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

As these assessments gradually matured, they were promptly reported in the press releases dated February 25, 2022[55], March 25, 2022[56], July 17, 2022[57], and September 9, 2022[58] and are still accurate.

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

At December 31, 2025, Avio had outstanding advances to Ukrainian suppliers totalling Euro 7.7 million, of which:

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

In this context, both Vega C Lauch 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 is being constantly monitored.

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

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

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

[57] See the press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/attivita+-vega-non-impattate-dagli-aggiornamenti-del-conflitto-in-ucraina-nel-medio-termine/MXxjb211bmljYXRpLjE3NzEwMDAwNDUyMDIyMXwxfDIwMjQwMzIx.

[58] See the press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/risultati-avio-1h-2022/MXxjb211bmljYXRpLjE3NzEwMDAwNDkyMDIyMXwxfDIwMjQwMzIx.

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 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.

General economic risks

General aspects

The economic, equity and financial position of Avio is influenced by a number of macro-economic environment factors (including GDP movements, the inflationary impacts on raw materials, the unemployment rate and interest rate and currency 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 programmes, with a consequent possible impact on the Group financial statements.

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

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

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. The Group has no direct exposure to or supply relationships involving the affected areas. 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.

Geopolitical risks

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

Risks related to the ongoing inflationary situation

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

Risks related to changes in energy costs.

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

Specific business risks

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

Changes to space access policies, both at a domestic and European or international level, and unfavourable economic conditions impacting the spending allocated to these policies by national governments and supranational institutions, may impact Group operational levels with possible repercussions for operations and the Group financial statements.
The Group conducts research and development programmes to develop technologies and products in order to continue to be competitive in the target industries in which it operates. The majority of research and development is commissioned by the ESA, ASI and member state ministries and are partly - where specific strategic purposes are identified - financed by the Group; a portion of the research and development activity financed by the Group benefits from public financing granted by EU funds, and other national institutions (mainly by MiSE - now MiMit - pursuant to Law 808/85).

If the Italian Government, through the ASI or the Ministry of 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 reorganise or cancel activities and programmes in this area, with negative effects on the Group's ability to compete in the Space sector, the continuity of existing products, and research and development activities for new products.

The Group also benefits from research and development grants under the National Recovery and Resilience Plan.
Again, the purpose of the National Recovery and Resilience Plans is to develop technologies that will improve Avio's strategic positioning in the launcher field. This funding comes with financial and time constraints.

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

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

Regarding projects funded under Italy's Recovery and Resilience Plan (PNRR), the primary risk profile concerns the Space Transportation System (STS) programme. This programme has encountered several development challenges resulting in schedule delays, which are currently being reviewed with the implementing body, ESA. Following discussions with the implementing body, and considering the foregoing, the Group will further assess potential impacts on the contract's scope and duration.

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

In 2025, the backlog grew 25.6% compared to the end of 2024. Nevertheless, as a Group operating in the aerospace industry, there remains the potential risk that the backlog may be subject to unexpected adjustments and, therefore, not be indicative of future revenues or operating results.

The Group operates in the space sector principally through long-term contracts, often at fixed prices or with inflation-linked price reviews. Fixed price contracts present the risk that any additional costs may not be

reimbursed or are only partially reabsorbed by the customer, with possible negative impacts on the Group's operations and financial statements.

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

Key decisions taken at the ESA Council Meeting on November 6, 2023[59], attended by Member State Ministers, addressed critical milestones for programmes of strategic interest to Avio, particularly Ariane 6, Vega C, and Vega E.
The main outcomes include:

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

The process to transfer Vega C Launch Service Operator (LSO) and Launch Service Provider (LSP) functions has been completed in line with the ESA Board Resolution of November 6, 2023. Arianespace and Avio had agreed that Arianespace would remain the launch service provider and operator for Vega-C launch services until Vega flight 29 (VV29), scheduled for early 2026. Due to factors beyond Avio's control regarding satellite payload readiness, the final Arianespace-managed flight, VV31, has been rescheduled for late 2026, while flight VV29, scheduled for early Q2 2026, will be the first managed entirely by Avio. Discussions are underway with Arianespace for the management of the final flight within their remit. Contracts for this mission may also be transferred to Avio, along with all existing Vega C contracts signed by Arianespace for missions following VV28.

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

- the 2017 amendment to the Launchers Exploitation Declaration (LED) was finalised on July 10, 2025[60] 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 finalised 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 of Avio
- in its role as Vega-C Launch Service Operator, and with Avio obtaining, on August 13, 2025, a ten-year licence from the French government for space operations under the French Space Operations Act (Loi sur les opérations spatiales - LOS, 2008), and subsequent decrees.

According to current governance, which is applicable up to the Vega 28 flight at the end of 2025, Group customers are responsible for declaring the compliance of products before acceptance and sale and may entirely or partially reject them where such compliance is not declared. In this case, the warranty clauses require us to replace or repair the non-compliant component, incurring the associated costs in addition to any costs necessary

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

[60] 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

to understand the problem. Where the associated costs are not covered by insurance, the Group's results may be impacted. Once accepted by customers, the Group is no longer responsible for damage deriving from the malfunctioning of products, except where the pre-existence of any defects which were not evident upon acceptance is demonstrated, with the consequent further obligation to restore or repair the defective products before final use and/or launch.
In addition, for any damage, whatever the cause, and including damage deriving from defects and/or the malfunctioning of products supplied by the Group, caused during the flight of the launchers, the launch service provider shall exclusively be responsible and, where applicable, the ESA and the French government.

The new governance entails:

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

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

The current backlog serves as a key risk mitigation factor, covering launch activities until early 2029, and supported by a projected minimum of three European institutional launches per year for Vega C, an increase over previous years' projections, driven by expansions in European satellite programmes. Furthermore, ongoing commercial negotiations suggest opportunities to consolidate and increase production rates for launchers and related components, supported by Member State funding via the ESA following the latest Ministerial Conference. On the other hand, the tendency to encourage competition in the European launcher sector, as witnessed by the opening of an ESA procedure (European Launcher Challenge) to develop and demonstrate the launch capacity of new systems, again in the context of the last Ministerial Conference and in application of the Seville Agreements of November 2023, could lead to a contraction in volumes, with the consequent risk of negative effects on Avio's economic, equity and financial situation.

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

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

On the other hand, should the Group succeed in rapidly adopting the measures and fulfilments required to adapt its business to the increase in market demand, the aforementioned risks could become opportunities for

assuming a dominant market position; in fact, the risks identified by the Group in the defence segment are also reasonably applicable to competitors, and the discriminating factor for the business is the speed of commissioning investments and procuring - and training - highly qualified personnel.

The Group's industrial operations require the use and the processing of explosive or chemically hazardous materials. Although these activities are conducted in accordance with applicable rules, as per a specific Safety Management System to prevent accidents, and high-quality equipment and personnel are used, accidents may occur which result in interruptions of varying lengths and thus a negative effect on the Group's results.

SUBSEQUENT EVENTS

Business

New Ariane 64 with 4 P120C boosters successfully launches Amazon Leo satellites[61]

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 programme.

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 SRM facility[62]

Avio USA will establish its new solid rocket motor (SRM) production facility in Hurt, Pittsylvania County, Virginia. The new facility will produce solid propellant engines 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.[63]

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 defence.

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 defence 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.

[61] See 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

[62] See 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

[63] See 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

Other significant events

Upward revision of 2025 guidance on order book and revenue[64]

On January 29, 2026, the Board of Directors of Avio S.p.A. reviewed and approved the upward review of guidance on the order backlog and net revenue for FY 2025.

Specifically, (i) the order backlog is expected to be in the range of Euro 2,100 to 2,200 million (compared to previous forecasts confirmed to the market on October 27, 2025, ranging from Euro 1,700 to 1,800 million) and (ii) net revenues are expected to be in the range of Euro 510 to 540 million (compared to previous forecasts confirmed to the market on October 27, 2025, ranging from Euro 450 to 480 million). The upward review to guidance is driven by both the significant volume of orders signed in the fourth quarter of 2025 and faster-than-expected execution.

Subscription of a shareholder agreement between the shareholders Leonardo S.p.A., In Orbit S.p.A. and RBC Holding S.r.l.[65]

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., a company 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 explanatory 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 boards.

Entry of Avio into FTSE MIB

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

OUTLOOK

As described in the "Strategy" section of the Directors' Report, further consolidation of Vega C launcher activities is expected during 2026, with the completion of the next scheduled missions. Throughout 2025, the launcher proved its reliability and versatility again by successfully completing three separate missions. Launch activities will also continue in 2026 following Avio's 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 2025, 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 the operating levers. 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 transport 32 Amazon Leo constellation satellites[66]: in 2026, the Ariane 6 launcher is expected to continue performing additional missions with four boosters instead of two.

The Company's space business is also expected to benefit from the new contracts Avio expects to sign thanks 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

[64] See also the January 29, 2026 press release at the link: https://www.avio.com/it/comunicati-stampa/revisione-al-rialzo-della-guidance-2025-su-portafoglio-ordini-ricavi

[65] See press release of February 24, 2026 at the link: MXxjb211bmljYXRpLjE3NzEwMDAwMTcyMDI2MXwxfDIwMjYwMjI2

[66] See press release of February 12, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/il-nuovo-ariane-64-con-4-booster-p120c-lancia-con-successo-i-satelliti-amazon-leo/MXxjb211bmljYXRpLjE3NzEwMDAwMTMyMDI2MXwxfDIwMjYwMjE5

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[67].

Defence propulsion activities are expected to grow further driven by contracts signed this year and new acquisitions projected for 2026, in line with the strategic guidelines of the Business Plan approved on September 11, 2025. In Europe in 2025, in fact, the co-operation with the MBDA Group was further strengthened with the signing of new production orders, including those concluded in July and December for a total of approximately Euro 100 million[68]. Concurrently, the Group's US defence business saw further growth, driven by new contracts with the US Armed Forces[69] and Raytheon[70], along with Memorandums of Understanding (MoU) signed with Raytheon[71] and Lockheed Martin[72], paving the way for Avio's solid rocket motor (SRM) facility in Virginia.

As reported in the press release issued on the 2025 Results and in the 2025 Results presentation of March 12, 2026[73],, the forecasts are for a Backlog of between Euro 2,000 million and Euro 2,100 million, net revenue of between Euro 560 million and Euro 590 million, Reported EBITDA of between Euro 27 million and Euro 35 million (including non-recurring costs of approx. Euro 2 million), and net profit of between Euro 8 million and Euro 13 million.

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. These assessments were promptly reported in the press releases dated February 25, 2022, March 25, 2022, July 17, 2022 and September 9, 2022 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 monitor and assess potential indirect effects on financial results, including extreme energy cost volatility and potential inflationary pressures from the conflict.

[67] See press release of December 5, 2025 at the links: MXxjb211bmljYXRpLjE3NzEwMDAxMTUyMDI1MXwxfDIwMjYwMjEx
[68] See press releases of July 21 and December 5 at the links: https://syndication.teleborsa.it/Avio/Financial-Announcements/siglati-ordini-per-60-milioni-di-euro-con-mbda-in-francia/MXxjb211bmljYXRpLjE3NzEwMDAwNDYyMDI1MXwxfDIwMjYwMjEx

https://syndication.teleborsa.it/Avio/Financial-Announcements/siglati-nuovi-ordini-con-mbda-per-oltre-35m+/MXxjb211bmljYXRpLjE3NzEwMDAxMTgyMDI1MXwxfDIwMjYwMjEx

[69] See press release of August 27, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-rafforza-la-collaborazione-con-le-forze-armate-statunitensi/MXxjb211bmljYXRpLjE3NzEwMDAwNTIyMDI1MXwxfDIwMjYwMjEx
[70] See 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/MXxjb211bmljYXRpLjE3NzEwMDAwNjcyMDI1MXwxfDIwMjYwMjEx

[71] See press release of November 10, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-e-raytheon-rtx-firmano-un-memorandum-of-understanding-per-la-realizzazione-di-un-nuovo-stabilimento-per-motori-a-propellente-solido-negli-stati-uniti/MXxjb211bmljYXRpLjE3NzEwMDAwOTEyMDI1MXwxfDIwMjYwMjEx

[72] See press release of November 10, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-e-lockheed-martin-firmano-un-term-sheet-per-la-realizzazione-di-un-nuovo-impianto-per-motori-a-propulsione-solida-negli-stati-uniti/MXxjb211bmljYXRpLjE3NzEwMDAwOTMyMDI1MXwxfDIwMjYwMjEx

[73] See press release of March 12, 2026 at the link: https://avio-data.teleborsa.it/2026%2f2026_03_12-Avio-FY-2025-results_v19_20260312_045151.pdf

RESULTS & EQUITY AND FINANCIAL POSITION OF AVIO S.P.A.

Earnings and financial results

Results

The following table compares the company performance in 2025 and 2024 (in Euro thousands):

	FY 2025	FY 2025 restated (*)	Change
Revenues	577,731	474,979	102,752
of which: Pass-through revenues	42,016	38,868	3,148
Revenues, net of pass-through revenues	**535,715**	**436,111**	**99,604**
Other operating income	10,337	5,970	4,367
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(515,437)	(414,914)	(100,523)
Reported EBITDA	**30,615**	**27,167**	**3,448**
Amortisation, depreciation and write-downs	(22,006)	(20,109)	(1,897)
Reported EBIT	**8,609**	**7,058**	**1,551**
Interest and other financial income (charges)	1,347	(2,163)	3,510
Net financial income/(charges)	**1,347**	**(2,163)**	**3,510**
Investment income (charges)	1,302	2,200	(898)
Profit before tax	**11,257**	**7,095**	**4,162**
Current and deferred taxes	(1,216)	897	(2,113)
Net profit for the year	**10,041**	**7,992**	**2,049**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

Revenues net of "pass-through" revenues were Euro 535,715 thousand in 2025, up Euro 99,604 thousand (+22.8%) on 2024. 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 defence sector.

Reported EBITDA in 2025 was Euro 30,615 thousand, up Euro 3,448 thousand on 2024; this increase is largely attributable to the contribution of higher revenues, mainly in the space business. Similar considerations apply to the increase in Reported EBIT to Euro 8,609 thousand (Euro 7,058 thousand in 2024), net of amortisation and depreciation for the period.

The result for 2025 was also shaped by the research and development tax credit of Euro 743 thousand (Euro 1,796 thousand in 2024), mainly relating to research and development activities, commissioned by the European Space Agency, recognised in the results for the year on the basis of the costs incurred for the Group's long-term research and development projects to which the grant refers, as well as to the Industry 4.0 and technological innovation investments.

For further information on the operating performance, reference should be made to the preceding section of the Directors' Report "Analysis of the results and balance sheet of the Group".

This item concerns income of Euro 1,740 thousand related to dividends received from the jointly-controlled company Europropulsion S.A.. In the year 2024, income of Euro 2,200 thousand was however received, also relating to this company, partially offset by the write-down of the equity investment held in Arianespace Partecipation S.A., as in December 2025 the share capital increase of the investee concluded and as a result of the failure to subscribe to such, Avio exited the shareholding structure.

Balance Sheet

The balance sheet is broken down in the table below (in Euro thousands):

	December 31, 2025	December 31, 2024	Change
Property, plant and equipment	145,296	129,694	15,603
Right-of-use	21,253	26,754	(5,501)
Goodwill	61,005	61,005	-
Intangible assets with definite life	132,690	126,877	5,813
Investments	101,618	97,188	4,430
Total fixed assets	**461,863**	**441,518**	**20,345**
Net working capital	**(356,785)**	**(222,670)**	**(134,114)**
Other non-current assets	2,898	4,222	(1,324)
Other non-current liabilities	(26,944)	(15,212)	(11,732)
Net deferred tax assets	84,533	84,533	-
Provisions for risks & charges	(20,123)	(26,029)	5,906
Employee benefits	(6,990)	(7,538)	548
Net Capital Employed	**138,453**	**258,825**	**(120,372)**
Non-current financial assets	1,332	2,159	(827)
Net capital employed & Non-current financial assets	**139,785**	**260,984**	**(121,199)**
Net financial position	545,632	30,419	515,213
Equity	(685,417)	(291,403)	(394,014)
Source of funds	**(139,785)**	**(260,984)**	**121,199**

For further information on the equity differences, reference should be made to the preceding section of the Directors' Report "Analysis of the results and balance sheet of the Group".

"Right-of-use" in the separate financial statements amounted to Euro 21,253 thousand, exceeding the Euro 11,961 thousand presented in the consolidated financial statements, since Avio S.p.A. has leased plots of land, offices and buildings in the Colleferro business park owned by the subsidiary Se.Co.Sv.Im. S.r.l.; the net decrease on the previous year, of Euro 5,501 thousand, mainly concerns the depreciation in the year.

Analysis of the financial position

At December 31, 2025, the parent company Avio reported a negative net financial debt (net cash) of Euro 545,632 thousand, with liquidity exceeding financial liabilities. The net financial debt in the comparative year 2024 was also negative at Euro 30,419 thousand, for the same reason.

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

		December 31, 2025	December 31, 2024	Change
A	Cash and cash equivalents	(285,127)	(94,993)	(190,135)
B	Other liquidity	(314,799)	(1,666)	(313,134)
C	Other current financial assets	-	-	-
D	**Liquidity (A+B+C)**	**(599,926)**	**(96,658)**	**(503,268)**
E	Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	40,664	44,986	(4,322)
F	Current portion of non-current debt	-	2,003	(2,003)
G	**Current financial debt (E+F)**	**40,664**	**46,989**	**(6,325)**
H	**Net current financial debt (G-D)**	**(559,262)**	**(49,670)**	**(509,593)**
I	Non-current financial debt (excluding current portion and debt instruments)	13,630	19,251	(5,621)
J	Debt instruments	-	-	-
K	Trade payables and other non-current payables	-	-	-
L	**Non-current financial debt (I + J + K)**	**13,630**	**19,251**	**(5,621)**
M	**Total financial debt (H + L)**	**(545,632)**	**(30,419)**	**(515,213)**

The net cash position increased from Euro 30,149 thousand at December 31, 2024 to Euro 545,632 thousand, increasing Euro 512,213 thousand, principally due to the conclusion of the capital increase in November 2025, with a countervalue of approximately Euro 400 million, and to the cyclical nature of operating cash flows, in addition to capital expenditures.

The current financial debt, amounting to Euro 40,664 thousand (Euro 46,989 thousand at December 31, 2024), includes:

- current financial liabilities related to the centralised treasury with a number of subsidiaries for Euro 32,505 thousand (Euro 37,175 thousand at December 31, 2024);
- current financial liabilities for leased assets of Euro 8,159 thousand (Euro 7,811 thousand at December 31, 2024).

The non-current financial debt of Euro 13,630 thousand (Euro 19,251 thousand at December 31, 2024) includes the non-current financial liabilities for leased assets for Euro 13,630 thousand (Euro 19,251 thousand at December 31, 2024).

Analysis of equity

Equity at December 31, 2025 amounts to Euro 685,417 thousand, increasing Euro 394,014 thousand on the equity at December 31, 2024 (Euro 291,403 thousand), as a result of the combined effect of the following:

- distribution of a dividend of Euro 3,750 thousand on the 2024 result;
- share capital increase of Euro 800 thousand and share premium reserve of Euro 9,600 thousand following the exercise of the Sponsor Warrants by Space Holding S.p.A.;
- increase in share capital of Euro 66,743 thousand and share premium reserve of Euro 305,782 thousand following the conclusion of the capital increase in November 2025. The share premium reserve is shown net of transaction costs incurred in completing the capital increase transaction;
- allocation of treasury shares amounting to Euro 1,289 thousand to the beneficiaries of the "2022-2024 Performance Shares Plan";
- 2025 net profit of Euro 10,041 thousand;
- positive effect from the recognition of the stock grant reserve for Euro 2,837 thousand;

TRANSACTIONS WITH HOLDING COMPANIES, 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, in consideration of the share buy-back programme, at December 31, 2025, the Parent Company held 985,747 shares, representing 2.11% of the share capital. See also in this regard the "Corporate Governance and Ownership Structure Report" published on the Group's website.

PROPOSAL FOR THE ALLOCATION OF THE RESULT OF AVIO S.P.A.

In inviting you to approve the 2025 Annual Accounts of Avio S.p.A., drawn up as per IFRS and reporting a net profit of Euro 10,041 thousand, we propose the allocation of the result as follows: (i) Euro 502 thousand to legal reserve (5% of the net profit); (ii) Euro 2,739 thousand to retained earnings reserve; (iii) Euro 6,800 thousand to dividend in line with the Company's dividend policy.

* * *

March 12, 2026

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

CONSOLIDATED SUSTAINABILITY STATEMENT 2025

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1. ESRS 2 GENERAL DISCLOSURES

1.1 Basis for preparation

The Consolidated Sustainability Statement (or "**Statement**", or "**Sustainability Statement**" or "**Report**" or "**Disclosure**") provides the reader with clear, accurate, transparent and understandable information on the impacts generated by the AVIO Group in the environmental and social spheres, in addition to impacts pertaining to personnel, respect for human rights and the fight against corruption caused directly or indirectly by the Company, or to which the Company has contributed. The document also offers an accurate understanding of the main risks and opportunities associated with the Group's business activities, in addition to the results achieved and the performances in the area of sustainability.

BP-1 General basis for preparation of the Sustainability Statement

The statement scope [74] includes the financial statements of the parent company and the companies directly or indirectly controlled by it as defined by IFRS 10 – Consolidated Financial Statements (hereinafter collectively referred to as the "**AVIO Group**" or "**AVIO**" or "**Avio**" or "**Company**" or "**Group**"). For details on the corporate structure of the AVIO Group , please refer to the "Corporate structure and geographical presence" section within the Directors' Report.

As of last financial year, as a result of the new provisions introduced by Legislative Decree No. 125/2024, which transposed Directive (EU) 2022/2464 (the **Corporate Sustainability Reporting Directive**" or "**CSRD** ") into Italian law and required certain categories of companies to publish the consolidated sustainability statement in accordance with the new European Sustainability Reporting Standards ("ESRS"), the AVIO Group is responding to these new disclosure requirements.
This Statement is prepared in accordance with Legislative Decree No. 125/2024 and is an integral part of the Directors' Report. The qualitative and quantitative data and information contained within this document refer to the fiscal year ending December 31, 2025. Except where explicitly indicated, the information reported is compared at least with that of the previous reporting year. Any estimates, assumptions, error corrections, or restatements of metrics or targets are indicated in the document.

The information provided in this Sustainability Statement has been prepared to include relevant disclosures on the impacts, risks and opportunities connected to the undertaking and its subsidiaries through its direct and indirect business relationships across the upstream and downstream value chain. As for policies, actions and goals, if they involve value chain actors, this is made explicit in the corresponding sections. The AVIO Group continues to pursue greater environmental transparency by calculating its Carbon Footprint for 2025 with a focus on Scope 3 emissions, which include information related to the value chain. The materiality assessment of the AVIO Group's Scope 3 emissions for 2025 was designed to identify priority emission categories for reporting and improvement measures. The assessment is based primarily on the category's proportion as a percentage of total Scope 3 emissions, supplemented by qualitative considerations already tested in the previous year. Specifically, materiality was considered low for values lower than 0.1%, high for values greater than 10%, and medium in other cases. Following the materiality assessment, of the 15 categories provided by the GHG Protocol, one category is highly material in terms of its contribution to overall emissions, seven categories have a medium or low impact, while seven categories are not applicable to the Group's business or cannot currently be reported due to the absence of official methodologies.
Reference is made to the ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions section for detailed information on Scope 3 emissions.

In this document, sensitive strategic product-related information has not been reported, while ensuring that the overall relevance of the disclosure is not compromised. The Group complies with disclosure obligations, providing all other required information and making every reasonable effort to ensure that any omission does not affect the completeness and relevance of the report.
It should be noted that there is no information regarding upcoming developments or issues under negotiation pursuant to Article 3, paragraph 5 of Decree 125/2024.

BP-2 Disclosures in relation to specific circumstances

Definition of short-, medium-, and long-term time horizons
When preparing the Sustainability Statement, the Group adopts the short-, medium-, and long-term time horizons as defined in ESRS 1, Section 6.4, ensuring alignment with sector-specific characteristics, such as financial flows and economic cycles, which users of sustainability statements consider in their assessments, in addition to the typical planning timelines used in decision-making processes.

[74] If any assumptions have been made in defining the reporting scope, an appropriate note is provided below the relevant data in the corresponding section. AVIO India Aviation Aerospace Private Limited is in voluntary liquidation and inoperability. No significant financial commitments are expected for the Avio Group related to the liquidation, nor are there any relevant ESG impacts.

The AVIO Group, consistent with the requirements of ESRS, has used the following time horizons:

- Short term: the period adopted as the reporting period in its financial statements (i.e. one year);
- Medium term: from the end of the short-term reporting period up to five years;
- Long term: more than five years.

Sources of estimation and outcome uncertainty
In the preparation of the Consolidated Sustainability Statement, the Group made use of estimates and indirect sources. The estimates are based on the best available information and, in order to ensure the reliability of the reported information, calculation standards recognized at the national and international levels, as well as specific sectoral approaches, have been adopted in order to limit the risk of their inaccuracy.
Specifically, for the purpose of reporting Scope 3 emissions, which by their nature are subject to greater estimates compared to Scope 1 and 2 greenhouse gas ("GHG") emissions, only methodologies provided by the GHG Protocol "Technical Guidance for Calculating Scope 3 Emissions" ("GHG Protocol") were used, attempting to minimize the estimates required and, consequently, reporting data with a minimum level of uncertainty.
If estimates have been made in the quantification of data relating to the value chain discussed in the following chapters, an appropriate note is provided below the relevant data in the corresponding section.
Finally, in reporting forward-looking information, including targets and planned future investments, uncertainties are inherent and, therefore, such information may be subject to change.

Changes in preparation or presentation of sustainability information / Reporting errors in previous periods
On the preparation of the 2025 financial statements, some limited changes were made from previous years attributable to methodological refinements. Any changes are reported in the notes to the individual disclosure requirements, so please refer to the individual topic chapters for further details. Furthermore, a restatement of some data related to gross GHG emissions in scope 2 is reported, due to the change in the unit of measurement used in the disclosure. For details, please refer to the section "E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions".

Disclosures stemming from other legislation or generally accepted sustainability reporting standards and frameworks
As required by Appendix B of ESRS 2, the table below provides a list of ESRS disclosure requirements that are addressed also by other legislation, including references to the relevant section and page. The table is given at the end of this section ESRS 2 - General Disclosures.
In addition, relevant information prescribed by Regulation (EU) 852/2020 ("**Taxonomy Regulation**" or "**Regulation**") and related delegated acts are reported within this consolidated sustainability statement.

1.2 Governance
GOV-1 - The role of the administrative, management and supervisory bodies
As a reference model for its Corporate Governance, AVIO embraces the provisions of the Corporate Governance Code promoted by Borsa Italiana, as most recently approved and published on January 31, 2020 and effective as of January 1, 2021. As indicated in the Corporate Governance and Ownership Structure Report, which can be consulted on the website www.avio.com and to which reference should be made for further details, AVIO's corporate governance system is structured according to the traditional administration and control model and features the bodies indicated below:

- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors.

Pursuant to the Company's By-Laws, the various corporate bodies within this model have distinct roles and responsibilities: through its resolutions, the Shareholders' Meeting, as the expression of the interest of the majority of shareholders, conveys the corporate will; for its part, the Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the authority to carry out all acts deemed appropriate for the achievement of the corporate purpose, except those reserved to the Shareholders' Meeting by law or by the By-Laws; the Board of Statutory Auditors is vested with the duties provided for by law, by the By-Laws, and by the regulations applicable to listed companies. AVIO's current Board of Directors (appointed at the Shareholders' Meeting on April 28, 2023) consists of 11 members, six of whom are independent in accordance with Article 148 of the CFA and Article 3 of the Corporate Governance Code.
At the date of this Report, the composition of the Board complies with regulatory and statutory provisions on gender balance.

- **Board of Directors** ("**BoD**" or "**Board**")

Directors are appointed by the Shareholders' Meeting and hold office for three fiscal years through a slate voting mechanism designed to ensure the presence on the Board of Directors of three Directors elected by the minority, in addition to compliance with gender balance provisions.
The following requirements apply to Directors:
- All Directors must satisfy the eligibility, professionalism and good standing requirements.
- At least two Directors must possess the eligibility, professionalism and good standing requirements.
- At least two Directors must possess the independence requirements.

The Board of Directors may delegate a portion of its responsibilities to an Executive Committee, determining the scope of its mandate, the number of Committee members and its operating procedures.
The Board may appoint one or more Chief Executive Officers, granting them the relevant powers.
Moreover, the Board of Directors may also establish one or more committees with advisory, investigating, proposing or control functions, vested with the powers set out by the Board of Directors. The Board of Directors may also appoint General Managers, defining their powers and granting power of attorney to third parties for certain acts or categories of acts.

There is no employee representation within the undertaking's administrative, management and supervisory bodies.
In the Annual Corporate Governance and Ownership Structure Report, the Company includes a dedicated section assessing the qualitative and quantitative composition of the administrative, management and supervisory bodies. This assessment is conducted through an external platform and includes, among other analyses, a review of Board members' experience in the undertaking's industries, products, and geographic markets.
Article 14 of the Company's By-Laws establishes that the Board shall have the widest powers of ordinary and extraordinary administration of the Company, with the power to carry out all acts it deems appropriate for attaining the corporate purpose, with the sole exception of those attributed exclusively by law to the Shareholders' Meeting. The Board of Directors, in accordance with Article 2365, paragraph 2 of the Civil Code is also empowered to pass the following resolutions, without prejudice to the concurrent competence of the Shareholders' Meeting. (i) the opening and closing of secondary offices; (ii) the reduction of the share capital as a result of a return of shares; (iii) updating the By-Laws in accordance with the law; (iv) transfer of the registered office within Italy; (vi) merger or spin-off of the company in the cases provided for under the law; (vi) the indication of which Directors may represent the Company.
As per Article 11.1 of the By-Laws, the Board of Directors shall appoint a Chairperson from its membership, if the Ordinary Shareholders' Meeting has not already done so. The Board is also entitled to appoint a Secretary, who may also be external to the Company, upon a proposal from the individual chairing the meeting.

Pursuant to Article 12.1 of the By-Laws, the matters and strategic activities on which the Italian Government has a right to object pursuant to the Golden Power Regulation fall under the exclusive remit of the Board of Directors and may not be delegated, and the related Board of Directors' resolutions shall be adopted and executed in compliance with this regulation.
In addition to the powers expressly reserved to the Board of Directors pursuant to the law and the By-Laws, additional powers are assigned as set out in the Regulation of the Board of Directors in force.

The members of AVIO's Board of Directors in office on the Report approval date are listed in the table below.

Name	Place and date of birth	Date of appointment	Expertise related to the Group's business and management of IROs
Giovanni Soccodato	Rome, October 31, 1961	April 28, 2023	Scientific-technical, economic and strategic skills.
Raffaele Cappiello (*)	Rome, September 17, 1968	April 28, 2023	Legal expertise in corporate, banking, financial and insolvency matters.
Letizia Colucci	Foggia, August 6, 1962	April 28, 2023	Professional experience of more than 30 years in the Defense and Space sectors.
Giovanni Gorno Tempini (*)	Brescia, February 18, 1962	April 28, 2023	Economic-financial and corporate governance skills.
Donatella Isaia (*)	Turin, December 21, 1974	April 28, 2023	Technical and organizational skills related to Human Resources management.
Roberto Italia	Rome, July 5, 1966	April 28, 2023	Economic and investment expertise.
Marcella Logli (*)	Milan, October 14, 1964	April 28, 2023	Computer and technology innovation-related skills.
Milena Lerario	Tricarico (MT), June 13, 1980	May 15, 2025 (**)	Aerospace-related technical and strategic skills.

Elena Pisonero Ruiz (*)	Madrid (Spain), January 17, 1963	April 28, 2023	Business and strategic skills in aerospace and consulting.
Giulio Ranzo	Rome, January 29, 1971	April 28, 2023	Aerospace-related scientific-technical and strategic skills.
Donatella Sciuto (*)	Varese, January 5, 1962	April 28, 2023	Scientific-technical and economic skills.

(*) Independent Director pursuant to Article 148 of the CFA and Article 2 of the Corporate Governance Code. 55% of the members of the Board of Directors are independent.
(**) Director co-opted by the Board of Directors following the resignation of the Director Mr. Luigi Pasquali on May 15, 2025 and confirmed by the Shareholders' Meeting of October 23, 2025, with the same term in office, in accordance with the law, as the sitting Board members.
We note that:

i. Mr. Roberto Italia holds the office of Chairperson of the Board of the Issuer;
ii. Mr. Giovanni Gorno Tempini holds the office of Vice-Chairperson of the Board of the Issuer;
iii. Mr. Giulio Ranzo holds the office of Chief Executive Officer and General Manager of AVIO;
iv. Mr. Giorgio Martellino holds the office of Secretary of AVIO.

Golden Power
Due to the fact that the Company is subject to Legislative Decree No. 21/2012 and subsequent amendments and additions ("Golden Power Regulations"), the By-Laws stipulate that matters and activities in relation to which the Italian Government has a right of objection under the aforementioned regulations – applicable to companies operating in the defence and national security sectors – are the sole responsibility of the Board of Directors and cannot be delegated.
Furthermore, an Executive Officer has been appointed to manage the Company's strategic activities, with particular regard to the Golden Power Regulation.

- **Board of Statutory Auditors**

The Board of Statutory Auditors is composed of three Statutory Auditors and two Alternate Auditors. Slates for the election of Statutory Auditors may be presented by shareholders who, at the time of presentation of the slate, hold a shareholding that is at least equal to that determined by CONSOB in accordance with applicable laws and regulations.
The AVIO S.p.A. Shareholders' Meeting of April 28, 2023 appointed the Board of Statutory Auditors and established the relative remuneration, until the Shareholders' Meeting to be called to approve the 2025 Annual Accounts.

The members of the Board of Statutory Auditors in office at the Report approval date are listed in the table below:

Name	**Office**	**Place and date of birth**	**Date of appointment**	**Expertise related to the Group's business and management of IROs**
Vito Di Battista	Chairperson	Lecce, January 10, 1952	April 28, 2023	Industrial and financial economic-fiscal skills
Mario Matteo Busso	Statutory Auditor	Turin, March 1, 1951	April 28, 2023	Economic-banking and consulting skills
Michela Zeme	Statutory Auditor	Mede (PV), January 2, 1969	April 28, 2023	Corporate Governance and economic-fiscal skills
Sara Fornasiero	Alternate Auditor	Merate (LC), September 9, 1968	April 28, 2023	Economic and compliance skills
Roberto Cassader	Alternate Auditor	Milan, September 16, 1965	April 28, 2023	Economic, tax and fiscal skills

Pursuant to applicable regulations, Statutory Auditors must possess specific requirements of independence, professionalism and good standing.

The Corporate Governance Code, with which AVIO complies, also recommends that all control board members meet the independence requirements pursuant to Recommendation 7 for Directors. The independence assessment is carried out in the timeframe and manner prescribed in Recommendation 6, by the Board of

Statutory Auditors based on information provided by each member. Specifically, the Statutory Auditors in office first declared that they met the requirements regarding independence, good standing and professionalism provided for in the applicable regulations when they were appointed by the Shareholders' Meeting on April 28, 2023. Following their appointment and on an annual basis, the Board of Statutory Auditors verified the continuing existence of these requirements and sent the results of the assessments to the Board of Directors.
As per Article 144-*novies* of the Issuers' Regulation and the Corporate Governance Code, the fulfilment of the above requirements by the members of the Board of Statutory Auditors was assessed, with the outcomes communicated to the Board of Directors who, following appointment, communicate such in a press release and, subsequently, on an annual basis, in the corporate governance report. The Board of Statutory Auditors is composed of members with professional backgrounds such that they bring value to the company's sustainability.
The Board of Statutory Auditors contributes to and actively participates in the meetings of the Sustainability Committee (which will be described in the following section), providing its expertise on relevant matters. Since, however, this is an increasingly complex and evolving subject, the meetings of the Sustainability Committee with the participation of the Board of Statutory Auditors also serve as a mutual enhancement of expertise on the subject, encompassing and seeking to apply best market practices, in addition to activities to bring the company's operations in line with industry regulations, within their scope.
All standing members of the Board of Statutory Auditors are qualified auditors and hold the title of "Sustainability Auditor" in accordance with Legislative Decree No. 39/2010, implementing EU Directive 2022/2464 (CSRD). They have produced the certificates to this effect to the Company.

- **Internal Board Committees**

In accordance with the Corporate Governance Code, the Board of Directors has also established:

- the **Appointments and Remuneration Committee**: granted advisory and proposing functions in terms of the professional profiles required by the Board, and also in terms of setting the remuneration policy of Directors and key management personnel;

= the **Control and Risks Committee**: supports the Board of Directors in their assessments and decisions concerning the Internal Control and Risk Management System, and with regards to the approval of the periodic financial reports;

- the **Sustainability Committee**: responsible for supporting the Board of Directors in overseeing sustainability activities. In addition, this Committee is constituted of members with established experience in sustainability concerns, and for greater integration across issues the Chairperson of the Board of Directors is also a member. Specifically, the **Sustainability Committee** is assigned the following responsibilities on Environmental, Social, Governance (**"ESG"**) topics:

a) examine and evaluate policies based on the principles of sustainable business, which take into account the evolution of reference scenarios and identify opportunities and create value over time in the medium to long term for stakeholders, such as (i) ethics; (ii) environmental protection, with particular reference to the issue of climate change; (iii) socio-economic progress and the enhancement of the territories where the Company operates; (iv) the creation of economic development based on innovation and responsible industrialization (v) the health, safety and well-being of people; and (vi) the protection of human rights and the enhancement of differences and equality in the treatment of people;
b) examine the general framework of sustainability reporting and the articulation of its contents, as well as the completeness and transparency of the information provided, providing observations to the Board of Directors (which is called upon to approve this document) and examining and monitoring the implementation of a Group sustainability plan; this plan must set out the strategic priorities, commitments, targets (also of a quantitative nature) for the development of the economic, environmental and social responsibility of the undertaking, in line with the UN Sustainable Development Goals (**"SDGs"**), the objectives of the business plan and financial reporting;
c) support the Board of Directors in defining a sustainability policy with the objective of strengthening and implementing the values of ethics, integrity and responsibility in respect of people, the environment and society as a whole, in order to (i) integrate sustainability into the strategy and management of its business and (ii) define with the different company departments the targets to be prioritised in a sustainability plan aligned to the Group business plan;
d) examine the implementation of the Sustainability Policy in the business initiatives, to be also included in the Remuneration Policy and Report, based on the indications of the Board of Directors;
e) monitor sustainability initiatives and the Company's participation in them, with a view to consolidating the Company's reputation on the international front, also with reference to the development of relations with institutions, organisations and research centres with recognised expertise in sustainability matters;

f) strengthen the dissemination of the culture of sustainability among employees, shareholders, business partners, customers and, more generally, stakeholders through the examination and monitoring of a stakeholder engagement plan in line with the defined objectives and targets;
g) monitor the Company's positioning with respect to the financial markets on sustainability issues, with particular reference to the relationship with ESG rating agencies and participation and inclusion in ethical sustainability indices;
h) at the Board of Directors' request, express an opinion on other sustainability issues;
i) with reference to the regulatory changes in the CSRD area that have occurred during the year, the Sustainability Committee has received appropriate induction in this regard. It is also reported that the Steering Committee for gender equality has received dedicated training on gender equality issues.

The self-evaluation process

On February 12, 2026, the Board concluded the annual self-evaluation process on the adequacy of the Board and that of its Committees in terms of composition and functioning. The self-evaluation process was performed using the BoardClic digital platform and the results of it were presented to the Board at its meeting on March 12, 2026.

In order to comply with the provisions of Recommendations 21 and 22 of Article 4 of the Corporate Governance Code, the Board of Directors made a positive assessment on the activities carried out in 2025, on the size, composition and functioning of the Board and its Committees, based on the results of the report prepared by the consulting firm BoardClic.

In addition to analysing the activities of the Board of Directors and of its Committees undertaken in 2025, the evaluation also provided deeper insight into potential areas for improvement. The results of the 2025 self-evaluation, which was conducted on an anonymous and aggregate basis, revealed an overall score of 83 out of 100, down 2% from the 2024 self-evaluation but in line with BoardClic's benchmark value (hereinafter the "Benchmark"). This was determined on the basis of aggregate data on customers using the platform provided by the same provider.

Among the significant aspects that emerged from the board evaluation was the positive view of the qualitative-quantitative profile of the Board of Directors.

Numerous areas exceed the industry benchmark, including the leadership of the Chairperson, the internal control system, risk monitoring, the whistleblowing procedure, sustainability activities and emergency management. Satisfaction is also high with the composition and functioning of the Committees, particularly the Sustainability, Appointments and Remuneration and Control and Risk Committees. Alongside the strengths, the report identifies some areas for improvement. In particular, there is room for improvement in the timeliness of the transmission of board documentation and the CEO's information flow between meetings. The need to strengthen the Board's focus on the issues of talent, corporate culture and management succession is also highlighted, especially in view of the increasing complexity associated with the development of operations in the United States.

Further room for improvement concerns time spent on innovation strategy, competitive positioning in the space sector, and the adoption of new reporting tools to support strategic decisions.

As part of the self-evaluation, the main challenges facing the Company over the next two years in enacting the corporate strategy, as noted almost unanimously by Board members, relate to executing the US strategy and strengthening operations at AVIO USA. Other challenges reported include (1) finding the right balance between space and defence; (2) developing operations in a new market under unstable political conditions; and (3) planning and managing growth in production volumes. As regards committees, it was suggested that planning be carried out earlier to facilitate the work of newly appointed members and that committees be streamlined.

It should be noted that Recommendation 22 of the Corporate Governance Code recommends that the self-evaluation be conducted at least every three years in view of the renewal of the Board of Directors and recommends, in large companies other than those with concentrated ownership that the self-evaluation be conducted annually. Although Avio does not fall into the category of large companies, the self-evaluation is conducted on an annual basis.

Board of Statutory Auditors' Self-Assessment

The Board of Statutory Auditors complied with the provisions of Rule Q.1.7. "Self-evaluation of the Board of Statutory Auditors" included in the document "Conduct rules for Boards of Statutory Auditors of listed companies" issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) in December 2024, carrying out an annual self-evaluation. This sought to, among other matters, verify the suitability of its members and the adequate composition of the board, with reference to the requirements of professional standing, competence, good standing and independence required by applicable regulations. This check indicated, among other matters, that for 2025, all the members of the Board of Statutory Auditors in office satisfy the necessary requisites for the performance of their office. The results of the 2025 self-evaluation were discussed at the meeting on February 23, 2026.

The assessment of the Board of Statutory Auditors highlights effective functioning, with well-organized meetings and a Chairperson who ensures dialogue and timely decision-making. The members possess the

requirements of independence, professionalism and ability to handle complex issues. The Board ensures thorough monitoring, timely reporting and constant supervision of the audit activities
Among the aspects that could be improved, the Board of Statutory Auditors commented on their emoluments, believing that the same should be more commensurate with duties and responsibilities, and should take into due consideration:

- growth, both in size and complexity of the company;
- the new regulatory requirements for Sustainability Reporting;
- the necessary ongoing professional updating,
  in compliance with the provisions of the Code of Conduct of the Board of Statutory Auditors of listed companies Q.1.5 and Recommendation 30 of the Corporate Governance Code.

Also highlighted was the need to improve the Board's overall IT, cybersecurity and artificial intelligence (AI) expertise, along with the opportunity to continue to develop AI expertise and drawn on expertise in geopolitical issues.

Percentage of administrative, management and supervisory bodies by gender - AVIO Group

	Male		Female		Total	
	N	%	N	%	N	%
BoD[75]	5	45.5	6	54.5	**11**	**100**
Board of Statutory Auditors[76]	3	60%	2	40%	**5**	**100**
Appointments and Remuneration Committee[77]	2	66.7	1	33.3	**3**	**100**
Control and Risks Committee	1	33.3	2	66.7	**3**	**100**
Sustainability Committee	1	33.3	2	66.7	**3**	**100**
Total	**12**	**48**	**13**	**52**	**25**	**100**

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The AVIO Group is increasingly determined to integrate sustainability into its industrial and business activities. To achieve this goal, the company is pursuing various initiatives, one of the most significant being the establishment of an increasingly robust and comprehensive sustainability governance. Beyond the Sustainability Committee, the Parent Company's sustainability function encompasses:

- a **Corporate Sustainability Director**, who coordinates and oversees the entire corporate sustainability initiative, ensuring compliance and supervising the overall process of publishing the Consolidated Non-Financial Statement;
- a **Sustainability Steering Committee**, comprising key corporate figures with specific responsibilities for defining appropriate policies and targets, conducting specific projects, and reporting on the relevant results;
- a **Sustainability Office**, comprising employees with specific ESG skills. The team takes the operational actions defined in the Sustainability Plan and reports on the results, including in relation to the Sustainability Statement, thereby contributing to the promotion of a "culture of sustainability";
- an **Executive Officer**, who provides a statement of compliance on the Sustainability Statement with the ESRS reporting standards and Article 8 of the Taxonomy Regulation. In addition, in line with regulatory requirements , the Executive Officer for Sustainability Reporting is the same as the Executive Officer for Financial Reporting (as per Article 154-bis of the CFA).

The gender, cultural, and professional diversity of this structure is a critical resource, and one of the greatest assets that contributes value to the corporate structure.

[75] Gender diversity within the Board of Directors is calculated as the ratio between male and female members over the total members of the Board. It should be noted that the scope considered refers only to the parent company AVIO S.p.A. Furthermore, the ratio of women to men is 83%.
[76] The figure refers to the company AVIO only. Alternate Auditors are included in the calculation.
[77] The figure refers to the company AVIO only, as this is the sole company that has internal Board committees with investigative, propositional and advisory functions.

As part of sustainability reporting, the Boards of Directors of all AVIO Group companies have the role of reviewing and approving the guidelines and processes relevant to sustainability matters, in addition to the analysis of related risks. The Sustainability Committee assists the Board of Directors in the assessments and decisions on sustainability matters falling within the remit of the Board of Directors: The frequency and methodology for reviewing the identification and assessment of sustainability matters are defined annually, taking into account changes in the Group's internal and external environment.
In 2025, the Sustainability Committee met five times.

The administrative, management and supervisory bodies, and their respective committees are briefed on relevant impacts, risks and opportunities (**"IROs")** at their respective meetings with management with supporting documentation. The Sustainability Committee prepares a report every six months, including assessments of relevant impacts, risks and opportunities, and forwards them to the administrative and supervisory bodies. The stakeholder engagement plan is structured through a modular, step-by-step approach with planning over several years for increasing interaction and dialogue with stakeholders.

The Group recognises the importance of strengthening the implementation of a due diligence system and actively works to update and consolidate policies, actions and targets to be adopted for all aspects related to material IROs.
In this regard, we note that Avio has appointed a Gender Equality Steering Committee, comprising: The Chairperson of the Board of Directors, members of the Sustainability Committee, the HR Director, General Counsel and the Sustainability Director, and has approved the Gender Equality Policy.
For further details, see section GOV-4 – Statement on due diligence.

Refer to section SBM-3 for a list of relevant impacts, risks and opportunities addressed by the administrative, management and supervisory bodies during the reporting period.

GOV-3 – Integration of sustainability-related performance in incentive schemes
The Board of Directors believes that an incentive plan based on the vesting of the right to the free allocation of shares deferred over the medium term and based on Performance Targets is the incentive tool that most effectively responds to the Company's interests. The main incentive systems that make up the AVIO Group's remuneration offering include:
(a) short-term variable remuneration (MBO);
b) long-term variable remuneration (LTI).
With regard to long-term variable remuneration, the 2026-2028 Performance Share Plan (**"Three-year Performance Period"**) is addressed to the Chief Executive Officer/General Manager, Senior Executives and other Managers with strategic roles for AVIO, identified by the Board of Directors, after consulting the Appointments and Remuneration Committee, among those who hold key positions with a significant impact on the creation of value for the Shareholders within the Company and/or its Subsidiaries. The Plan provides for:

- the Grant of a certain number of Rights to Beneficiaries;
- a three-year performance period;
- the Allocation and Delivery of shares subject to the Board of Directors' verification of the Performance Targets achieved in the reference year.

In particular, the three-year Performance Period allows Beneficiaries to take advantage of a reasonable time frame to achieve the economic benefits of the Plan, consistent with the objectives of loyalty and alignment of the interests of Beneficiaries and Shareholders in the medium to long term that the Plan proposes. The allocation of shares is closely linked to the creation of value for the Company and aims to motivate, involve and incentivise the Beneficiary to achieve the Company's objectives, also aligning its activities with those of its stakeholders.
The performance targets identified by the Board of Directors consist of a mix of economic-financial and ESG indicators.
The ESG indicators, with a 20% overall incentive determination weighting, relate to:

- Gender diversity: defined as the ratio between female employees and total number of employees (5%).
- Gender pay gap, ratio of average female to male remuneration (5%).
- Energy Efficiency, reduction over the three-year period in the ratio of electricity consumption (kWh) to manpower hours (5%).
- Employee training, average annual hours of training provided in the three-year reporting period (5%).

The Grant of Rights was made by the Company's Board of Directors, after consultation with the Appointments and Remuneration Committee, subject to approval of the Plan by the Shareholders' Meeting on April 28, 2026. In determining the number of Rights to be granted to each Beneficiary, the Board of Directors mainly takes into account the role covered and the importance of the function within the AVIO Group. The number of Rights to be granted to Grantees shall be determined by the Board of Directors at the time of the Grant, after consultation with the Appointments and Remuneration Committee. The number of Rights is calculated considering the average AVIO share price in the month preceding the meeting of the Board of Directors that approved the

financial statements. The AVIO Group has incentive systems linked to improvements in environmental impacts; however, at present they are not specifically related to climate change.

GOV-4 – Statement on due diligence

Due diligence is the process by which companies identify, prevent, mitigate and account for how they address their negative impacts on the environment and the rights of the people connected with their business. In this regard, the processes underlying the acquisition and review of ISO management system certifications also play a fundamental role in analysing, identifying, and monitoring material IROs, enabling AVIO to prioritise actions based on the severity and likelihood of identified negative impacts.

The AVIO Group has adopted a management and organisational model based on ethics, quality, innovation, and safety, which is Avio's common heritage, is shared, on the one hand, in the Code of Ethics and the various Company Policies and, on the other with management and control instruments. These include risk management operations and the adoption of procedures that monitor the conduct of Company activities, cognisant of the need to operate in the best interests of all stakeholders and the community in general.

Avio has issued a **Human Rights Policy**, which defines the fundamental principles and commitments undertaken by the AVIO Group, protecting and safeguarding human rights in the undertaking of its business activities and in every context in which it operates, so as to promote an ethical, safe and just working environment that complies with internationally-recognised standards and principles.

From a due diligence perspective, this Policy confirms the AVIO Group's commitment not to establish or continue business relationships with any party that expressly refuses to respect human rights. The AVIO Group requires its suppliers and subcontractors to comply with the Code of Ethics, the 231 Model, and the Supplier Code of Conduct adopted by AVIO itself, both during the pre-contractual phase (counterparty qualification) and throughout the contractual relationship. The Policy also defines the methods for reporting violations through dedicated reporting channels made available to employees, with the goal of promptly identifying and managing violations of human rights, including potential ones. For more information, please refer, in each case, to the dedicated section G1-2 "Management of relationships with suppliers".

AVIO has, in addition, adopted:

- an **Environmental Management System ("EMS")** certified according to the UNI EN ISO 14001:2015 standard and supplemented with quality (ISO 9001/9100) and safety (ISO 45001) management. This approach targets continuous improvement, control of impacts at production sites (such as Colleferro) and sustainability, in accordance with the 231 Regulation;
- a **Quality Management System** (QMS), certified according to ISO 9001:2015. This is an integrated set of processes and regulations designed to ensure the excellence, safety and reliability of products in the field of space propulsion and launch and defence systems
- an **Integrated Occupational Safety and Major Accident Hazard Management System ("IOS" and "MAHMS")**, in accordance with UNI 45001, certified since 2010. In this System, the Group has implemented the Management System in adherence to the Seveso III Directive and national transposition regulations (Legislative Decree No. 105/2015);
- a **Gender Equality Management System ("GEMS")** in compliance with UNI/PdR 125:2022, which was certified on February 21, 2025. This certification attests to a company's commitment to promoting policies and practices to reduce the gender gap in the workplace. The launch of this project marked the beginning for an enterprise to plan to consciously promote gender equality. It assesses various aspects, including equal pay, access to leadership roles, work-life balance and professional development opportunities for both men and women. Having this certification demonstrates the adoption of inclusive and diversity-conscious policies and can enhance a company's reputation and market competitiveness. In this regard, we note that AVIO has appointed a Gender Equality Steering Committee, comprising: The Chairperson of the Board of Directors, members of the Sustainability Committee, the HR Director, General Counsel and the Sustainability Director, and has approved the Gender Equality Policy. AVIO S.p.A.'s Gender Equality Policy is based on the following fundamental principles: (i) impartiality, inclusivity and fairness (ii) ethics, integrity and transparency (iii) enhancement of human capital in line with the principle of equal opportunities (iv) protection of employees' physical well-being and (v) zero tolerance of any form of violence or discrimination.

Avio Management System/Certification:

Management System/Certification	Company	Website
AS 9100D / EN 9100:2018	Avio S.p.A.	Colleferro/Airola
ISO 9001:2015	Avio S.p.A.	Colleferro/Airola
ISO 14001:2015	Avio S.p.A.	Rome/Colleferro/Airola/Turin
ISO 45001:2018	Avio S.p.A.	Rome/Colleferro/Airola/Turin

UNI/PdR 125:2022	Avio S.p.A.	Rome/Colleferro/Airola/Turin
ISO 9001:2015	Regulus	French Guiana

The table below provides a mapping of the paragraphs within the Sustainability Statement that highlight where information related to the application of different aspects and stages of the due diligence process is further reported:

CORE COMPONENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENTS
Integrating due diligence into the governance, strategy and business model	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes; ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model;
Engaging stakeholders in all key phases of due diligence	ESRS 2 GOV-2 ESRS 2 SBM-2 – Interests and views of stakeholders ESRS 2 IRO-1 ESRS 2 MDR-P ESRS topics: reflecting the different stages and purposes of stakeholder involvement throughout the due diligence process
Identifying and assessing actual and potential negative impacts	ESRS 2 IRO-1 (including application requirements related to specific sustainability matters in relevant ESRS) ESRS 2 SBM-3
Taking action to address negative impacts	ESRS topics: reflecting the set of actions through which impacts are addressed
Tracking the effectiveness of actions and reporting	ESRS topics: regarding metrics and targets

GOV-5 - Risk management and internal controls over sustainability reporting
A qualifying and essential element of the Corporate Governance of the AVIO Group companies is the Internal Control and Risk Management System ("**ICRMS**"), inspired by current best practices and the international standard Enterprise Risk Management-Integrated Framework ("**ERM - Integrated Framework**" or "**ERM**"). The definition and operation of the ICRMS are outlined in AVIO's Internal Control and Risk Management System Guidelines. These provide a concise summary of the ICRMS requirements with which subsidiaries of AVIO must comply, limited to what is applicable to their business and corporate structure, without prejudice to conformity with the regulations applicable in the countries where these Companies are based.

AVIO possesses a cross-functional ERM structure, dedicated specifically to the management of the Group's overall strategic risks, ensuring collaboration and co-ordination among the various functions within Avio's internal control system. The Group adopts an integrated risk management strategy that encompasses the entire corporate organisation, according to specific competences. The primary purpose of ERM operations is to ensure optimal risk identification, measurement, management and monitoring, and as such:

- the activities of the various supervisory bodies, such as the Control and Risks Committee, Sustainability Committee, Board of Statutory Auditors, Supervisory Board, and Internal Audit, are carried out regularly, in an integrated and coordinated manner;
- information flows and coordination activities are provided between the Group's internal control system functions, AVIO's Board of Statutory Auditors and those of its subsidiaries, and between AVIO's Supervisory Board and those of its subsidiaries.

Internal Audit is also responsible for providing an independent assessment of the ICRMS, with the goal of enhancing the organisation's effectiveness and efficiency, and for ensuring that the ICRMS is operational and proportionate to the Group's size and operations, as well as for verifying that risks are managed consistently with the resolutions of the Board of Directors, external regulations, and the Group's internal rules.

In addition, as previously discussed, AVIO has a Quality Management System adopted voluntarily and in accordance with ISO 9001/EN 9100 international and European standards. By contrast, the Company's other Management Systems (Occupational Health and Safety, Major Accident Prevention and Environment), which comply with UNI ISO 45001 and UNI EN ISO 14001, have dedicated management procedures and operating

instructions in accordance with the requirements of the applicable standards for the management of specific risks. Analysis of the specific risks relating to the environment, health, safety and Seveso Directive is consistent with the provisions established at company level by the ERM structure.

With regard to the **internal control system on sustainability reporting**, the AVIO Group has a procedure for "Preparing the Sustainability Statement Included in the Annual Financial Report" and an "Internal Control Model on Sustainability Reporting", in line with CSRD requirements. Specifically, the Procedure seeks to define the operational process for the preparation and publication of the AVIO Group S.p.A.'s Sustainability Statement, integrated into the Directors' Report of the Annual Financial report. The procedure defines activity flows and verification processes, in line with the Internal Control Model for sustainability reporting, establishing the roles and responsibilities of each function involved. This model applies to Avio S.p.A.'s organisational structures and the subsidiaries included within the Group's consolidation scope and has been developed based on leading national and international practices. The adoption of an effective Internal Control Model seeks to reasonably ensure the reliability of the sustainability statement and its compliance with the applicable reporting standards.

The Sustainability Disclosure Internal Control System ("**SCIIS**") is part of the overall Internal Control and Risk Management System of the AVIO Group. In particular, the sustainability disclosure internal control model establishes specific procedures to provide reasonable assurance on the reliability of sustainability statements and ensure that the sustainability reporting preparation process produces information compliant with the reporting standards. This Model aims to define the principles, process and methodological approach for the establishment, evaluation and maintenance of the SCIIS overseeing the preparation of the Sustainability Statement.
In addition, following the entry into force of the CSRD, AVIO also updated the "Executive Officer Regulation" to incorporate the additional sustainability reporting responsibilities assigned by Legislative Decree No. 125/2024 to the Executive Officer for Financial Reporting.

1.3 Strategy
SBM-1 - Strategy, business model and value chain
The AVIO Group's main activities, programmes and customers are:

Assets	Programmes	Customers
- design, development and production of solid and liquid propulsion systems for launchers; - design, development and production of solid propulsion systems for tactical missiles; - development, integration and supply of complete light space launchers (VEGA family); - research and development of new environmentally friendly propulsion systems and attitude control engines for satellites.	Vega Ariane Aspide Aster CAMM-ER MARTE TESEO	ESA (European Space Agency) Arianespace Europropulsion (an AVIO-ArianeGroup joint-venture) ASI (Italian Space Agency) MBDA

The Avio Group has demonstrated its commitment to continuous improvement in sustainability by developing a **Sustainability Policy**. The Group has outlined a concrete strategy to integrate sustainability into its business, identifying the critical link between market competitiveness, productivity, and sustainability.
The Company has also defined a **Sustainability Plan** integrated with the business plan, initiating a process of integration between the industrial and sustainability components with an impact-oriented approach.
The Sustainability Plan is broken down into objectives, actions, time frames, responsibilities, and allocated resources, and is inspired by the SDG Goals. It is continuously monitored with the support of relevant corporate "owners" to ensure any progress made with regard to sustainable materials and the Company's established objectives is thoroughly and accurately analysed. AVIO's Sustainability Policy outlines the strategic directions that guide the Company's sustainable business model development, taking into account the significance of its impact.
The main objectives on which the Sustainability Policy relate to the primary areas of action defined in Avio's Industrial Strategy, in line with the United Nations 2030 Agenda SDGs. These objectives concern technology and innovation.
The policy focuses on the areas in which AVIO can make a tangible contribution to sustainable development, defining specific courses of action that support and enhance business while also raising sustainability standards.

The AVIO Group's headquarters is in Italy (1,297 employees), but the Group operates internationally, with offices in:

- France (16 employees);
- French Guiana (109 employees);
- USA (4 employees)

See section S1-6 – Characteristics of the undertaking's employees for further details.

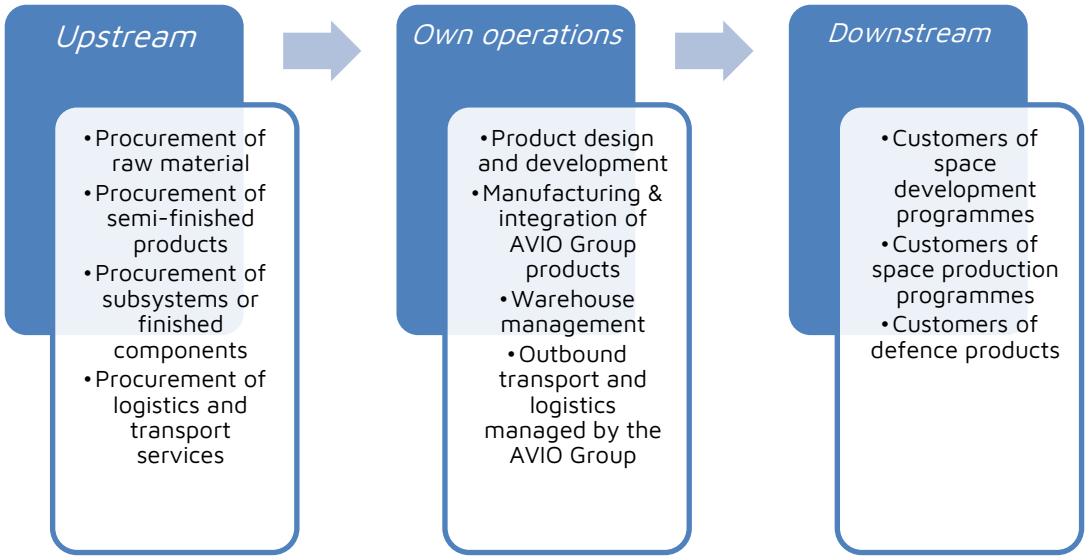
For a breakdown of total revenues for significant ESRS segments, an assessment of its current significant products and/or services and significant markets and customer groups, in relation to the company's sustainability goals, and the elements of the company's strategy that are related to or have an impact on sustainability matters, including key challenges for the future, critical solutions, and projects to be implemented, where relevant for sustainability reporting purposes, please refer to section "3.32 Sales Revenues" of the notes to the consolidated financial statements.

For the key elements of the company's strategy that influence sustainability matters, as well as for the representation of the strategy and business model, please refer to the Sustainability Plan of the AVIO Group described above.

The value chain

The value chain in which the AVIO Group operates encompasses all activities, resources and relationships that the undertaking relies on, spanning from conception, production and delivery to consumption and end-of-life disposal of products placed on the market.
The Group mainly operates in EU countries (Italy, France and French Guiana) and the USA.
Given the specific nature of the AVIO Group's business, impacts, risks and opportunities are most significant in workforce-related operations, resource utilisation, and the potential environmental impact of production and launch test sites. The main commercial relationships are concentrated upstream of the value chain, especially strategic suppliers of raw materials and components according to a dual system:
- procurement of raw materials, semi-finished products, subsystems and finished components: extraction and processing of raw materials, semi-finished products (e.g. electric components), and subsystems applied by subcontractors for space programmes, in addition to finished components used by AVIO for integration into production.
- inbound transport and logistics: transportation of raw materials, semi-finished products and subsystems, including packaging, from suppliers to AVIO warehouses.
The AVIO Group's own operations, including the development, production and direct sales of finished projects (in addition to support activities), are grouped into the following key macro-activities:
- product design and development
- manufacturing & integration of AVIO Group products
- warehouse management
- outbound logistics controlled by the AVIO Group
The subsidiary Se.Co.Sv.Im, on the other hand, manages the Group's real estate activities in Colleferro; in particular, it is responsible for major building maintenance, plant and network upkeep, and the construction of new properties. As part of these operations, it oversees permitting for all construction projects and handles the management of properties.
Further along the value chain, its workforce, strategic suppliers, customers and institutional partners enable the AVIO Group to sustain its business model.

The value chain in which the AVIO Group operates:



In addition, downstream activities include the following:

- use of AVIO Group products by customers
- end-of-life product disposal and waste management.

The downstream phases of the value chain are essential in ensuring that the value created in the initial stages is effectively delivered to the end customer. These phases directly influence customer satisfaction, while also strengthening the undertaking's market position and reputation. Through this approach, the entire AVIO Group value chain generates integrated value, optimising every stage of the process to maximise both economic performance and sustainable growth.
(*) For the business model description and value chain mapping, both qualitative and quantitative data were used, sourced from internal and external sources. These include financial performance metrics, supply chain insights, and market analysis reports.

SBM-2 - Interests and views of stakeholders
AVIO considers stakeholder engagement as one of the company's foundational pillars: as a listed company, dialogue with stakeholders – and particularly shareholders – has taken on a key role over the years. The primary objective is to provide the investor community – and all stakeholders generally – with full access to the business information it requires to assess the Company's situation.
Below are the external and internal stakeholder categories and dialogue and engagement activities carried out in 2025, in addition to the stakeholder engagement activities specifically performed to update the materiality analysis, presented in the next section.
In line with the definitions set out in ESRS 1 (AR 6, paragraphs 22 and 23), the AVIO Group's stakeholders are classified into "Users" (those who use sustainability statements) and "Affected" (those whose interests are or could be positively or negatively impacted by the undertaking's activities and business relationships).

Stakeholder categories	Type of stakeholder	Commitment and activities	Roles and responsibilities for involvement and communication	Stakeholder expectations
Shareholders/investors/financial analysts		The Group remains in constant communication with investors, ensuring transparent, clear, accurate, and timely dialogue. One of the Group's main objectives is to guarantee sustainable business success,	Periodic financial reports, Corporate Governance Reports, Shareholders' Meetings, road shows, press releases, annual results presentation events, participation at international	- Transparency on financial and non-financial performance; - continuous improvement in the ESG field;

	User	including with a view to creating added value for its shareholders. In this context, the Group guarantees constant communication by adopting the best practices on investor relations with shareholders	investor conferences, site visits to the production facilities for financial analysts who watch the stock on the stock exchange, events, and sustainability questionnaires Parties responsible: CEO, CFO & Investor Relations, Communications Manager	- growth in shareholder value; - transparency on financial and non-financial performance.
Government institutions	User	The Group ensures the highest levels of integrity and honesty in its interactions with government and public-sector entities. This commitment is based on a set of principles, roles, and responsibilities established in accordance with current regulations, which seek to foster constructive collaboration that serves the common good.	Conferences, dedicated meetings. Parties responsible: CEO, CFO, Institutional Relations, Communications Manager and General Counsel	- Compliance with applicable regulations; - combatting corruption and bribery; - prevention of offences pursuant to Legislative Decree No. 231/2001; - professionalism and transparency concerning public sector needs.
Oversight and control authorities	User	The Group collaborates with supervisory and control authorities with the utmost integrity and honesty.	Technical roundtables, dedicated meetings, inspections, audits Parties responsible: CEO, CFO, and other Departments involved as appropriate	- Compliance with regulatory requirements; - compliance with applicable regulations; - professionalism and transparency in dealings with these authorities.
Customers and business partners	Affected	The Group seeks to satisfy its customers by attempting to anticipate the needs of current and prospective customers to create value in the short, medium, and long term.	Corporate website, dedicated meetings, brochures. Parties responsible: CEO, CFO, Chief Commercial Officer and General Counsel	- Quality and safety of products and materials; - ongoing support and advice; - product information and training.
Suppliers and sub-contractors		The Group encourages a dialogue that aims to	Company website, dedicated meetings.	- Compliance with

	Affected	establish and maintain stable and lasting partnerships, while also promoting ethical, social, and environmental responsibility towards suppliers and workers	Parties responsible: CEO, CFO, Supply Chain Function	contractual conditions; - continuity in supply demand; - fair and non-discriminatory treatment.
Own workforce or value chain workers	Affected	The Group encourages a dialogue that aims to establish and maintain stable and lasting partnerships, while also promoting ethical, social, and environmental responsibility among its workers and suppliers.	Company website, dedicated meetings. Parties responsible: CEO, CFO, Human Resources Department, Supply Chain Function, Chief Commercial Officer	- Compliance with contractual conditions; fair and non-discriminatory treatment.
Media	User	The Group collaborates with the media on an ongoing basis through interviews, presentations, and dedicated events. It is committed to promoting information campaigns on sustainable innovations, industry news, and any actions taken in aid of the community and environment	Social networks, press releases, interviews, site visits to production plants. Parties responsible: CEO, CFO, Institutional Relations, Investor Relator, Communications Manager and General Counsel	- Timely and truthful communication of the Group's performance and of the main market news emerging; - Presentation of the initiatives of social, cultural and environmental importance; - Presentation of innovations developed and sustainability trends.
Academia	Affected	The Group fosters a shared dialogue with universities, training colleges, and national and international research centres. The objective is to share its passion and expertise in the aerospace industry with new generations. In addition, the Group seeks to inspire and encourage younger generations to study STEM subjects.	Partnerships, conferences, dedicated meetings. Parties responsible: Human Resources Department, Engineering Department	- Promotion of youth and female employment of research and development; - Development of activities of interest with active involvement of students.
Trade associations		The Group maintains constructive relations with trade unions to promote an understanding of	Conferences, working tables, events, workshops, and dedicated meetings.	- Compliance with participation requirements

	User	market needs and trends, facilitate discussions, and contribute to sustainable development.	Parties responsible: Administration, Finance and Control Department, Legal Department, Human Resources Department	and group's active involvement in the dialogue and to events and/or activities promoted; - Sharing of relevant sector insights; - national and international collaborations and initiatives.
Local communities	Affected	The Group pays the utmost attention to the needs of the region in which it operates when conducting business. It seeks to extend the positive impact of its business to local communities.	Organisation of events and partnerships. Parties responsible: CEO, Human Resources Department, Communications Manager	- Implementation of business practices that protect the region and promote local development.
Trade unions	User/Affected	The Group promote ongoing exchange of information and advice with trade unions on issues of common interest to ensure the well-being of its workers and the protection of their rights.	Dedicated meetings Parties responsible: Human Resources department	Respect for contractual conditions

The AVIO Group places great value on interaction with stakeholders, considering it both a method for promoting inclusion and dialogue and a key tool for effectively guiding strategies and initiatives aimed at sustainable development. In this sense, dialogue with stakeholders is a centrally important input to make sure that the organization's planning and activities take stakeholder expectations into account.

In general, corporate bodies are periodically informed of key stakeholder engagement initiatives and their outcomes, so that strategies and planning can be established consistent with what emerges in these channels.

During the 2025 financial year, the undertaking deepened its understanding of the interests and perspectives of key stakeholders as part of its double materiality assessment, a process that involved both internal and external stakeholders. This process enabled the integration of stakeholder needs and expectations into the Group's double materiality definition.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model
During 2025, the AVIO Group renewed its double materiality assessment, as required by ESRS standards, in terms of the evaluation and management of impacts, risks and opportunities related to sustainability matters, from the dual perspective of impact materiality (the "inside-out" perspective) and financial materiality (the "outside-in" perspective).
In addition to informing the Consolidated Sustainability Statement, the double materiality assessment represents a key analytical tool to support the Group's strategy. This approach makes it possible to promptly intercept and manage potential critical issues and to improve the resilience of the business model in relation to any negative effects linked to sustainability matters, through the periodic updating of the Group's Sustainability Plan. In 2025, no specific resilience analysis of the strategy and business model was conducted. However, as

part of its increasingly structured and innovative approach to sustainability, the Group is committed to periodically deepening its analyses of material impacts and risks.
The material IROs identified were determined taking into account the Group's strategy and business model, in addition to the benchmark and contextual analysis; these IROs are primarily linked to the Group's core activities, with a particular focus on its operations.

Below are the material impacts, risks and opportunities identified through the AVIO Group's double materiality assessment for the 2025 reporting year. It should be noted that, considering the specific nature of the AVIO Group's business, impacts, risks and opportunities have been identified in relation to the entity-specific topic "Research, development and innovation".
The material impacts, risks and opportunities (IROs) are further described in the respective sections of this Sustainability Statement.

Table – Impact Materiality

ESRS topic	Impact	Type	Value chain[78]	Time horizon
E1 Climate change	Reduction of emissions through energy efficiency, monitoring and supply of electricity from renewable sources	Positive Potential	Direct	Short-term
	Consumption of energy from non-renewable sources and direct GHG emissions	Negative Actual	Direct	Short-term
	Energy consumption and indirect GHG emissions resulting from productive activities, product, use, and land and air transport (Scope 3)	Negative Actual	Direct and indirect (upstream & downstream)	Short-term
E2 Pollution	Contribution to air pollution due to emissions generated by AVIO's operations, its supply chain, its products and its investments	Negative Actual	Direct and indirect (upstream & downstream)	Short-term
	Use and potential release of polluting, hazardous and substances of very high concern during the production process	Negative Potential	Direct	Short-term Medium-term
E3 Water and marine resources	Resource consumption with regard to operations and the value chain	Negative Actual	Direct and indirect (upstream)	Short-term
E4 Biodiversity and ecosystems	Protection of biodiversity and natural capital through the environmental remediation of areas subject to proceedings within the Site of National Interest (SIN)	Positive Actual	Direct	Long-term
	Effects on biodiversity in areas of raw material extraction	Negative Actual	Indirect (upstream)	Short-term
	Effects on local biodiversity due to production, testing and launch activities	Negative Actual	Direct and indirect (downstream)	Long-term
E5 Circular economy	Contribution to the depletion of natural resources due to the consumption of non-renewable raw materials for industrial processes	Negative Actual	Direct and indirect (upstream)	Long-term
	Waste generation and production scraps from operations and across the value chain	Negative Actual	Direct and indirect (upstream & downstream)	Short-term
	Potential negative effects on the environment and the community due to improper recycling, recovery and disposal of hazardous and non-hazardous waste	Negative Potential	Direct and indirect (downstream)	Long-term

[78] "Direct": own operations; "Indirect": value chain.

S1 Own workforce	Job creation	Positive Actual	Direct	Short-term
	Workers' well-being and protection of their rights	Positive Actual	Direct	Short-term
	Adequate wages in line with national regulations, collective agreements and the company's remuneration policy	Positive Actual	Direct	Short-term
	Employee well-being and work-life balance through appropriate welfare initiatives	Positive Actual	Direct	Short-term
	Development of knowledge of occupational health and safety through training programmes	Positive Actual	Direct	Short-term
	Work-related injuries and/or accidents	Negative Potential	Direct	Short-term
	Equal opportunities among employees and collaborators within the Group through dedicated programmes and initiatives	Positive Actual	Direct	Short-term
	Development of skills and corporate know-how through investment in training programmes	Positive Actual	Direct	Short-term
	Prevention of violence and harassment in the workplace through dedicated tools	Positive Actual	Direct	Short-term
S2 Workers in the value chain	Potential human rights violations within AVIO's operations and along its supply chain (for example, violations of workers' rights, including those relating to freedom of association and expression, a safe and healthy working environment, discrimination, a living wage/fair remuneration, in addition to violations associated with the extraction and trade of materials used, modern slavery, child labour, forced labour, etc.).	Negative Potential	Direct and indirect (upstream)	Medium-term
S3 Affected communities	Well-being and satisfaction of affected communities through support for local initiatives and collaboration with local administrations and organisations	Positive Actual	Indirect (downstream)	Short-term
	Potential impacts on the safety of local communities in French Guiana and Perdasdefogu (Sardinia) related to launch activities	Negative Potential	Indirect (downstream)	Long-term
S4 Consumers and end-users	Loss or leakage of sensitive data	Negative Potential	Direct and indirect (upstream & downstream)	Short-term
	Protection of data and sensitive information through management systems and safeguards	Positive Actual	Direct	Short-term
G1 Business conduct	Compliance with the principles of legality, transparency and integrity, in line with the Group's Code of Ethics, 231 Model and applicable aerospace and defence regulations	Positive Actual	Direct	Short-term
	Improving the supplier selection and monitoring system based on environmental, social and governance parameters	Positive Actual	Direct and indirect (upstream)	Short-term
	Compliance with supplier payment practices	Positive Actual	Direct and indirect (upstream)	Short-term
	Episodes of corruption along the Group's value chain	Negative Potential	Direct and indirect (upstream & downstream)	Short-term
[AVIO Specific] Research, development	Contribution to research, development and innovation through investments and collaborations	Positive Actual	Direct and indirect (upstream & downstream)	Medium-term

and innovation				

Most of the impacts included in the 2025 Consolidated Sustainability Statement have not undergone substantial changes compared to the previous year. Only the following changes have been reported regarding the impacts of the Group:

- ESRS E2 – Pollution: a new material impact was identified relating to air pollution, in line with the characteristics of AVIO's business. In addition, the expansion of reporting on polluting substances was considered as material, with the integration of substances of very high concern into the impact relating to substances of concern included in the 2024 Statement.
- ESRS E5 – Circular Economy: a new material impact was identified relating to the depletion of natural resources, in line with the characteristics of AVIO's business. In addition, the impact relating to the disposal of materials not used in production was deemed not material.
- ESRS S1 – Own Workforce: the impact relating to the lack of inclusion of persons with disabilities was deemed not material.
- ESRS AVIO's Specific – Research, Development and Innovation: a new material impact was identified relating to R&D, as this is a central topic for the evolution of its business.

Table – Financial Materiality

ESRS topic	Risk / Opportunity	Type	Value chain	Time horizon
E1 Climate change	Physical risks related to extreme weather events	Risk	Direct and indirect (upstream & downstream)	Medium-term
	Ease of energy procurement for AVIO thanks to Termica Colleferro's activities	Opportunities	Direct	Short-term
	Transition risks associated with increased economic costs and financial losses due to the increased frequency of extreme weather events related to climate change	Risk	Direct and indirect (upstream & downstream)	Medium-term
	Risks associated with stabilising relations with Termica Colleferro	Risk	Indirect (upstream)	Short-term
E2 Pollution	Economic risks related to potential sanctions due to non-compliance with application environmental regulations	Risk	Direct	Short-term
E5 Circular economy	Risks related to steam supply	Risk	Direct and indirect (upstream)	Medium-term
	Improved material management, potentially impacting cost structures thanks to the introduction of circular economy practices	Opportunities	Direct and indirect (upstream & downstream)	Medium-term
	Research and development into the disposal of (space) debris.	Opportunities	Indirect (upstream and downstream)	Medium-term
	Risk of production disruption due to external events such as natural disasters or supply chain breakdowns for non-replaceable goods and services	Risk	Direct and indirect (upstream)	Medium-term
S1 Own workforce	Increased corporate productivity thanks to enhanced employee well-being	Opportunities	Direct	Short-term
	Risks associated with difficulties attracting new talent	Risk	Direct	Short-term
	Risks related to the loss of key personnel/critical skills	Risk	Direct	Medium-term
S4	Risks associated with potential unidentified product defects	Risk	Direct and indirect (downstream)	Short-term

Consumers and end-users	Risks associated with product quality	Risk	Indirect (downstream)	Short-term
	Risks associated with testing processes	Risk	Direct and indirect (upstream & downstream)	Short-term
G1 Business conduct	Risk associated with failure in production and/or development programmes	Risk	Indirect (upstream)	Short-term
	Risk of unauthorised access to classified/sensitive information	Risk	Direct and indirect (upstream & downstream)	Short-term
	Risk associated with the loss of confidentiality of information	Risk	Direct and indirect (upstream & downstream)	Short-term
	Risk related to the management of working capital and deferred collection times	Risk	Indirect (upstream)	Short-term
	Risk related to the supply chain for new components in the design and development phase	Risk	Indirect (upstream)	Short-term
	Risk related to the unavailability of strategic suppliers	Risk	Indirect (upstream)	Short-term
	Reputational advantage thanks to ESG monitoring of the entire value chain and the adoption of responsible marketing practices	Opportunities	Direct and indirect (upstream & downstream)	Medium-term
[AVIO's Specific] Research, development and innovation	Risk related to technological obsolescence	Risk	Indirect (upstream)	Medium-term
	Development of new technologies with related improvement of competitive position and consequent new market opportunities	Opportunities	Direct	Medium-term
	Security and business continuity through contracted programs with institutional customers	Opportunities	Indirect (upstream)	Short-term

Most of the risks and opportunities included in the 2025 Consolidated Sustainability Statement have not undergone any material changes compared to the previous statement. Only the following changes in the Group's risks and opportunities are reported:

- ESRS E1 - Climate Change: greater emphasis was placed on weather-related risks, separating the risk relating to extreme events from the physical and economic risks associated with weather events themselves. Therefore, a risk related to the supply of energy by Termica Colleferro was associated with a critical analysis in ESG terms of the assessments carried out during the 2025 risk assessment activity.
- ESRS E5 - Circular Economy: a new risk was added as material relating to the supply of steam, identified through ERM.
- ESRS S1 - Own Workforce: a greater focus was placed on personnel-related risks, separating the risk related to low worker attractiveness and the risk related to the loss of key personnel for the Group.
- ESRS S4 - Consumers and End-Users: the integration by ERM of three new risks relating to product quality and testing processes was assessed as material.
- ESRS G1 – Business Conduct: risks relating to non-compliance were deemed not material following the update of ERM assessments due to the mitigation actions implemented.
- ESRS AVIO'S Specific – Research, Development and Innovation: the risk relating to insurance coverage was deemed not material following the update of ERM assessments. In addition, the analysis and in-depth review of the corporate risk universe led to the reclassification of some risks previously associated with topic G1 to the Entity-Specific topic.

With regard to climate risks, please refer to the section "Accounting estimates and significant judgments made to account for the impacts of climate risks" of the consolidated financial statements. Regarding risks related to pollution issues, please refer to the consolidated financial statements note "3.24. Provisions for risks and charges". Regarding the identified risks related to supply chain management, such as interruption of supply of goods, please refer to the Directors' Report section "Main risks and uncertainties the Group is exposed to" sub-

section Risks related to war in Ukraine. Regarding the risks identified under the topic S1 Own workforce, the Company reserves the right to enter into non-competition agreements involving specific roles with strategic knowledge, in compliance with statutory provisions and limitations of a maximum duration of 12 months which envisages payment equal to a percentage of fixed remuneration (without prejudice to previous individual agreements already entered into). To date, the amount set aside is not significant.

1.4 Management of impacts, risks and opportunities

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

The process adopted to identify and assess the AVIO Group's impacts, risks and opportunities follows the approach described in detail in the EFRAG IG 1 Guidelines: "Materiality Assessment Implementation Guidance". This process has been made structural and formalised at AVIO through the drafting of an internal guideline.

The approach adopted combines an assessment of the impacts generated by the company on people and the environment with an evaluation of risks and opportunities, incorporating analysis and evaluations of the Group's ERM framework that could influence financial performance. The double materiality process conducted for this statement also reviewed the results of the previous year's impact materiality assessment, updating them where necessary in response to regulatory requirements and any significant changes in the business model, value chain mapping, or stakeholders.

In line with the materiality assessment carried out for the 2024 Statement, the AVIO Group adopted a process divided into the following four phases:

1) Understanding the organisational context and value chain mapping: to identify relevant ESG-related impacts, risks and opportunities for the AVIO Group, an in-depth analysis of the operational context was conducted, extending beyond the core business to include the entire value chain (both upstream and downstream) and major sustainability macro-trends.

This analysis involved a benchmarking study of the main peer sustainability practices, based on publicly available documentation. In addition, internationally recognised sources were consulted to identify key sustainability topics related to the sector. In-depth analyses of institutional reports, articles on the aerospace sector and publications on the main ESG trends were also carried out.

A review of the Group's internal and external documents was also carried out to assess their relevance to the ESG topics analysed. As part of this activity, the Group's value chain was mapped to enable the full identification of potentially significant IROs.

2) Identification of IROs: based on the results of the context and AVIO's ERM analysis findings, an identification process was launched for both current and potential positive and negative impacts, risks and opportunities (IROs) related to environmental, social and governance (ESG) matters potentially relevant to the Group. This process led to the definition of a long list of IROs associated with the list of ESRS topics, sub-topics, and sub-sub-topics indicated in ESRS 1 - AR 16. The identification of IROs took into account the areas in which the Company is involved through its activities, as a consequence of its business relationships, the regions in which it operates, its dependencies, the involvement of affected stakeholders and the specific context in which the Group companies operate.

In addition, the Group has adopted an integrated approach that systematically considers ERM analysis and the connections between impacts, dependencies, risks and ESG-related opportunities across the entire value chain.

In line with ESRS 1, AR 14, the AVIO Group has assessed how its impacts – both positive and negative – can generate risks, such as potential reputational, financial or legal damages, and opportunities, such as innovation, improved operational performance and strengthened stakeholder relationships.

Finally, in accordance with the Materiality Assessment Implementation Guidance, each IRO was associated with a prevailing time horizon and positioned along the value chain.

3) IRO assessment: after identifying the stakeholders involved in the assessment process and defining the assessment parameters in line with the EFRAG Double Materiality Guidelines and the AVIO Group's ERM assessment scales, the materiality assessment was carried out as follows:

3.1 **Impact materiality –** stakeholders were asked to assess the scale, scope, irremediable character (for negative impacts only) and likelihood (for potential impacts only) of the impacts preliminarily identified.

3.2 **Financial materiality –** using ERM assessments as a basis, the product of the impact of the risks/opportunities and their likelihood was taken into account to calculate financial materiality. Opportunities were assessed through qualitative reasoning and by referring to the same severity and probability scales adopted in ERM for risks.

The ERM model takes into account all potential threats to the attainment of a Company's strategic goals. According to the nature of their impact on Avio's operations, risks are classified into the following categories:

- Strategic Risks – risks inherent in the strategies employed to achieve company targets;

- Operational Risks – risks inherent in the Company's implementation and support processes for the operation of the organisational structure, executing business strategy and managing process change;
- Financial Risks – inherent risks associated with the undertaking's capacity to meet its financial obligations;
- Compliance Risks - risks inherent in potential judicial or administrative sanctions or reputational damage for violating interpretative rules (of law or regulations) or self-regulations;
- Context Risks – risks inherent to the occurrence of changes in the undertaking's external environment (regulatory changes at national or European level, changes in the requirements for accessing EU financing sources, etc.);
- Information Systems Risks – risks inherent in the malfunctioning of or tampering with information systems, for private economic gain;
- Cyber Risks: the possibility that information handled via the Company's computer system could be hacked, stolen, deleted or tampered with as a result of unintentional occurrences or malicious deeds.

ESG risks do not constitute an autonomous category in the ERM model, but operate as transversal drivers that can influence the exposure and relevance of all other types of business risk. In the context of risk assessment activities, in which risk profiles attributable to ESG issues are also integrated, the potential impacts arising from the various areas of sustainability are analysed based on the risks already present in the overall business risks. In this manner, risks related to ESG material topics were not treated separately, but assessed in concert with other risk categories, ensuring a unified and integrated view of overall riskiness. Therefore, during the normal risk assessment activity, for risks related to various material topics, as well as climate change risk, the responsible parties (risk owners) accountable for managing the risk itself and the related control system, in addition to the implementation and improvement of mitigation actions, were identified. The risks, the evaluation of the internal control system to be monitored, and the relevant mitigation actions are recorded in the Risk Register, which is periodically updated n conjunction with the risk owners and risk specialists based on an annual plan approved by the Board of Directors and subject to the approval of the Control and Risks Committee. Upon completion of the risk assessment activity, the Risk Register is made accessible to the Internal Audit function for the development of its Audit Plan from a risk-based perspective, including ESG risks.

4) Finalisation and approval of IROs: once the stakeholders' assessments and ERM findings had been obtained, the IROs exceeding the materiality threshold were identified.
A specific sustainability matter satisfies the double materiality criterion if it is material from an impact perspective, a financial perspective, or both. The impacts, risks and opportunities (IROs) identified by the AVIO Group and linked to ESRS sustainability topics were considered material if the final score met or exceeded a materiality threshold of 10, on a scale of 1 to 25.
The results of the double materiality were validated by the Sustainability Committee and approved by the Board of Directors on January 29, 2026.

IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement
The following table lists the ESRS disclosure requirements that informed the preparation of the AVIO Group's 2024 Sustainability Statement.

Disclosure Requirement		Section 1
ESRS 2 - General Disclosures		
BP-1	General basis for preparation of sustainability statements	1.1 Basis for preparation
BP-2	Disclosures in relation to specific circumstances	1.1 Basis for preparation
GOV-1	The role of the administrative, management and supervisory bodies	1.2 Governance 11.1.1 Governance
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2 Governance
GOV-3	Integration of sustainability-related performance in incentive schemes	1.2 Governance 2.2.1 Governance
GOV-4	Statement on due diligence	1.2 Governance
GOV-5	Risk management and internal controls over sustainability reporting	1.2 Governance
SBM-1	Strategy, business model and value chain	1.3 Strategy

SBM-2	Interests and views of stakeholders	1.3 Strategy 7.1.1 Strategy 8.1.1 Strategy 9.1.1 Strategy
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.3 Strategy 2.2.2 Strategy 5.1.1 Strategy 7.1.1 Strategy 8.1.1 Strategy 9.1.1 Strategy 10.1.1 Strategy
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Management of impacts, risks and opportunities 2.2.2 Strategy 3.1.1 Management of impacts, risks and opportunities 4.1.1 Management of impacts, risks and opportunities 5.1.1 Strategy 6.1.1 Management of impacts, risks and opportunities 11.1.2 Management of impacts, risks and opportunities
IRO-2	Disclosure requirements in ESRS covered by the Company's Sustainability Statement	1.4 Management of impacts, risks and opportunities
MDR-P	Policies adopted to manage material sustainability matters	MDR-P - Policies adopted to manage material sustainability matters 2.2.2 Management of impacts, risks and opportunities 3.1.1 Management of impacts, risks and opportunities 4.1.1 Management of impacts, risks and opportunities 5.1.2 Management of impacts, risks and opportunities 6.1.1 Management of impacts, risks and opportunities 7.1.2 Management of impacts, risks and opportunities 8.1.2 Management of impacts, risks and opportunities 9.1.2 Management of impacts, risks and opportunities 10.1.2 Management of impacts, risks and opportunities 11.1.2 Management of impacts, risks and opportunities
MDR-A	Actions and resources in relation to material sustainability matters	2.2.2 Management of impacts, risks and opportunities 3.1.1 Management of impacts, risks and opportunities 4.1.1 Management of impacts, risks and opportunities 5.1.1 Strategy 6.1.1 Management of impacts, risks and opportunities 7.1.2 Management of impacts, risks and opportunities

		8.1.2 Management of impacts, risks and opportunities 9.1.2 Management of impacts, risks and opportunities 10.1.2 Management of impacts, risks and opportunities 11.1.2 Management of impacts, risks and opportunities
MDR-M	Metrics in relation to material sustainability matters	2.2.3 Metrics and targets 3.1.2 Metrics and targets 4.1.2 Metrics and targets 5.1.3 Metrics and targets 6.1.2 Metrics and targets 7.1.3 Metrics and targets 11.1.2 Metrics and targets
MDR-T	Tracking effectiveness of policies and actions through targets	2.2.3 Metrics and targets 3.1.2 Metrics and targets 4.1.2 Metrics and targets 5.1.3 Metrics and targets 6.1.2 Metrics and targets 7.1.3 Metrics and targets 8.1.3 Metrics and targets 9.1.3 Metrics and targets 10.1.3 Metrics and targets 11.1.2 Metrics and targets
ESRS E1 - Climate Change		
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	2.2.1. Governance
E1-1	Transition plan for climate change mitigation	2.2.2 Strategy
ESRS 2, SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.2 Strategy
ESRS 2, IRO 1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	2.2.2 Strategy
E1-2	Policies related to climate change mitigation and adaptation	2.2.2 Management of impacts, risks and opportunities
E1-3	Actions and resources in relation to climate change policies	2.2.2 Management of impacts, risks and opportunities
E1-4	Targets related to climate change mitigation and adaptation	2.2.3 Metrics and targets
E1-5	Energy consumption and mix	2.2.3 Metrics and targets
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	2.2.3 Metrics and targets
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	2.2.3 Metrics and targets
E1-8	Internal carbon pricing	2.2.3 Metrics and targets
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Subject to phase-in
ESRS E2 - pollution		
ESRS 2, IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	3.1.1 Management of impacts, risks and opportunities
E2-1	Policies related to pollution	3.1.1 Management of impacts, risks and opportunities
E2-2	Actions and resources related to pollution	3.1.1 Management of impacts, risks and opportunities

E2-3	Pollution-related targets	3.1.2 Metrics and targets
E2-4	Air, water and soil pollution	3.1.2 Metrics and targets
E2-5	Substances of concern	3.1.2 Metrics and targets
E2-6	Anticipated financial effects from material physical and transition risks and potential pollution-related opportunities	Subject to phase-in
ESRS E3 - Water and marine resources		
ESRS 2, IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	4.1.1 Management of impacts, risks and opportunities
E3-1	Policies related to water and marine resources	4.1.1 Management of impacts, risks and opportunities
E3-2	Actions and resources related to water and marine resources	4.1.1 Management of impacts, risks and opportunities
E3-3	Targets related to water and marine resources	4.1.2 Metrics and targets
E3-4	Water consumption	4.1.2 Metrics and targets
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Subject to phase-in
ESRS E4 - Biodiversity and ecosystems		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	5.1.1 Strategy
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	5.1.1 Strategy
ESRS 2, IRO 1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	5.1.1 Strategy
E4-2	Policies related to biodiversity and ecosystems	5.1.2 Management of impacts, risks and opportunities
E4-3	Actions and resources related to biodiversity and ecosystems	5.1.2 Management of impacts, risks and opportunities
E4-4	Targets related to biodiversity and ecosystems	5.1.3 Metrics and targets
E4-5	Impact metrics related to biodiversity and ecosystems change	5.1.3 Metrics and targets
E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	Subject to phase-in
ESRS E5 – Resource use and circular economy		
ESRS 2, IRO 1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	6.1.1 Management of impacts, risks and opportunities
E5-1	Policies related to resource use and circular economy	6.1.1 Management of impacts, risks and opportunities
E5-2	Actions and resources related to resource use and circular economy	6.1.1 Management of impacts, risks and opportunities
E5-3	Targets related to resource use and circular economy	6.1.2 Metrics and targets
E5-5	Resource outflows	6.1.2 Metrics and targets
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Subject to phase-in
ESRS S1 – Own workforce		

ESRS 2, SBM 2	Interests and views of stakeholders	7.1.1 Strategy
ESRS 2, SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	7.1.1 Strategy
S1-1	Policies related to own workforce	7.1.2 Management of impacts, risks and opportunities
S1-2	Processes for engaging with own workers and workers' representatives about impacts	7.1.2 Management of impacts, risks and opportunities
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	7.1.2 Management of impacts, risks and opportunities
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	7.1.2 Management of impacts, risks and opportunities
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	7.1.3 Metrics and targets
S1-6	Characteristics of the undertaking's employees	7.1.3 Metrics and targets
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Subject to phase-in
S1-8	Collective bargaining coverage and social dialogue	7.1.3 Metrics and targets Phase-in applied to non-EEA workers
S1-9	Diversity metrics	7.1.3 Metrics and targets
S1-10	Adequate wages	7.1.3 Metrics and targets
S1-11	Social protection	Subject to phase-in
S1-12	Persons with disabilities	Subject to phase-in
S1-13	Training and skills development metrics	7.1.3 Metrics and targets
S1-14	Health and safety metrics	7.1.3 Metrics and targets Phase-in applied to non-employees
S1-15	Work-life balance metrics	Subject to phase-in
S1-16	Remuneration metrics (pay gap and total remuneration)	7.1.3 Metrics and targets
S1-17	Incidents, complaints and severe human rights impacts	7.1.3 Metrics and targets
ESRS S2 - Workers in the value chain		
ESRS 2, SBM-2	Interests and views of stakeholders	8.1.1 Strategy
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	8.1.1 Strategy
S2-1	Policies related to value chain workers	8.1.2 Management of impacts, risks and opportunities
S2-2	Processes for engaging with value chain workers about impacts	8.1.2 Management of impacts, risks and opportunities
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	8.1.2 Management of impacts, risks and opportunities
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	8.1.2 Management of impacts, risks and opportunities

S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	8.1.3 Metrics and targets
ESRS S3 Affected communities		
ESRS 2, SBM-2	Interests and views of stakeholders	9.1.1 Strategy
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	9.1.1 Strategy
S3-1	Policies related to affected communities	9.1.2 Management of impacts, risks and opportunities
S3-2	Processes for engaging with affected communities about impacts	9.1.2 Management of impacts, risks and opportunities
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	9.1.2 Management of impacts, risks and opportunities
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	9.1.2 Management of impacts, risks and opportunities
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.1.3 Metrics and targets
ESRS S4 – Consumers and end-users		
ESRS 2, SBM 2	Interests and views of stakeholders	10.1.1 Strategy
ESRS 2, SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	10.1.1 Strategy
S4-1	Policies related to consumers and end-users	10.1.2 Management of impacts, risks and opportunities
S4-2	Processes for engaging with consumers and end-users about impacts;	10.1.2 Management of impacts, risks and opportunities
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	10.1.2 Management of impacts, risks and opportunities
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions;	10.1.2 Management of impacts, risks and opportunities
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	10.1.3 Metrics and targets
ESRS G1 – Business conduct		
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	11.1.1 Governance
ESRS 2, IRO 1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	11.1.2 Management of impacts, risks and opportunities
G1-1	Corporate culture and business conduct policies	11.1.2 Management of impacts, risks and opportunities
G1-2	Management of relationships with suppliers	11.1.2 Management of impacts, risks and opportunities
G1-3	Prevention and detection of corruption and bribery	11.1.2 Management of impacts, risks and opportunities

G1-4	Confirmed incidents of corruption or bribery	11.1.2 Metrics and targets
G1-6	Payment practices	11.1.2 Metrics and targets

List of datapoints in cross-cutting and topical standards that derive from other EU legislation
The following table lists the datapoints derived from other European Union legislation that are reported within this Consolidated Sustainability Statement, in accordance with Appendix B of ESRS 2.

Disclosure requirement and corresponding datapoint	SFDR reference	Pillar 3 reference	Reference regulation reference	Reference Climate Law reference	Paragraph
ESRS 2 GOV-1 Board's gender diversity, paragraph 21(d)	Annex I, table 1, indicator no. 13		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, table 3, indicator no. 10				ESRS 2 GOV-4 - Statement on due diligence
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	Annex I, table 1, indicator no. 4	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not applicable for the Group
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii)	Annex I, table 2, indicator no. 9		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not applicable for the Group
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	Annex I, table 1, indicator no. 14	Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818 (7) and Annex II of			Not applicable for the Group

		Delegated Regulation (EU) 2020/1816			
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)			Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Not applicable for the Group
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Article 2, paragraph 1 of Regulation (EU) 2021/1119	E1-1 - Transition plan for climate change mitigation
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Article 12(1)(d) to (g), and paragraph 2, of Delegated Regulation (EU) 2020/1818		Not applicable for the Group
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, table 2, indicator no. 4	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		E1-4 - Targets related to climate change mitigation and adaptation

ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	Annex I, table 1, indicator no. 5 and Annex I, table 2, indicator no. 5				E1-5 - Energy consumption and mix
ESRS E1-5 Energy consumption and mix, paragraph 37	Annex I, table 1, indicator no. 5				E1-5 - Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Annex I, table 1, indicator no. 6				E1-5 - Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Annex I, table 1, indicators no. 1 and 2	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Potential climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Article 5, paragraph 1, Article 6 and Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, table 1, indicator no. 3	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions

ESRS E1-7 GHG removals and carbon credits, paragraph 56				Article 2, paragraph 1 of Regulation (EU) 2021/1119	Phase-in
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 letter c)		Article 449a of Regulation (EU) No. 575/2013; paragraphs 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; template 5: Banking book - Potential climate change transition risk indicators: exposures subject to physical risk			Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)		Article 449a of Regulation (EU) No. 575/2013; Item 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book - Potential climate change transition risk indicators: loans collateralised by immovable property – Energy efficiency of the collateral			Phase-in

ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Annex II of Delegated Regulation (EU) 2020/1818		Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Annex I, table 1, indicator no. 8; annex I, table 2, indicator no. 2; annex I, table 2, indicator no. 1; annex I, table 2, indicator no. 3				E2-4 - Pollution of air, water and soil
ESRS E3-1 Water and marine resources paragraph 9	Annex I, table 2, indicator no. 7				E E3-1 – Policies related to water and marine resources
ESRS E3-1 Dedicated policy paragraph 13	Annex I, table 2, indicator no. 8				E E3-1 – Policies related to water and marine resources
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Annex I, table 2, indicator no. 12				Not material for the Group
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	Annex I, table 2, indicator no. 6.2				E3-4 – Water consumption
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations, paragraph 29	Annex I, table 2, indicator no. 6.1				E3-4 – Water consumption
ESRS 2 SBM-3 – E4 paragraph 16(a)(i)	Annex I, table 1, indicator no. 7				ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 SBM-3 – E4 paragraph 16(b)	Annex I, table 2, indicator no. 10				ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3 – E4 paragraph 16(c)	Annex I, table 2, indicator no. 14				ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24(b)	Annex I, table 2, indicator no. 11				Not material for the Group
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24(c)	Annex I, table 2, indicator no. 12				Not material for the Group
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	Annex I, table 2, indicator no. 15				Not material for the Group
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, table 2, indicator no. 13				E5-5 - Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, table 1, indicator no. 9				E5-5 - Resource outflows
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour, paragraph 14(f)	Annex I, table 3, indicator no. 13				Not material for the Group
ESRS 2 – SBM3 – S1 Risk of incidents of child labour, paragraph 14(g)	Annex I, table 3, indicator no. 12				Not material for the Group
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				S1-1 - Policies related to own workforce
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		S1-1 - Policies related to own workforce

Conventions 1 to 8, paragraph 21					
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, table 3, indicator no. 11				Not material for the Group
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Annex I, table 3, indicator no. 1				S1-1 - Policies related to own workforce
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	Annex I, table 3, indicator no. 5				S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88(b) and (c)	Annex I, table 3, indicator no. 2		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		S1-14 – Health and safety metrics
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88(e)	Annex I, table 3, indicator no. 3				S1-14 – Health and safety metrics
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Annex I, table 1, indicator no. 12		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		S1-16 – Remuneration metrics (pay gap and total remuneration)
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 letter b)	Annex I, table 3, indicator no. 8				S1-16 – Remuneration metrics (pay gap and total remuneration)
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	Annex I, table 3, indicator no. 7				S1-17 - Incidents, complaints and severe human rights impacts
ESRS S1-17 Non-respect of UNGPs on Business and Human	Annex I, table 1, indicator no. 10 and Annex I, table		Annex II of Delegated Regulation		S1-17 - Incidents, complaints and severe human rights impacts

Rights and OECD, paragraph 104(a)	3, indicator no. 14		(EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	Annex I, table 3, indicators no. 12 and 13				Not material for the Group
ESRS S2-1 Human rights policy commitments, paragraph 17	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				S2-1 - Policies related to value chain workers
ESRS S2-1 Policies related to value chain workers, paragraph 18	Annex I, table 3, indicators no. 11 and 4				S2-1 - Policies related to value chain workers
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		S2-1 - Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		S2-1 - Policies related to value chain workers
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Annex I, table 3, indicator no. 14				S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

ESRS S3-1 Human rights policy commitments, paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				S3-1 - Policies related to affected communities
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		S3-1 - Policies related to affected communities
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, table 3, indicator no. 14				S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
ESRS S4-1 - Policies related to consumers and end-users, paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				S4-1 – Policies related to consumers and end-users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		S4-1 – Policies related to consumers and end-users
ESRS S4-4 Human rights issues and incidents, paragraph 35	Annex I, table 3, indicator no. 14				S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material

					opportunities related to consumers and end-users, and effectiveness of those actions
ESRS G1-1 United Nations Convention against corruption, paragraph 10(b)	Annex I, table 3, indicator no. 15				G1-1 - Corporate culture and business conduct policies
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, table 3, indicator no. 6				G1-1 - Corporate culture and business conduct policies
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	Annex I, table 3, indicator no. 17		Annex II of Delegated Regulation (EU) 2020/1816		G1-4 – Confirmed incidents of corruption or bribery
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24(b)	Annex I, table 3, indicator no. 16				G1-4 – Confirmed incidents of corruption or bribery

1.5 MDR-P - Policies adopted to manage material sustainability matters

In line with the minimum disclosure requirement, the table below provides a comprehensive overview of the policies and management systems adopted by the AVIO Group to prevent, mitigate and remediate actual and potential impacts, address risks and pursue opportunities. For the detail and association between the policies included in the table below to material sustainability matters and their impacts, risks and opportunities, please refer to the dedicated sections within the individual chapters.

Sustainability Policy	
Main policy contents	The main objectives on which the Sustainability Policy relate to the primary areas of action defined in Avio's Industrial Strategy, in line with the United Nations 2030 Agenda Sustainable Development Goals (SDGs). These objectives concern technology and innovation, around which the Avio Group centres its core business. Avio's Sustainability Policy outlines the strategic directions that guide the Company's sustainable business model development, taking into account the significance of its impact.
Application	Avio S.p.A.
Subject responsible for policy implementation	Board of Directors
Regulatory references	N/A
Relevant stakeholders	All AVIO Group stakeholders
Policy dissemination method(s)	Internal Policy/Non-Financial Statements
Code of Ethics	
Main policy contents	The Code of Ethics is based on the following guiding values: - Ethical principles of fairness, transparency, honesty and integrity to which internal staff, collaborators, suppliers and those with whom AVIO has close business relationships must conform.

	- Rules of Conduct: these define the guidelines and standards to which all recipients of the Code of Ethics must adhere to in order to comply with the general principles and prevent the risk of unethical behaviour; - Methods of implementation and control: these define the Company's appointed bodies in charge of supervising the application of the Code of Ethics, the reporting systems available to recipients, and the monitoring system for enacting its principles and for compliance with the Code of Ethics and its continuous improvement.
Application	AVIO Group and value chain
Subject responsible for policy implementation	Board of Directors
Regulatory references	Laws and regulations applicable to its business
Relevant stakeholders	All AVIO Group stakeholders
Policy dissemination method(s)	AVIO website
Charter of Ethics (*Charte D'Etique*)	
Main policy contents	Following the example of the parent company and in line with the high standards adopted by it, Regulus has developed the Charte Etique (also the "Charter of Ethics"), which is broken down into three themes (namely, protection and respect for employees, compliance with laws, rules and regulations, and, finally, specifications for partners) and applies to all Company employees, both internally and externally, to the extent that an external commitment may be affected by a clause in the Charter
Application	Regulus and related value chain
Subject responsible for policy implementation	Regulus
Regulatory references	N/A
Relevant stakeholders	All Regulus stakeholders
Policy dissemination method(s)	Internal mode
Gender Equality Policy	
Main policy contents	In compliance with UNI/PdR 125:2022, AVIO's Gender Equality Policy is based on the following fundamental principles: (i) impartiality, inclusivity and fairness (ii) ethics, integrity and transparency (iii) enhancement of human capital in line with the principle of equal opportunities (iv) protection of employees' physical well-being and (v) zero tolerance of any form of violence or discrimination. This Policy attests to AVIO's commitment to promoting policies and practices to reduce the gender gap in the workplace.
Application	AVIO Group and value chain
Subject responsible for policy implementation	Board of Directors
Regulatory references	UNI/PdR 125:2022 practices and laws and regulations applicable to its business
Relevant stakeholders	All AVIO Group stakeholders
Policy dissemination method(s)	Internal mode
Human rights protection policy	
Main policy contents	This Human Rights Protection Policy therefore sets out the fundamental principles and commitments made by the Avio Group to protect and safeguard human rights in the undertaking of its business activities and in every context in which it operates, so as to promote an ethical, safe and just working environment that complies with internationally recognised standards and principles. This Policy confirms the Avio Group's commitment to not establishing or continuing business relationships with anyone who expressly refuses to respect human rights. Avio does not establish or continue business relationships with anyone who expressly refuses to abide by these principles. respect for human rights Violation reporting system the Policy also defines the methods for reporting violations through dedicated reporting channels made available to employees, with the

	goal of promptly identifying and managing violations of human rights, including potential ones.
Application	AVIO Group and value chain
Subject responsible for policy implementation	Board of Directors
Regulatory references	Laws and regulations applicable to its business
Relevant stakeholders	All AVIO Group stakeholders
Policy dissemination method(s)	AVIO website
Environmental Policy	
Main policy contents	Ensures principles of compliance, protection, prevention and integration regarding environmental aspects within business activities. General targets serve as a starting point to define specific improvement goals.
Application	Entire AVIO Group
Subject responsible for policy implementation	Senior Management, HSE Department
Regulatory references	Environmental legal requirements and compliance obligations based on context-specific analysis
Relevant stakeholders	All AVIO Group stakeholders
Policy dissemination method(s)	Internal policy
Diversity Policy	
Main policy contents	Defines and formalises the criteria and tools adopted by Avio to ensure a suitable level of diversity in its Corporate Bodies with the aim of orienting applications put forward by the shareholders during the renewal of Corporate Bodies and ensuring suitable consideration of the benefits that can be gained from a uniform composition, aligned to the various diversity criteria.
Application	Entire AVIO Group
Subject responsible for policy implementation	Board of Directors
Regulatory references	Directive 2014/95/EU, Legislative Decree No. 254/2016, Legislative Decree of February 24, 1998, Consob Resolution No. 11971 of May 14, 1999, Law No. 120/2011, Corporate Governance Code, CONSOB Resolution No. 21359/2020;
Relevant stakeholders	Shareholders, Investors, Financial Analysts
Policy dissemination method(s)	AVIO website
Welfare Plan	
Main policy contents	Ensures that all beneficiaries can access tax benefits under relevant regulations concerning welfare services and/or benefits, providing tangible and concrete advantages to employees and their families.
Application	Entire AVIO Group
Subject responsible for policy implementation	HR Management
Regulatory references	Article 51 of the Income Tax Law
Relevant stakeholders	Own workers
Policy dissemination method(s)	Internal policy
Remuneration Policy - Talent Development	
Main policy contents	Through its Talent Development Policy, AVIO sets out several objectives: - Ensure professional and salary growth for top talent through a Merit-Based Development Policy based on differentiation - Establish career development paths for acquiring technical and/or managerial skills and retaining high-potential employees
Application	Entire AVIO Group
Subject responsible for policy implementation	HR Management
Regulatory references	N/A
Relevant stakeholders	Own workers
Policy dissemination method(s)	Internal policy
Specialist Career Policy	
Main policy contents	The purpose of the policy is to define the concept of a "Specialist Career", determine when it is applicable and provide guidance on its

	proper implementation in terms of process, total reward and development.
Application	Entire AVIO Group
Subject responsible for policy implementation	HR Management
Regulatory references	N/A
Relevant stakeholders	Own workers
Policy dissemination method(s)	Internal policy
Flexible Working Policy	
Main policy contents	Corporate regulation establishing conditions and implementation methods for flexible working across Company Departments
Application	Entire AVIO Group
Subject responsible for policy implementation	HR Management
Regulatory references	Legislative Decree No. 81/2018, Article 33 of Law No. 104 of February 5, 1992, Legislative Decree No. 66/2003, Article 4 of Law No. 300 of May 20, 1970;
Relevant stakeholders	Own workers
Policy dissemination method(s)	Internal policy
Travel Policy	
Main policy contents	The document serves as a comprehensive guide for the proper management of business travel and ensures that all Avio Group employees receive the necessary support during work assignments, both in Italy and abroad.
Application	Entire AVIO Group
Subject responsible for policy implementation	HR Management
Regulatory references	N/A
Relevant stakeholders	Own workers
Policy dissemination method(s)	Internal policy
Workplace Health & Safety Policy	
Main policy contents	Outlines AVIO's priorities in the conduct of its activities, including: protection of the health and safety of workers and the community, the safety of facilities, the control and minimisation of risks, the prevention of work-related injuries and ill health, in full compliance with existing health and safety laws and legislation for workers.
Application	AVIO S.p.A.
Subject responsible for policy implementation	HSE Department
Regulatory references	Legislative Decree No. 105/15, Consolidated Law on Public Security, Legislative Decree No. 81/08.
Relevant stakeholders	Own workers
Policy dissemination method(s)	Internal policy
Major accident prevention policy	
Main policy contents	The document outlines the objectives and strategies that AVIO intends to pursue in the prevention and control of major accidents, ensuring the protection of workers, the public and the environment.
Application	AVIO S.p.A.
Subject responsible for policy implementation	HSE Department
Regulatory references	Legislative Decree No. 105/15, Consolidated Law on Public Security, Legislative Decree No. 81/08.
Relevant stakeholders	Own workers and affected communities
Policy dissemination method(s)	Internal policy
Quality, Occupational Health and Safety and Environmental Policy (*Politique en matière de Qualité, de Santé et Sécurité au travail et de respect de l'Environment*)	
Main policy contents	Following the Parent Company's example and in line with its high standards, Regulus developed the *Politique en matière de Qualité, de Santé et Sécurité au travail et de respect de l'Environment* (also "Quality, Occupational Health and Safety and Environmental Policy"). This policy outlines objectives related to health and safety,

	environmental protection and customer satisfaction, in line with the relevant ISO standards. Quality of Life and Working Conditions and Prevention of Major Accidents (Qualité de Vie et des Condition de Travail et la Prevention des Accidents Majeurs)
Application	Regulus
Subject responsible for policy implementation	N/A
Regulatory references	N/A
Relevant stakeholders	Regulus and Regulus value chain
Policy dissemination method(s)	Internal policy
Quality Policy	
Main policy contents	Defines AVIO's fundamental values in maintaining the highest levels of excellence in product quality, performance, competitiveness and service quality while complying with applicable regulations.
Application	AVIO S.p.A.
Subject responsible for policy implementation	Quality Department
Regulatory references	N/A
Relevant stakeholders	All internal and external stakeholders of the AVIO Group
Policy dissemination method(s)	Internal policy
ITAR and EAR Materials Management Procedure	
Main policy contents	It ensures that materials (including intangible items such as software and technology) placed on the US market comply with ITAR and EAR regulations in the context of import, storage, transport, re-export and transit operations, in addition to alignment with internal management practices in accordance with the relevant regulations.
Application	AVIO Group
Subject responsible for policy implementation	AVIO S.p.A. departments
Regulatory references	US International Traffic in Arms Regulations (ITAR); US Export Administration Regulations (EAR)
Relevant stakeholders	All internal and external stakeholders of the AVIO Group
Policy dissemination method(s)	Internal policy
Cyber Security Policy	
Main policy contents	Oversees the key aspects of cyber security management and includes a set of policies on the topic, including: data access, data storage and protection; the management of technological resources and the IT environment, in addition to physical and remote access conditions; the antivirus policy; acceptable use conditions; vulnerability assessment; and all procedures related to IT processes. Imposes the implementation of a range of cybersecurity measures and risk management activities. Measures include access control and enforcement of minimum privileges, robust multi-factor authentication, and measures to deter, detect or prevent malicious code, such as ransomware.
Application	AVIO S.p.A.
Subject responsible for policy implementation	Chief Information Security Officer
Regulatory references	Regulations related to the National Cybersecurity Perimeter established by D.L.105/2019; DPCM 81 of 14/04/2021; Legislative Decree No. 138/2024 implementing NIS Directive 2
Relevant stakeholders	Group's own workers and users
Policy dissemination method(s)	Internal policy
Data Breach Management Policy	
Main policy contents	The policy defines the processing methods for sensitive and personal data and the procedures for managing any accidental or unlawful incidents related to unauthorised access, modification, disclosure, loss or destruction of these data. The Policy outlines the purposes of data processing, the principles governing their processing (transparency, lawfulness, limitations, integrity, accountability) and the requirements for handling data breaches, including notification obligations to the Data Protection Authority and affected individuals.

Application	AVIO Group
Subject responsible for policy implementation	Data Protection Officer; IT Department; Legal Office
Regulatory references	Regulation (EU) 2016/679 (General Data Protection Regulation)
Relevant stakeholders	Group's own workers and users
Policy dissemination method(s)	Internal Policy
Corporate regulations for the use of information systems	
Main policy contents	Defines the methods for the use of IT systems, company devices and software to ensure data protection, safeguard sensitive information and secure the Group's IT infrastructure, mitigating cyber security risks.
Application	AVIO Group
Subject responsible for policy implementation	System administrators and similar roles
Regulatory references	Italian Data Protection Authority Provision No. 13/07 of March 1, 2007; Legislative Decree No. 196 of June 30, 2003, as amended by Legislative Decree No. 101/2018; Article 4 of Law No. 300/1970, as amended by Legislative Decree No. 151 of September 14, 2015
Relevant stakeholders	Group's own workers and users
Policy dissemination method(s)	Internal policy
Internal Dealing Policy	
Main policy contents	The Internal Dealing Policy outlines the rules for Managers, Relevant Persons and Parties Closely Related to them and for AVIO S.p.A. as described below, regarding their obligations to inform the Company, CONSOB and the market regarding Relevant Transactions carried out by the aforementioned parties, including through nominees, involving shares or financial instruments issued by AVIO or other financial instruments related to them.
Application	AVIO Group
Subject responsible for policy implementation	Board of Directors
Regulatory references	Relevant provisions of the applicable laws and regulations; Regulation (EU) 596/2014; Delegated Regulation (EU) 2016/522; Legislative Decree No. 58/1998
Relevant stakeholders	All Group stakeholders
Policy dissemination method(s)	Company website
Related Party Transactions Procedure	
Main policy contents	Contains the rules that govern the approval and execution of related party transactions made by AVIO S.p.A., directly or through subsidiaries, to ensure that such transactions are transparent and correct both in substance and from a procedural viewpoint.
Application	AVIO Group
Subject responsible for policy implementation	Board of Directors
Regulatory references	Article 2391-*bis* of the Civil Code and Article 4, paragraphs 1 and 3 of the Consob Regulation
Relevant stakeholders	N/A
Policy dissemination method(s)	AVIO website
Inside Information Processing Policy	
Main policy contents	The policy governs the management and processing of Inside Information concerning AVIO and the Subsidiaries in addition to the procedures to be followed for the communication, both internally and externally, of such information.
Application	AVIO Group
Subject responsible for policy implementation	Board of Directors
Regulatory references	Legislative Decree No. 58 of February 24, 1998, Regulation (EU) No. 596/2014, Regulation (EU) No. 2019/2115, Regulation (EU) No. 1055/2016, Regulation (EU) No. 2016/347, Regulation (EU) No. 2022/1210, Regulation (EU) No. 2016/679, Legislative Decree No. 101 of August 10, 2018, Legislative Decree No. 196 of June 30, 2003,

	Legislative Decree No. 107/2018, CONSOB Communication No. 0061330 of July 1, 2016
Relevant stakeholders	N/A
Policy dissemination method(s)	AVIO website
Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001	
Main policy contents	Regulates the administrative responsibility of legal persons, companies, and associations, including those without legal personality, in criminal proceedings for certain offences committed, in the interest or to the advantage of the same, by persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy, or by persons who exercise, even de facto, management and control of the entity and, finally, by persons subject to the management or supervision of one of the aforementioned persons.
Application	AVIO S.p.A. and value chain
Subject responsible for policy implementation	Supervisory Board
Regulatory references	Legislative Decree No. 231/2001
Relevant stakeholders	All of AVIO's internal and external stakeholders
Policy dissemination method(s)	AVIO website
Whistleblowing Procedure	
Main policy contents	Whistleblowing system as part of the activities carried out by the Company. The breaches that may be reported under the Whistleblowing Decree must relate to behaviour, acts or omissions that harm the public interest or integrity of the public administration or private entity (i.e. AVIO), of which the Whistleblower has become aware within AVIO's working environment.
Application	AVIO Group and value chain
Subject responsible for policy implementation	General Counsel
Regulatory references	Legislative Decree No. 24 of March 10, 2023 (Whistleblowing Decree), Legislative Decree No. 231 of June 8, 2001, Regulation (EU) 2016/679
Relevant stakeholders	All of AVIO's internal and external stakeholders
Policy dissemination method(s)	AVIO website
Supplier Code of Conduct	
Main policy contents	Outlines how AVIO's suppliers must align with the company's values, principles and standards across all defined areas
Application	Value chain
Subject responsible for policy implementation	Senior Management
Regulatory references	International Bill of Rights, International Labour Organization (ILO) Conventions, Legislative Decree No. 24 of March 10, 2023, implementing Directive (EU) 2019/1937), (GDPR 679/2016)
Relevant stakeholders	All of AVIO's internal and external stakeholders
Policy dissemination method(s)	AVIO website
Supplier Charter of Ethics *(Charte Etique Fornisseur)*	
Main policy contents	Based on the Parent Company's example, and in line with its high standards, Regulus has also adopted a Supplier Charter of Ethics (*Charte Etique Fornisseur*), which includes clauses on respecting human rights, anti-corruption code principles and the values of social responsibility and sustainable development in its contractual relations
Application	Regulus and value chain
Subject responsible for policy implementation	N/A
Regulatory references	N/A
Relevant stakeholders	All internal and external stakeholders of Regulus
Policy dissemination method(s)	Shared with suppliers
Anti-Corruption Code	
Main policy contents	The Code has the following objectives:

	- clearly state AVIO's commitment to the fight against corruption and to ensuring compliance with anti-corruption laws; - set down principles for the detection and prevention of potential acts of corruption in order to protect the Group's integrity and reputation; - communicate clearly the anti-corruption principles to stakeholders both inside and outside the Group.
Application	AVIO Group and value chain
Subject responsible for policy implementation	Board of Directors
Regulatory references	- Organisation for Economic Cooperation and Development (OECD), "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions", 1997; - United Nations, "Convention Against Corruption", adopted with Resolution 58/4 on October 31, 2003; - Council of Europe, "Criminal Law Convention on Corruption" and "Civil Law Convention on Corruption", 1999; - Council of the European Union, "Framework Decision 2003/568/JHA of July 22, 2003 on combating corruption in the private sector", 2003; - The Wolfsberg Group, "Wolfsberg-Anti Corruption Guidance", 2011; - International Chamber of Commerce, "ICC Rules on Combating Corruption", 2011; - Transparency International, "Business Principles for Countering Bribery, a Multi-Stakeholder Initiative led by Transparency International", 2013; - G-20, "2015-16 G20 Anti-Corruption Implementation Plan", 2014; - Law No. 190 of November 6, 2012; - Articles 318 ("Bribery in the exercise of official duties"), 319 ("Bribery for an act contrary to official duties"), 319-*ter* ("Bribery in judicial proceedings"), and 322 ("Incitement to bribery") of the Penal Code. - Article No. 2635 of the Civil Code ("Corruption between private individuals"); - Legislative Decree No. 231 of June 8, 2001; - Law No. 179 of November 30, 2017; - Law No. 3 of January 9, 2019
Relevant stakeholders	All of AVIO's internal and external stakeholders
Policy dissemination method(s)	AVIO website

2. ENVIRONMENTAL INFORMATION

2.1 EU TAXONOMY

To strengthen its sustainability strategies and with the goal of achieving climate neutrality by 2050, the European Union has launched a structured pathway to transform the traditional economic model, promoting growth that is environmentally sustainable. This process is geared towards achieving strategic objectives focused on significantly reducing greenhouse gas emissions, supporting the energy transition and adopting innovative and responsible production models.

Within this framework, the Taxonomy Regulation represents a milestone in sustainability governance in Europe. This legislation aims to standardise the definition of sustainable economic activities through rigorous and transparent criteria. The Regulation acts as a compass to steer investors, companies and institutions towards informed choices aligned with the Union's environmental objectives, facilitating the monitoring and reporting of sustainability performance.

The core of the Regulation lies in the introduction of a classification system that makes it possible to precisely identify the activities that substantially contribute to one or more of the six Taxonomy objectives:

- Climate change mitigation (CCM);
- Climate change adaptation (CCA);
- Sustainable use and protection of water and marine resources (WTR);
- Transition to a circular economy (CE);
- Pollution prevention and control (PPC);
- Protection and restoration of biodiversity and ecosystems (BIO).

The Taxonomy Regulation was implemented through the progressive publication of Delegated Regulations:

a) Delegated Regulation (EU) 2021/2139 and subsequent amendments ("**Climate Delegated Act**"): defines the activities and related technical screening criteria contributing to the objectives of Climate Change Mitigation and Climate Change Adaptation;

b) Delegated Regulation (EU) 2023/2486 and subsequent amendments ("**Economic Delegated Act**"): defines the activities and related technical screening criteria contributing to the Environmental objectives of Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control and Protection and Restoration of Biodiversity and Ecosystems.

c) Delegated Regulation (EU) 2178/2021 and subsequent amendments ("**Disclosure Delegated Act**"): specifies the content and format of disclosures required under the Taxonomy Regulation.

An activity is considered "Taxonomy-eligible" when it is listed in either the Climate Delegated Act or Environmental Delegated Act. An activity is considered "Taxonomy-aligned" and therefore environmentally sustainable if, in addition to being eligible, it:

- Respects the Technical Screening Criteria, defined on a scientific basis for each individual economic activity. These are divided into:
- Substantial Contribution criteria, which define the technical conditions enabling an activity to contribute to the achievement of at least one of the six objectives;
- Do No Significant Harm **(DNSH)** criteria**,** which define the conditions allowing the activity not to cause significant harm to the remaining five objectives.
- Is carried out in compliance with the **Minimum Safeguards**, protecting human rights in line with international guidelines such as the OECD Guidelines and the United Nations Guiding Principles (UNGP).

To ensure an objective assessment, the Regulation requires disclosure, through key performance indicators (KPIs), of the proportions of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) relating to activities that are eligible for and aligned with the Taxonomy objectives. Data must be presented in accordance with the methods defined by the Disclosure Delegated Act, ensuring comparability and transparency towards all stakeholders.

Updates introduced in 2025 by the new Delegated Regulation

The new Delegated Regulation (EU) 2026/73 ("**New Delegated Regulation**"), adopted by the European Commission on July 4, 2025 and published in the Official Journal on January 8, 2026, introduces significant simplifications in the disclosure processes. From January 1, 2026, companies can apply simplified reporting templates, with a substantial reduction in the number of required datapoints and the removal of reporting tables relating to fossil gas and nuclear energy. In addition, a materiality threshold has been introduced for each KPI, allowing activities that are not financially material to be excluded from the assessment.

Among the other changes, the New Delegated Regulation streamlines the generic DNSH criteria associated with the "Pollution Prevention and Control" objective (Appendix C of the Taxonomy), simplifying compliance

requirements. The assessment of substances classified under the CLP Regulation[79] has been excluded from this criterion, placing greater emphasis on substances included in the REACH Candidate List[80].
For the 2025 financial year, the Group applies the new provisions introduced by the New Delegated Regulation; however, it has chosen not to make use of the option to exclude non-material activities from the eligibility and alignment assessment, thereby ensuring comprehensive and transparent coverage of its environmentally sustainable performance.

2.1.1 Eligibility analysis

The scope considered for the analysis coincides with the companies included in the full consolidation scope of the AVIO Group.
The Group's core activities fall within the aerospace sector, which is currently not included among the economic activities potentially considered environmentally sustainable. Consequently, AVIO's core business is not eligible under the Taxonomy; however, the Group carries out several activities that were assessed individually through a structured, multi-stage process, as described below:

- Identification of business activities, with the mapping of operational areas and services provided by each company, comparing the activities actually carried out and the related ATECO codes (converted into NACE codes) with those recorded in chamber of commerce registrations;
- Verification of the correspondence between the activities performed and the categories set out in the Delegated Regulations, both through comparison of NACE codes and analysis of technical descriptions;
- Technical analysis based on documentary evidence, both public and internal, and involvement of representatives of each company for a detailed review of activities;
- Review of each company's fixed asset journals, in order to identify capital increases (CapEx) in 2025 attributable to eligible economic activities;

This structured process enabled the clear definition of the scope of Taxonomy-eligible activities for each Group company[81]. Specifically, the AVIO Group identified a total of 11 eligible activities, of which one was found to be partially aligned:

- Seven activities contribute to the Climate Change Mitigation (CCM) objective[82]
- Four activities contribute to the Transition to a Circular Economy (CE) objective.

In order to avoid double counting, where the same activity was found to be eligible for more than one objective, only one objective was selected for reporting purposes and is highlighted in bold in the tables.

Further details on the eligibility of economic activities for the AVIO Group are provided below:

- Activity 5.1 CCM - Construction, extension and operation of water collection, treatment and supply systems: This relates to the management of facilities intended for the supply of drinking water for civil use. The activity is eligible in relation to the operations carried out by Se.Co.Sv.Im. S.r.l., which is responsible for the civil water distribution network.
- Activity 5.2 CCM - Renewal of water collection, treatment and supply systems: This refers exclusively to the renewal of water systems. Eligibility is linked to works carried out in 2025 by Se.Co.Sv.Im. S.r.l. on industrial water facilities, including the replacement of sluice gates and the installation of a back-up pump at the intake structure.
- Activity 6.5 CCM - Transport by motorbikes, passenger cars and light commercial vehicles: This includes the purchase, financing, rental, leasing and management of vehicles in categories M1, N1 and L. Activities relating to AVIO S.p.A.'s company fleet vehicles are considered eligible.
- Activity 7.1 CCM/3.1 CE – Construction of new buildings: This includes project development and construction costs for residential and non-residential buildings. Eligibility refers to construction projects carried out by Se.Co.Sv.Im. S.r.l..
- Activity 7.2 CCM/3.2 CE – Renovation of existing buildings: This concerns building renovation works. In 2025, relevant costs were incurred by AVIO S.p.A. and Temis S.r.l.
- Activity 7.3 CCM - Installation, maintenance and repair of energy efficiency equipment: This covers individual renovation measures consisting of the installation, maintenance and repair of energy

[79] Regulation (EC) No. 1272/2008 (CLP – *Classification, Labelling and Packaging of Chemicals*) and its revision (Regulation (EU) 2865/2024) govern the classification, labelling and packaging of chemical substances and mixtures in accordance with the United Nations Globally Harmonised System (GHS).
[80] Regulation (EC) No. 1907/2006 (REACH – *Registration, Evaluation, Authorisation of Chemicals*) governs the registration, evaluation, authorisation and restriction of chemicals and requires the registration of all substances manufactured or imported into the European Union in quantities exceeding one tonne per year.
[81] The analysis revealed that no economic activities eligible under the European Taxonomy criteria were identified for AVIO USA Inc., Spacelab S.p.A., AVIO France SaS or Regulus SA.
[82] With regard to eligibility for the Climate Change Adaptation (CCA) objective, the Group has not conducted a Climate Risk & Vulnerability Assessment (CRVA) for the physical climate risks affecting its activities. Therefore, in line with FAQ No. 18 of Commission Notice 305/2023, no eligible activities are reported in relation to this objective.

efficiency equipment. In 2025, AVIO S.p.A. replaced lighting sources with LED solutions and installed air-conditioning systems in offices.

- Activity 7.7 CCM - Acquisition and ownership of buildings: This activity relates to the acquisition of property and the exercise of ownership rights over it. As the Group's property company, Se.Co.Sv.Im. S.r.l. is eligible for this activity in relation to the management of its property portfolio. In addition, costs incurred for property leases by AVIO Guyane SaS are included.
- Activity 1.2 CE - Manufacture of electrical and electronic equipment: This activity governs the manufacture of EEE for industrial, professional and consumer use and is eligible for Temis S.r.l. in relation to the production of electronic systems and components for the aerospace sector.
- Activity 3.4 CE - Maintenance of roads and motorways: This includes all maintenance works on roads to maintain and restore functionality and service levels. The activity is eligible in relation to works carried out by Se.Co.Sv.Im. S.r.l. to secure the roads within its local area.

2.1.2. Alignment analysis

Following the definition of the scope of eligible activities, the Group carried out an assessment of the Technical Screening Criteria (Substantial Contribution and Do No Significant Harm) in order to verify compliance. In addition, at the Group level, a review of compliance with the Minimum Safeguards was performed through a structured analysis to verify the existence of controls aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

2.1.2.1 Technical Screening Criteria

The activities analysed, corresponding to codes 5.1 CCM, 5.2 CCM, 7.1 CCM, 7.2 CCM, 7.3 CCM, 7.7 CCM, 3.1 CE, 3.2 CE, 3.4 CE and 1.2 CE, are not aligned with the EU Taxonomy, mainly due to non-compliance with the Do No Significant Harm criteria, particularly in relation to the objectives of Transition to a Circular Economy, Pollution Prevention and Control and Climate Change Adaptation. The latter is due to the absence of a physical climate risk assessment for eligible activities, as required by Appendix A of the Delegated Regulations. However, the AVIO Group is currently weighing up the possibility of conducting a physical climate risk analysis in order to ensure compliance with the adaption criterion in future reporting periods.
In some cases, this is exacerbated by non-compliance with the Substantial Contribution criteria, largely due to the absence of data and technical requirements relating to energy performance (NZEB), energy consumption, the materiality of renovations and the formalisation of construction site waste management.
Activity 6.5 CCM - Transport by motorbikes, passenger cars and light commercial vehicles is partially aligned. AVIO S.p.A.'s company fleet was analysed as a whole for the purposes of verifying compliance with the Substantial Contribution criterion, which requires specific CO_2 emissions below 50 gCO_2/km. This requirement is met exclusively by two fully electric passenger cars within the fleet.
The verification of the Do No Significant Harm criteria, conducted based on the technical documentation made available by the vehicle manufacturers, confirmed compliance with the requirements relating to the Climate Change Adaptation, Transition to a Circular Economy and Pollution Prevention and Control objectives.

2.1.2.2 Minimum Safeguards

To verify the Minimum Safeguards, pursuant to Article 18 of Regulation (EU) 852/2020, the following aspects were analysed:

Human Rights

The AVIO Group incorporates into its business processes principles and rules of conduct in line with the Universal Declaration of Human Rights, ILO Conventions, OECD Guidelines, UN Guiding Principles and the EU Charter of Fundamental Rights. AVIO has adopted, a previously illustrated, a Human Rights Protection Policy, which formalises its ongoing commitment to human capital and the protection of human rights across all operations. The Group ensures that its own activities and those of the supply chain comply with these principles by monitoring the value chain and promoting their dissemination among stakeholders. The AVIO Group does not employ child labour, respecting local regulatory limits and requires suppliers and partners to adhere to the Code of Ethics, ensuring standards of integrity and social responsibility. Furthermore, AVIO, as previously indicated, has obtained UNI/PdR 125:2022 Gender Equality Certification and has adopted a policy on the diversity of administrative and supervisory bodies.

Business integrity and fair competition

The AVIO Group operates with integrity and transparency, adopting zero tolerance toward corruption and anti-competitive practices. AVIO implemented an Anti-Corruption Code based on impartiality, traceability and prevention of conflicts of interest. The Group prohibits anti-competitive practices and promotes fair competition, ensuring that the Code of Ethics is a reference for customers, suppliers and partners. It also protects intellectual property and regularly updates its policies to ensure ethical behaviour aligned with best practices.

Fiscal strategy

The AVIO Group ensures responsible, transparent and compliant fiscal management with an approach based on fairness and integrity. The Group has adopted a Tax Management Procedure applicable to AVIO S.p.A. and all its subsidiaries, ensuring the proper payment of taxes and adopting proactive tax risk management to prevent violations or misuse of regulatory provisions. The Group has implemented internal controls to prevent tax and financial crimes, ensuring regulatory compliance.

The following table summarises the results of the alignment analyses carried out.

Company	Activity code	Activity description	Alignment
AVIO SpA	6.5 CCM	Transport by motorbikes, passenger cars and light commercial vehicles	Partially aligned activity
	7.2 CCM / 3.2 CE	Renovation of existing buildings	Non-aligned activity
	7.3 CCM	Installation, maintenance and repair of energy efficiency equipment	Non-aligned activity
AVIO Guyane SaS	7.7 CCM	Acquisition and ownership of buildings	Non-aligned activity
Temis S.r.l.	1.2 CE	Manufacture of electrical and electronic equipment	Non-aligned activity
	7.2 CCM / 3.2 CE	Renovation of existing buildings	Non-aligned activity
Se.Co.Sv.Im. S.r.l.	5.1 CCM	Construction, extension and operation of water collection, treatment and supply systems	Non-aligned activity
	5.2 CCM	Renewal of water collection, treatment and supply systems	Non-aligned activity
	7.1 CCM/3.1 CE	Construction of new buildings	Non-aligned activity
	7.2 CCM/3.2 CE	Renovation of existing buildings	Non-aligned activity
	3.4 CE	Maintenance of roads and motorways	Non-aligned activity
	7.7 CCM	Acquisition and ownership of buildings	Non-aligned activity

2.1.4 KPIs and reporting

The accounting policy, namely the methodology for calculating the shares of Turnover, CapEx and OpEx relating to the eligible and aligned activities identified by the Group, has been defined in accordance with Annex I of Delegated Regulation (EU) 2021/2178.

The goal is to provide a clear and transparent representation of the proportion of business activities that contribute to the ecological transition, in line with the environmental sustainability criteria established by EU regulations.

Below is a detailed breakdown of the KPIs calculated by the Avio Group, in compliance with the current regulations.

Turnover

To calculate the Turnover KPI, the numerator includes consolidated net revenues generated from the sale of products or services, including intangible services, associated with economic activities that are eligible and aligned with the Taxonomy, while the denominator includes total net revenues. Net revenues have been identified using data from the consolidated financial statements prepared in accordance with international financial reporting standards and refer to IAS 1, paragraph 82(a), considering amounts directly attributable to the sale of goods and/or the provision of services. The reported figures do not include amounts related to Taxonomy-eligible economic activities carried out for the internal consumption of the AVIO Group.

CapEx

The CapEx KPI measures the portion of capital expenditure relating to activities aligned with the EU Taxonomy compared to the Group's total capital expenditure.

To calculate the KPI, the numerator includes capital expenditure recognised in the consolidated statement of financial position and associated with eligible and aligned activities. Such expenditure comprises additions to tangible and intangible assets related to eligible activities, the expansion of these activities, or the purchase of goods and services designed to reduce environmental impact (e.g. low-carbon measures, greenhouse gas emissions reduction initiatives).

The denominator includes total capital expenditure corresponding to additions to tangible and intangible assets recognised during the financial year, before depreciation, impairment or revaluation, and excluding fair value adjustments. This expenditure is calculated in accordance with the international accounting standards (IAS/IFRS), including, specifically, items relating to IAS 16 "Property, Plant and Machinery", IAS 38 "Intangible Assets", IAS 40 "Investment Property" and IFRS 16 "Leases".

Following the update introduced by Regulation (EU) 2023/2486, which requires greater disaggregation of capital expenditure by individual environmental objective, the AVIO Group has adopted a dedicated

classification process to monitor and accurately report the contribution of each investment to the ecological transition objectives.

OpEx
The OpEx KPI measures the portion of operating expenditure relating to activities eligible and aligned with the EU Taxonomy compared to the Group's total operating expenditure.
The denominator includes total operating expenditure, including non-capitalised direct costs relating to research and development, maintenance and repair of plant and machinery, building renovation measures, short-term leases and other expenses necessary to ensure the continuous and effective operation of corporate assets. The KPI numerator includes the portion relating to activities considered eligible.
Similar to the provisions applicable to the CapEx KPI, Regulation (EU) 2023/2486 introduced a requirement for breaking down operating expenditure according to each individual environmental objective of the EU Taxonomy. In this context, the AVIO Group has updated its reporting system by adopting a structured process for the identification, classification and monitoring of expenditure based on its environmental contribution.
The process was carried out with the involvement of the relevant corporate functions and integrated into the Group's compliance and internal control framework, in order to ensure methodological consistency, transparency and full compliance with regulatory and accounting requirements.
Eligibility and alignment results, prepared in accordance with Delegated Regulation 73/2026, are provided in the reporting tables included in the section "Annexes to Section 2.1 - EU Taxonomy", to which reference should be made for full details.

2.2 ESRS E1 Climate Change

2.2.1 Governance

ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes

The AVIO Group has incentive systems linked to improvements in environmental impacts; however, at present they are not specifically related to the reduction of GHG emissions. The Group nevertheless indirectly contributes to reducing GHG emissions through incentive schemes linked to energy efficiency.
For information on incentive systems related to other sustainability matters, please refer to the ESRS 2 GOV-3 section.

2.2.2 Strategy

E1-1 Transition plan for climate change mitigation

The AVIO Group does not currently have a transition plan for climate change mitigation in place; however, in line with the above, it has set itself the goal of adopting a transition plan in the near future.
The development policy for the GHG emission reduction transition plan will also need to be managed in synergy with Termica Colleferro and is expected to be finalised shortly, along with its implementation timeline based on the decarbonisation levers that will be identified.
In any case, AVIO S.p.A. places constant environmental protection at the basis of its management and development strategies and maintains a specific commitment to protect the environment, including the prevention of pollution and the search for continuous improvement in its environmental performance.

The AVIO Group operates in multiple countries, each with unique characteristics that may require the development of multiple climate change mitigation action plans. These plans will be tailored to the availability of energy sources and partnerships at different sites, particularly those with major industrial activities, such as Colleferro and Karou. In terms of the Colleferro facility, AVIO has a 40% holding in the adjacent company Termica Colleferro, whose core business is the generation of electricity and thermal energy for the facility. This is achieved through an on-site methane-fuelled cogeneration plant, which ensures a continuous energy supply, necessary for processing aerospace propulsion explosives.
At the same time, AVIO shares the position of the IPCC (Intergovernmental Panel on Climate Change), recognising sustainable forest management as one of the most effective tools for mitigating emissions, thanks to its role in carbon absorption (carbon sink) and biomass stock storage. Therefore, AVIO, through its subsidiary Se.Co.Sv.Im, carried out two specific studies to evaluate possible CO_2 offsets through green management on its territory. The first, "analysis of carbon removals in the Se.Co.Sv.Im - AVIO Group's area (Colleferro)", sought to measure carbon absorption within AVIO's operational boundaries, in compliance with ISO 14064-1 (Greenhouse Gas Inventory). This study focused on Category 1 reporting, which requires measurement of direct emissions and removals related to land use, changes in land, and forest areas, following IPCC guidelines. The second, "proposals for forest management and reforestation for carbon sequestration and climate adaptation on AVIO-Se.Co.Sv.Im-owned land", focused on identifying improvement strategies to increase CO_2 absorption by the company's forests.

In alignment with the Paris Agreement, AVIO is committed to developing a medium-to-long-term decarbonisation plan that involves the progressive reduction of CO_2 and other greenhouse gas emissions generated by its business activities. AVIO recognises the significance of adopting a strategic and systematic approach to the management of risks and opportunities linked to climate change. In addition to its commitment

to mitigate the negative impacts of its own business, AVIO has taken it upon itself to identify and adopt the best strategies to reduce the risks and seize new opportunities that will arise in this transitional environment. AVIO will measure the degree of offsetting through carbon absorption and sustainable forest management of green areas within its Colleferro area, which is particularly extensive and has already been analysed with reference to ISO 14064-1.

Its greenhouse gas emissions reduction strategy will be based on the mapping of CO_2 and other greenhouse gas emissions along the entire value chain, from distribution to the consumption of company products, in line with European regulations on reporting. On the basis of this mapping, AVIO will initiate a process to define concrete and specific targets for reducing emissions, identifying the most effective technologies and solutions to achieve them. In this regard, the Company will invest in innovative technologies and sustainable solutions to optimise energy consumption and improve the performance of production processes. The Company will also work on plants that produce atmospheric emissions to increase their efficiency, and new ones will be installed based on the most modern criteria. Decarbonisation will be the subject of a long-term plan designed to both improve energy supply sources with lower CO_2 emissions. Responsible natural resource management will also be promoted through reduced water use, improved waste management, and limited use of environmentally harmful substances and preparations. This commitment is not only limited to the company. AVIO believes collaboration at every level is essential in tackling the global challenge of climate change. Once the plans and timelines for the transition are defined, a budget will be allocated and the necessary investments will be identified.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Following the Double Materiality analysis, the AVIO Group has identified the following impacts, risks and opportunities related to climate change:

Positive impacts	Negative impacts	Risks	Opportunities
- Reduction of emissions through energy efficiency, monitoring and supply of electricity from renewable sources	- Consumption of energy from non-renewable sources and direct GHG emissions - Energy consumption and indirect GHG emissions resulting from productive activities, product, use, and land and air transport (Scope 3)	- Physical risks related to extreme weather events - Transition risks associated with increased economic costs and financial losses due to the increased frequency of extreme weather events related to climate change - Risks associated with relations with Termica Colleferro	- Ease of energy procurement for AVIO thanks to Termica Colleferro's activities

By mapping risks related to climate change in the company's Enterprise Risk Management (ERM) and a structured feedback process involving the relevant internal management, AVIO has identified both physical risks and transition risks. The former relate to possible damage at production sites caused by extreme events, including the risk of plant downtime or product loss, while the latter relate to the considerable thermal constancy required in some processing rooms for certain delicate processes; in this area, changing external weather conditions could have effects on energy consumption and consequently have a significant economic impact.

To date, the Group has not conducted a specific analysis of the resilience of its strategy and business model with regard to climate change, but it does possess an integrated context analysis in accordance with ISO 14001 and ISO 45001. This analysis identifies the main environmental and safety-related factors and events that could impact the Company's activities and/or performance, including risks, threats, opportunities and the associated countermeasures. This study, which is regularly updated each year in compliance with the existing certifications for the Environmental Management System and Health and Safety Systems for workplaces and major accident hazards, also assesses the impacts of extreme natural events and climate change risks. This study is carried out at the Colleferro, Airola and Sardinia sites. The context analysis demonstrates that the preventive and compensatory measures adopted within the health, safety and environmental management systems enable effective risk management for extreme natural events, to the extent statistically possible. For example, the risk of plant shutdowns or product losses due to extreme weather events was evaluated under the following scenarios: climate-induced fires, earthquakes, flooding and tornadoes. A risk assessment of seismic events was conducted, which found that the likelihood of a major accident and/or operational shutdown is very low due to the way active products are handled and stored. In addition, a plan is underway to improve the structural resilience of buildings. With regard to fires, the local area is constantly patrolled. Therefore, the probability of an event causing damage to plants and/or products is deemed remote, given that prompt intervention would

prevent a fire from spreading to buildings. The likelihood of flooding and/or tornadoes causing significant damage to strategic facilities, equipment or business activities was assessed as remote due to the probability of occurrence and the structural resilience of Top Event facilities. Additionally, AVIO has an Internal Emergency Plan in place, which has assessed all of the above scenarios and includes appropriate risk mitigation and resilience strategies.
As part of its structured approach to sustainability, the Group will also periodically assess the potential need to further develop its analysis of material impacts and risks. At the same time, the Group closely monitors developments in sustainability regulations, ensuring it strictly complies with new regulatory and legislative transitions introduced by legislators.
For further information regarding material impacts, risks and opportunities and their interaction with the strategy and business model, see the section on ESRS 2 SBM-3.

ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities
As previously described, the Double Materiality process conducted led to the identification of material impacts, risks and opportunities for the AVIO Group. This process was carried out in the manner specified in ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities in ESRS 2 General disclosures.
In particular, the Group has analysed how its business operations may be exposed to climate-related risks, taking into consideration, for each identified risk, the probability of occurrence, the potential impact on the company and the time horizon. In addition, the Group identified physical climate-related risks by conducting an analysis of its ERM, its production processes and its value chain. In the course of the analysis of physical risks, transition risks and opportunities, AVIO did not consider high-emission climate scenarios that could entail specific climate-related hazards, nor was a specific assessment carried out to determine how the Group's assets and business activities may be exposed to climate change-related hazards.
Additionally, AVIO has developed a business risk plan, which includes an assessment of action scenarios related to two major climate risks, and specifically:

- changes in external climate conditions, which could impact energy consumption and have a significant economic impact, especially considering rising energy prices. This is relevant as certain production facilities require strict thermal stability for delicate processes;
- risk of plant shutdowns or product losses due to extreme weather events.

To date, the Group has not identified assets or business activities that are incompatible with the transition to a climate-neural economy or that require significant efforts to align with such a transition. However, the core business inherently involves adopting significant efforts to be compatible with the transition to a climate-neutral economy. In this regard, AVIO is increasingly adopting technical improvements that can help reduce the greenhouse gas emissions associated with its products.

2.2.3 Management of impacts, risks and opportunities

E1-2 - Policies related to climate change mitigation and adaptation
AVIO has had an Environmental Policy in place for several years. In addition to reaffirming its unwavering focus on compliance with all applicable legislative and other regulatory requirements, the Policy formalises the commitment to continuously improving its environmental performance while minimising the impact of its production site and facilities. In particular, environmental protection at AVIO means not polluting, constantly optimising the use of natural resources and developing products that are increasingly environmentally friendly. The Policy is an essential aspect of the Environmental Management System (EMS).

Likewise, Regulus makes explicit in its Charter of Ethics its commitment to pursuing eco-efficiency. The French company recognises its responsibility to the local community as regards environmental protection and expresses its willingness to orientate its choices towards reducing its environmental footprint, while simultaneously complying with applicable environmental regulations and provisions. I compliance with the general principles set out in the Group's Code of Ethics, Regulus has adopted a Quality, Occupational Health and Safety and Environmental Policy and a Quality, Safety, and Environment Manual which, with as regards environmental management, is inspired by the provisions of the international standard UNI EN ISO 14000. The Company has therefore established a dedicated function of experts who are delegated to manage and oversee environmental areas. As per local legislation, Regulus prepares and sends an annual Directors' Report environmental and energy management to the DGTM (Direction Gènerale des Territoires et de la MER, formerly DEAL) authority, which then audits the French company on specific environmental areas. In this regard, Regulus has undertaken to intensify its monitoring indicators, thereby further strengthening its environmental performance monitoring system. To date, the Environmental Policy does not define specific management methods relating to climate change mitigation, climate change adaptation, energy efficiency or the promotion of renewable energy.

For more information regarding AVIO's Environmental Policy, please refer to the section on ESRS 2 MDR-P. Regarding energy consumption and emissions, this Policy refers to the impacts, risks and opportunities identified in section E1 ESRS 2 SBM-3.

E1-3 - Actions and resources in relation to climate change policies

With regard to climate change, the Group invests in innovative technologies and sustainable solutions to optimise energy consumption and improve the performance of production processes. It also works on plants that produce atmospheric emissions to increase their efficiency, and new ones will be installed based on the most modern criteria. Responsible natural resource management is also promoted through reduced water use, improved waste management, and limited use of environmentally harmful substances and preparations. AVIO's commitment extends beyond the company itself, as it believes collaboration at every level is essential in tackling the global challenge of climate change. As such, it is committed to involving employees and raising their awareness of sustainability matters, so as to promote a corporate culture founded on responsibility and a commitment to environmental protection, and collaborating with institutions, associations and other companies to find common solutions and develop best practices.

Specifically, the Company undertakes various actions related to climate change policies, including:

- - installation of continuous energy consumption measurement and monitoring systems in key production facilities at AVIO S.p.A.'s Colleferro site, to provide an accurate mapping of industrial energy use;
- integrated context analysis in compliance with ISO 14001 (Environmental Management) and ISO 45001 (Health and Safety concerning workplaces and major accident hazards), completed in 2024 and covering the Colleferro, Airola and Perdasdefogu sites.

Additionally, among the climate change initiatives carried out in 2025, we note the following:

- Enhancement of the energy consumption monitoring system to provide more granular details across AVIO S.p.A. buildings;
- Installation of electric charging stations for executive vehicles;
- Energy efficiency improvements through the installation of LED lighting.

To support the actions of the Environment Manager/RDGA, Senior Management has created a Health, Safety and Environment (HSE) Department, which carries out its role by coordinating a structure that includes (a) Health & Safety (HS); (b) Environment and Management Systems; and (c) Seveso Law Compliance.

At the same time, AVIO does not categorise its climate change mitigation actions by decarbonisation lever, including nature-based solutions. Additionally, when describing the outcomes of climate change mitigation actions, GHG emission reductions achieved or projected are not included. Finally, the Company does not report whether and to what extent its ability to implement actions depends on the availability and allocation of resources.

The aforementioned interventions are included within the general CapEx/OpEx item of the Group. In addition, the amount of CapEx/OpEx related to actions implemented in 2025 is not significant compared to the total.

2.2.4 Metrics and targets

E1-4 - Targets related to climate change mitigation and adaptation

The Group has not set quantitative targets; below are described the main areas of intervention of the Sustainability Plan related to climate change.

The AVIO Group adopts a continuous improvement approach which constitutes the framework for defining the organisation's goals, targets and, therefore, action to ensure ongoing improvement in environmental performance. In line with its production processes, the Company has established a number of improvement targets relating to its main environmental impacts, with the intention of governing and minimising them. The goals defined are as follows:

- improvements to facilities producing atmospheric emissions;
- improvement in energy consumption management;
- improved efficiency of the Environmental Management System.

The Group is currently in the process of defining specific quantitative targets for the reduction of GHG emissions and/or other quantitative objectives. Specific targets are also being developed for the planned decarbonisation levers and their overall quantitative contributions to achieving GHG emission reduction targets.

E1-5 - Energy consumption and mix

Energy provision to the Colleferro site - the Group's main production facility - includes electricity, thermal energy, and fuel consumption for the company vehicle fleets. The electricity and steam consumed are supplied

by the nearby cogeneration plant of the company Termica Colleferro, which operates exclusively on methane combustion.

Also included in total consumption are French Guiana's energy carriers, which refer to electricity and diesel fuel used for company fleets and a Group generator.
In 2025, in continuity with 2024, 100% of the Group's energy consumption came from non-renewable sources. Compared with previous reporting, however, there is an overall increase in consumption of approx. 22%, mainly due to the expansion of production and business.

Energy consumption and mix[83]			
Energy consumption	**Unit**	**2024**	**2025**
Total energy consumption from fossil sources	MWh	**84,257**	**102,320**
Share of fossil sources in total energy consumption	%	**100%**	**99.6%**
Undertakings operating in **high climate impact sectors** further disaggregate their total energy consumption from fossil sources as follows:			
Coal and coal-based fuel consumption	MWh	-	-
Fuel consumption from crude oil and petroleum products	MWh	746	2,965
Fuel consumption from natural gas	MWh	-	-
Fuel consumption from other non-renewable sources	MWh	9	20
Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources	MWh	83,503	99,335

Total renewable energy consumption			
Energy consumption	**Unit**	**2024**	**2025**
Total renewable energy consumption	**MWh**	**0.5**	**59**
Share of renewable sources in total energy consumption	%	0.0006%	0.06%
Fuel consumption from renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, and hydrogen from renewable sources	MWh	0.5	0.4
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	-	59
Consumption of self-generated non-fuel renewable energy	MWh	-	-
Total renewable energy consumption	**MWh**	**0.5**	**59**

Energy consumption from nuclear sources[84]			
Energy consumption	**Unit**	**2024**	**2025**
Total consumption from nuclear sources	**MWh**	**-**	**390**

[83] Consumption related to the commercial companies Avio USA, Avio France and the Avio Branch were estimated using a proxy that values the office activities performed.
[84] During 2025, a methodological refinement was used aimed at enhancing the consumption of nuclear energy defined by the various national energy mixes (Italy, USA, France, and French Guiana).

Share of consumption from nuclear sources in total energy consumption	**%**	**0%**	**0.4%**

Total energy consumption			
Energy consumption	**Unit**	**2024**	**2025**
Total energy consumption	**MWh**	**84,258**	**102,769**
Total energy consumption from fossil sources	MWh	84,258	102,320
Total consumption from nuclear sources	MWh	0	390
Total renewable energy consumption	MWh	0.5	59

Energy production			
Energy production	**Unit**	**2024**	**2025**
Non-renewable energy production	**MWh**	**-**	**-**
Renewable energy production	**MWh**	**-**	**-**

The AVIO Group operates in the manufacturing sector, and therefore within a high environmental impact.

Energy intensity in high-impact sectors	**Unit**	**2024**	**2025**
Total energy consumption from activities in high climate impact sectors	**MWh**	**84,258**	**102,769**
Net revenue from activities in high climate impact sectors	**Euro thousands**	**480,420**	**583,690**
Energy intensity in high climate impact sectors	**MWh/€ thousands**	**0.17**	**0.17**

E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions

In 2025, Scope 1 emissions were 1,226 tCO2e, Scope 2-LB emissions were 25,994 tCO2e, Scope 2-MB emissions were 31,373 tCO2e, and Scope 3 emissions were 3,333,874 tCO2e. (47) Compared to 2024, total (LB) emissions decreased by about 38%. This decrease, mainly attributable to Scope 3, is due to methodological refinements and, in particular, regarding the emissions of Category 1 "Purchased goods and services", to the limitation of the spend-based approach to the purchase of goods and services, other than raw materials, which allowed for a better attribution of emission factors. The additional differences observed between 2024 and 2025 Scope 3 emissions are also attributable to refinements and updates in the calculation methodology adopted, which resulted in more accurate emission estimates. Details on the calculation methodology adopted are reported in the following sections.

Scope 1 GHG emissions							
GHG emissions	**Unit**	**2024**			**2025**		
		Consolidated Group	**Entities under operational control**	**Total**	**Consolidated Group**	**Entities under operational control**	**Total**
Total Scope 1 GHG emissions	**tCO2e**	1,262	-	**1,262**	**1,226**		**1,226**
Scope 1 GHG emissions from regulated emissions trading schemes	**tCO2e**	-	-	-	-	-	-
% of Scope 1 GHG emissions from regulated	%	-	-	-	-	-	-

emissions trading schemes							

Scope 2 GHG emissions							
GHG emissions	Unit	2024			2025		
		Consolidated Group	Entities under operational control	Total	Consolidated Group	Entities under operational control	Total
Total Scope 2 GHG emissions (Location-based)[85]	**tCO2e**	25,250	-	**25,250**	**25,994**	**-**	**25,994**
Total Scope 2 GHG emissions (Market-based) [86]	**tCO2e**	41,455	-	**41,455**	**31,373**	**-**	**31,373**
Total GHG emissions Scope 1 + Scope 2 (Location-based)	**tCO2e**	26,512		**26,512**	**27,219**		**27,219**
Total GHG emissions Scope 1 + Scope 2 (Market-based)	**tCO2e**	42,717		**42,717**	**32,599**		**32,599**

GHG emissions	Unit	2024	2025	Source Emission factors
Total Scope 3 GHG emissions	tCO_2e	**565,296**	**333,874**	
Category 1 Purchased goods and services[87]	tCO_2e	441,198	289,718	DEFRA (Department for Environment, Food & Rural Affairs - UK) Ecoinvent v3.12
Category 2 Capital goods	tCO_2e	39,575	21,230	DEFRA (Department for Environment, Food & Rural Affairs - UK)
Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO_2e	Not reported	4,682	DEFRA (Department for Environment, Food & Rural Affairs - UK)
Category 4 Upstream transportation and distribution[88]	tCO_2e	75,881	6,727	DEFRA (Department for Environment, Food & Rural Affairs - UK)
Category 5 Waste generated in operations	tCO_2e	134	148	Ecoinvent v3.12
Category 6 Business travel	tCO_2e	1,521	4,698	DEFRA (Department for Environment, Food & Rural Affairs - UK)
Category 7 - Employee commuting	tCO_2e	6,494	6,671	DEFRA (Department for Environment, Food & Rural Affairs - UK)

[85] The data relating to 2024 has been restated following a change due to the unit of measurement (2024 equal to 25.24 thousand tCO_2e).
[86] The data for 2024 has been restated following a change due to the unit of measurement (2024 equal to 41.45 thousand tCO_2e).
[87] It is specified that the figure for Category 1 was subject to a methodological refinement that allowed for a more precise and timely identification of the amount of associated emissions in 2025.
[88] It is specified that the figure for Category 4 was subject to a methodological refinement that allowed for a more precise and timely identification of the amount of associated emissions in 2025.

Category 8 Upstream leased assets	tCO_2e	493	Not significant	
Category 9 Downstream transportation and distribution	tCO_2e	Not significant	Not significant	
Category 10 Processing of sold products	tCO_2e	Not applicable	Not applicable	
Category 11 Use of sold products	tCO_2e	Not reportable	Not reportable	
Category 12 End-of-life treatment of sold products	tCO_2e	Not reportable	Not reportable	
Category 13 Downstream leased assets	tCO_2e	Not significant	Not significant	
Category 14 Franchises	tCO_2e	Not applicable	Not applicable	
Category 15 Investments	tCO_2e	Not significant	Not significant	
Total GHG emissions Scope 1 + Scope 2 (Location-based) + Scope 3	**tCO2e**	**591,808**	**365,769**	
Total GHG emissions Scope 1 + Scope 2 (Market-based)	**tCO2e**	**608,013**	**371,149**	

The differences observed between 2024 and 2025 Scope 3 emissions are attributable to refinements and updates in the calculation methodology adopted, which resulted in more accurate emission estimates. Details on the calculation methodology adopted are reported in the following sections.

Calculation methodology overview

The main share of emissions comes from purchases of goods and services (Category 1), accounting for approximately 87% of Scope 3. This is by some margin the predominant component of the emissions scope.
Emissions related to capital goods (Category 2), energy-related activities (Category 3), upstream transportation and distribution (Category 4), business travel (Category 6), and employee commuting (Category 7) were of medium materiality, with emissions ranging from 0.1% to 10% and together accounting for approximately 13% of Scope 3 emissions. Emissions from waste generated (Category 5) have a weighting of under 0.1%; despite their low quantitative significance, they are reported because they are supported by constantly monitored primary data and to continue with the approach adopted in previous years. A number of categories are not applicable to the Group's operating model. These include upstream and downstream leased assets (Categories 8, 13), processing of sold products (Category 10), and franchising (Category 14).
Regarding use of sold products (Category 11) and end-of-life treatment of sold products (Category 12), these cannot currently be reported as the Group's specific propulsion system emissions, which are totally different in technology and technical characteristics from conventional ones, cannot be converted according to any of the applicable tables, as they generate completely different chemical species. These also generate very little CO_2 - in the order of about 10% - and no other climate-altering chemicals. The specifics of the Group's business do not yet see any feedback in directly applicable, or at least comparable, conversion factors in order to enable credible and truthful estimation of GHG emissions. Quite similarly to what is already in place for other sectors such as automotive and aeronautics, they will have to be evaluated by independent and competent bodies in the field, in this case the ESA, with the support of the European Commission and national agencies, including those outside the EU, to define standards for their eventual conversion. In December 2022, the ESA signed a protocol among all players in the European space community to convey the intentions to achieve a harmonized path of evolution of European space technologies toward sustainability improvements, including countering climate change. AVIO was in the Group of the first signatories of the "Chart for a sustainable space sector" and participates in ESA working groups on various topics, including that on GHGs which could lead to an Effective possibility of reporting the figure in the near future. Moreover, it is urgent to point out that much of the information is not the exclusive property of the AVIO Group but is governed by the contractual relationships among the various industrialists participating in space programs. The establishment of official standards for modelling and/or conversion of space launcher operating emissions, mentioned in the previous paragraph, will lead to the overcoming of this constraint as well.
The end-of-life of a space launcher (Category 12), which performs most of its function outside the Earth's atmosphere, also requires the establishment of specific standards for modelling the eventual conversion to conventional GHG emissions. Based on the previous year's turnover and financial results, that emissions attributable to investments (Category 15) are estimated to represent an extremely small proportion of total Scope 3 emissions, and in the absence of primary data on unconsolidated companies, the category was not included in the reporting.

Category 1 - Purchased goods and services

Category 1 includes emissions associated with the purchase of raw materials, components and services, calculated using a hybrid approach that combines primary data with emission factors from recognised databases.

Goods and services that entered the Group's scope of operations during 2025 were included in this category.

For the main raw materials (such as aluminium and ammonium perchlorate), emission factors from Ecoinvent v3.12 were applied using the Cut-Off Approach. In the absence of a direct match or publicly available LCA study, the emission factor of the most technologically consistent alternative was used. Where two or more alternatives were considered equally valid from a technological perspective, the average of the relevant emission factors was applied.

For other purchases of goods and services by the Group, a spend-based approach was adopted, using DEFRA[89] emission factors (SIC Codes 2022)[90], with appropriate adjustments for inflation[91] and exchange rates[92]. The sources used included extractions of goods purchased in 2025 by AVIO S.p.A. and Regulus, while income statements were used for the remaining Group companies. Purchases attributable to other emission categories (for example energy or waste-related services, already accounted for under Categories 3 and 5 respectively) were excluded, as were purchases from other companies within the AVIO Group, in order to avoid double counting.

Category 2 - Purchased capital goods

Category 2 includes capital goods purchased. These purchases are recorded in the fixed asset registers of the companies belonging to the Group.

The spend-based approach was adopted, using the same methodology described and adopted for Category 1, starting from the detail of the fixed asset registers and reconciling with the final data from the consolidated financial statements through reapportionment. Where the detail of the assets is not available, an average has been made based on the data from the other companies of the Group.

Category 3 – Upstream energy activities

Category 3 includes all emissions associated with the energy consumption of the AVIO Group and its subsidiaries, including electricity, steam and fuels (petrol, diesel and diesel oil for non-road vehicles) not already included in Scope 1 and 2.

To calculate emissions, Well-To-Tank (WTT) emission factors from the DEFRA 2025 Dataset[93] were applied. Specifically:

for fuels (petrol, diesel and diesel oil), WTT factors from the section WTT – Fuels were used;

for steam, WTT factors from WTT – Heat and Steam were applied. Since AVIO S.p.A. receives steam from Termica Colleferro (whose facility is located approximately 3 km away), it was considered more appropriate, and more conservative, to apply the additional 5% loss suggested by the DEGRA Dataset, which is not included for on-site steam production.

For electricity, both generation-related factors (WTT electricity generation) and transmission and distribution loss factors (WTT electricity T&D) were applied, selecting the most representative dataset for each country based on the information available. We note that emission factors for electricity were extracted from the DEFRA 2021 Dataset[94], as they are no longer published in the most recently released versions.

Category 4 - Upstream transportation and distribution

Category 4, which includes all emissions from transport activities, was calculated by integrating logistics datasets relating to movements in 2025. Distances were calculated using Google Maps and Sea Distances tools and the DEFRA 2025 emission factor was applied to each shipment based on tonne-kilometres (tonne-km) in line with the means of transport used. For companies for which transportation detail is not available, the Spend-based method was used from the accounts. The emission factor, in this case, was conservatively set equal to the maximum among those that DEFRA provides for transportation services.

Category 5 - Waste generated in operations

Category 5 includes emissions associated with the management of waste generated by the Group's assets. Where available - i.e. for the Group's Italian offices and for Regulus - waste registers that are constantly updated by Group companies were used. Where data is not available - e.g. for offices - the amount of waste generated was estimated based on industry reports[95] [96]. The calculation was based on quantitative waste data,

[89] Known as "DEFRA emission factors"; currently issued by the UK government and jointly published by DEFRA and DESNZ..
[90] UK full Dataset 1990 - 2022, including conversion factors by SIC code.
[91] GDP deflators at market prices, and money GDP December 2025 (Quarterly National Accounts) - GOV.UK: Deflators December 2025.
[92] Bank of Italy - Exchange Rates: average exchange rates for 2025.
[93] Greenhouse gas reporting: conversion factors 2025.
[94] Greenhouse gas reporting: conversion factors 2021.
[95] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Municipal_waste_statistics
[96] https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/national-overview-facts-and-figures-materials

classified by EWC code and by final treatment destination. An emission factor from the Ecoinvent v3.12 database was assigned to each type. In line with the GHG Protocol guidelines, an emission factor equal to zero was applied to waste streams sent for recovery operations. For locations for which information on the amount and type of waste is not available, the average emission factor calculated for the Group's Italian locations or for Regulus (depending on the area in question) was used, with the conservative assumption that the waste is destined entirely for disposal.

Category 6 - Business travel

The Scope 3 Business Travel category includes emissions generated by business travel undertaken by employees using transport not owned by the company, including air travel, rail travel, sea travel, hire cars and hotel stays.

The analysis was conducted using data provided by the travel agency managing corporate bookings. The database supplied contained structured information for each leg or service, primarily including the type of travel (flights, trains, ships and car hire) and the itinerary, enabling distances to be calculated using Google Maps.

For most travel categories (flights, trains and ships), a distance-based method was adopted, applying the emission factors reported in the DEFRA 2025 Dataset, also taking the type of route into account. For car hire services, where the distance travelled is not systematically available, a spend-based approach was applied, using the same methodology described and adopted for Category 1.

Finally, with regard to overnight stays, the number of nights and the relevant country were extracted from each record, and emissions were calculated using the emission factors set out in the DEFRA 2025 Dataset. Where an emission factor for a specific country was not available, data relating to one or more geographically similar countries were used.

Category 7 – Employee commuting

Category 7 relates to emissions arising from employee commuting within the AVIO Group. The calculation was carried out starting from the total number of employees, estimating an average commuting distance based on ISTAT statistical data[97]and assuming a total of 240 working days per year. A set of emission factors from DEFRA 2025 was applied to this activity.

To avoid double counting, emissions associated with the use of the company car fleet were deducted, as these are already reported under Scope 1 and Scope 3 (Category 3) respectively.

GHG intensity			
GHG intensity[98]	**Unit**	**2024**	**2025**
Net revenue	**Euro thousands**	**480,420**	**583,690**
Greenhouse gas intensity (Scope 1+ Scope 2 Location-based+Scope 3)	**tCO_2e /€ thousands**	**1.23**	**0.63**
Greenhouse gas intensity (Scope 1+Scope 2 Market-based+ Scope 3)	**tCO_2e /€ thousands**	**1.27**	**0.64**

E1-7 - GHG removals and GHG mitigation projects financed through carbon credits

To date, the AVIO Group does not implement activities aimed at permanently absorbing or actively supporting the absorption of greenhouse gas (GHG) emissions from the atmosphere. However, AVIO has set itself the goal of analyzing and evaluating these initiatives following the completion of systematic and detailed monitoring activities of its consumption and environmental footprint, so that it can identify and prioritize areas of intervention in the environmental and energy fields.

E1-8 - Internal carbon pricing

AVIO does not currently apply internal carbon pricing systems. As with the matter of the previous section, the Group aims to develop its efforts in this regard downstream of the activities necessary to complete the timely monitoring of its consumption and environmental footprint

[97] Matrices of contiguity, distance and commuting - Istat

[98] It is specified that the figure for 2024 has been restated following recalculation.

2.3 ESRS E2 Pollution

2.3.1 Management of impacts, risks and opportunities

ESRS 2 IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

Positive impacts	Negative impacts	Risks	Opportunities
-	Contribution to air pollution due to emissions generated by AVIO's operations, its supply chain, its products and its investments - Use and potential release of polluting, hazardous and substances of very high concern during the production process	- Economic risks related to potential sanctions due to non-compliance with application environmental regulations	-

As part of the identification process for impacts, risks and opportunities related to the topic of "Pollution", the Group considered the location of its sites, its production activities and its entire value chain. In addition, context analysis was carried out under the Environment Management Systems and OHS-MAP, in accordance with ISO 14001 and ISO 45001, respectively, in which context factors are considered and, for each, elements with possible influence. The negative impact found to be significant under the double materiality assessment was taken into account against the use of substances of concern within some of AVIO Group's production.

For all the sites of AVIO S.p.A., a qualitative-quantitative analysis is carried out with a score assigned to the different criteria that ultimately reports whether there is a risk, threat or opportunity, from which follows an assessment of the current level of control and any further actions to be implemented. In addition, AVIO prepares and reviews the Safety Report every five years, pursuant to Articles 15 and 16 of Legislative Decree No. 105/15 and subsequent amendments and additions. Seveso Ter, in which accident scenarios are quantitatively analysed for both safety and environmental aspects and prevention measures are reported.

Regarding the special activities related to Vega-C, AVIO carried out an Environmental Impact Assessment (VINCA) for environmental protection and analysis of the impacts resulting from the test, being in close proximity to a SIC (Site of community importance) area, demonstrating with advanced modelling that there is no risk of permanent damage to the environment. This modelling was validated during the first test campaign of the above engine by field analysis of all environmental matrices, before, during and post-test execution, confirming the absence of risks. It is also appropriate to consider the indirect positive impact of launch services in fostering the development of the space economy and, with it, the sending into orbit of Earth observation satellites dedicated to pollution prevention and environmental monitoring, such as SENTINELs.

For the identification of IROs related to the topic of "Pollution", the AVIO Group considered the industrial district in Colleferro, owned by Se.Co.Sv.Im.. This area was labelled the River Sacco Basin Site of National Interest in November 2016. Soil, subsoil, and groundwater monitoring and remediation activities in this area are managed by Se.Co.Sv.Im., the AVIO Group's real estate company. Having acquired the Colleferro industrial site in the mid-1990s, the Company has inherited problems caused by its previous owner. These pollution incidents have been the subject of rulings to which Se.Co.Sv.Im. is obviously not party. Despite not being responsible for the pollution, the Company has made significant financial investments to carry out remediation works, which are typically the legal obligation of the proprietary owners.

The main remediation works carried out by Se.Co.Sv.Im. are summarised below:

- safety works on the Pozzolana Quarry site;
- ARPA 1 site remediation works;
- construction of a permanent storage site for remediation of the ARPA 1 and Benzoino sites;
- safety works at the ARPA 2 site (by the Lazio Region, started in 2019 and still in progress);
- emergency safety works and remediation of aquifers using hydraulic dam, equipped with specific pre-treatment plants;
- obtaining approval decrees for reclamation projects for six hot-spots of land within proprietary areas;
- commencement of the first remediation in 2024 and specifically a permanent safety site (MISP) APRA 2 project was established under the direction of the Lazio Region, on land owned by Se.Co.Sv.Im. The final remediation projects for hot-spot areas on land owned by the company have been approved and

the closure request for pending proceedings – which found that no limits were exceeded – has been submitted, allowing the land's return to its rightful uses. This initiative is primarily linked to the MISP ARPA 2 project timeline, with completion scheduled for 2027.

For this CSRD reporting year, the identification of stakeholders for the purpose of stakeholder engagement took into account stakeholders' knowledge of ESG issues for the purpose of giving a timely assessment of the issues covered. Local communities were not directly involved in the stakeholder engagement process for this reporting year, but their perspective was taken into account during the company's internal assessments.

E2-1 - Policies related to pollution

Through its Environmental Policy and Environmental Management System in compliance with ISO 14001, both already described in the section relating to ESRS E1, AVIO is committed to improving facilities that generate atmospheric emissions and rationalising the use of environmentally hazardous and harmful substances and preparations. In addition, as previously indicated, the Company has a major accident hazard prevention policy in accordance with Legislative Decree No. 105/15 as amended (Seveso Ter). This policy, part of the SSI-PRI Management System, declares the actions and objectives to protect the environment and safety, maximizing prevention against the occurrence of possible accidental scenarios related to work activities, which may result in pollution. The site affected by this Policy is Colleferro, involving its local community and relevant authorities, including the Regional Technical Committee (RTC).

Specifically, through the Environmental Policy, AVIO is committed to the rationalisation of the use of environmentally hazardous and harmful substances and preparations. It should be pointed out that the nature of the product, as space thrusters subject to qualification by an external competent authority, has very stringent constraints on any change of raw materials. The use of substances of concern is, in any case, reduced to the essential minimum, in compliance with Regulation (EC) No. 1907/2006 as amended (REACH) and Regulation (EC) No. 1272/2008 as amended (CLP). The facilities in which they are used are constantly monitored and all risks assessed. Where technically and programmatically feasible, AVIO pursues research for the replacement of the residual harmful substances used, in cooperation with industry partners and ESA, but has no authority to act independently, under penalty of forfeiting the launcher's qualification and being banned from flight.

In addition, pursuant to Legislative Decree 105/15 as amended, Seveso Ter, AVIO has the obligation of total and complete management and tracking of all hazardous materials and is subject to the control of this provision, through inspections of the competent authorities, pursuant to Article 27 of the afore-mentioned decree Legislative Decree No. 105/15 AVIO prepares and reviews the Safety Report every five years, pursuant to Articles 15 and 16 of the above regulation, in which accident scenarios are quantitatively analysed for both safety and environmental aspects and prevention measures are reported.

Finally, AVIO has an Internal Emergency Plan (IEP), which deals with both safety and major accident and environmental emergency response. Operational and even auxiliary personnel are trained regularly, complying with Seveso's quarterly training requirement, and periodic drills are carried out to verify the effectiveness of the IEP in various accident scenarios. In addition, as it falls under the upper threshold, AVIO also has the obligation of an External Emergency Plan (EEP), under the jurisdiction of the relevant prefecture, with the support of the AVIO Manager, the latest edition of which was issued by prefectural decree in December 2024. For more information on the Environmental Policy, please refer to the section on ESRS 2 MDR-P.

E2-2 - Actions and resources related to pollution

In addition to the aforementioned soil remediation activities undertaken by Se.Co.Sv.Im, to date AVIO has implemented the following pollution-related actions:

- Issuance and review of the Safety Report (SR) pursuant to Articles 15 and 16 of Legislative Decree No. 105/15 as amended (Seveso Ter). The Safety Report, reviewed every five years, analyses qualitatively and quantitatively industrial processes and accident scenarios for both safety and environmental aspects and reports prevention measures. The relevant Public Administration exercises the function of control body through the process for the approval of the SR and the inspection of the mandatory Management System, according to Article 27.
- Internal Emergency Plan (IEP) that includes the environmental area and emergency response to any accident, including major accidents. The IEP puts in place all measures for immediate action in the event of an industrial accident, both of a major event under Seveso Ter and of an environmental event, with the aim of minimizing any impacts and maximizing environmental protection. The stakeholders of the IEP are the Municipalities of Colleferro, Segni and Artena, the National Fire Department, the CTR, the Prefecture, the Lazio Region, the Civil Protection, ARPA, the Metropolitan City of Rome, and the ASL.

Pollution-related actions concern only AVIO Group companies and not its value chain.

The aforementioned interventions are included within the general CapEx/OpEx item of the Group, as the activities carried out are part of the business activity. New technologies, in fact, to which most Capex

investments are linked, also involve new facilities for emission abatements with BAT, which, however, are an integral part of the whole procurement and cannot be decoupled from it for specific reporting. Their effects will be seen in the operation of the reduction impacts when they are put into operation. Consistent with that stated in its Environmental Policy, Major Accident Hazard Prevention Policy and Sustainability Plan, AVIO pursues as its primary goal the reduction of the environmental impacts of its industrial activities as an indirect positive effect of improving production processes. This achieves sustainable industrial development that will lead AVIO to new, more efficient, state-of-the-art plant arrangements over the next few years.

2.3.2 Metrics and targets

E2-3 - Targets related to pollution

The AVIO Group has set as a high-level target the rationalization of the use of environmentally hazardous and harmful substances and preparations. AVIO always works in the prevention and control of air pollutants related to industrial production, through the adoption of BAT where possible and the implementation of the Environmental Management System and Safety Report in accordance with Seveso Ter. In addition - with the Company always working towards the prevention and control of water emission pollutants related to industrial production - industrial effluents are treated by a sewage treatment plant operated by the Colleferro Municipality Consortium Company, which is subject to Integrated Environmental Authorisation (IEA) and authorized through Regional regulation (PAUR).
SVHC substances are kept under control by the environment and Seveso management system. The goal is minimization of their use, limiting them only to must-have applications and the absence of alternative materials, for space qualification and/or thruster performance. New systems are being developed to reduce the use of SHC and SVHC materials, such as the MPGE thruster for upper stages.
Group processes are managed and monitored by the functions that have day-to-day responsibility for ensuring compliance with our policies and applicable regulations. Environmental aspects are also managed on an ongoing basis through ISO 14001 certification.

E2-4 – Pollution of air and soil

Given AVIO's type of business and following the double materiality assessment, air and soil pollution were found to be significant. In January 2018, the AVIO Group adopted the Underground Water and Soil Characterization Plan in January 2018, which provides for soil monitoring on a 10-year basis. Therefore, it is specified that, for the biennium 2024-2025, there are no emissions of pollutants into the soil. The following table therefore represents the pollutants emitted into the air and refers exclusively to the activities of Avio S.p.A., while for the other companies of the Group, no pollutant emissions are recorded. The quantities represented are derived from point measurements made annually at individual chimneys and documented through the relevant Test Reports. Compared to 2024, there is an 8% increase in emissions due to increased production and business expansion.

Pollutants emitted			
Pollutants emitted	**Unit**	**2024**	**2025**
acetone	kg	8.69	17.75
ammonia	kg	1.53	0.62
phenol	kg	32.23	82.00
formaldehyde	kg	0.05	0.04
phosphates	kg	0.46	2.17
powders	kg	155.56	186.00
sov	kg	258.40	204.87
Total	**kg**	**456.93**	**493.45**

E2-5 - Substances of concern and substances of very high concern

During 2025, the substances of concern used by Avio S.p.A. and Avio Guyane amount to about 294 tons. For the remaining companies of the Group, no use of concerning substances is recorded. The decreasing difference from 2024 is due to a refinement of the methodology for calculating utilization data.

Substances of concern used during production			
Substances	**Unit**	**2024**	**2025**
900 TIGER PAINT STRIPPER	kg	-	10
ARADUR 1571 BD	kg	1,615	-
ARALDITE® AY 103-1	kg	20	36
CHEMOSIL 211	kg	2,721	210
Chemosil NL 411	kg	2,478	210
CYCLOHEXANE	kg	1,215	1,445
Copper chromite	kg	706	353
Cycom 823 RTM Resin	kg	1,800	560
Desmodur W (MDCI)	kg	9,789	6,612
Dowsil PR-1200 RTV	kg	898	849
EPTANO	kg	234	-
FEROX CONVERTIGO	kg	-	2
A4V uncured rubber	kg	503	732
Uncured GNA rubber	kg	631	140
Vulcanized GNA rubber;	kg	1,736	140
Hardener S 66/22	kg	50	45
HexBond 122	kg	1,820	475
International Thinner/Eqpt Cleaner GTA220	kg	-	25
INTERPLUS 256 ALUMINUM PART A	kg	-	50
Interplus 256 Part B	kg	-	50
ISOPHORONE DIISOCYANATE	kg	18	18
LOCTITE AERO PART A	kg	1,622	250
LOCTITE AERO PART B	kg	2,063	1,036
MAPO	kg	690	31
MASTIC SILICONE AS BASE	kg	2,027	3,083
METHYL BAPO	kg	719	136
ZINC OXIDE	kg	306	120
Ammonium perchlorate	kg	1,959,284	236,932
PREPREG HXE-100	kg	2,122	2,550
SS4155 Primer	kg	315	235
EPIKOTE 282 Resin	kg	3,085	900
RESIN HXE-23	kg	16,855	30,054
SILCOSET 158	kg	-	2
SilGrip PSA529 (adhesive)	kg	105	54
Solvant pour fond blanc B 105	kg	-	3
SUPERCHLOR 15-PT5	kg	2,144	-
THINNER 21-60	kg	-	25
TOLUENE	kg	320	1,000
Vestanat TMDI	kg	1,247	923
WD-40 Multi-Use Product Aerosol	kg	-	10
XB 3515 GB RESIN	kg	7,180	2,400
XYLOLE	kg	3,600	2,725
Total	kg	**2,029,916**	**294,431**

For the Avio Group, there is no use of substances of very high concern during production.

2.4 ESRS E3 Water and marine resources

2.4.1 Management of impacts, risks and opportunities

ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Positive impacts	Negative impacts	Physical risks	Opportunities
-	- Resource consumption with regard to operations and the value chain	-	-

As previously described, the Double Materiality process conducted led to the identification of material impacts, risks and opportunities (IROs) for the AVIO Group. This process was carried out in the manner specified in ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities in ESRS 2 General disclosures.

In conducting this analysis, the nature of the AVIO Group's business activities and the activities that are fundamental to its core business were considered, together with the mapping of the value chain. In particular, in relation to the management of water resources by Se.Co.Sv.Im, its water supply facilities are managed by Società Consortile per Azioni Servizi Colleferro, a consortium company which involves the Municipality of Colleferro in its activities as a consortium member. Discharges from certain municipal users flow into the treatment plant owned by Se.Co.Sv.Im. In addition, the identified impacts, risks and opportunities are primarily linked to the Group's production activities and to the safety systems of its offices, plants and sites where testing and launch activities are carried out. In line with the previous Sustainability Statement, the identification of stakeholders took into account stakeholders' knowledge of ESG topics for the purpose of providing a timely assessment of the issues covered.

E3-1 – Policies related to water and marine resources

Through its Environmental Policy, the AVIO Group is committed to rationalizing water resources and reducing water consumption[99].

For further information regarding the Environmental Policy, please refer to the section MDR-P - Policies adopted to manage material sustainability matters.

Water resources are mainly used by the Group for industrial and domestic purposes. Italian companies withdraw water for three different purposes with regard to water supply management.

- Industrial water - Output water from the consortium purification facility is analysed and fed into the industrial water network if it meets legal limits. This helps limit water withdrawals from natural sources. Industrial water is not required for the Airola and Turin sites, or the registered office in Rome. It is sourced from the public network for the Perdasdefogu site; In fact, the Colleferro facility is equipped with a chemical sewer system to collect industrial effluent, which is completely separate from the stormwater conveyance system.
- Fire-fighting water - Fire-fighting water is not required for the Turin site or the registered office in Rome. It is sourced from the public network for the Perdasdefogu site and from the TTA industrial district network for the Airola site.
- Drinking water.

In addition, through Se.Co.Sv.Im, the AVIO Group owns all plant and regulatory assets, allowing full independence from the use of water from public aqueducts. These assets, managed through Società Servizi Colleferro, also provide industrial water supply to third parties, further reducing consumption from public aqueducts. We note that, on January 1, 2025, the supply of potable water to AVIO was transferred from CSAP to Se.Co.Sv.Im. Direct control of supply sources and collection and treatment facilities enables optimisation of the industrial water cycle to minimise withdrawals and maximise reuse of the water resource.

With regard to AVIO Guyane, water contained in tanks is entirely collected in cisterns and treated as waste. Finally, a series of measures is in place to prevent and reduce water pollution, including:

- annual self-monitoring of rainwater;
- self-monitoring of water contaminated by UDMH/N_2O_4, carried out after each launch campaign;
- self-monitoring of rinse water, carried out after each VEGA/VEGA-C launch;
- self-monitoring of groundwater, carried out twice a year.

AVIO S.p.A. has put in place a set of measures to prevent water pollution from its activities. The main measures concern:

[99] To date, the Group has not formalised its commitment to reducing consumption along its upstream and downstream value chain.

- the conveyance of industrial effluent to the sewage treatment plant to prevent the risk of pollution of public water bodies;
- the prohibition of activities on outdoor spaces, except at locations where this is specifically intended, as there is a de-oiler, for the prevention of stormwater contamination;
- the provision of fixed tanks and platforms with holding tanks for drums containing liquids.

In addition, AVIO has an Internal Emergency Plan (IEP) as an integrated procedure of the Environmental Management System and the Management System for Occupational Health and Safety and Major Accident Hazards. The IEP also covers environmental emergencies, such as accidental spills, in order to implement immediate action plans to contain impacts and avoid possible contamination of the water circuit.
At the overseas company Regulus, all water resource management activities are regularly inspected by the Direction Géneral des Territoires et de la Mer (formerly DEAL) to obtain and/or maintain the authorisations required to operate. In Italy, water discharge management is directly linked to national legislation. AVIO S.p.A. complies with the requirements of the Integrated Environmental Authorisation (IEA) and Italy's national regulations (Legislative Decree No. 152/2006). Wastewater is discharged and managed by the Consortium Company (CC). AVIO's facility uses a mixed sewerage system that collects both industrial and domestic wastewater and directs it to a purification facility.

E3-2 - Actions and resources related to water and marine resources
The AVIO Group takes several actions to improve the efficiency of its water network and monitor its consumption. The main actions taken in the Colleferro area, which is classified as a water-stressed area, include:

- periodic monitoring of industrial water supply and fire-prevention networks;
- the recurrent monitoring of the industrial water network;
- maximising the recirculation of industrial water;
- recurring monitoring of the stormwater network, with the treatment of the first rainwater;[100]
- the treatment and continuous monitoring of groundwater and MISE (emergency safety enhancement).[101]

AVIO's CapEx and OpEx for 2025 fall within the maintenance activities of the Facility and the land. Consistent with that stated in its Environmental Policy, Major Accident Hazard Prevention Policy and Sustainability Plan, AVIO pursues in fact as its primary goal the reduction of the environmental impacts of its industrial activities as an indirect positive effect of improving production processes, along with timely maintenance controls.

2.4.2 Metrics and targets

E3-3 - Targets related to water and marine resources
The AVIO Group includes water protection and the rationalisation of water resources across all its sites among its environmental goals. To date, these goals have not included the formalisation of specific quantitative monitoring indicators.
The Group's objectives are aligned with the risk and opportunity analysis of the integrated analysis of the Environment and Occupational Health and Safety Management System and Major Accident Hazards. AVIO does not use public drinking water or marine resources. In fact, AVIO's processes do not involve water use except for plant cleaning operations and fire mains. For these purposes, industrial water is used, supplied through the Società Consortile per Azioni Servizi Colleferro, which operates the adduction plants owned by Se.Co.Sv.Im. Each processing room is connected to a chemical sewer system that is completely separate from the stormwater conveyance system. This network sends the effluent to a consortium sewage treatment plant, owned by Se.Co.Sv.Im and operated by Servizi Colleferro, which treats it and, after compliance verification, most of it is fed back into the industrial network. Where necessary or appropriate, Servizi Colleferro has permits for discharge into surface water bodies. This process to recover and reuse industrial water actually rationalises the use of this resource, along with the careful management of the facility's internal network.
For firefighting, Avio is equipped with internal storage basins in locations at appropriate elevations to ensure water inflow by piezometric effect. In cases of forest fire emergencies, these reservoirs have also proved useful to the Civil Defense and the National Fire Department, which have requested and obtained the ability to have their firefighting helicopters refueled.

Se.Co.Sv.Im has installed emergency safety systems (MISE) throughout its area of responsibility and a treatment plant for groundwater found to be contaminated. In addition, there is a particularly extensive network of piezometers on the area for monitoring at significant points, which is carried out periodically on a voluntary basis. Groundwater treatment and MISE are required by law, the responsibility of Se.Co.Sv.Im as a non-offending owner. The remaining objectives are optional.

[100] Se.Co.Sv.Im is in charge of this monitoring and applies to the former industrial areas under its control.
[101] Again, this monitoring is the responsibility of Se.Co.Sv.Im and applies to the former industrial areas under its control.

E3-4 - Water consumption[102]
In 2025, the AVIO Group's water consumption was 535,243 m^3.

Water consumption	Unit	2024		2025	
		All areas	Areas at water risk, including areas of high-water stress.	All areas	Areas at water risk, including areas of high-water stress.
Total water consumption[103]	m^3	475,408	474,708	535,243	535,243
Freshwater	m^3	475,408	474,708	535,243	535,243
Other water	m^3	-	-	-	-

	Unit	2024	2025
		All areas	All areas
Total water recycled and reused	m^3	**94,644**	**157,159**
Of which recycled	m^3	94,644	157,159
Of which reused	m^3	-	-

	Unit	2024	2025
Total water stored	m^3	500	500

Water intensity			
	Unit	2024	2025
Total water consumption	**m3**	**475,408**	**535,243**
Revenues	**Euro thousands**	**480,420**	**583,680**
Water intensity	**m^3/Euro thousands**	**0.98**	**0.92**

2.5 ESRS E4 Biodiversity and ecosystems
2.5.1 Strategy
E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model
Through its environmental policy, AVIO pays close attention to ecosystems and the protection of biodiversity. AVIO operates in Colleferro in a Group-owned area through Se.Co.Sv.Im., whose configuration as an industrial site pre-existed decades before Avio's operations began. These are therefore from the outset perfectly integrated and totally compatible with the environmental substrate, including the ecosystems present and biodiversity, since, as discussed these have settled since the beginning of the last century with the factory. The industrial area is extremely large and with a low rate of construction; it has remained so until today, protected by the property fence and the explosive belt, made in accordance with the Consolidated Law on Public Security ("**TULPS**"), R.D. 773 of 1931 as amended and implementing Regulation, R.D. 635/1940 as amended. The internal ecosystem does, therefore, not directly communicate with the outside and is historically stable. By the nature of its business, AVIO has no impacts on such ecosystems except through its industrial activities, for which, the environmental policy establishes clear objectives of compliance, prevention and protection. Compared to the implementation of a dedicated transition plan, therefore, the best action turns out to be the pursuit of the aforementioned environmental policy objectives with special reference to preservation and protection, since the concept of "transition" is not applicable.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model
The Group's headquarters are located in Colleferro near Rome; there are also additional sites in Campania, Piedmont and Sardinia in Italy. Operational sites abroad are located in France and French Guiana.
Among them, sites where test and launch activities take place, such as Perdasdefogu in Sardinia and territories located in French Guiana appear to be potentially affected by the impact of activities on biodiversity and ecosystems. Activities in Guyana take place outside the operational control of the AVIO Group, within the

[102] Consumption related to the commercial companies Avio USA, Avio France and the Avio Branch were estimated using a proxy that values the office activities performed.
[103] The figure entered is actual as it is derived from verifiable measurements and readings.

Guyanese Space Center owned by CNES (Centre national d'études spatiales, or the "National Center for Space Studies"), the French government agency in charge of space activities, which collects biodiversity data and itself implements actions dedicated to the protection of biodiversity and ecosystems.
In the Colleferro area, where AVIO Group's production activities are concentrated, the potentially negative impact is countered by the fact that the ecosystems present were developed after the establishment of industrial activities at the beginning of the last century. Today they have arrived at a mature equilibrium, pre-existing the start of AVIO's activities on the environmental site and, therefore, integrated and compatible with it.
In particular, part of the area known as AVIO's Test Center, located in the municipality of Segni, is in a Nature 2000 SCI area of community interest. Following the conduct of a VINCA study for the expansion of industrial facilities in the area, which was approved by the Lazio Region, the full compatibility of the activities of the production processes with this SCI area is evident, confirming that AVIO's activities do not have negative impacts on threatened species.
Part of the Colleferro industrial area is also located in a protected area under the Birds Directive, which has 31 protected species for European Union and 9 protected habitats for European Union. Specifically, Se.Co.Sv.Im owns about 910 hectares in the municipalities of Colleferro, Segni and Artena and manages this area with regard to soil, subsoil and groundwater monitoring and remediation activities. This area is affected by the following identified positive impact: "environmental remediation of areas subject to proceedings in the National Interest Site (SIN)". In fact, this area has been the subject of final judgments related to pollution, to which Se.Co.Sv.Im, having acquired the industrial site in the mid-1990s, is unrelated. Despite not being responsible for the pollution, the Company has made significant financial investments to carry out remediation works, which are typically the legal obligation of the proprietary owners, consequently undertaking the environmental redevelopment in the area concerned. The indirect impact related to raw material extraction, on the other hand, refers to the Group's value chain, for strategic reasons located mainly in Europe to ensure a broader distribution also in terms of ESG parameters. There are no negative impacts related to AVIO's activities on threatened species.

ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

Positive impacts	Negative impacts	Physical risks	Opportunities
- Protection of biodiversity and natural capital through the environmental remediation of areas subject to proceedings within the Site of National Interest (SIN)	- Effects on biodiversity in areas of raw material extraction - Effects on local biodiversity due to production, testing and launch activities	-	-

This is based on the double materiality analysis carried out in the manner specified in ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities in ESRS 2 General disclosures. With respect to ESRS E4 topics, three biodiversity and ecosystem-related impacts were identified, specifically concerning land use changes, freshwater use and marine resource use. From the Double Materiality assessment, no material risks or opportunities were identified related to this topic. The analysis primarily considered the nature of AVIO's business activities and its core operations. Specifically, production processes and launch tests are essential to the Group's core business. However, AVIO is committed to minimising negative impacts where possible, applying structured procedures and continuously updated technologies as part of its continuous improvement efforts. In this regard, a comprehensive voluntary environmental impact assessment study, with modelling of impacts on all environmental matrices, was conducted for testing activities in Sardinia of the Zefiro40 engine. This study was approved by the Competent Authority of the Sardinia Region, issuing the authorization to carry out and was validated by field characterization ante, during and post test. Thus, the non-influence of bench testing on any environmental matrix and the absence of permanent damage was demonstrated. As mentioned, the study carried out with respect to the expansion of industrial facilities in the area related to AVIO's Test Center also determined that it is fully compatible with the area, indicating no need to implement special mitigation measures with respect to the issue at hand.
As for extraction activities, the impact is indirect as the activity is not carried out by the Group, which instead procures raw materials from industrial processing by third-party suppliers. ESA's sources of supply for strategic and geographic reasons are predominantly European which are, therefore, subject to the same EU rules on environmental protection and preservation of ecosystems and biodiversity. The Group acknowledges its responsibility for protecting the local community and incorporates this commitment into its Environmental Policy, in addition to EU, national and regional environmental regulations. For more information on the AVIO Group's engagement and involvement of local communities, please refer to the section "ESRS S3 Affected Communities".

E4-2 - Policies related to biodiversity and ecosystems
The AVIO Group has an Environmental Policy which, in relation to the above impacts, constitutes the framework for defining any objectives and actions of the organisation for the continuous improvement of environmental performance. This policy applies Group-wide, thus also affecting sites defined as biodiversity-relevant, reported in the previous sections. In relation to these impacts, the Policy defines the commitment to:

- Rationalisation of the use of harmful and environmentally hazardous substances and preparations;
- Improved effectiveness of the Environmental Management System;
- Protection and control of all environmental matrices.

For more information regarding this Policy, please refer to the section: ESRS 2 General disclosures - MDR-P Policies adopted to manage material sustainability matters.

It should also be noted that Se.Co.Sv.Im has been adopting practices aimed at sustainable preservation of soil not dedicated to industrial activities for many years with the help of professionals in the field, establishing sunflower and alfalfa crops on about 100 hectares. It has also conducted a study of "Forest management and reforestation for carbon sequestration and climate adaptation in AVIO-Se.Co.Sv.Im-owned land". In view of the Group's activities and impacts, it was not deemed necessary to implement a dedicated policy on the use of sea water or oceans. Moreover, since the only direct impact turns out to be potential, the consequences of the latter are not explicitly addressed through the policies the Group has in place, as is the issue of materials procurement, the impact of which is not attributable to the Group directly. In line with that discussed above, this policy also does not discuss possible transition risks related to the issue of biodiversity.

E4-3 - Actions and resources related to biodiversity and ecosystems
The AVIO Group's key biodiversity and ecosystem protection initiatives are primarily linked to Se.Co.Sv.Im.'s activities, which contribute to the Group's positive impact on land use changes, freshwater use and marine water use. In collaboration with the institutions, Se.Co.Sv.Im is in fact engaged in the complete redevelopment of the land it owns in the Colleferro industrial complex, with obvious benefits in terms of the biodiversity through the remediation activities carried out. These activities are defined and carried out consistently with the contents of the Environmental Policy. In this regard, the company continues to be active on several fronts. In particular, several remediation projects were underway in 2025, two of which were approved by decree at the end of the year. These concern the Colleferro site and have as stakeholders the local community and the competent authorities in the environmental sector (MiTE, Lazio Region, ARPA, ISPRA, Metropolitan City, Municipality of Colleferro). Remediation activities are multi-year in nature and depend on the implementation of the ARPA2 project, the responsibility of the Lazio Region. Certification of successful reclamation was also obtained in 2025 in one of the areas owned by Se.Co.Sv.Im., achieving the goal that had been set for the Company in 2023.
In 2024, after obtaining clearances from VINCA regarding the preventive plan for industrial expansion in the Test Center in Colleferro, which, as mentioned, attests to the compatibility with the protection of the area, AVIO submitted the application for the Strategic Environmental Assessment (SEA) of the initiative in order to obtain environmental compatibility.
Also noteworthy is the audit conducted on the Management System certified according to the ISO 14001 standard, in order to determine the effectiveness of the application of procedures and instructions for the operational control of all activities with an environmental impact of the company, with the purpose of realizing the operational control of industrial processes, which is capable of preventing disturbances in environmental matrices and ecosystems. Regarding the negative impacts identified, the Group's companies apply the procedures outlined in the management systems established in compliance with international and regional principles and standards, working to minimise or prevent their environmental impact wherever possible. However, given the nature of the Group's business activities, certain limitations exist with regard to the margin of action. Given the nature of the Group's operations and the impacts discussed, and in particular the positive impact identified, resorting to biodiversity offsets is not relevant. Please also refer to SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model for more information.

2.5.2 Metrics and targets
E4-4 – Targets related to biodiversity and ecosystems
As previously indicated in SBM-1, a Sustainability Plan integrated with the Group Strategic Plan has been prepared. In this Reporting, some macro areas of intervention of the Plan and the related qualitative goals are disclosed. The AVIO Group aims to protect ecosystems and biodiversity through the application of the Environmental Policy and compliance with mandatory and voluntary impact limits that are related to industrial activities. AVIO has therefore prepared a high-level target related to the protection of biodiversity, referring to the protection of the areas in which the Group operates, further broken down into the following sub-target: to promote and encourage the protection of the natural resources of the areas in which the Group operates through the management and maintenance of areas and greenery with respect for biodiversity, in line with the Environmental Policy adopted by the Group, which also defines the objective of protection and control of all environmental matrices and the policy of prevention from major accidents pursuant to Legislative Decree

105/15 as amended. These goals, as well as the Policy to which they refer, are aligned with European Union Directives and ESA's Chart for a Sustainable Space Sector. It should also be noted that the AVIO Group has not currently assessed as necessary the drafting of specific policies related to the protection of ecosystems and biodiversity, and the topic concerns more the objectives defined within the Environmental Policy and the Policy for the Prevention of Major Accidents. Group processes are managed and monitored by the functions that have day-to-day responsibility for ensuring compliance with our policies and applicable regulations. Environmental aspects are also managed on an ongoing basis through ISO 14001 certification. The effectiveness of the actions taken and thus the progress of these goals are evaluated and disclosed annually through the Annual Report under the AIA. Related actions are disclosed in the same document, and through the Non-Financial Statement, since 2024 the Sustainability Statement, which the Group has been publishing since 2017.

E4-5 – Impact metrics related to biodiversity and ecosystems change

As reported, part of the area hosting the Group's activities are located in the municipalities of Colleferro, Segni and Artena, which is a biodiversity-sensitive area. Specifically, more than 910 hectares is owned by Se.co.sv.im, whose work nevertheless brings positive impacts from a biodiversity point of view not only in the areas affected by reclamation activities, but also in the protection and land management of all other areas not dedicated to industrial activities. In terms of the AVIO Test Center located in a Site of Community Interest (SCI) in the municipality of Segni, the activity here was determined to be compatible with the preservation of local biodiversity and the site. Finally, as discussed above, the Group does not contribute through its activities to changes in land, freshwater or sea use in a direct way.

2.6 ESRS E5 Resource use and circular economy

2.6.1 Management of impacts, risks and opportunities

ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Positive impacts	Negative impacts	Risks	Opportunities
-	- Contribution to the depletion of natural resources due to the consumption of non-renewable raw materials for industrial processes - Waste generation and production scraps from operations and across the value chain - Potential negative effects on the environment and the community due to improper recycling, recovery and disposal of hazardous and non-hazardous waste	- Risks related to steam supply - Risk of production disruption due to external events such as natural disasters or supply chain breakdowns for non-replaceable goods and services	- Improved material management, potentially impacting cost structures thanks to the introduction of circular economy practices - Research and development into the disposal of (space) debris

Impacts, risks and opportunities related to resource use and circular economy are based on the double materiality assessment carried out in the manner specified in ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities in ESRS 2 General disclosures.
In conducting this analysis, the nature of the AVIO Group's business activities and the activities that are fundamental to its core business were considered, together with the mapping of the value chain. Stakeholder engagement activities involved both internal and external stakeholders of the Group. The perspective of local communities – a major stakeholder in all activities and initiatives carried out in the area in which the Group operates – was taken into account during the internal assessments of the double materiality process.

E5-1 – Policies related to resource use and circular economy

The AVIO Group has adopted an Environmental Policy that applies to all Group companies, guiding its corporate commitment and serving as the basis for evaluating environmental performance, particularly regarding waste management improvements. Since 2010, an Environmental Management System has been implemented for AVIO S.p.A., certified in accordance with ISO 14001, which encompasses the set of procedures and instructions for the operational control of all the company's environmentally impactful activities, also with the aim of realizing an operational control of industrial processes, designed to ensure the proper management of waste,

starting from its production and ending with its disposal. Through internal self-control audits and external control audits, the proper implementation of procedures related to the waste cycle is verified.
For further information on the policies, please refer to the ESRS 2 General disclosures - MDR-P Policies adopted to manage material sustainability matters section.
Through the adoption of its Environmental Policy, AVIO seeks to optimise resource use, including the use of virgin resources, reduce consumption and enhance efficiency, starting from the process design phase, taking into account the entire product lifecycle.
As part of the remediation activities carried out by Se.Co.Sv.Im., a procedure exists that outlines the manner to manage the flow of materials into and out of Se.Co.Sv.Im. remediation site areas, with reference to materials and wastes from hot-spots and destined for the MISP Arpa 2 site and produced in the relevant work areas. This includes tracking sheets, a handling log, and defines the procedure for delivery to the ARPA 2 storage site.

E5-2 – Actions and resources related to resource use and circular economy
AVIO, on an annual and ongoing basis, pursues several actions related to resource use policies and the circular economy, including:

- *Ensuring the separate collection of waste closely linked to production*
  Separate collection has been implemented at all AVIO sites, which has come to recognise many different EWC codes in order to be able to facilitate sending waste to different recovery destinations. The activity is recurring and is updated annually with new waste characterization where necessary.
- *Maximising the amount of waste sent for recovery*
  Through the help of partners and external firms, waste managers, an effort is made to maximize the amount of waste sent for recovery each year within the AVIO sites where there is production activity. In 2025, a waste diverted from disposal percentage of 65% was achieved, of which 20% was through recycling operations and 80% through recovery operations. The success of the process depends in part on the availability of firms that carry out waste treatment.
- *Send excess materials not used in the production cycle to new use*
  Space materials are particularly valuable and belong to the high quality range, and in view of these characteristics, they are difficult to reuse. The activity is closely bound to the availability of the receiving companies and therefore does not qualify as a recurring activity.
- *Developing new products using materials that are reused as much as possible and/or are not hazardous to health and the environment, and adopting procurement logics that minimize excesses*
  The new products are relevant to the field of aerospace propulsion and will be subject to very high performance and quality criteria. These developments concern the Colleferro and Sardinia sites, with a time horizon of several years, depending on the complexity of the product to be developed.

AVIO's CapEx and OpEx for 2025, although not significant, are included within the general CapEx/OpEx item of the Group. As an example, the configuration constraints of solid thrusters force a maximum number of batches of raw materials, the quantities procured, therefore, are made in such a way as to minimise residual batch queues and thus waste generation. Similarly, the length of carbon fibre pre-preg spools impregnated in-house are made to the same length (which is not the case with commercial materials) in order to make maximum use of the rack during filament winding. Another example is the development of the new MR10 experimental methane and liquid oxygen engine, which not only paves the technological way for the future realisation of reusable engines, but also employs biomethane, which comes from the treatment of biomass and, therefore, from renewable sources. Finally, there are the indirect effects such as the significant investment in the digitisation of controls and management with the Industry 4.0 project which, through the development of the specific applications will allow an unprecedented reduction in paper use for document circuits and file archiving.

2.6.2 Metrics and targets

E5-3 – Targets related to resource use and circular economy
The Group has not set quantitative targets; the macro-areas of action related to resource use and the circular economy under the Plan are described below and in turn broken down into the qualitative objectives "Minimise Impact of Waste" and "Develop New Products and Technologies", which seek to guide the Group's actions.
Through the use of technologies that optimize the use of resources and materials AVIO implements its policy that ensures the principles of compliance, protection, prevention and integration regarding the environmental aspect of resource use. The targets related to resource use and circular economy refer to the inflows and outflows of materials with the intention of reducing, in future products and technologies, the inflow and outflow of materials.
AVIO incentivises the circular economy through a recovery of materials for use in new activities, without them being defined as "waste" since some raw materials for space use, even without any treatment, are particularly suitable for other uses, allowing them to be used as such.

There are no specific targets related to the sustainable sourcing and use of renewable resources, but a number of products from renewable plant sources are used within the production processes, and at the same time Se.Co.Sv.Im. carries out cultivation on an area of about 60 hectares of sunflowers intended for oils and fuels for industrial use. As an entity not authorised to process waste (an activity concerning a specific category framed under Legislative Decree No. 152/06, as amended), AVIO cannot treat or recycle any waste internally, but only optimise the use of materials before they become waste, and this is done through waste reduction, which, however, is not explicitly reportable, nor does it allow for more virtuous percentages to be computed in waste recycling indicators. AVIO publishes an Annual Report concerning environmental performance, in compliance with the "Integrated Environmental Authorisation", in which a comparison is made with the performance of the previous year and/or earlier. Within the Report are a series of indicators that are used by AVIO to measure its performance using 2010 as the base year, which corresponds to the year of the first AIA Executive Determination.
The targets do not refer to a specific layer of the waste hierarchy, but rather cover it in its entirety, from prevention to recycling to disposal.
The aforementioned targets were set voluntarily and not as mandatory due to legislative requirements.

E5-4 - Resource inflows

With regard to resource inflows, the Group's production model requires raw materials and components, classifiable as Direct materials, which can be traced to the following macro commodity areas for the manufacture of its products (mainly engines and launchers produced by Avio S.p.A.):

- Commodity: chemicals/metallic materials;
- Flight components: solid and liquid propulsion engines/stage components/electronic components/structural components.

As shown in the table below, there was an inflow of resources of approx. 740 tons of material in 2025, an increase of about 39% from 2024. The increase is mainly due to the inclusion of composite propellant quantities for the first time in 2025, reflecting an extension of the indicator coverage.

Resource inflows[104]			
		2024[105]	**2025**
Type of resource inflow[106]	**Unit**	**Total weight of materials**	**Total weight of materials**
Acetone	kg	1,076	1,500
Chemosil 211	kg	150	210
Chemosil 411NL	kg	160	180
Cyclohexane	kg	620	695
Electronic components	kg	-	13
Pre-impregnated carbon fiber	kg	65,573	123,365
Kevlar matrix tires	kg	41,040	69,000
LINER	kg	-	2,953
Mapo	kg	125	5
Metal material	kg	-	239
Plastic material	kg	-	26
Ammonium perchlorate	kg	292,781	189,300
Polymers	kg	27,487	30,400
Aluminum powder	kg	100,575	44,200
Metallic powder	kg	1,382	3,320
Composite propellant	kg	-	271,300
Rare earth	kg	-	4
Vestanat IPDI	kg	2,095	2,850
Xylene	kg	80	40
TOTAL	**kg**	**533,144**	**739,600**

[104] The data refers to AVIO S.p.A., Spacelab S.p.A., Se.Co.Sv.Im. S.r.l., Regulus S.A.S. and Temis S.r.l.. As for AVIO France, AVIO USA, Avio Guyane S.A., Regulus and the Branch of AVIO S.p.A. incoming resource quantities are not recorded as no production activities occur.
[105] It is specified that from 2025 the use of LINER and Composite Propellant has also been considered.
[106] The weight of materials used by Temis S.r.l. is an estimate derived from the weight and composition of the final products.

We note that all materials used fall within the category of technical materials; therefore, no information is provided regarding biological materials or secondary components.
Data regarding raw materials refer to materials consumed for operational processes in 2025. The materials used are all technical in that raw materials are not used directly from virgin resources, but the same are always the result, in turn, of industrial production. Estimates were not used to calculate incoming resources.
Finally, the Group applies a number of actions are implemented to maximize the reuse of its materials, however, quality constraints imposed by the industry objectively limit this action and make the amount of secondary components reused or recycled, secondary intermediates and secondary raw materials, not material for reporting purposes.

E5-5 - Resource outflows

Waste generated[107]			
	Unit	**2024**	**2025**
Diverted from disposal			
Total	**t**	**504**	**700**
Hazardous waste	t	**45**	**70**
Preparation for reuse	t	-	-
Recycling	t	11	13
Other recovery operations	t	34	57
Non-hazardous waste	t	**459**	**630**
Preparation for reuse	t	-	-
Recycling	t	167	124
Other recovery operations	t	292	506
Directed to disposal			
Total	t	**203**	**357**
Hazardous waste	t	**171**	**327**
Incineration	t	15	33
Landfill	t	-	-
Other disposal operations	t	156	294
Non-hazardous waste	t	**32**	**30**
Incineration	t	-	20
Landfill	t	1	1
Other disposal operations	t	31	9
Non-recycled waste	**t**	**529**	**920**
Percentage of non-recycled waste	**%**	**75%**	**87%**
Total waste produced	**t**	**707**	**1,057**

The main wastes generated within the Colleferro production plant are from production processes: waste from organic chemical processes, waste from the production, formulation, supply and use of coatings, waste from photographic processes, waste from products from shaping and physical and mechanical surface treatment of metals and plastics, waste oils for hydraulic circuits, packaging, end-of-life vehicles and belonging to different modes of transport, waste from dismantling of vehicles and end-of-life and maintenance as well as vehicles, waste from construction and demolition activities, and from separated collection. Wastes at the test centre are from testing activities: waste from organic chemical processes, waste from the production, formulation, supply

[107] Only the quantities relating to 2024 include the share of waste generated by Servizi Colleferro. Data for 2025 refer to AVIO S.p.A., Spacelab S.p.A., Se.Co.Sv.Im s.r.l., Regulus S.A.S. and Avio Guyane S.A..

and use of coatings, waste from photographic processes, waste from shaping and physical and mechanical surface treatment of metals and plastics, waste hydraulic circuit oils, packaging, end-of-life vehicles belonging to different modes of transportation, wastes from construction and demolition activities, and from separated collection.
As for the Airola site, the main wastes are office waste, organic chemical process waste, organic waste containing hazardous substances and packaging.
The company Se.Co.Sv.Im does not formally produce any type of hazardous waste. If waste is generated during routine and/or special maintenance activities on site, it is managed under the contracts agreed with the contractors mentioned above and/or under existing service contracts with the management company Servizi Colleferro, which sees both as producers of the waste resulting from their activities. Hazardous waste from office activities (e.g. toner) is handled by the printing service provider under a contract agreed with the parent company. Se.Co.Sv.Im oversees the appropriate management of administrative obligations related to the handling of various types of waste generated on site, but is not, therefore, a producer of special waste. The only waste produced by Se.Co.Sv.Im is municipal waste during office activities, which is managed through the public service.
As for Temis, waste is properly sorted according to the requirements of the property's municipality of residence. The management of spent printing consumables and spare parts is assigned to an outside company that carries out periodic collection and disposal according to the relevant regulations.
Waste generated by French Guyane is stored in accordance with current regulations in a temporary storage facility awaiting pickup by a third-party company that handles the transportation, treatment and disposal of the waste. All operations are carried out by the third party company are recorded on the "BSD - Bordereau Suivi Déchet" form sent to the producer AVIO Guyane through the platform of the French ministry "TrackDéchets". From the platform, it is possible to sign the BSD for acceptance and track the waste from its collection to disposal. Waste is categorised by EWC codes and weighed, reporting the data on the BSD. The waste generated is the result of launcher integration activities. For all activities carried out outside this scope, third-party firms dispose of their own waste independently. The main types of waste present are iron, wood, plastic, cardboard, expired personal protective equipment, expired chemicals, and materials and textiles contaminated with chemicals. The third-party waste disposal company implements a waste recycling/regeneration/reuse policy.
It is specified that estimates are not used to calculate outgoing resources.

Hazardous waste			
	UNIT	**2024**	**2025**
Hazardous waste	t	**215**	**398**
of which radioactive	t	**0**	**0**

No radioactive waste was generated in 2025. Regarding activities that make use of radiogenic machines, please refer to section S1-4 - Actions on Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions - Attention to occupational health and safety within the various Group companies. Whenever the contractual agreements establish the contractor as the producer of waste resulting from activities, the Company complies with the management system procedures and applies the necessary control measures to ensure the proper management of waste by third parties.

3. SOCIAL INFORMATION

3.1 ESRS S1 Own workforce

3.1.1 Strategy

ESRS 2 SBM-2 – Interests and views of stakeholders

Constant attention and commitment to human capital are the founding pillars on which AVIO has defined a development plan targeted at enhancing qualities and skills, based on specific selection, training, management and remuneration policy processes. The Group operates in an exceptionally specialised field that necessitates the employment of highly skilled workers. AVIO is therefore keen to attract and identify outstanding individuals with strong technical-professional and managerial abilities that are difficult to replace, and is determined to develop and retain the finest personnel while ensuring a diverse, inclusive and innovative workplace environment.

AVIO's personnel management model features continuous professional development achieved through the constant acquisition of new skills accompanied by generational exchange, generating a reorganisation path designed to make the corporate structure efficient and develop an operating model capable of supporting business growth in a sustainable manner.

For more information on stakeholder involvement, see section ESRS 2 - SBM-2 – Interests and views of stakeholders.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Positive impacts	Negative impacts	Risks	Opportunities
- Job creation - Workers' well-being and protecting their rights - Adequate wages in line with national regulations, collective agreements and the company's remuneration policy - Employee well-being and work-life balance through appropriate welfare initiatives - Development of knowledge on occupational health and safety through training programmes - Equal opportunities among employees and collaborators within the Group through dedicated programmes and initiatives - Development of skills and company know-how through investments in training plans - Prevention of violence and harassment in the workplace through dedicated tools	- Work-related injuries and/or accidents	- Risks associated with difficulties attracting new talent - Risks related to the loss of key personnel/critical skills	- Increased corporate productivity thanks to enhanced employee well-being

The most significant impacts on the internal workforce identified by the Double Materiality Assessment are closely linked to the Group's management and enhancement of its people. They are also influenced by the strength of its business model. Specifically, these impacts include positive aspects related to stable employment, the adoption of initiatives to improve working conditions - e.g. the application of collective bargaining agreements that ensure adequate protections and wages - and the application of welfare and work-life balance policies.

These positive effects are made possible both by the context in which the Company operates and by the Group's direct commitment to placing personal well-being at the heart of its strategy, promoting a relationship of shared responsibility that is geared toward common growth.
In terms of skill development, this translates into a strategic approach that values continuing education, professional development, and the ability to get ahead of changes in the market. The Company seeks to reward merit, foster organisational development and pursue high standards of performance through investment in emerging skills and the adoption of more efficient working methods, including with the support of technology.
The corporate strategy is also designed to address dependencies - and related risks and opportunities - related to the availability of a workforce that is capable of achieving the goals of the Sustainability Plan.
All of AVIO's own workers who could be significantly impacted are included in this disclosure.
In the framework outlined, as of December 31, 2025, the total number of Group employees was 1,426.
In order to promote stable employment and long-term relations, a high number of Group employees (98%) have permanent employment contracts.
The majority of the corporate population is located in Italy. As a direct result of AVIO's business model, the job categories with the largest number of employees are white-collar and blue-collar workers.
The majority of employees (65%) are in the 30-50 age group.
Human resources are an "essential corporate asset" and the Group's "real driving force," whose development is a key factor in achieving the targets set. These are closely anchored to sustainability goals, where the full engagement of staff in adopting the concept of sustainability is not limited to the Company's internal activities, but spreads like a teaching within its community, creating essential value in promoting and disseminating a culture marked by sustainability values and encouraging conscious and responsible behaviours.
Following the double materiality analysis, a number of impacts, risks and opportunities relevant to own workforce were noted. The positive impacts stem from the Group's activities in adopting corporate programmes, procedures and policies related to these aspects.
The positive impacts include both employees and non-employees, except for the impact related to training, which applies only to the Group's direct employees. The identified negative impact is linked to isolated incidents or specific circumstances; the employees who may possibly be affected are the Group's blue collar workers as the category most susceptible to possible occupational hazards. AVIO, having taken into consideration the importance of the issue, has prepared a set of policies and procedures integrated to the ISO 45001 certified Management System, of which please refer to section MDR-P - Policies adopted to manage relevant sustainability issues, aimed at mitigating the considered impact. **(15)** The Group has also adopted structured procedures that outline roles and obligations pertaining to the safety of AVIO staff overseas or on assignment, in order to manage risk factors affecting those workers.
There are no impacts from transition plans on the Company's own workforce as there a plan to transition to a green economy has not yet been prepared.
The relevant risks and opportunities identified, stemming from the Group's impacts and dependencies in terms of its own workforce, apply to the Group's entire own workforce.
With regard to its own workforce, the Group has not identified operations or locations, where they are carried out, at risk of forced labour and child labour.
For details of the double materiality process carried out by the AVIO Group, see ESRS 2 General Disclosures - Management of impacts, risks and opportunities- IRO-1.

3.1.2 Management of impacts, risks and opportunities

S1-1 - Policies related to own workforce

In order to manage its own workforce and related impacts, risks and opportunities, the Group has a set of policies targeting all workers, among which:

- Diversity policy;
- Gender Equality Policy;
- Human Rights Protection Policy;
- Welfare plans;
- Remuneration policy - Talent development;
- Flexible working policy;
- Occupational Health and Safety and Major Accident Prevention Policy;
- the Code of Ethics;
- Charter of Ethics;
- Quality, Occupational Health and Safety and Environmental Policy (Politique en matière de Qualité, de Santé et Sécurité au travail et de respect de l'Environment)

For further information on the policies, please refer to the section ESRS 2 General disclosures MDR-P Policies adopted to manage material sustainability matters. AVIO's policy commitment translates into the centralised and effective management of the major issues related to its own workforce:

Human Rights

The importance of human rights and respect for the integrity of each collaborator is a fundamental priority for AVIO in conducting its business.

The Group is committed to avoiding any association with suppliers, partners and customers who engage in practices traceable to human rights violations or abuses. AVIO demands that its suppliers and subcontractors contractually accept the Company's Code of Ethics in order to ensure adherence to the same standards as Avio in the conduct of their activities. Within the Regulus Code of Ethics and Charter of Ethics, the Group makes clear its responsibility to protect employees from any form of harassment or unwanted behaviour, including actions based on race, gender, religion or other personal characteristics that violate the dignity of the individual, and to combat any such phenomenon whenever they appear.

These ethical principles are referred to in the Company's Organisational Model and 231 Guidelines. Failure to comply with them could expose the Group to sanctions and legal proceedings related to offences falling within the scope of Legislative Decree No. 231/2001. To spread these concepts and bring employees up to date on policies and processes linked to respect for human rights, AVIO offers planned and continuing training sessions.

The Group acts with regard for the dignity of its employees, building a system of relationships and constructive dialogue with staff that fosters their motivation and sense of belonging and encourages their direct participation.

Violations of the Code of Ethics may result in disciplinary actions and lead to the termination of the relationship of trust between the Group and the individual, consequently resulting in the termination of the relationship. In any case, the relevant Group company reserves the right to take legal action to seek compensation for any damages caused and/or resulting from the violation. In the event that human rights impacts occur within its workforce, AVIO will strive to implement specific measures designed to provide and/or remedy the impact in question.

The Group bases its personnel management policy on the principles outlined in the Corporate Code of Ethics and the Regulus Charter of Ethics, including respect for moral integrity in all its facets, protection of workers within a framework of constant attention to human capital, and compliance with national laws and the fundamental Conventions of the International Labour Organization (ILO) at each stage of personnel management.

Within the Code of Ethics, AVIO also condemns unlawful labour relations, the use of child labour and all forms of exploitation and undue advantage arising therefrom. The AVIO Group is committed to ensuring that its business activities are conducted in a manner that does not violate internationally recognised human rights. The AVIO Group does not employ child labour, meaning it does not hire individuals below the legal working age established in the location where the work is performed, and in any case, not below fifteen years of age, except for exceptions expressly provided by international conventions.

In addition, The Supplier Code of Conduct has been adopted, which outlines the conduct expected of suppliers: conduct in accordance with the values, principles and standards to which AVIO adheres, from senior management to employees, including business partners.

Occupational health and safety

In order to fully protect and guarantee the health and safety of workers and the prevention of major accidents in all its activities, the Group has policies and procedures in place to ensure proper and uniform management of these issues. The Group declares, in its Code of Ethics and Regulus' Charter of Ethics, its commitment to ensure effective management of the health, safety and hygiene of workers and is committed to promoting the application of the highest standards in terms of health and safety and the prevention of major accidents, in addition to preserving the physical and moral integrity of individuals, starting with the prevention and continuous monitoring of risks in the workplace.

There is also an Occupational Health and Safety and Major Accident Prevention Policy based on the Integrated Health and Safety and Major Hazard Prevention Management System, certified in accordance with ISO 45001, by an independent external body.

The HSEIS Organisational Unit has overall responsibility for the implementation and control of the integrated OHS-MAP management system. The French company Regulus has adopted the Manuel Qualité, Sécurité, Environnement (the "Quality, Safety and Environment Manual"), describing its integrated management system, which, in the field of safety, is mainly inspired by the international standard ISO 45001. In addition to pursuing improvements in occupational health and safety and with regard to internal resources, AVIO invests in the safety of its operating environment so that employees can work in a safe and comfortable setting.

Diversity and inclusion

AVIO has a Diversity Policy, which has been approved by the Company's Board of Directors; moreover, within the Code of Ethics, any form of harassment or unwanted behaviour is explicitly declared as unacceptable.

AVIO supports and promotes the diversity of gender, age, nationality, religion, and personal politics. The Group further strengthens its commitment to this cause by condemning all types of discrimination in every aspect of the employment relationship, from the hiring process to the delegation of duties, responsibilities and targets, the provision of training and compensation, and the termination of the employment relationship. The Code of Ethics explicitly lists the following grounds for discrimination: sex, gender, geographic origin, religion or other

personal characteristics that have the purpose or effect of violating the dignity of the individual to whom such harassment or behaviours are directed, both within and outside the workplace.
Regarding the inclusion of vulnerable categories of employees, within the Code of Ethics the AVIO Group is committed, consistent with the role and function held, to providing equal opportunities in employment and professional advancement for all people. This is carried out, for example, through the activation of the agreement with the Labor Office for the purpose of hiring a target number of people from vulnerable categories.
Overall, each department head is responsible for ensuring that all aspects of the employment relationship – including hiring, training, compensation, promotions, task assignment, responsibilities and objectives, performance evaluation, transfers, and termination – are handled fairly and in accordance with job requirements, avoiding any form of discrimination, particularly based on race, sex, gender, age, nationality, religion or personal beliefs. As previously described AVIO also has a certified management system, a Gender Equality Policy and a dedicated Steering Committee.

Training and development
AVIO recognises training as a strategic lever to empower people and achieve corporate objectives. The Group promotes a culture of continuous learning, providing all employees with equal access to training and encouraging constant of 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 through distance learning, both synchronously and asynchronously.
On an annual basis, the AVIO Senior Management team issues a Merit and Development Policy, inspired by differentiation. Qualitative and quantitative selectivity criteria, consistent with employee roles and responsibilities, are defined in the policy for salary and category-based adjustments.
In 2025 AVIO set itself apart with the design of training, and specifically through AIF's Training Excellence Award "MENZIONE GIURIA Digital Area and New Tools", and by being one of the most active members of the VALORE D community.
A selection of the activities carried out during 2025 are described below:

- the "Human Factor" Project - Development of Safety Culture and Transversal Skills was launched. This is a training course designed to strengthen the culture of safety, supplementing the mandatory training required by Legislative Decree No. 81/08 with an approach centred on the development of conduct skills
- a conduct and organisational competency development plan for all Departments was designed
- training modules were organised using the 8D method, which seeks to provide a structured approach to problem solving. The course involved cross-functional teams (quality, engineering and operations) and included hands-on exercises and real-world case analyses. Its goal was to strengthen problem-solving, collaboration and nonconformity management skills
- the Recruiting Excellence 2.0 course was updated and upgraded through in-house teaching carried out by the talent team. This covered a range of topics including selection bias and how to mitigate it, multigenerationality, and conduct-based interviews based on AVIO's managerial competencies
- professional development courses centred on maintaining training credits were launched for internal certified coaches, in preparation for the start of coaching programmes for the organisation's staff
- upskilling courses were introduced for the foreign subsidiaries, and particularly courses to support technical skills such as orbital mechanics and spacecraft control and Launcher design and re-entry phases
- internal training sessions were organized on highly specific technical disciplines
- the second edition of the "Leadership Manufacturing Training" course for area heads and team leaders was launched. This sought to enhance operational and management skills in Lean Manufacturing and Leadership
- the first edition of the "Empowering the Next-Gen Skills" programme was developed as part of the multigenerational-orientated HR strategy. This is an institutional pathway for Generation Z and carried out in collaboration with POLIMI Graduate School of Management
- team-building and operational coaching initiatives were run as part of the "Manufacturing Excellence: Operations Training" project, which focused on cross-functional collaboration, assertive communication and conscious leadership. Experiential activities included the Charity Bike Building initiative, which is designed to strengthen team cohesion and promote social responsibility values by building bicycles for charitable purposes
- special attention was paid to designing training activities on issues such as AI and Gender Equality

- following the drafting of the internal company policy on artificial intelligence issues, training was designed and delivered from July 2025 through dedicated courses.
- With Gender Equality certification, the training plan has been reinforced with pathways that constitute a concrete step toward a more equitable, inclusive and aware work environment.
- Additional areas of focus in the period were as follows:
- training and updating specific and compulsory technical skills in the field of safety (e.g. forklift truck, overhead travelling crane, lifting platform, safety officer, etc.).
- training focused on manufacturing processes for Vega and Vega-C products and on operations at the Guiana Space Centre (CSG).
- training on specific software
- training on special and critical processes in manufacturing
- Get on board day: two on-boarding days for new hires, made highly interactive and engaging through visits to AVIO's factory and historic facilities, providing an up-close look at processes, people and company assets. The initiative also included connections with the Group's foreign companies, creating opportunities for direct interaction with international teams and promoting a global vision based on internationalisation from day one
- support for internationalisation with a focus on individual and group language training (French language courses, Italian language courses)
- cyber security training
- refresher training on Legislative Decree No. 231/01 in the classroom and through eLearning
- workshop on Export Control ITAR EAR.

Distance learning training, both synchronous and asynchronous, had a positive impact on the total number of hours and participations, involving the entire company population. Using certified in-house trainers, safety and management training and information was provided. The eLearning Academy on the e-learning platform involved the provision of courses on soft, managerial, and methodology-based topics. In addition, courses were provided to help the Quality Division deliver training 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

Talent Acquisition
Talent Acquisition involves a long-term strategy and the search for highly specialised individuals. Finding, attracting, and developing talent with appropriate career plans is one of the most significant objectives for a company aspiring to achieve sustained growth. On an annual basis, the AVIO Senior Management team issues a Merit and Development Policy, inspired by differentiation. Qualitative and quantitative selectivity criteria, consistent with employee roles and responsibilities, are defined in the policy for salary and category-based adjustments. In 2023, AVIO introduced a new Talent Acquisition process based on the "candidate experience". In order to further reinforce the AVIO brand as a desirable place to work in Italy, a series of Employer Branding (also known as Talent Attraction) activities have been introduced since.
During 2025, maintaining the trend of previous years necessary to cope with various programmes and the development of new business, the Company has ensured and implemented a new hiring plan to bring in white-collar staff.
In the latter part of 2025, the new On Boarding process was launched: Ready to Lift Off with several new features:
- guidelines for hiring managers with the goal of making reception consistent and fair
- buddy figure inclusion (with behavioural guidelines)
- structured meetings with HR/Line Manager and Business Unit Director at 30 days/90 days/180 days
- creation of a Handbook with all the information for new resources
- birthday gadgets after the first 12 months within the Company.

In 2025, Avio continued Employer Branding activities by enhancing corporate identity and increasing attractiveness to qualified candidates, supporting recruiting needs and building a talent pool in line with the business over time.
Employer Branding activities were mainly of two types: online and offline.
On the online front, during the year digital content dedicated to employer branding was designed and disseminated, published on Avio's official social channels and on the company intranet. These initiatives aimed to attract both junior and senior profiles, improving the number and quality of applications in the company database, in addition to promoting growth and internal mobility opportunities. We have also launched a network of internal Employer Branding Ambassadors, who actively participated in creating content - stories, videos, mini-interviews - that contribute first-hand to enhancing the corporate image. In addition, this year together

with La Sapienza University an Orientation project called: "GET PREPARED" as preparing for the world of work through a series of appointments both from the point of view of talent acquisition and as talent attraction has started.
For offline initiatives, the focus was on organizing events targeting both internal resources from different business areas and external stakeholders with differentiated skills, including university students, professionals and industry experts, with the aim of fostering a gradual increase in the seniority of new hires. At the same time, Avio's presence within the university arena has been strengthened through testimonials, workshops and case studies consistent with the company's business, aimed at developing skills of interest and disseminating greater knowledge of the Avio world.
Important topics including Sustainability and Diversity and Inclusion were addressed throughout 2025 through participation in several dedicated summits and events.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts
The ways in which the interests, views and rights of the AVIO Group's own workers shape the company's strategy and business model, including respect for human rights, are outlined in the section ESRS 2 "Interests and views of stakeholders". Regarding the involvement of the company's own workforce in impact materiality assessments, we note that key representatives and their teams from the AVIO Group's core areas and functions were engaged in the process.
The Group undertakes to promote the ongoing exchange of information and advice with trade unions on issues of common interest to ensure the well-being of its workers and the protection of their rights. Dialogue is conducted through constant liaison in order to promote a participatory corporate culture, ensuring constructive dialogue to achieve an ongoing understanding of the organisation's needs. The principles of transparency, independence and integrity underpin the relations maintained by the relevant corporate functions with trade union organisations. This approach aligns with national and international standards governing the consultation and participation of worker representatives.
In practice, the Group regularly engages worker representatives through periodic meetings, advisory committees and dedicated discussion platforms, ensuring that their views are appropriately considered in strategic decision-making and business model analysis.
The Group undertakes to promote the ongoing exchange of information and advice with trade unions on issues of common interest to ensure the well-being of its workers and the protection of their rights. Dialogue is conducted through constant liaison in order to promote a participatory corporate culture, ensuring constructive dialogue to achieve an ongoing understanding of the organisation's needs.
Regular liaison with the trade unions is particularly important, in order to put in place ongoing and advance communication about business-related issues that may impact workers.
In 2025, regular meetings were held with the General Workers' Representative Body (RSU) to involve and inform union representatives on Company developments, temporary employment contract renewals, and new initiatives.
AVIO's Human Resources and Organisation Department, which reports directly to the Chief Executive Officer, manages all aspects of AVIO's people management. This function also relies on the assistance of the directorates in defining requirements and, if necessary, utilises external companies specialising in selection and evaluation processes to strengthen head-hunting activities. This is done in accordance with established processes and procedures, aligned with best practices found nationally and internationally despite the absence of formalised policies.
There are no specific agreements with worker representatives regarding human rights, as the Group makes clear its responsibility within the Human Rights Protection Policy, the Code of Ethics and the Regulus Charter of Ethics to protect employees from any form of harassment or unwanted behaviour, including actions based on race, gender, religion or other personal characteristics that violate the dignity of the individual, and to combat any such phenomenon whenever they appear.
The Company does not directly evaluate the effectiveness of its own workforce engagement or any resulting agreements or outcomes.
No specific measures have been adopted to understand the perspectives of particularly vulnerable worker categories, as all measures equally involve all AVIO employees.

S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
Regarding the negative impact "Potential Workplace Injuries and/or Accidents", AVIO has a specific procedure in place that describes the processes, activities and controls put in place to remedy in the event that the impact in question occurs:

- Injury detection;
- Injury analysis and reporting to INAIL;
- Recording the injury;
- Injury monitoring;
- Collection and consolidation of injury data;
- Reporting of work-related injury data.

The Group has also adopted a Whistleblowing Procedure in compliance with the Whistleblowing Decree, allowing reports to be submitted electronically. The Whistleblowing Decree provides a series of protective measures for whistleblowers acting in good faith and related persons. These protections include the prohibition of retaliation and safeguards against it, in addition to support measures, assistance and free advisory services from third-sector organisations for both the whistleblower and the person involved.
For more information regarding the AVIO Group's Whistleblowing channel, please refer to sections "G1-1 – Corporate culture and business conduct policies" and "G1-3 – Prevention and detection of corruption and bribery". Information on the Procedure is made accessible and available to all, made easily visible in workplaces and is also published in a dedicated section of the Company's website.
Any complaints and reports are handled in accordance with the provisions outlined in the Whistleblowing Procedure, available on the website of the AVIO Group.
Information on the Procedure is also made available when a new employee is hired. Training on whistleblowing and on the provisions of the Procedure in general is included in the staff training plans on compliance provided by the Company.

S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
The Group pursues several actions related to its own workforce policies that cover a continuous time horizon:

Training activities to update knowledge and skills, identifying the appropriate training methods to address any gaps
In 2025, training courses saw an expansion of soft skills. New training activities were planned to develop skills on assertive communication, leadership and time management. Of particular significance, moreover, are the Mindfulness and Work-life balance courses, introduced for the first time at AVIO in support of the HR Project "AVIO People Caring". These seek to equip participants with the necessary tools to reduce stress and improve company performance.
AVIO Guyane also pursued several training initiatives in 2025, including activities dedicated to ecological transition, soft skills development as well as mandatory training aimed at safely managing launch activities.

D&I Initiatives
In 2025, AVIO participated in a series of D&I events such as a STEM career day dedicated to women. Alongside Valore D, a series of initiatives are planned in middle and high schools in which engineers recount their experiences with a view to the orientation of future generations.
The Educational Campaign promoted by AVIO since 2022 continues, and participation again in the AEROSPACE JOB TALK in collaboration with ASI and Adecco, so as to bring young people closer to the STEM subjects, and with in-house teaching at ITS Mechatronic.
A voluntary course was also carried out with the goal of mitigating Bias with increased percentage participation. Courses were carried out by the Talent Acquisition team on how to process candidates, and specific training dedicated to eliminating bias was provided in 2025.

Well-being agenda
In continuity with 2024, a well-being agenda was developed within AVIO that sought to improve employee well-being through a series of collaborations and training based on four pillars:

- Physical: there are pathways with nutritionists and psychologists;
- Social: sports tournaments are organised, with a focus on improving mood and a sense of togetherness among employees, and discounts are offered for theatre events;
- Emotional: with Counsel Coaching and mentoring;
- Financial: Through a series of courses, employees are made aware of financial well-being issues such as approaching retirement, pension and contribution issues. There is also an agreement with a bank, and an advice desk on loans and financing has been opened, in addition to the desk dedicated to discounts provided in cooperation with the Stellantis Group.

Exit Feedback and Exit Interview
Outgoing employees are asked to provide feedback on how to improve the work experience, and the feedback is then discussed in a final Exit Interview.

Development of specific assessment systems
In line with 2024, the Company confirmed the Variable Bonus system, which is linked to the AVIO Group's Target Plan for FY 2025. The 2025 target allocation process changed from the previous year with the weight of individual goals increased from 50% to 70%.

Attention to Occupational Health and Safety within the various Group companies

Activities at AVIO's Colleferro Facility that involve the use of substances and preparations classified as explosive and/or comburent are authorised and controlled by the Ministry of the Interior to ensure that they are planned and carried out in compliance with the safety criteria established by the Regulation of Execution of the Consolidated Text of 18/06/1931 of the Laws of Public Safety (Royal Decree No. 635 of 06/05/40). AVIO S.p.A.'s Colleferro facility falls under the obligations of Legislative Decree No. 105/2015 (upper threshold) for the possession of substances classified as Comburent and Explosive.
Activities at the AVIO Facility in Colleferro that involve the use of radiogenic machines for X-Ray testing of propulsion system components are also subject to the requirements of Law No. 230/95, as amended, which regulates the possession and use of radiogenic sources.
An Internal Emergency Plan (IEP) was also prepared for the AVIO S.p.A. facility in Colleferro, pursuant to Article 20 of Legislative Decree No. 105/2015. This document is designed to control and contain accidents, enacting the necessary measures to protect human health and safety and the environment from the consequences of major accidents, adequately informing workers and relevant local departments or authorities, and guiding the environmental restoration and cleanup in the wake of a major accident. Employees at the facility undergo awareness-raising, education and training on the IEP.

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

Annual issue of a Merit and Development Policy and Career Plans
In 2025, the company set out a Merit and Development Plan that involved various employee positions.

The above actions were identified in order to increase the retention of its employees and ensure employees' well-being by mitigating the risk identified as relevant "Risks related to the loss of key personnel/critical skills and the inability to attract new talent" and pursue the opportunity "Increased business productivity through guaranteed employee well-being".

Any corrective actions necessary to prevent and mitigate the detected negative impact of "Potential Workplace Injuries and/or Accidents" are identified within the periodic internal meetings organised by the relevant company functions, within which any recorded injuries and corrective actions taken are discussed, as well as the status of progress about their implementation. For more information on the action taken to prevent, mitigate and remediate the negative impact "Potential work-related injuries and/or accidents", see Section S1-14 - Health and Safety Metrics.
AVIO ensures that its actions do not adversely affect its workforce as only those with positive effects are taken into account in defining them.

The current organisational structure of the Human Resources Department is suitable to handle every facet, from hiring, to improvement in skills, to motivation, to performance evaluation of each employee on the job.

The above interventions are included within the Group's general CAPEX/OPEX item and are not significant

There are no impacts from transition plans on the Company's own workforce as there a plan to transition to a green economy has not yet been prepared.

3.1.3 Metrics and targets

S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In line with the above, as with other sustainability matters, AVIO has prepared a set of objectives related to its own workforce, which are set out within the Sustainability Plan. The AVIO Group issues and adopts an improvement programme which constitutes the framework for defining the organisation's goals, targets and, therefore, action to ensure ongoing improvement in performance related to its workforce, including through continuous dialogue with union and employee representatives.

- Become a European leader for aerospace talent;
- Fostering corporate growth geared towards diversity and appreciating people's worth.

S1-6 - Characteristics of the undertaking's employees

In line with the Group's ambition to create safe jobs, during 2025 the number of employees increased by 5% compared to 2024, consistent with business growth. For further details on the workforce, reference should be to paragraph 4. Disclosure by operating and regional segment" of the Consolidated Financial Statements.

Total number of employees (workforce) by country[108]					
Number of employees	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Italy	1,057	186	-	-	**1,243**
Europe	10	3	-	-	**13**
Non-EU countries	82	17	-	-	**99**
Total	**1,149**	**206**	**-**	**-**	**1,355**
Number of employees	**December 31, 2025**				
	Male	Female	Other	Not disclosed	Total
Italy	1,091	206	-	-	**1,297**
Europe[109]	106	19	-	-	**125**
Non-EU countries	2	2	-	-	**4**
Total	**1,199**	**227**	**-**	**-**	**1,426**

Total number of employees (workforce) broken down by contract type and gender					
Number of employees	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Permanent	1,124	196	-	-	**1,320**
Fixed-term	25	10	-	-	**35**
Non-guaranteed hours	-	-	-	-	**-**
Total	**1,149**	**206**	**-**	**-**	**1,355**
Number of employees	**December 31, 2025**				
	Male	Female	Other	Not disclosed	Total
Permanent	1,184	220	-	-	**1,404**
Fixed-term	15	7	-	-	**22**
Non-guaranteed hours	-	-	-	-	**-**
Total	**1,199**	**227**	**-**	**-**	**1,426**

Total number of employees (workforce) broken down by contract type and gender					
Number of employees	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Full-time	1,147	205	-	-	**1,352**
Part-time	2	1	-	-	**3**
Total	**1,147**	**206**	**-**	**-**	**1,355**
Number of employees	**December 31, 2025**				
	Male	Female	Other	Not disclosed	Total
Full-time	1,198	226	-	-	**1,424**
Part-time	1	1	-	-	**2**
Total	**1,199**	**227**	-	-	**1,426**

Employee turnover rate					
Number of employees	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Outgoing employees	75	24	-	-	**99**
Turnover rate[110]	**7%**	**12%**	**-**	**-**	**7%**
Number of employees	**December 31, 2025**				
	Male	Female	Other	Not disclosed	Total

[108] The number of employees is provided in Headcount, also taking into account employees whose last day of employment was on December 31, 2025.
[109] From 2025, employees from French Guiana have been considered in Reporting as employees belonging to the European Economic Area.
[110] The turnover rate is calculated by taking into consideration the total number of departures divided by the total number of employees as of December 31, 2025.

Outgoing employees	107	12	-	-	**119**
Turnover rate	**9%**	**5%**	**-**	**-**	**8%**

S1-8 - Collective bargaining coverage and social dialogue

The Group undertakes to promote the ongoing exchange of information and advice with trade unions on issues of common interest to ensure the well-being of its workers and the protection of their rights. Dialogue is conducted through constant liaison in order to promote a participatory corporate culture, ensuring constructive dialogue to achieve an ongoing understanding of the organisation's needs. The principles of transparency, independence and integrity underpin the relations maintained by the relevant corporate functions with trade union organisations. Seeking to ensure strict compliance with the legislation, AVIO's employment contracts with its employees comply with applicable national and international standards.

Employees covered by collective bargaining agreements					
at December 31, 2024					
	GROUP	EEA (European Economic Area)		Outside of the EEA	
		Italy	France	French Guiana	USA[111]
Number of employees	1,355	1,243	13	95	4
Number of employees covered by collective bargaining agreements	1,351	1,243	13	95	-
% of employees covered by collective bargaining agreements	**99.7%**	**100%**	**100%**	**100%**	**0%**
% of employees covered by employee representatives[112]	**99.7%**	**100%**	**100%**	**100%**	**0%**
December 31, 2025					
	GROUP	EEA (European Economic Area)[113]			Outside of the EEA
		Italy	France	French Guiana	USA
Number of employees	1,426	1,297	16	109	4
Number of employees covered by collective bargaining agreements	1,422	1,297	16	109	-
% of employees covered by collective bargaining agreements	**99.7%**	**100%**	**100%**	**100%**	**0%**
% of employees covered by employee representatives	**99.7%**	**100%**	**100%**	**100%**	**0%**

S1-9 – Diversity metrics

Total number of employees by gender and employee category					
Employee category	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Executives[114]	44	5	-	-	**49**
Managers	287	63	-	-	**350**
White-collar	476	113	-	-	**589**

[111] Referable to the subsidiary AVIO USA Inc. to which collective bargaining agreements are not applicable.
[112] Agreements are negotiated directly with national or local unions representing the company's workers, where applicable.
[113] From 2025, employees from French Guiana have been considered in Reporting as employees belonging to the European Economic Area.
[114] "Executives" are defined as employees whose qualification ranks one and two levels below the governing and supervisory bodies.

Blue-collar	343	25	-	-	**367**
Total	1,149	206	-	-	**1,355**
Percentage of executives	2%	1%	-	-	**3%**
Percentage of managers	21%	5%	-	-	**26%**
Percentage of white-collar workers	35%	8%	-	-	**44%**
Percentage of blue-collar workers	25%	2%	-	-	**27%**
Employee category	**December 31, 2025**				
	Male	Female	Other	Not disclosed	Total
Executives	43	5	-	-	**48**
Managers	318	68	-	-	**386**
White-collar	481	129	-	-	**610**
Blue-collar	357	25	-	-	**382**
Total	1,199	227	-	-	**1,426**
Percentage of executives	2%	1%	-	-	**3%**
Percentage of managers	22%	5%	-	-	**27%**
Percentage of white-collar workers	34%	9%	-	-	**43%**
Percentage of blue-collar workers	25%	2%	-	-	**27%**

Total number of employees by age group				
Employee category	**at December 31, 2024**			
	< 30	30-50	> 50	Total
Executives	-	12	37	**49**
Managers	1	224	125	**350**
White-collar	152	371	66	**589**
Blue-collar	10	284	73	**367**
Total	**163**	**891**	**301**	**1,355**
Percentage of executives	0%	1%	2%	**3%**
Percentage of managers	0%	17%	9%	**26%**
Percentage of white-collar workers	11%	27%	5%	**44%**
Percentage of blue-collar workers	1%	21%	5%	**27%**
Employee category	**December 31, 2025**			
	< 30	30-50	> 50	Total
Executives	-	9	39	**48**
Managers	-	249	137	**386**

White-collar	175	383	52	**610**
Blue-collar	12	285	85	**382**
Total	**187**	**926**	**313**	**1,426**
Percentage of executives	0%	1%	2%	**3%**
Percentage of managers	0%	17%	10%	**27%**
Percentage of white-collar workers	12%	27%	4%	**43%**
Percentage of blue-collar workers	1%	20%	6%	**27%**

S1-10 - Adequate Wages

The Group updates its remuneration policies in line with updates to the regulatory framework, its Code of Ethics, and its corporate social responsibility principles. Through a merit-based remuneration policy, AVIO pursues the objective of attracting and retaining professionally qualified people, developing their skills and capabilities, and supporting their sense of belonging through professional development and merit enhancement. In this regard, the Group has adopted a Remuneration Policy in line with market best practices, based on the principles of fairness, equal opportunities, and meritocracy. This Policy expresses AVIO's commitment to creating development pathways for employees, managers, and workers that are based on a dedicated budget. Remuneration packages contain a balance of fixed and variable components. Fixed remuneration relates to how valuable the employee's role and/or skills are for the organisation, using the reference values of national collective bargaining agreements (CCNL) as a basis, in addition to routine pay analyses carried out during market benchmarking. These packages are complemented by a variable portion linked to the achievement of general company performance targets. In French Guiana, variable remuneration is also linked to the contributions owed to personnel in their capacity as spaceport workers according to the Site Agreements. The portion is appraised collectively with the Participation Bonus and individually, for some employee categories, based on their achievement of the annual targets established for the Variable Bonus. Performance is appraised by the employee's line manager with respect to the established targets, in compliance with the principles of fairness, consistency, and objective judgement.

Number of employees who do not receive an adequate wage				
at December 31, 2024				
	European Economic Area[115]		Outside of the EEA[116]	
	Italy	France	French Guiana	USA
Number of employees	1,243	13	95	4
Number of employees who do not receive an adequate wage	-	-	-	-
% of employees who do not receive an adequate wage	**0%**	**0%**	**0%**	**0%**
December 31, 2025				
	European Economic Area			Outside of the EEA
	Italy	France	French Guiana	USA
Number of employees	1,297	16	109	4
Number of employees who do not receive an adequate wage	-	-	-	-

[115] As reported within S1-8 - Collective Bargaining Coverage and Social Dialogue Group employees, with the exception of AVIO USA, are 100% covered by collective bargaining. The relevant collective agreements comply with minimum wage requirements in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council on adequate minimum wages in the European Union.

[116] For employees in French Guiana, French collective bargaining applies. For AVIO USA employees, the minimum wage level is established based on an assessment of the wage level necessary for a decent standard of living.

% of employees who do not receive an adequate wage	**0%**	**0%**	**0%**	**0%**

S1-13 - Training and skills development metrics

With a view to appreciating and contributing to the development of its employees, AVIO S.p.A. has defined a framework in its Corporate Quality Policy, within which it places employee appraisals and development systems and actions. The Group is specifically committed to appreciating and respecting its employees from the perspective of mobilising their expertise, motivation levels, and personal satisfaction.

Avio has developed two specific appraisal systems:

- the Performance Appraisal System, which includes an annual assessment of the performance of a subsection of the company population (white-collar and blue-collar employees without performance-based pay Vrl). Appraisals focus on two targets: (i) one organisational-behavioural objective, and a (ii) second role-based objective;
- the VRL/MBO system, concerning individual and company-wide targets set for the year. Appraisals are carried out by managers, who are responsible for assigning and sharing annual work targets with employees. The Appraisal System is explained in writing to the relevant individuals and all assigned targets and appraisals are tracked on a company application.

In recent years, a role-mapping process has begun through the adoption of the Company's job description framework. Following on from previous years, the model was used in staff appraisals, and pre-promotion appraisals specifically.

TEMIS staff are assessed annually on their acquired skills and those required for the specific role set out in the job description. Assessments are performed using the Skills Matrix. In addition to providing a rating for each skill required for the specific role, the matrix also provides a space for comments and instructions on areas for improvement. In 2023, Temis joined the Avio Group's training plan, which gave it access to a much broader and more structured training offer.

The Career Committee continued to analyse roles and prospects for the professional development of all staff at Regulus. The Career Committee inserts the outputs of annual individual interviews and the main takeaways collected into a monitoring table.

It is specified that the increase in the number of employees that participated in regular performance and career development reviews is due to the inclusion of evaluations conducted through the VDP system described above.

Employees that participated in regular performance and career development reviews					
Employee category	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Executives	4	1	-	-	**5**
Managers	84	11	-	-	**95**
White-collar	139	36	-	-	**175**
Blue-collar	67	7	-	-	**74**
Total	**294**	**55**	**-**	**-**	**349**
Employee category	**December 31, 2025**				
	Male	Female	Other	Not disclosed	Total
Executives	1	-	-	-	**1**
Managers	64	14	-	-	**78**
White-collar	284	68	-	-	**352**
Blue-collar	306	17	-	-	**323**
Total	**655**	**99**	**-**	**-**	**754**

% of employees that participated in regular performance and career development reviews[117]					
at December 31, 2024					
Percentage of executives who participated in periodic performance and career development reviews	9%	20%	-	-	**10%**
Percentage of managers who participated in periodic performance and career development reviews	29%	17%	-	-	**27%**
Percentage of white-collar workers who participated in periodic performance and career development reviews	29%	32%	-	-	**30%**
Percentage of blue-collar workers who participated in periodic performance and career development reviews	20%	28%	-	-	**20%**
Percentage of employees that participated in regular performance and career development reviews	26%	27%	-	-	**26%**
December 31, 2025					
Percentage of executives who participated in periodic performance and career development reviews	2%	0%	-	-	**2%**
Percentage of managers who participated in periodic performance and career development reviews	20%	21%	-	-	**20%**
Percentage of white-collar workers who participated in periodic performance and career development reviews	59%	53%	-	-	**58%**
Percentage of blue-collar workers who participated in periodic performance and career development reviews	86%	68%	-	-	**85%**
Percentage of employees that participated in regular performance and career development reviews	55%	44%	-	-	**53%**

Total number of training hours by employee category[118]					
Employee category	**at December 31, 2024**				
	Male	Female	Other	Not disclosed	Total
Executives	906	150	-	-	**1,056**
Managers	11,676	2,102	-	-	**13,778**
White-collar	17,319	4,159	-	-	**21,478**
Blue-collar	6,755	352	-	-	**7,107**

[117] The percentages were calculated by dividing the number of employees, belonging to each category, by the total number of employees as of December 31, 2025.

[118] Within the table, the hours of training carried out by blue-collar and white-collar trainees were not considered, which amounted to about 473 hours.

Total	**36,656**	**6,763**	**-**	**-**	**43,418**

Employee category	December 31, 2025				
	Male	Female	Other	Not disclosed	Total
Executives	542	130	-	-	**672**
Managers	10,006	2,090	-	-	**12,096**
White-collar	16,013	3,166	-	-	**19,179**
Blue-collar	8,885	532	-	-	**9,417**
Total	**35,446**	**5,918**	**-**	**-**	**41,364**

Average number[119] of training hours by employee category					
at December 31, 2024	Male	Female	Other	Not disclosed	Total
Average hours of training - Executives	21	30	-	-	**22**
Average hours of training - Managers	41	33	-	-	**39**
Average hours of training - White-collar workers	36	37	-	-	**36**
Average hours of training - Blue-collar workers	20	14	-	-	**19**
Average hours of training - Total	32	33	-	-	**32**
December 31, 2025	Male	Female	Other	Not disclosed	Total
Average hours of training - Executives	13	26	-	-	**14**
Average hours of training - Managers	31	31	-	-	**31**
Average hours of training - White-collar workers	33	25	-	-	**31**
Average hours of training - Blue-collar workers	25	21	-	-	**25**
Average hours of training - Total	30	26	-	-	**29**

S1-14 - Health and safety metrics

At Avio employee well-being is not only a moral duty, but key to successful performance at individual and Group levels. For this reason, the Group pays special attention to and invests a great deal of energy in managing occupational health and safety issues in order to keep injuries at its offices and production sites to a minimum. In compliance with the regulations, the Group takes a preventive approach that consists of ongoing improvement to general measures to protect Occupational Health and Safety, activities to involve its employees so that they are consulted, informed, trained and made aware of the issue, and the development of research and technological innovation for the promotion of substances, products and processes that are increasingly aligned with the safety of workers and protecting their health. In addition, Avio is aware of the importance, on the one hand, of also informing and raising awareness among suppliers and contractors, and on the other hand, of checking that their behaviours, practices and procedures are consistent with the principles of the Occupational Health and Safety (OHS) - Major Accident Prevention (MAP) Policy. The main risks assessed by the organisation concern the use of explosive and other hazardous materials used for launcher and missile propulsion systems and the corresponding regulatory changes linked to operating permits. Although various and specific activities are conducted in accordance with current regulations, the use and production of hazardous materials could give rise to accidents that, in addition to personal injury, could lead to delays or interruptions in industrial activities with possible negative effects in terms of reputation and on the equity and financial situation of the Group.

[119] The average hours of training were calculated with respect to the total hours of training of employees in the categories by the total number of employees.

Workforce covered by health and safety management systems	
Number of employees	**at December 31, 2024**
	Employees
Employees covered by occupational health and safety (OHS) management systems	**1,351**
% of employees covered by occupational health and safety (OHS) management systems	**99.7%**
Number of employees	**December 31, 2025**
	Employees
Employees covered by occupational health and safety (OHS) management systems	**1,422**
% of employees covered by occupational health and safety (OHS) management systems	**99.7%**

Work-related injuries and ill-health			
at December 31, 2024			
	Employees	Other workers operating at the undertaking's sites	Total
Number of fatalities as a result of work-related injuries	-	-	-
Number of fatalities as a result of work-related ill health	-	-	-
Number of work-related injuries recorded	5	-	5
Number of hours worked[120]	2,332,343	-	2,332,343
Rate of recordable work-related injury[121]	**2.14**	**-**	**2.14**
Number of recordable cases of work-related ill health	-	-	-
Number of days lost due to work-related injuries	69	-	69
Number of days lost due to work-related ill health	-	-	-
December 31, 2025			
	Employees	Other workers operating at the undertaking's sites	Total
Number of fatalities as a result of work-related injuries	-	-	-
Number of fatalities as a result of work-related ill health	-	-	-
Number of work-related injuries recorded	6	-	6
Number of hours worked[122]	2,527,351	-	2,527,351
Rate of recordable work-related injury[123]	**2.37**	**-**	**2.37**
Number of recordable cases of work-related ill health	-	-	-
Number of days lost due to work-related injuries	84	-	84
Number of days lost due to work-related ill health	-	-	-

[120] Also included within the hours worked figure are employees terminated during the year 2024.
[121] The recordable work-related injury is calculated as follows: (total number of injuries/hours worked) * 1,000,000
[122] Also included within the hours worked figure are employees terminated during the year 2025.
[123] The recordable work-related injury is calculated as follows: (total number of injuries/hours worked) * 1,000,000

S1-16 – Remuneration metrics (pay gap and total remuneration)

The following tables show the pay gap between male and female employees, in addition to the ratio between the highest-paid individual's remuneration and the average employee remuneration Data regarding the gender pay gap and the annual total compensation ratio have been provided for the Companies within the reporting scope[124]. Compared with the total number of employees, subsidiaries have a lower specific weight than the parent company[125].

Gender pay gap						
December 31, 2024[126]						
Men/Women	AVIO S.p.A.	AVIO French Branch	Temis	Regulus	AVIO Guyane	AVIO France
% Gender pay gap	3%	12%	14%	8%	36%	N/A
December 31, 2025						
Men/Women	AVIO S.p.A.	AVIO French Branch	Temis	Regulus	AVIO Guyane	AVIO France
% Gender pay gap	4%	12%	14%	28%	17%	N/A

Gender pay gap	
December 31, 2025[127]	
% Gender pay gap[128]	**7%**

Group total pay gap comparative figure is not reported as detailed data for the 2024 Group recalculation is not available.

Total annual remuneration index						
at December 31, 2024						
at December 31, 2024 €	AVIO S.p.A.	AVIO French Branch	Temis	Regulus	AVIO Guyane	AVIO France
Total annual remuneration index	28.83	6.15	2.07	2.98	1.75	1.48
December 31, 2025						
At December 31, 2025 €	AVIO S.p.A.	AVIO French Branch	Temis	Regulus	AVIO Guyane	AVIO France
Total annual remuneration index	23.43	1.62	2.05	2.78	3.20	2.37

Total annual remuneration index	
December 31, 2025[129]	
Total annual remuneration index[130]	**22.90**

Group total pay gap comparative figure is not reported, as detailed data for 2024 Group calculation is not available.

[124] The figure regarding AVIO Usa has not been reported for confidentiality reasons. The data considered for the purpose of calculating the indicator refer to the employees of Avio S.p.A., Avio French Branch, Avio France, Regulus, Avio Guyane and Temis.
[125] AVIO S.p.A. employees constitute approximately 89% of Group employees.
[126] For the calculation methodology of the 2024 data, please refer to the information provided in the 2024 Consolidated Sustainability Statement.
[127] Following a process of continuous improvement, the consolidated indicator was calculated for 2025.
[128] The gender pay gap was calculated on gross wages, including variable components.
[129] Following a process of continuous improvement, the consolidated indicator was calculated for 2025.
[130] The annual total remuneration index is calculated as the ratio of the total remuneration, including variable elements, of the highest paid person within the Group to the median value of the remuneration including variable elements of employees excluding the highest paid person.

S1-17 - Incidents, complaints and severe human rights impacts

Incidents of discrimination			
	UNIT	at December 31, 2024	December 31, 2025
Incidents of discrimination, including harassment	no.	-	-
Complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms)	no.	-	-
Complaints submitted to the OECD National Contact Points for Multinational Enterprises	no.	-	-
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints, and a reconciliation of such monetary amounts disclosed with the amounts presented in the financial statements	€	-	-

Identified cases of serious human rights incidents			
	UNIT	at December 31, 2024	December 31, 2025
Number of serious human rights incidents related to the enterprise's workforce	no.	-	-
Complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms)	no.	-	-
Complaints submitted to the OECD National Contact Points for Multinational Enterprises	no.	-	-
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints, and a reconciliation of such monetary amounts disclosed with the amounts presented in the financial statements	€	-	-

3.2 ESRS S2 Workers in the value chain

3.2.1 Strategy

SBM-2 - Interests and views of stakeholders

Safety and the protection of workers' rights represent key principles for the Avio Group, whose importance extend to the entire labour force connected to its activities, including workers in the value chain. Since the Avio Group operates in a market where issues related to potential human rights violations – particularly concerning worker safety – are present, it was considered necessary to highlight this topic, even if it is not strictly under the Group's control, considering this category of stakeholder in carrying out the Double Materiality Assessment, and when addressing the principles of business conduct.

For more details, see ESRS 2 - SBM-2 - Interests and views of stakeholders.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Positive impacts	Negative impacts	Physical risks	Opportunities
-	- Potential human rights violations within AVIO's operations and along its supply chain (for example, violations of workers' rights, including those relating to freedom of association and expression, a safe and healthy working environment,	-	-

	discrimination, a living wage/fair remuneration, in addition to violations associated with the extraction and trade of materials used, modern slavery, child labour, forced labour, etc.).		

The discussion in this section is based on the results of the Double Materiality Assessment conducted in 2025, details of which can be found in ESRS 2 - IRO-2 Description of the processes to identify and assess material impacts, risks and opportunities of these financial statements. The analysis did not identify any material risks or opportunities regarding workers in the value chain but it did highlight one potential negative impact.
This impact was formulated by considering the nature of the Group's operations, its core business, in addition to activities related to upstream material procurement and downstream product usage. Additionally, in assessing the existence of impacts along the value chain in this specific area, a context analysis was conducted focusing on the key players within the value chain. Specifically, this impact was deemed material – but not actual, as it is not directly linked to past events that have effectively occurred – because it relates to the fundamental ethical principles of the Group.
At the reporting date, no regions or parties in the Group's value chain have been identified that present significant risks of human rights violations, nor specific categories of workers in the value chain that are particularly exposed to the identified potential negative impact. For a description of the Group's value chain and thus the main categories affected by these impacts, please refer to the information in section ESRS 2 SBM-1 - Strategy, Business Model and Value Chain.

3.2.2 Management of impacts, risks and opportunities

S2-1 - Policies related to value chain workers

In relation to managing the identified impact, the following policies are present affecting all workers in the value chain:

- the Code of Ethics;
- Supplier Code of Conduct;
- Supplier Charter of Ethics (Charte Etique Fornisseur);
- Human Rights Protection Policy;
- Organisation, Management and Control Model.

For further information regarding the policies mentioned, please refer to section ESRS 2 - General disclosures - MDR-P Policies adopted to manage material sustainability matters.
Through these policies, the Avio Group is committed to respecting the human rights of its workforce and workers in the value chain, promoting the principles of social responsibility and sustainable development. Furthermore, the Group encourages a dialogue that aims to establish and maintain stable and lasting partnerships. In the event of the violation of the principles defined by these policies resulting in negative impacts on workers in the value chain, AVIO will undertake specific remedial actions for the violated right.
The Group's policies, and in particular its Code of Ethics, specifically refer to the Conventions of the International Labour Organization (I.L.O.) and address the issue of child labour. Furthermore, the Group has a Supplier Code of Conduct that is public and available for consultation on the Group's website.
The Group incorporates into its business processes principles and rules of conduct in line with the Universal Declaration of Human Rights, ILO Conventions, OECD Guidelines, UN Guiding Principles and the EU Charter of Fundamental Rights. The AVIO Group ensures that its own activities and those of the supply chain comply with these principles by monitoring the value chain and promoting their dissemination among stakeholders. To date, no cases of non-compliance with the terms of these policies or serious human rights violations against workers in AVIO's value chain have been reported to the Group, but AVIO is committed to progressively implementing increasingly systematic and comprehensive monitoring measures.

S2-2 - Processes for engaging with value chain workers about impacts

The company's current engagement with workers in the value chain is achieved, in relation to identified potential or actual impacts, through the plan to improve the process of monitoring ESG parameters of entities with which AVIO establishes business relationships. In line with the information above, AVIO's commitment to protect all workers related to its activities implies that the views of this group are taken into account in guiding the Group's business choices and conduct. To date, the Group does not have structured methods for engaging workers in the value chain, or particularly vulnerable groups within it, but in line with Avio's growing maturity toward this issue, the Group has set a goal of increasing engagement initiatives by formalizing structured ways to include the category more actively. The function with operational responsibility for ensuring such

involvement is the Board of Directors. The Avio Group does not employ child labour, respecting local regulatory limits and requires suppliers and partners to adhere to the Code of Ethics, ensuring standards of integrity and social responsibility. It also participates in industry initiatives to foster synergies among companies, institutions and associations.
For more information on stakeholder involvement, see ESRS 2 - SBM-2 - Interests and views of stakeholders.

S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns
In the event of any reports of negative impacts by the Group on workers in the value chain, AVIO is committed to remedial action as appropriate in each specific case.
In the Supplier Code of Conduct, AVIO invites suppliers to report any potential violations, express concerns or report incidents related to the possible violation of human and workers' rights through the internal reporting channel activated by Avio, the application methods of which are defined by the Whistleblowing Procedure. This tool is also available to workers in the value chain, and can be used to report possible violations with respect to human rights. The Group is committed to protecting anyone from retaliation, direct or indirect, against anyone who raises questions or concerns in good faith or assists in the investigation of alleged violations.
For more information regarding the reporting channel and the related procedure, please refer to section G1-1 - Corporate culture and business conduct policies. The Group has also set itself the goal of developing specific procedures capable of keeping track of these matters, which also define and enable the evaluation of any measures taken in order to remedy any negative impacts caused.

S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
Within the value chain, presiding over the identified impact, AVIO works to extend its ethical principles to suppliers of goods and services. Specifically, the Group's Italian companies require their suppliers and sub-contractors, both international and Italian, on insertion as suppliers, to sign the company's Code of Ethics. If suppliers have a Code of Ethics of their own, the equivalence of its principles with the AVIO Group is verified. Suppliers managed by the companies in French Guiana, meanwhile are required to sign the Group's Charter of Ethics.
For more information with respect to the Group's commercial supply management and supply chain, please refer to section G1-2 - Management of relationships with suppliers.
The actions defined are ongoing in nature and are not part of a specific action plan as they are integrated into current business management, and are part of the Group's growing commitment to oversee the issue and to produce positive impacts for workers in the value chain. However, the Group is moving toward structuring comprehensive and timely processes that allow not only for the accurate monitoring of such situations that may require AVIO's attention or action to remedy its actions, but also for tracking the actions implemented and evaluating their effectiveness.
To date, due in part to the nature of the business and the peculiarities of supplier relationships, there is no established system for selecting suppliers based on ESG criteria, although these are monitored at the selection stage wherever possible, including through the administration of the survey linked to the MANF form (Master Data Form for supplier register inclusion), where environmental and social data are collected through a check-list that suppliers must complete. The MANF module includes also an indication of whether there are Occupational Safety and Health Management Systems (OHSAS 18001 or ISO 45001), or Social Responsibility Management Systems that comply with SA 8000 or ISO 26000 standards.
Selection of sub-contractors for flight components is made on the basis of individual ESA member states' contributions to the programme. In this case, compliance with local ethical-legal, social-environmental, occupational health and safety laws is ensured by the mechanisms activated through the ESA for subcontractors from a European member country. Non-European subcontractors are an exception to this rule and are selected based on their expertise. For commodities, suppliers are selected on the basis of expertise in the specific commodity class. Commodities are procured in Europe, the USA, and Japan. In the pre-selection phase, suppliers undergo a verification process regarding their compliance with technical and industrial competence requirements, and as part of this process their compliance with ethical-legal, environmental, social, and health and safety requirements is verified qualitatively.
Procedures are in place regarding the health and safety of subcontracted workers within the Group. These procedures define roles and responsibilities and establish a health and safety management system that includes training courses and external contractor audits related to health and safety compliance.
The aforementioned interventions are included within the general CAPEX/OPEX item of the Group and are not significant in terms of the total value.
In the context of the double materiality assessment, no significant actual impact was determined in relation to workers in the value chain. At the reporting date, no regions or parties in the Group's value chain have been identified that present significant risks of human rights violations, nor specific categories of workers in the value chain that are particularly exposed to the identified potential negative impact.

3.2.3 Metrics and targets

S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Company has also defined a Sustainability Plan integrated with the business plan, initiating a process of integration between the industrial and sustainability components with an impact-oriented approach.
Currently, the Avio Group has not identified specific targets related to workers in the value chain; however, AVIO has adopted a Human Rights Policy in order to promote compliance throughout its value chain.
Regarding the improvement of supply chain management in ESG, please refer to G1-2 Management of relationships with suppliers.

3.3 ESRS S3 Affected communities

3.3.1 Strategy

SBM-2 - Interests and views of stakeholders

The Group pays the utmost attention to the needs of the region in which it operates when conducting business. It seeks to extend the positive impact of its business to local communities. Indeed, the Group expresses its commitment to environmental protection and to the creation of value, protection and respect for the regions and communities affected by its activities. For more information regarding the involvement of this category in business processes, refer to ESRS 2 - SBM-2 - Interests and Views of Stakeholders.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Positive impacts	Negative impacts	Physical risks	Opportunities
- Well-being and satisfaction of affected communities through support for local initiatives and collaboration with local administrations and organisations	- Potential impacts on the safety of local communities in French Guiana and Perdasdefogu (Sardinia) related to launch activities	-	-

During the Double Materiality analysis, carried out in accordance with ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities, two significant risks were identified, while no significant risks were identified in relation to affected communities. These include:

- The Municipality of Colleferro, Lazio, located near AVIO S.p.A.'s operational sites and serving as a key hub for the Group's activities.
- The community of Perdasdefogu, Sardinia, near the launch site.
- The community of Kourou, near the Group's local site in French Guiana.

In relation to the identified potential negative impact, the exposure of these communities and their inhabitants is determined by the nature of business activities. Specifically, the impact correlates with the launch operations, which are at the core of AVIO's business. The impact's materiality is determined by the proximity of these communities to Group's sites involved in such activities. The Group recognises and is cognisant that the use of hazardous, explosive or comburent substances may cause impacts that could extend beyond the scope of the facility. The negative impact identified does not affect specific categories or groups, but members of affected communities.

Despite the clear dependency between Avio's business model and the impact, the Group adopts efficient and appropriate safeguards to protect all affected stakeholders, ensuring that its operations are conducted in full compliance with safety regulations. This impact assessment provides a high-level overview of possible local repercussions arising from AVIO's core business activities but is not based on specific past incidents or events. The positive impact represents the added value arising from by Avio's activities in its local areas. With a view to adding value to the link with the region and the local community, the Group has promoted several involvement and sponsorship initiatives in Italy to incubate technical skills in the space sector. The Group is also active in this regard through various initiatives promoted as part of development processes in Italy.

3.3.2 Management of impacts, risks and opportunities

S3-1 - Policies related to affected communities

The Code of Ethics expresses the Group's commitment to socially responsible behaviour, ensuring the protection of local cultures in the countries where it operates and conducting business with the highest safety standards, as well as respect for the human rights of the affected communities. In the event that violations occur, Avio is committed to taking appropriate remedial measures depending on the specific circumstances. The document also expresses the Group's intention to take on a proactive role in creating value, responding to the needs of affected communities by supporting and promoting social programmes and projects. For further

information, please refer to the section ESRS 2 General disclosures - MDR-P Policies adopted to manage material sustainability matters.

S3-2 - Processes for engaging with affected communities about impacts
As mentioned earlier, Avio employs various engagement methods with affected communities depending on the specific context. The main channels through which affected communities can be involved in the management of impacts are institutional: with regard to, for example, the communities of Colleferro and Perdasdefogu, Avio maintains an ongoing dialogue with the respective local administrations, which actively represent the affected communities, enabling the Group to have clear visibility of what their specific needs may be, and to respond effectively and in a timely manner when necessary. Given the characteristics of the affected communities by the Group's activities, there is no need to implement special safeguards aimed at protecting marginalized groups specifically or indigenous communities. Additional engagement activities include local initiatives organised by AVIO, such as sponsorships, partnerships and events. For more information on stakeholder involvement, see section ESRS 2 - SBM-2 – Interests and views of stakeholders.

S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns
The primary method for affected communities – or any other entity internal or external to Avio – to raise concerns about the company's conduct and file complaints is the reporting channel available on the company website and regulated by the Whistleblowing Procedure, which is publicly accessible. For further details, please refer to section G1-1 - Corporate culture and business conduct policies.

S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
Both areas affected by the impacts that have emerged as relevant are central to the Group's operations and attended to on an ongoing basis, and therefore it is unnecessary to create a formalised action plan aimed at managing the impacts defined with regard to the issue at hand. Avio manages the potential negative impact identified by implementing all the main safeguards aimed at ensuring safety at its operating sites, in compliance with legislative regulations, while the positive impact is linked to the actions carried out by the Group regularly, in line with the objective of creating value for the communities expressed in the Code of Ethics.
In relation to the negative impact, the Group has implemented safety management systems defined in compliance with the Seveso III Directive and national transposition regulations (Legislative Decree No. 105/2015), in addition to a set of company procedures to ensure controlled use and management of substances classified as Comburents and Explosives in line with applicable laws and regulations. It also conducts all training activities to ensure the site safety for relevant personnel at sites subject to the regulations. Every building at the facility in French Guiana, all of which comply with local French legislation and are located at an appropriate distance from the city's urban center, are carefully monitored in terms of their impacts on local communities through the safeguards provided by the relevant Management Systems. At Regulus, the Industrial Management and the Safety and Environmental Service implement and maintain an appropriate management system in line with the relevant international standard. Safety information and training programmes for workers and refresher training for safety professionals are also defined and enacted.

Value creation in affected communities: sustainability and contribution to the scientific community
In 2025, Avio continued its sustainability journey by adopting an integrated approach, geared toward both the dissemination of knowledge and the sharing of objectives with the scientific community. The initiatives undertaken were not isolated actions, but form part of a coherent vision linking technological innovation, industrial growth, skills development, environmental protection and social responsibility. Within this framework, the activities carried out provide concrete evidence of the Company's contribution to sustainability, both in terms of scientific and technological advancement and in terms of value generated for the local areas and communities concerned.
Avio's contribution to sustainable economic development is based on the creation of skilled employment, investment in advanced capabilities and the promotion of responsible industrial growth. The actions undertaken included business development, strengthening competitiveness and enhancing a growth model based on innovation, quality and industrial robustness. From this perspective, we note the Euro 40 million contract signed with the European Space Agency to develop advanced technologies for the in-flight demonstration of a reusable upper stage. This collaboration consolidates Avio's role in European space programmes and generates positive impacts on research and development investment, industrial growth and specialised employment.
In the same year, Avio also strengthened its market positioning and industrial relationships through partnership and international co-operation activities. Specifically, it received a visit from the CEO and CTO of SpaceLaunch in connection with the launch service contract signed the previous month. The meeting provided an opportunity to explore the technical and operational aspects of the collaboration in greater depth, consolidating the partnership and fostering new opportunities in the internal launch services market. During the same period, Avio hosted a delegation comprising representatives of DAPA, ADD and the South Korean Navy Headquarters,

presenting its technologies and contributing to the promotion of Italian know-how, while also encouraging potential future collaboration in the aerospace and defence sectors.
Throughout 2025, and in line with its role in the space launcher sector, Avio continued to invest in the development of advanced technological infrastructure and innovative solutions to improve mission safety and efficiency, while at the same time reducing environmental impact. Activities included applied research, the development of new technologies, participation in European and international programmes, and the strengthening of industrial and digital infrastructure. Against this backdrop, Avio signed a Memorandum of Understanding with BULL Co., Ltd. to launch a feasibility study on the integration of the "HORN" Post Mission Disposal device into the VESPA payload dispenser of the Vega C launcher. This initiative is consistent with the Company's commitment, as a signatory of the ESA Zero Debris Charter, to improve the end-of-life management of orbital components and reduce the impact of space activities, promoting solutions dedicated to the sustainability of in-orbit infrastructure.
AVIO has participated in several international forums dedicated to the future of access to space and space technologies, including the European Conference for Aeronautics and Space Sciences in Rome, the International Symposium on Special Topics in Chemical Propulsion and Energetic Materials (ISICP) in Milan and the International Astronautical Congress (IAC) in Sydney.

Promotion of gender equality in the scientific community
Avio regards gender equality as a strategic factor for innovation and social sustainability. In 2025, the Company continued its commitment through initiatives to enhance female talent, promote inclusion and strengthen awareness of equal opportunities, with particular attention to technical and scientific contexts, where female representation has historically been more limited.
On the occasion of the International Women in Engineering Day, Avio produced a dedicated video featuring its female engineers, giving space to first-hand testimonies and highlighting the contribution of women professionals within the aerospace sector. The initiative was designed to promote positive role models, challenge gender stereotypes in technical disciplines and emphasise the role of women in technological development and corporate innovation. Further demonstrating the consistency and sustained nature of this journey, in 2025, Avio was recognised as one of the most active companies within the Valore D community thanks to its participation in the association's initiatives, its contribution to training programmes and its tangible commitment to diversity, equity and inclusion. This recognition reinforces evidence of a structured approach to the enhancement of female talent and the creation of a fair and inclusive working environment, considered enabling factors for innovation and long-term sustainable growth. Finally, on the International Day for the Elimination of Violence against Women, Avio joined an awareness campaign by sharing an informational graphic across its communication channels. This initiative helped to amplify a message condemning gender-based violence and promoting the values of respect, equity and social responsibility, addressed to both the internal community and to the general public.

Local community initiatives
Avio operates in close connection with the regions in which it is present and recognises the value of its relationship with local communities as an integral part of its social responsibility. The Company strengthens the link between business, the local area and community through public engagement activities, charity projects, dialogue with local institutions and initiatives targeting social regeneration. Against this backdrop, several initiatives carried out in 2025 involved the Colleferro community. These included the charity initiative in support of the Supino Parish Oratory, through which Avio contributed to refurbishment works, including the renovation of toilet facilities and the installation of hot water systems, in addition to initiatives supporting the needy, such as food donations to the Caritas of the Maria SS Immaculata Parish of Colleferro and to the community of Montelanico. The initiative had a direct impact on the quality of spaces dedicated to educational and community activities, improving their usability for young people and families in the local area. This action reflects the Company's focus on the well-being of local communities and its support for local social infrastructure. In addition, on the anniversary of the death of Willy Monteiro Duarte, the President of the Republic, Sergio Mattarella, visited the city of Colleferro and dedicated a specific moment to Avio's industrial operations. The meeting highlighted the Company's role as a key industrial player in Italy and as a point of connection between technological development, employment and the local area. The visit reinforced institutional recognition of Avio's contribution to sustainable development in the local area.

Initiatives supporting the medical and scientific community
AVIO has always been committed to creating value in the territories that host its activities. Within this framework, the Company's contribution to the medical and scientific community also plays a role, notably through its support for AISM initiatives, including Gardensia, marking twenty years of Avio's participation. On this occasion, the Company actively engaged its internal community in fundraising activities through the distribution of gardenias and hydrangeas, with proceeds donated to support research into multiple sclerosis and related conditions. The initiative combined social responsibility with awareness-raising on health-related issues, strengthening the link between business, scientific research and inclusion. During 2025, Avio also supported the 10th edition of "*12 Ore Nuotando con Amore*", a team-based endurance swimming event

organised to raise funds for AISM Rome, further strengthening the participatory and charity-based dimension of the Company's commitment.
In addition, Avio organised a charity team building day at the Fab Lab – Spazio Attivo, where staff members assembled two bicycles and donated them to the Crescendo Insieme association, which supports people with Down's syndrome and their families. The initiative combined the strengthening of relationships between colleagues with a tangible contribution to the local area, promoting social inclusion, corporate volunteering and collaboration with local associations.

Relationships with students and academia
Avio's commitment to education and training represents a key enabling factor consistent with its overall strategy, focusing on the dissemination of scientific and technological skills, the promotion of STEM and the strengthening of links between the education system and industry. Within this framework, Avio took part in the National STEM Week organised by CIRA as a role model, contributing to an event dedicated to STEM excellence and engaging secondary school students, with particular attention paid to the value of scientific disciplines and female representation in technical fields. The Company also collaborated with Higher Technical Institutes (ITS) in Rome and Frosinone, participating in the design of educational programmes designed to train people to adopt highly specialised technical roles to meet industrial sector needs, thereby reinforcing the alignment between technical education and the supply chain. In line with these initiatives, Avio hosted students from the Master's degree course in Aerospace Engineering at La Sapienza University of Rome, accompanied by Professor Nasuti, providing a company presentation and a tour of the BPD production facility.
Avio also participated in the Corporate Education Community conference organised by the Polytechnic University of Milan and opened its doors to various visits and engagement opportunities, including those involving students from the Master's programme in Space Economy at LUISS and the fourth-year class at L. Da Vinci High School in Lanusei. Finally, as part of the ESA School Days event, the Company met with Year 5 pupils from Torricella Nord primary school to present the world of space launchers and its role in space activities, helping to foster interest and awareness of scientific disciplines from the early years of education.

3.3.3 Metrics and targets
S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
As with other sustainability matters, Avio has prepared a set of qualitive goals related to this issue that guide the actions taken by the Group.
Regarding the identified positive impact, AVIO has prepared two high-level targets:

- Promote listening within the territory;
- Prompt action with respect to the communities in which Avio operates.

The goals were formulated by considering the perspective of the affected communities, seeking to best capture the feedback received with respect to what has been done to date and to contribute even more effectively to the well-being of the community. Regarding the potential negative impact identified, the AVIO Group has set the goal of "zero events with potential risk of major accidents", managed through the actions described in section S3-4.

3.4 ESRS S4 Consumers and end-users
3.4.1 Strategy
ESRS 2 SBM-2 – Interests and views of stakeholders
For the AVIO Group, end-users are a key stakeholder. Given the Group's context and the characteristics of the market in which it operates, the relationship with customers in most of its business lines is almost exclusively within Europe. For more details regarding the involvement of this stakeholder category in business processes, please refer to ESRS 2 - SBM-2 - Interests and views of stakeholders.
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Positive impacts	Negative impacts	Risks	Opportunities
- Protection of data and sensitive information through management systems and safeguards	- Loss or leakage of sensitive data	- Risks associated with product quality - Risks associated with potential unidentified product defects - Risks associated with testing processes	-

The AVIO Group does not sell its products directly to end consumers. Therefore, for the purposes of the double materiality assessment conducted no direct impacts on this category emerged or were considered. Rather, the impacts identified refer to the Group's customers, who are particularly affected by the proper handling of information and cybersecurity given the nature of the business in question, and to their workforce, as they are

composed of workers who directly use the products provided by the Group, thus representing the category affected by risks related to personal security. The identified impacts affect the main categories of customers and end-users of the products supplied by AVIO, such as the European Space Agency, the Italian Space Agency, the AVIO Group's business partners, players in the European defence sector and, following developments in 2025, certain stakeholders in the United States. For more information regarding the Group's customers and AVIO's value chain, please refer to section SBM-1 – Strategy, business model and value chain in ESRS section 2 – General disclosures.
The Avio Group considers it essential that its relationships with its customers are based on the pursuit of maximum transparency and fairness, in its constant commitment to satisfying their expectations. In light of these principles, and considering the views of certain end-users who participated in the impact assessment process, the Double Materiality Assessment identified two impacts, one positive and one negative, both direct and linked to the topic of confidentiality. In particular, the negative impact, which is potential, highlights the importance of proper data management by the AVIO Group, given the nature of its services and business relationships, but does not refer to any past events. The positive impact, on the other hand, is linked to key actions taken with regard to legislative compliance and cybersecurity.
The Double Materiality Assessment also identified two significant risks related to confidentiality, which are closely tied to the impacts identified, in addition to a risk concerning customer health and safety, which is not dependent on the identified impacts but rather on the nature of AVIO's business. Both the impacts and risks were assessed based on an analysis of the company's business context, sales processes and value chain. No material opportunities related to this topic emerged from the analysis. For further details regarding the Double Materiality Assessment, please refer to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities.

3.4.2 Management of impacts, risks and opportunities

S4-1 – Policies related to consumers and end-users

Identified impacts and risks are managed through the following policies:

- Code of Conduct
- Human Rights Protection Policy
- Inside Information Processing Policy
- Cyber Security Policy
- Data Breach Management Policy
- Corporate regulations for the use of information systems
- Quality Policy
- Quality, Occupational Health and Safety and Environmental Policy (Politique en matière de Qualité, de Santé et Sécurité au travail et de respect de l'Environment)

For further details, please refer to the section ESRS 2 General disclosures – MDR-P Policies adopted to manage material sustainability matters. These policies were formulated with the views of the relevant stakeholders in mind. In the event of the violation of the principles defined by these policies resulting in negative impacts on Human Rights, AVIO will undertake specific remedial actions for the violated right. To date, there are no reports of any relevant incidents in this regard.

S4-2 – Processes for engaging with consumers and end-users about impacts

The Group seeks to satisfy its customers by attempting to anticipate the needs of current and prospective customers to create value in the short, medium and long term. The perspective of this category is therefore crucial for AVIO, which it promotes through its corporate website, dedicated meetings and the distribution of brochures. For more details, see ESRS 2 – SBM-2 – Interests and views of stakeholders. The Group also considers it essential that its relationships with its customers are based on the pursuit of maximum transparency and fairness, according to the principles outlined in the Code of Ethics. In this regard, and as required by the quality management system, AVIO undergoes customer satisfaction assessment, once the metrics for evaluating its performance have been agreed with said customers. The results of these surveys are periodically analysed, and where any critical issues emerge during the commercial phases before the signing of supply contracts and implementation, these results allow improvement action plans to be developed. Given the nature of Avio's business and the Group's customers, there is no indication of user categories with particular vulnerabilities to the identified impacts that may require the implementation of specific ways of engagement.
To achieve its excellence targets, Avio S.p.A. management pursues a Quality Policy based on the principles of:

- valuing and respecting people
- customer satisfaction
- creating value
- the needs of the relevant stakeholders.

Avio S.p.A.'s Quality Policy is based on knowledge mobilisation, motivation and satisfaction of people and is expressed through the principles of:

- Proactivity: anticipating the expectations of customers regarding the product and service provided; drawing on and enhancing individual skills and awareness.
- Compliance: meeting customers' needs and expectations in a timely fashion, providing products and services that comply with requirements and meeting contractual obligations.
- Improvement: maintaining a continuous improvement process that extends to all business processes to ensure the excellence in the products and services provided to customers, based on the identification and management of risks and opportunities.
- Competitiveness: designing and producing products and services competitively, minimising overall product life-cycle costs by taking full advantage of the opportunities presented by internationalisation.
- Integration: establishing relationships with suppliers that are mutually beneficial to improve the ability to create value for actors in the Supply Chain.
- Communication: Facilitating transparent access to information, promoting a culture of discussion, accountability and results orientation.

Product safety is based on compliance with company procedures, customer requirements, current regulations issued by Oversight Authorities, continuous training and information for personnel on safety in performing maintenance activities and the analysis and evaluation of various risks.

Based on the Quality Policy, Avio S.p.A. management has structured and updates the Quality Management System. This is equipped with all the necessary resources to manage quality, product safety, compliance with mandatory regulations, and all standards taken by the Company as a reference.

Avio S.p.A. management maintains control of the (certified) Quality Management System, conducting periodic reviews to verify its adequacy, effectiveness and efficiency, ascertain the achievement of targets and results, and assess any associated business risks by defining, where necessary, recovery and risk mitigation plans.

S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The potential negative impact identified in relation to the loss or leakage of sensitive data is managed in accordance with the Data Breach Management Policy, which provides for the reporting of incidents to the Privacy Guarantor in compliance with the GDPR (General Data Protection Regulation) and, in the case of incidents with particularly significant and complex effects, the communication to third parties and direct stakeholders.

Regarding the reporting of any critical issues, including for customers and end-users, the principal method available to report wrongdoing or raise complaints against the Group is through the reporting channel available on the corporate website governed by the Group's Whistleblowing Procedure. For further details, please refer to section G1-1 - Corporate culture and business conduct policies. Regarding customer complaints specifically related to products supplied by the AVIO Group, reports can also be made directly by contacting the relevant departments identified in the contract. These departments are then responsible for managing the complaint.

S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

In relation to the identified impacts, which affect the protection of sensitive data protection and cyber security, AVIO implements various controls and safeguards.

With regard to the protection of sensitive data, AVIO conducts activities to identify vulnerabilities in its IT systems each year. 2025 saw the conduct of a Cyber Security Remediation Plan, under which activities pertaining to awareness development, increased security measures, review of PSNC systems and training were carried out. Specifically, all AVIO S.p.A. employees are required to complete online courses as part of an ongoing cyber security training programme, which includes a final assessment. Special attention is also paid to cyber security training for company management.

There is also a Business Continuity Plan, which details the process of business continuity management to be implemented should a crisis situation arise and includes the Recovery Plan for ICT infrastructure. AVIO also has procedures in place designed to manage data backup and restoration processes. In 2025, the company also worked on restructuring its IT department and developing plans to integrate changes brought by the approval of the NIS2 Directive. Additionally, in 2025, the IT department’s resources were increased through additional funding and a dedicated employee was designated to managing them. Finally, the company obtained certification for its CyberEssentials IT environment, covering external IT processes in terms of processes, procedures and technologies.

In contrast, the risk encountered regarding customer health and safety related to the quality of the products offered is mitigated by the presence of various safeguards implemented by the Group, which do not necessitate a specific Action Plan to date as they are attentively monitored on an ongoing basis given the nature of the

Group's business. Every implementation process that goes into the design, development and creation of a product or service, along with the auxiliary or supporting processes, is mapped using quality management systems that meet the ISO 9001:2015 and EN 9100:2018 standards respectively for Avio S.p.A. (ISO 9001:2015 for Regulus). These certifications were renewed for AVIO S.p.A. in March 2026 through audits by the certification body Rina with three-year validity (March 2029).
Firstly, all products are subject to a hazard analysis carried out by Avio S.p.A. (which has "design authority" over the products) to assess their health and safety risks. For products in development, the process relates to the level of maturity. The quality and safety of AVIO's end products are also monitored throughout all phases of development, including safety requirements of a mandatory nature and are therefore derived from national or international laws or those of the country in which the operational life of the product will take place.
In the process to introduce a new product (set out in the Quality System Procedures), requirements or objectives concerning safety, the environment, availability, maintainability and reliability are identified in the early stages of development and tracked as early as the high-level specifications.
During the development and qualification process, alongside the issue of the design baseline, the status of justification, verification, and requirements validation is subject to design review, and any remaining critical issues are examined and assessed during the implementation status. For operational applications, review is normally carried out by government agencies using a principal process of enabling or disabling transactions involving the product and/or its operation. Product Engineering is responsible for ensuring that the product complies with the requirements, and signs off on its qualification status alongside the Product Quality Manager.
The process of establishing a product's conformity with requirements is organised throughout the chain of technical responsibilities, which corresponds to the product's technical organisation chart.
In ensuring the quality and safety of final products, extreme importance is attached to training. Specifically, the Group offers various structured training courses related to this topic: (i) "general", training on quality management concepts; (ii) "targeted", training on specific specialised activities; and (iii) "technical training", for personnel whose operational skills impact product quality, including qualifications in accordance with applicable regulations.
The aforementioned interventions are included within the general CAPEX/OPEX item of the Group.

3.4.3 Metrics and targets

S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In line with the above, as with other sustainability matters, Avio has prepared a set of objectives related to its own workforce, designed to guide the Group's actions. Given the nature of the impacts and risks identified and in view of the Group's focus on these risks as they are implicated by its business activities, the actions discussed are in fact mostly carried out on an ongoing basis as an integral part of ensuring the quality of Avio's services. However, the actions initiated in 2025, particularly regarding the strengthening of cyber security measures and the updating of existing procedures, will also extend into 2026 as part of a structured three-year plan. This plan seeks to align with the changes introduced by the NIS 2 Directive, which updates European legislation on network and information security.
Finally, Avio has officially joined the EU Space ISAC (Information Sharing and Analysis Center), the European Space Sector Security Network, with an operational debut on September 18, 2025. The entry aims to strengthen cyber resilience, share threat intelligence and protect infrastructure such as Vega C launchers from cyber attacks.

4. INFORMATION ON GOVERNANCE

4.1 ESRS G1 Business conduct

4.1.1 Governance

ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies

For information on the role of the administrative, management and supervisory bodies concerning business conduct refer to the section ESRS 2 General disclosures GOV-1 The role of the administrative, management and supervisory bodies.

4.1.2 Management of impacts, risks and opportunities

ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

The Avio Group is a global leader in the aerospace sector. The experience and know-how built up over more than 50 years lies behind Avio's embodiment of excellence in terms of launch systems, solid, liquid and cryogenic propulsion and military systems propulsion.

The Group directly employs in Italy and overseas over one thousand highly qualified personnel at the main Colleferro facilities on the outskirts of Rome and at other locations in Campania, Lombardy, Piedmont and Sardinia.

Additional operating sites are located overseas (in the USA, France and French Guiana).

Following the Double Materiality process, which is referred to in ESRS 2 General Disclosures IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities for further details, the following impacts, risks and opportunities relevant to Avio regarding business conduct were identified.

Positive impacts	Negative impacts	Risks	Opportunities
- Compliance with the principles of legality, transparency and integrity, in line with the Group's Code of Ethics, 231 Model and applicable aerospace and defence regulations - Improving the supplier selection and monitoring system based on environmental, social and governance parameters - Compliance with supplier payment practices	- Episodes of corruption along the Group's value chain	- Risk associated with failure in production and/or development programmes - Risk of unauthorised access to classified/sensitive information - Risk associated with the loss of confidentiality of information - Risk related to the management of working capital and deferred collection times - Risk related to the supply chain for new components in the design and development phase - Risk related to the unavailability of strategic suppliers	- Reputational advantage thanks to ESG monitoring of the entire value chain and the adoption of responsible marketing practices

G1-1 - Corporate culture and business conduct policies

To manage its material impacts, risks and opportunities related to its own workforce, the Group has adopted a series of policies, among which:

- the Code of Ethics;
- Charter of Ethics;
- the Whistleblowing Procedure;
- Supplier Code of Conduct;
- Supplier Charter of Ethics;
- Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001;
- Anti-Corruption Code;
- Internal Dealing Policy;

- Related Party Transactions Procedure;
- ITAR and EAR Materials Management Procedure;
- Inside Information Processing Policy;
- Human Rights Protection Policy;
- Cyber Security Policy;
- Data Breach Management Policy;
- Major Accident Prevention Policy.

For further information on the policies, please refer to the section ESRS 2 General disclosures MDR-P Policies adopted to manage material sustainability matters.

Management Model, Code of Ethics and Company Policies on Corporate Culture
Integrity and anti-corruption are core values for the Group, embodied in a corporate governance and policy model based on ethical principles and a commitment to fair and transparent business management, designed to counter any risk of corruption in accordance with the regulatory framework and with the Code of Ethics.
Avio has adopted a management and organisational model based on ethics, quality, innovation, and safety. These elements define Avio's common heritage and are shared, on the one hand, in the Code of Ethics and the various Company Policies and, on the other, with management and control instruments. The latter include risk management operations and the adoption of procedures that monitor the conduct of Company activities, cognisant of the need to operate in the best interests of all stakeholders and the community in general.
The Group's Code of Ethics therefore seeks to identify and express to its recipients the values and standards of conduct to which they must adhere when carrying out the Company's activities and interacting with those with whom the Group does business (stakeholders, customers and suppliers). The Code of Ethics is addressed to the corporate bodies of Avio S.p.A. and its subsidiaries, to all employees of the Group companies and to all other individuals or companies that act in the name and on behalf of one or more Group companies or with which it maintains long-term business relations (suppliers, consultants, experts, agents and dealers). By accepting and signing the Code of Ethics, all recipients undertake to observe the values set out therein.
Each individual is required to abide by the laws and regulations applicable to the various geographic contexts in which Avio operates, and to conduct themselves in accordance with the terms of the Code of Ethics.
The Code of Ethics is the guidance to be followed in order to stimulate and maintain the Company's sense of belonging and its ability to compete fairly on the market, improve customer satisfaction, increase shareholder value, and foster the skills and the human and professional development of its staff. It constitutes a fundamental element of the organisational model of internal control, which the Avio Group is committed to strengthening and implementing on an ongoing basis.

Avio has implemented a Whistleblowing Procedure to regulate the management of the process of receiving, analysing, and processing reports of possible offences, unlawful conduct, and, more generally, any anomalous behaviour or action contrary to Company policies.
An external report can also be submitted through the channel established and accessible via the ANAC website, for the following violations:

- the internal reporting channel described in the Procedure is not active;
- the Whistleblower has already made a Report through the channel indicated in the Procedure and this has not been followed up;
- the Whistleblower has reasonable grounds to believe that, should s/he make an internal Report through the channel described in this Procedure, the Report would not be acted upon or the Report could result in the risk of retaliation;
- the Whistleblower has reasonable grounds to believe that the Breach being reported may pose an imminent or obvious danger to the public interest.

The system described above is the official channel to be used for the reports in question and reference should be made exclusively to it.

In line with the provisions of the Whistleblowing Decree, the Group has enabled an internal reporting channel, described below. This, by means of a specific platform adopted by Avio, allows reports to be sent electronically in written form 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. The channel is accessible to all internal and external Group stakeholders, including suppliers, the value chain, end-users and members of communities affected by Avio's activities. Although there are no formalized procedures designed to verify the awareness of all categories of stakeholders, Avio promotes the use of reporting tools by making them public and easily available on its website. The platform, which is available at a specific link, can be accessed through the company's website via a special section. To ensure the visibility of these tools, it is required that employees of all Italian companies, including newly hired employees, sign the 231 Model and therefore the Whistleblowing Procedure for acceptance. The Supplier Code of Conduct also includes references, inviting suppliers to use the reporting channel when necessary.

The Whistleblowing Decree provides the following protections for the Whistleblower and Related Persons:

- prohibition of retaliation because of a Report;
- support measures, consisting of information, assistance, and free advice from third-sector entities listed on the ANAC website regarding reporting methods and regulatory provisions for the Whistleblower and the Person Involved;
- protection from retaliation, including:
- the right to inform ANAC of retaliation believed to have been suffered as a result of a Report;
- the annulment of acts taken in violation of the prohibition of retaliation, which is also enforceable in court;
- limitations on liability in the event of disclosure (or dissemination) of breaches covered by the secrecy obligation or relating to the protection of copyright or personal data protection or information regarding breaches that harm the reputation of the person involved or reported, if, at the time of the disclosure (or dissemination), there are reasonable grounds to believe that disclosure of the Breach was necessary;
- limitations on liability, unless the act constitutes a crime, for acquiring or accessing information on Breaches;
- penalties.

Training on whistleblowing, in general, is included in the staff training plans on compliance provided by the Group.
In addition to the whistleblowing procedure for handling reports from whistleblowers, AVIO has adopted a set of principles and procedures, such as the Anti-Corruption Code, the Code of Ethics and the Organisation, Management and Control Model (**231 Model**). These establish the methods for conducting independent and objective investigations, in addition to the objective sanctions related to non-compliance and incidents concerning business conduct, including incidents of corruption and bribery.
The functions most exposed to corruption risk are those that deal with customers and suppliers, as well as with the public administration. Through the 231 Model and the Anti-Corruption Code, Avio applies measures to prevent and monitor risks in this area. In addition, materiality audits pursuant to Legislative Decree No. 231/01 are provided for within the Audit Plan approved by the Board of Directors to strengthen the control safeguards.
The 231 Organisational Model is disseminated and communicated through continuous information and training of personnel, delivered both in e-learning mode and through in-person attendance at classroom courses. In addition to training for at-risk persons, the Code of Ethics and the 231 Model and their periodic updates are submitted for signature for acceptance by all employees, including new hires, of Italian companies. AVIO is committed to promoting an anti-corruption culture by adopting preventive measures, including the implementation of a standards-compliant model, while also cooperating with sector associations such as Transparency International and AITRA (the Italian Transparency and Anti-Corruption Association).
Regulus, on the other hand, has communicated the Charter of Ethics to all staff, including new hires, since 2022, despite not offering ad hoc training courses on these topics.
Avio's Human Resources Department, with the operational support of the Human Resources function from each Group company, is responsible for defining the annual employee training plan on the contents of the Anti-Corruption Code.

G1-2 - Management of relationships with suppliers
Responsible supply chain management plays a key role in improving the competitiveness of the AVIO Group, which carries out careful selection towards its suppliers in order to ensure sustainability and relative traceability of supplies.
AVIO has a complex supply chain with suppliers and partners of various sizes, with different responsibilities, locally and/or internationally. Relations with all suppliers are fundamentally based on maximum cooperation. Given the particular business in which AVIO operates, building long-term partnerships is necessary in the vast majority of cases. The supply chain is divided into three macro areas:

- Direct: i.e. suppliers who provide parts or raw materials needed to complete a sub-assembly.
- System suppliers: i.e. suppliers who provide a complete sub-assembly of which they often also have design authority (i.e. flight computers, complex structures, implementation, etc.).
- Indirect: that is, suppliers who provide products or services that do not contribute to the finished product but are necessary for the operation of the factory (i.e. logistics, ICT, maintenance, etc.).

The Group manages business relations with suppliers according to specific procedures defined within the Management System. Suppliers are also selected based on their ability to offer quality, innovation, cost and services. As set out in the company's Code of Ethics and in Regulus' Charter of Ethics, the performance indicators that guide the Group in choosing suppliers are based on appropriate and objective methods, taking into consideration, in addition to quality, innovation, costs and services offered, the subjective requirements of good standing, reputation and professionalism.
Considering the business sector in which it operates and the uniqueness of its supply chain, the absence of any past or present suspicion of involvement in terrorist activities or subversion of public order is of particular

importance in supplier selection. Avio is committed to verifying that suppliers are not included in the reference lists for entities linked to international terrorism, i.e. in the "Black Lists" issued by the European Community, the U.S. Treasury Department and the UN, to help prevent and combat money laundering and the financing of international terrorism.
The Avio Group guarantees all suppliers equal opportunity and equal treatment in the negotiation, conclusion and execution of contracts in terms of the availability of information, supply terms and conditions, and technical decision-making criteria. In particular, as far as inclusion in the Supplier Register is concerned, the Group's Italian companies require their suppliers and sub-contractors, foreign and Italian, to sign, at the same time, the company's Code of Ethics, or if they have one of their own, its equivalence is verified, as well as the Anti-Corruption Code and the 231 Model. Suppliers managed by the companies in French Guiana, meanwhile are required to sign the Group's Charter of Ethics.
Regulus manages its suppliers independently, adopting the principles and guidelines issued by the parent companies (Avio S.p.A. and Ariane Group). In 2021, Regulus also adopted a Supplier Charter of Ethics (*Charte Etique Fornisseur*) to include clauses on respecting human rights, the principles of the anti-corruption code, and the values of social responsibility and sustainable development in its contractual relations. Regulus requires that its suppliers hold a Fiscal and Social Regularity Certificate and that they accept the general terms and conditions of purchase of the Supplier Charter of Ethics (*Charte Etique Fornisseur*).
The Group pursues a policy of preferring suppliers with whom it has established long-standing relationships and who have participated with similar products in other launcher development programmes. Due to the nature of aerospace products, subcontractors and major suppliers undergo a certification process. Relations with these parties are managed mainly with multi-year contracts to ensure production continuity for these suppliers, and to deliver economic benefits associated with higher volumes. In the event of serious non-performance or inefficiency of strategic suppliers or their unavailability, the Group required to replace them. To limit such occurrences, where economically feasible the Group has adopted a dual sourcing supplier selection policy, which provides for the availability of two suppliers. AVIO's Quality Management System contains a set of procedures that outline the operating procedures related to purchase requisitions, bid assessment and supplier selection, in addition to the issue and approval of orders, activities that are the responsibility of the Purchasing department. As general practice, Avio organises annual workshops with the supply chain to create teams and share corporate and specific targets. In addition, supplier manager and KSAs (Key Supplier Account) follow up with each supplier to share and anticipate any critical issues so as to create a collaborative network. For this purpose, on a quarterly basis, KPIs (Key performance Indexes) are made available for in-depth study and sharing of subsequent actions, where required.
Since 2021, Avio has participated as Lead Partner in an initiative promoted by the company CRIF through Synesgy digital platform. Membership of the initiative seeks to invite suppliers in the registry to obtain the CRIBIS ESG certificate, an internationally recognised certification of sustainability levels. In 2024, Avio adopted a Supplier Code of Conduct to ensure compliance with its ESG KPIs along the entire supply chain. Signature of the Code is required of all suppliers. The "Jaggaer" portal for suppliers has been operational since June 2025. This includes a specific section where the signed document can be submitted, along with a questionnaire on sustainability matters shared by AVIO. The initiative requires attention and commitment on the part of the Company, which dedicates internal resources to monitoring the system.
When assessing suppliers, an economic-financial and reputational analysis is always carried out by means of dedicated tools. The environmental assessment is part of the initial information provided through self-certification by suppliers on registration through a specific section of the supplier portal (Sustainability Questionnaire). This allows for the mapping of safeguards for managing issues such as corruption, compliance with health and safety requirements, cyber security and social responsibility.
Payment policies specifically for SMEs are currently being formalized, although operationally a special focus on payments to SMEs is already applied.

G1-3 - Prevention and detection of corruption and bribery

The Avio Group is committed to countering corruption and preventing the risks of illegal practices at any working level and in any geographic area, both through the dissemination and promotion of ethical values and principles and through the effective provision of rules of conduct and the implementation of control processes, in line with the requirements established by applicable laws and international best practice.
To prevent behaviours prohibited by law, the Group has adopted a specific Anti-Corruption Code of Conduct, which is integrated into a broader regulatory compliance programme that includes the Code of Ethics, Whistleblowing Procedure and 231 Model, all of which the company intends to develop and maintain over time.
Where a Report is made, and is not archived, the Committee promptly involves the Supervisory Board in order to assess - in a joint session - whether or not the Report qualifies as a 231 Report or a Code of Ethics Report and should therefore be handled by the Committee in consultation with and with the support of the Supervisory Board, in accordance with the provisions of the 231 Model and this Whistleblowing Procedure.
A Report submitted to a person other than the Committee must be forwarded within seven days to the Committee, and notice must be given to the Whistleblower at the same time.
In relation to 231 Reports and Code of Ethics Reports, the Committee conducts the activities in consultation with and with the support of the Supervisory Board. Interactions between the Committee and the Supervisory

Board are carried out through joint meetings and the platform, in compliance with the confidentiality requirements of the Whistleblowing Decree and the dedicated Procedure.
The Committee may request the support of internal functions or specialised external consultants, subject to the confidentiality requirements of the Whistleblowing Decree and this Procedure.
The Committee also has the power to request clarifications and/or additions from the Person Involved when managing the Report.
The results of management activities for Reports that are received and not archived, including the verifications carried out and any sanction measures taken, are summarised in a report sent by the Committee, on a semi-annual basis, to the Company's Control and Risks Committee.
Without prejudice to the above, as part of the periodic reporting required by the 231 Model, the Supervisory Board shall provide the Company's administrative body, on a semi-annual basis, with information regarding the 231 Reports and Code of Ethics Reports received and not archived, containing the results of the analysis, including the Company's adoption (or non-adoption) of disciplinary measures.
Human Resources Department at Avio promotes awareness of the Anti-Corruption Code across the entire Group. All employees are therefore required to observe it and contribute to its implementation.
In this context, communication actions include:

- publishing the Code on Avio's corporate website and intranet, and on the intranet of each Group company;
- making the Code available to all employees, distributing it to new hires during onboarding, and requiring signed acknowledgment confirming receipt and commitment to understanding and complying with its provisions.

Avio and each Group company also promote awareness and compliance with the Code among business and financial partners, professionals, commercial agents, external collaborators and suppliers. These stakeholders are required to sign a declaration confirming receipt of the Code, committing to its principles, and ensuring compliance within their own workforce.
For the parties mentioned, this communication is reinforced by an official notice informing them of the existence of the Code and inviting them to consult it on the Group company's website.
Training on Legislative Decree No. 231/2001 and, in general, the 231 Model provisions, is included in the staff training plans on compliance provided by the Company. The percentage of functions-at-risk covered by training programmes is 100%. Training activities in this area involve top management from various departments across the company.

4.1.3 Metrics and targets

G1-4 – Confirmed incidents of corruption or bribery

The main actions aimed at managing material impacts, risks and opportunities regarding Avio's business conduct are embodied in the continuous training and dissemination of policies and procedures in the areas of anti-corruption and ethical business management, referred to in section G1-1 - Corporate culture and business conduct policies.
Violations of the principles of behaviour set forth in the Anti-Corruption Code result in Group companies instigating action both internally, through the application of disciplinary sanctions, and externally, through maximum co-operation with the relevant public authorities. Such violations are prosecuted promptly and immediately through appropriate and proportionate disciplinary measures, taking into account also the possible criminal relevance of such conduct and the establishment of criminal proceedings in this regard.
In the event of a violation of the principles of conduct set forth in the Code or the anti-corruption regulations by one or more Directors and/or Statutory Auditors of Group companies, the Board of Directors and the Board of Statutory Auditors concerned must be informed, who, according to their respective responsibilities, will proceed to take one of the following initiatives, taking into account the seriousness of the violation and in accordance with the law and/or the By-Laws:

- statements in the minutes of the meetings;
- formal warning;
- revocation of the assignment/delegation;
- request for the Shareholders' Meeting to be called or convened with the adoption of appropriate measures against the individuals responsible for the violation on the Agenda, including the exercise of legal action aimed at the recognition of the Director's liability towards Avio or the Group company and compensation for damages suffered.

In the event of violations of the principles of behaviour set forth in the Code or the anti-corruption regulations by one or more Executives, the most appropriate measures will be applied against those responsible. Specifically:

- in cases in which the violation is of such severity that it compromises the relationship of trust to the extent that employment cannot be continued, the Executive's employment may be terminated without notice;

- where the violation be less severe but still sufficient to irreparably compromise the relationship of trust, the Executive's employment may be justifiably terminated with advance notice.
- Conduct by employees in violation of the principles of behaviour set forth in the Code or anti-corruption regulations shall in any case be considered disciplinary offenses.

With reference to Group companies under non-Italian law, in the event of violation of the principles of behaviour set forth in the Code and the anti-corruption regulations, these companies will apply the measures provided for in the applicable regulations to the members of the administrative and supervisory bodies as well as to their own personnel.
Any conduct by parties other than Avio Group Personnel in conflict with the Code or anti-corruption regulations will be examined in order to assess the adoption of measures, such as unilateral termination of the contract, to be provided for in appropriate contractual clauses.

Incidents of corruption and bribery - Convictions and fines imposed			
Number of incidents	**Unit**	**2024**	**2025**
Number of convictions for violation of anti-corruption and anti-bribery laws	no.	-	-
Amount of fines for violation of anti-corruption and anti-bribery laws	€	-	-

G1-6 - Payment practices
As part of its business, the Group mainly uses suppliers and sub-contractors to supply components, semi-finished products and raw materials. Replacing certain suppliers and sub-contractors is difficult and always involves significant additional costs and long qualification times. To ensure the internal operation and production of the products delivered to Customers, Avio also procures Indirect materials (plant, equipment, personal protective equipment, etc.) and Services (ICT, Security, Transportation etc.). Procurement policies for these Indirect materials and Services follow the same rules as for Direct materials and are governed by common internal procedures.
The contractual commitments are not standard and can vary from supplier to supplier, and on the significant sample taken range on average between 30 and 90 days. During the payment process, the Group pays particular attention to suppliers falling within the SME category. The average time for payment of invoices to be settled including contractual commitments, for the significant sample, is approximately 90 days, in line with the previous year. The analysis was performed considering all invoices paid during the year by AVIO S.p.A. and its most significant subsidiaries. No legal proceedings are currently outstanding for late payments.

5. AVIO'S SPECIFIC

5.1 Innovation, research and development

Identifying, interpreting and promoting change are the three key components for creating a culture of innovation, ensuring the development of new products and safeguarding Avio's competitiveness in an ever-changing market.
Since its establishment, the Group has demonstrated its ability to lead and direct innovation through technologies untrammelled by borders, projects that constantly look to the future and a strong commitment to constant improvement.
The aerospace industry, characterised by rapidly changing technologies and a high level of competition, is a unique sector in the economy, and the businesses operating within it must carry out significant research and development activities to produce cutting-edge technologies and products. In this context and in line with its corporate mission, products and services research and innovation form the foundation for the Avio Group's competitive advantage.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Following the Double Materiality analysis, the AVIO Group has identified the following impacts, risks and opportunities related to Research, Development and Innovation:

Positive impacts	Negative impacts	Risks	Opportunities
- Contribution to research, development and innovation through investments and collaborations	-	- Risk related to technological obsolescence	- Development of new technologies with related improvement of competitive position and consequent new market opportunities - Security and business continuity through contracted programmes with institutional customers

For further information regarding Material impacts, risks and opportunities and their interaction with strategy and business model, see the section on ESRS 2 - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model.

ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

For more information regarding the process used to identify impacts, risks, and opportunities and to assess which of these are material, please refer to the section ESRS 2 - IRO-1 – Description of the processes for identifying and assessing material impacts, risks and opportunities.

MDR-P - Policies adopted to manage material sustainability matters

The Avio Group does not have specific formalized policies related to Research, Development, and Innovation.

[MDR-A - Actions and resources in relation to material sustainability matters

In 2025, the Group continued its technology development activities in the following main areas:

- Research activities regarding the development of new materials and processes for the fabrication of structures and components for liquid propulsion systems have focused on:
- characterising and selecting innovative alloys for use in the production of cryogenic propulsion system (oxygen/methane) components using Additive Layer Manufacturing (ALM) technology;
- the design of an intelligent manufacturing centre for optimised ALM process production of space thruster components, controlling raw material consumption and improving the quality of such materials.
- The study of new ceramic-matrix composites and polymer-matrix thermal shields to improve their thermo-ablative resistance to combustion gas aggression in solid propellant engines, improving performance and simultaneously reducing the emission of unburned particulate matter at the nozzle outlet.
- Extension to the cryogenic sphere of the "High Performance Composite Materials" production chain to create a new generation of large 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.

- Researching new propulsion systems, based on green propellants, not only for launch applications - where Avio's LOx-LNG technology is now ready for industrial development - but also for orbital applications, for which the ability to store propellants for long periods of time is essential.
- Researching future applications and versions of the Vega launcher as a starting point for new research and exploration opportunities, such as: affordable solar system exploration projects on NEO (near-earth objects) routes, in-orbit servicing missions, conducting low-cost experiments for educational and scientific purposes, and payload recovery with re-entry and landing on airport runways.
- Partnerships with prestigious European research institutes and other industrial entities under the Horizon Europe programmes - of which Avio is a partner - were also strengthened: the DISCO2030, SALTO, ENLIGHTEN and the new SERENITY projects continued in line with the contractual schedule defined in the Grant Agreements.

MDR-M - Metrics in relation to material sustainability matters
The Group does not apply defined metrics to evaluate its performance and effectiveness regarding Research, development, and innovation. The space sector economy currently features rapid technological progress and a high level of competition. As a result, companies operating in this market are required to carry out significant research and development activities in order to create the cutting-edge technologies required to offer competitive products. To this end, Avio also extends its network of scientific exchange and new product development partnerships through research collaboration with prestigious Italian and international universities and research centres. In addition, Avio supports technical and operational collaborations with the main European space agencies, in particular the Italian Space Agency (ASI), the French National Centre for Space Studies (CNES) and the European Space Agency (ESA).

MDR-T Objectives - Tracking effectiveness of policies and actions through targets
The AVIO Group has not set any measurable targets and does not intend to set any, as the Group plans research and development activities in competitive and pre-competitive areas by revising its Research Plan on an annual and five-year basis, in line with the company's mission and vision, including self-funded or partially co-funded activities. Each activity in the Research Plan is managed according to the classic enterprise project development method, and the resulting entries are recorded in a dedicated system that monitors their progress levels. In addition, the activities are formally reviewed three times each year.

The objectives remain those of developing technology to adapt Avio's products to a fast-changing and highly competitive market, preparing for the transition to technologies with lower environmental impact, including through infrastructure investment.
To ensure high levels of research and innovation and to expand its role in the aerospace sector, Avio is committed to widening its network of scientific exchange and partnerships for new product development with various players on the international scene, and has joined trade associations such as the Union of Industrialists of Rome (in the Confindustria circuit) and Assonime.
For more information regarding research and development activities, please refer to the "Research and Development Activities" section of the Directors' Report.

Annexes to Section 2.1 - EU Taxonomy

Template 1 - Proportion of turnover, capital expenditure (CapEx), operating expenditure (OpEx) from products or services associated with Taxonomy-eligible or aligned economic activities - disclosure covering 2025 (Summary KPIs)

[Values in €k]

Financial year	2025														
KPI	**Total**	**Taxonomy-eligible activities**	**Taxonomy-aligned activities**	**Proportion of Taxonomy-aligned activities**	**Breakdown of Taxonomy-aligned activities by environmental objective**						**Proportion of enabling activity**	**Proportion of transitional activity**	**Non-assessed activities considered non-material**	**Taxonomy-aligned activities in the previous financial year (2024)**	**Proportion Taxonomy-aligned activities in the previous financial year (2024)**
					Climate change mitigation	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Text	Currency	%	Currency	%	%	%	%	%	%	%	%	%	%	Currency	%
Turnover	583,690	0.2%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0	0.0%
CapEx	49,081	14.7%	51	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	618	1.5%
OpEx	11,578	1.7%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	245	6.0%

The change in FY2025 alignment is explained by the refinement of controls on insignificant portions of some activities and, more importantly, the absence of investment (CapEx) and/or OpEx in 2025 for taxonomic activities that were supported by specific projects in 2024.

Template 2 - Proportion of turnover from products or services associated with Taxonomy-eligible or aligned economic activities - disclosure covering 2025 (breakdown by activity)

[Values in €k]

KPI disclosed (Turnover/CapEx/OpEx)	Turnover
Financial year	2025

Economic activities	**Code**	**Taxonomy-eligible KPI (proportion of Taxonomy-eligible turnover)**	**Taxonomy-aligned KPI (monetary value of turnover)**	**Taxonomy-aligned KPI (proportion of Taxonomy-aligned turnover)**	**Environmental objective of Taxonomy-aligned activities**						**Enabling activity**	**Transitional activity**	**Taxonomy-aligned/Total Taxonomy-eligible**
					Climate change mitigation	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	Currency	%	%	%	%	%	%	%	(E, where applicable)	(T, where applicable)	%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	0.1%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Acquisition and ownership of buildings	CCM 7.7	0.1%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Manufacture of electrical and electronic equipment	CE 1.2	0.0%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Sum of alignments by objective					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total KPI (Turnover)		0.2%	0.0	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Template 2 - Proportion of capital expenditure (CapEx) from products or services associated with Taxonomy-eligible or aligned economic activities - disclosure covering 2025 (breakdown by activity)
[Values in €k]

KPI disclosed (Turnover/CapEx/OpEx)	CapEx
Financial year	2025

Economic activities	**Code**	**Taxonomy-eligible KPI (proportion of Taxonomy-eligible CapEx)**	**Taxonomy-aligned KPI (monetary value of CapEx)**	**Taxonomy-aligned KPI (proportion of Taxonomy-aligned CapEx)**	**Environmental objective of Taxonomy-aligned activities**						**Enabling activity**	**Transitional activity**	**Taxonomy-aligned/Total Taxonomy-eligible**
					Climate change mitigation	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	Currency	%	%	%	%	%	%	%	(E, where applicable)	(T, where applicable)	%
Renewal of water collection, treatment and supply systems	CCM 5.2	0.6%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	4.9%	50.7	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		T	2.1%
Construction of new buildings	CCM 7.1	4.3%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Renovation of existing buildings	CCM 7.2	2.9%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		T	0.0%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.6%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	A		0.0%
Acquisition and ownership of buildings	CCM 7.7	0.6%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Manufacture of electrical and electronic equipment	CE 1.2	0.7%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Maintenance of roads and motorways	CE 3.4	0.1%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Sum of alignments by objective					0.1%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total KPI (CapEx)		14.7%	50.7	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.7%

Template 2 - Proportion of operating expenditure (OpEx) from products or services associated with Taxonomy-eligible or aligned economic activities - disclosure covering 2025 (breakdown by activity)

[Values in €k]

KPI disclosed (Turnover/CapEx/OpEx)	OpEx
Financial year	2025

Economic activities	**Code**	**Taxonomy-eligible KPI (proportion of Taxonomy-eligible OpEx)**	**Taxonomy-aligned KPI (monetary value of OpEx)**	**Taxonomy-aligned KPI (proportion of Taxonomy-aligned OpEx)**	**Environmental objective of Taxonomy-aligned activities**						**Enabling activity**	**Transitional activity**	**Taxonomy-aligned/Total Taxonomy-eligible**
					Climate change mitigation	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	Currency	%	%	%	%	%	%	%	(E, where applicable)	(T, where applicable)	%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	0.3%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Acquisition and ownership of buildings	CCM 7.7	1.2%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Manufacture of electrical and electronic equipment	CE 1.2	0.1%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Maintenance of roads and motorways	CE 3.4	0.0%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Sum of alignments by objective					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total KPI (OpEx)		1.6%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

METHODS OF PRESENTATION OF FINANCIAL STATEMENTS, METHODOLOGIES AND ACCOUNTING STANDARDS APPLIED

1. GENERAL INFORMATION

Avio S.p.A. (the "Company" or the "Parent Company") is a limited liability company incorporated in Italy and registered at the Rome Companies Registration Office, with Registered Office at Rome, Via Leonida Bissolati, No. 76. The administrative headquarters is in Colleferro (Rome), via Ariana Km 5.2.

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

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

At December 31, 2025, Avio S.p.A. held, directly or indirectly, investments in seven subsidiary companies (Space S.p.A., Regulus S.A., Se.Co.Sv.Im. S.r.l., Avio Guyana S.A.S., Avio France S.A.S., Avio USA Inc. and Avio India Aviation Aerospace Private Ltd. in liquidation) and in a jointly controlled company (Europropulsion S.A.) included in the consolidation scope of these financial statements (collectively the "Group" or the "Avio Group").

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Accounting standards for the preparation of the financial statements

These financial statements at December 31, 2025 were prepared in accordance with International Accounting Standards (hereafter also "IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. IFRS refers to the International Financial Reporting Standards, the revised international accounting standards ("IAS") and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") - previously known as the Standing Interpretations Committee ("SIC").

These IFRS financial statements were prepared on a going concern basis.

With the exception of the provisions of IFRS 3 with reference to the business combination undertaken in 2017, which allowed Space2 S.p.A to acquire the Avio Group, the financial statements have been drawn up according to the historical cost criteria, adjusted, where applicable, for the measurement of certain financial instruments and other assets and liabilities at fair value.

The financial statements were prepared in accordance with the provisions of CONSOB in relation to financial statement lay-out pursuant to Article 9 of Legislative Decree No. 38/2005 and other CONSOB regulations and provisions concerning financial reporting.

2.2. Consolidated financial statements

The consolidated financial statements at December 31, 2025 consist of the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of changes in Equity, the Consolidated Statement of Cash Flow and the Explanatory Notes.

The financial statements of the Group are presented as follows:

- for the 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 Consolidated Statement of Profit or Loss, the classification of costs based on their nature, with separate indication of the results from discontinued operations, where applicable;

- for the Consolidated Statement of Comprehensive Income, the adoption of the separate presentation ("two-statement approach") with indication of other gains/losses net of the relative tax effect;
- for the Consolidated Statement of Cash Flow, the adoption of the indirect method.

2.3. Comparative information

In accordance with IAS 1, these 2025 consolidated financial statements present the comparative 2024 figures for the Balance Sheet items (Consolidated Balance Sheet) and for the Income Statement items (Consolidated Income Statement, Consolidated Comprehensive Income Statement, Statement of changes in Consolidated Equity and Consolidated Cash Flow Statement).

2.4. Basis of consolidation

The consolidated financial statements include the financial statements of the parent company, its direct or indirect subsidiaries and the companies over which the Group exercises joint control with other shareholders, as specified below and defined by standards IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint control arrangements, and IAS 28 - Investments in associates and joint ventures.

Subsidiaries

A company is considered a subsidiary where the Group exercises control as defined by IFRS 10 - Consolidated financial statements. The parent company controls an investee when, in the exercise of its power, it is exposed and has rights to the variable returns through managerial involvement, and simultaneously can impact upon the variable returns of the investee. The exercise of the power on the investee derives from the rights which permit the parent company to manage the significant assets of the investee also in its own interests. For assessing whether the Group controls another entity, the existence and the effect of potential voting rights exercisable or convertible at that moment are considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control terminates.

Subsidiaries are consolidated according to the line-by-line method from the date on which the Group assumes control until the moment at which this control terminates.
Inactive subsidiaries, those for which the consolidation due to specific operating dynamics (such as non-equity based consortiums) does not produce significant effects and those with insignificant fixed assets, whether in terms of investment profile or the relative equity and earnings figures, are excluded from the consolidation. These businesses are valued according to the criteria applied for holdings in other companies.

In the consolidated financial statements, the assets and liabilities and the costs and the revenues of the companies consolidated according to the line-by-line method are fully included. The carrying amount of investments is eliminated against the corresponding share of the equity of the subsidiaries, allocating to the individual assets and liabilities their fair value at the acquisition control date.

Changes in the holdings of subsidiaries which do not result in the acquisition or loss of control are recognised to changes in equity.

The receivables, payables, costs and revenues among consolidated companies are eliminated. Profits and losses of insignificant amounts from transactions between companies included in the consolidation and not yet realised with third parties are also eliminated.

The dividends distributed between Group companies are eliminated from the income statement.

Profits and losses of significant amounts not realised through transactions with associates or jointly-controlled companies are eliminated according to the Group holding in such companies.

Non-controlling interests in the net assets and the result of consolidated subsidiaries are recorded separately from the Group equity.

Interests in joint ventures

Subsidiaries held directly with other shareholders where the relative agreements constitute joint ventures (or where the parties only have equity rights under the agreement) are consolidated as per IFRS 11, with the equity method applied once becoming operative.

Where agreements in place constitute a joint operation (in which the parties have rights over the assets and obligations for the liabilities of the agreement), the assets, liabilities and costs and revenues deriving from the joint operation are consolidated on a pro-rata basis.
Where necessary, adjustments are made to the financial statements of consolidated joint ventures in order to apply uniform Group accounting policies.

Investments in associates

Associates are companies over which the Group exercises significant influence, as defined by IAS 28 - Investments in associates and joint ventures, without control or joint control over financial and operating policies. Generally a shareholding between 20% and 50% of the voting rights indicates significant influence. Associates in which significant influence is exercised are measured at equity from the moment at which significant influence commences until the date at which it ceases. According to this method, the carrying amount of the investment is adjusted at each year-end by the share of the result of the investee, net of dividends received, after adjustments, where necessary, to the accounting policies of the companies for uniformity with those adopted by the Group. Any excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. The recognition of goodwill at the acquisition date is included in the carrying amount of the investment. The entire carrying amount of the investment is subject to an impairment test amid indicators of a possible reduction in the long-term value of the investment. Any impairments are not allocated to the individual assets (and in particular any goodwill) which comprises the carrying value of the investment, but to the overall value of the investment. However, if the conditions exist for a subsequent write-back, such must be fully recognised.
Any excess of the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate over the cost of acquisition is recorded in the Income Statement in the year of acquisition. Finally, where the share of losses pertaining to the Group in the associate exceeds the carrying value of the investment, the value of the investment is written down and the share of further losses is not recorded as a liability, unless the Group has the legal or implied obligation to cover such losses.
Investments in associates not considered significant are not aligned to equity for representation of the consolidated position.

Investments in other companies

The companies in which the Group holds between 20% and 50% of voting rights while not exercising significant influence and investments in other companies, are included in non-current assets or current assets where they are expected to remain within the Group for a period, respectively, in excess of or less than 12 months. The other investments are classified to "financial assets measured at fair value through consolidated profit or loss" (FVTPL) under current assets. On the purchase of each investment, IFRS 9 establishes the irrevocable option to recognise these assets among "financial assets measured at fair value through consolidated other comprehensive income" (FVOCI), under non-current or current assets. Other investments classified as "financial assets measured at fair value through other comprehensive income" are measured at fair value; the changes in the value of these investments are recognised to an equity reserve through other comprehensive income items (Reserve for financial assets measured at fair value recognised to other comprehensive income), without reclassification to the separate income statement, on derecognition (sale) or a definitive impairment. Dividends are however recognised to the separate consolidated income statement. Changes in the value of other investments classified as "financial assets measured at fair value through the separate consolidated income statement" are recognised directly to the separate consolidated income statement.

2.5. Translation of foreign entity items and financial statements

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

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

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

2.6. Consolidation scope

The consolidated financial statements at December 31, 2025 include the financial statements of the parent company, of the Italian and overseas companies in which it holds directly or indirectly more than 50% of the share capital, consolidated under the line-by-line method, and the financial statements of the company Europropulsion S.A., held 50% jointly with another shareholder, consolidated under the equity method.

The consolidation scope at December 31, 2025 was as follows:

Companies included in the consolidation scope at December 31, 2025			**Holding**
Parent			
Company name	*Registered office*	*Share capital*	*% Held*
Avio S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 158,506,882.70	N/A
Companies consolidated by the line-by-line method			
Company name	*Registered office*	*Share capital*	*% Held*
Spacelab S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 3,000,000	70%
Regulus S.A.	Centre Spatial Guyanais - BP 0073 97372 Kourou (French Guyana - France)	EURO 640,000	60%
SE.CO.SV.IM. S.r.l.	Via degli Esplosivi, 1 - Colleferro (RM)	EURO 53,929,691	100%
Avio Guyane S.A.S.	Centre Spatial Guyanais - BP 506 97388 Kourou (French Guyana - France)	EURO 50,000	100%
Avio France S.A.S.	3 Rue du Colonel Moll - 75017 Paris (France)	EURO 50,000	100%
Temis S.r.l.	Via Gaetano Donizetti, 20 - Corbetta (Milan)	EURO 100,000	100%
Avio USA Inc.	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of Newcastle, Delaware 19801 (USA)	13.50 (USD)	100%
Avio India Aviation Aerospace Private Limited (*)	Pitampura Delhi North West (India)	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	50%
Associates, measured at equity			
Termica Colleferro S.p.A.	Via degli Agresti, 4 and 6 Bologna	EURO 6,100,000	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 results of the subsidiaries consolidated are recorded separately from the Group equity, in the account "Non-controlling interest equity".

2.7. Accounting standards and basis of preparation

Accounting estimates and significant judgments made to account for the impacts of climate risks

The effects of initiatives to limit climate change and the potential impact of the energy transition influence the accounting estimates and significant judgments made by management in preparing the consolidated financial statements and separate financial statements as of December 31, 2025.

In particular, the management and development strategies of constant environmental protection and the specific commitment aimed at protecting the environment, including the prevention of pollution and the pursuit of continuous improvement of its environmental performance, could lead to significant energy consumption due to changes in external climatic conditions.

Although the Group does not currently have an energy transition plan for climate change mitigation, it is committed to adopting such a plan in the near future, in line with the Paris Agreement, which will involve the progressive reduction of CO2 and other greenhouse gas emissions generated by its business activities, recognising the importance of a strategic and systematic approach to the management of risks and opportunities related to climate change. In addition to its commitment to mitigate the negative impacts of its own business, Avio has taken it upon itself to identify and adopt the best strategies to reduce risks and seize the new opportunities that will arise in this transitional environment.

As part of this, the Group has identified and mapped the following risks related to climate change, which are reported in the company's ERM - Enterprise Risk Management:

- an event related to *"Transition risks associated with the rise in economic costs and financial losses due to the increased frequency of extreme weather events related to climate change":* since certain processing facilities require significant thermal stability to perform delicate processes, changes in external climate conditions could affect energy consumption and have a significant economic impact, given the rise in energy prices. To mitigate this risk, the Group uses metering devices that allow it to monitor consumption on an ongoing basis and evaluate the economic repercussions of any abrupt spikes in absorption caused by external weather conditions.

- an event related to "*Physical risks associated with extreme weather events*" connected to the potential for plant shutdowns and the loss of products due to extreme weather events. Among these, the following risks have been mapped: seismic events, flooding, tornadoes, and fires. A risk assessment of these events was conducted. The ways in which active products are handled and stored, in addition to the management of top event areas, indicate a very low probability of a significant event and/or operational shutdown. This finding is also consistent with the provisions of the Management System's internal Emergency Plan. Considering the historical data, geographical location, and existing risk management tools, the likelihood of these events causing plant shutdowns or a loss of products is deemed to be remote;

- risks associated with relations with Termica Colleferro. In view of the centrality of electric and thermal energy supplies necessary to carry out industrial activities for the Colleferro district by the associated company Termica Colleferro, there is a risk associated with the procurement of these supplies. However, in view of the mitigation actions put in place by management, this risk is being monitored and managed.

The mapping of the above risks is the basis for estimates and judgments related to:
(i) the assessment of the Group's intention to continue its activities in space and defense;
(ii) the definition of the useful lives and residual values of fixed assets;
(iii) the impact on provisions for risks and charges (e.g., advance in the expected timing of incurring decommissioning and site restoration costs).
The outcome of this analysis did not lead to significant impacts on the Group.

Please refer to the Directors' Report - Sustainability Statement regarding the considerations and analysis on climate change.

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

On November 6, 2023, a European Space Agency (ESA) Board meeting was held in Seville in the presence of ministers representing the various member states. The decisions taken included those regarding the Ariane 6, Vega C and Vega E programmes. For the main outcomes of the Board meeting, please refer to the consolidated financial statements at December 31, 2024 and the condensed consolidated half-year financial statements at June 30, 2025.

Arianespace and Avio have agreed that Arianespace will remain launch service provider and operator for the Vega-C flights planned for early 2026, depending on the schedule of the upcoming Vega-C flights (i.e., flight manifest). For subsequent launches, Avio will be the launch service provider and operator of Vega C.

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

The process to transfer Vega C Launch Service Operator (LSO) and Launch Service Provider (LSP) functions has been completed in line with the ESA Board Resolution of November 6, 2023. Arianespace and Avio had agreed that Arianespace would remain the launch service provider and operator for Vega-C launch services until Vega flight 29 (VV29), scheduled for early 2026. Due to factors beyond Avio's control regarding satellite payload readiness, the final Arianespace-managed flight, VV31, has been rescheduled for late 2026, while flight VV29, scheduled for early Q2 2026, will be the first managed entirely by AVIO. Discussions are underway with Arianespace for the management of the final flight within their remit. Contracts for this mission may also be transferred to Avio, along with all existing Vega C contracts signed by Arianespace for missions following VV28.

In 2025, the full-life revenues of the 18 flights in the backlog consist of the portion already contracted with the end customers (about 77% of the total), the ESA contributions (about 8% of the total) and additional variable fees resulting from Avio's gradual assumption of the Launch Service Operator (LSO) and Lauch Service Provider (LSP) functions of Vega C (equal to about 15% of the total).

Changes to the consolidated financial statements

With reference to the consolidated income statement, the consolidated comprehensive income statement and the consolidated statement of cash flow, the changes in presentation in FY 2025 compared to the previous year are summarised below.

The reclassifications of the consolidated income statement concern:

- the inclusion in the item "Consumption of materials" of the item "Change in inventories of finished products, in progress and semi-finished".
- the reclassification of capitalised costs for internally-executed activities under "Services" and "Personnel costs".
- the reclassification of "Dividends from jointly controlled company Europropulsion S.A." from the item "Other operating income" to the item "Investments accounted for using the equity method - operating income/(charges)".

The reclassifications of the consolidated comprehensive income statement consist of the presentation of the subtotals "Components that will not later be reclassified to net profit (loss) for the period" and "Components that will or may later be reclassified to net profit (loss) for the period" and the inclusion of the effect from "translation differences" already considered in equity as of December 31, 2024 (in the "translation reserve"). The statement of changes in consolidated shareholders' equity as of December 31, 2024 has been restated to reflect the presentation reclassification made in the consolidated comprehensive income statement described above.

The reclassifications of the consolidated statement of cash flow concern:

- the reclassification of "Advances to suppliers" from "Inventories and Advances to suppliers" to "Other current and non-current assets", included in liquidity employed in operating activities;
- the reclassification of dividends received from Joint Ventures from "(Income)/charges from measurement at equity of the investment in Europropulsion S.A." to the "Dividends from Joint Ventures" account;
- the presentation of two new items within "Cash flow from investing activities" of the cash flows related to investments in property, plant and equipment and investment property, previously included in the single item "Property, plant and equipment and investment property".
- the presentation of two new items within "Cash flow from financing activities" of the cash flows related to financial assets and liabilities previously included in the single item "Other changes in financial assets and liabilities".

With regard to the consolidated statement of financial position, the Group has reclassified "Advances to suppliers" from "Inventories and Advances to suppliers" to "Other current assets".

For further details regarding the restatement of the comparative figures as of December 31, 2024, please refer to section "2.11 Restatement of the Consolidated Financial Statements".

Changes to the separate financial statements

With reference to the income statement, the comprehensive income statement and the statement of cash flow, the changes in presentation in FY 2025 compared to the previous year are summarised below.

The reclassifications of the consolidated income statement concern:

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

The reclassifications of the condensed comprehensive income statement consist of the presentation of the subtotals "Components that will not later be reclassified to net profit (loss) for the period" and "Components that will or may later be reclassified to net profit (loss) for the period". The statement of changes in shareholders' equity as of December 31, 2024 has been restated to reflect the presentation reclassification made in the comprehensive income statement described above.

The reclassifications of the consolidated statement of cash flow concern:

- the reclassification of "Advances to suppliers" from "Inventories and Advances to suppliers" to "Other current and non-current assets", included in liquidity employed in operating activities;
- the presentation of two new items within "Cash flow from investing activities" of the cash flows related to investments in property, plant and equipment and investment property, previously included in the single item "Property, plant and equipment and investment property".
- the presentation of two new items within "Cash flow from financing activities" of the cash flows related to financial assets and liabilities previously included in the single item "Other changes in financial assets and liabilities".

With regard to the consolidated statement of financial position, the Group has reclassified "Advances to suppliers" from "Inventories and Advances to suppliers" to "Other current assets".

For further details regarding the restatement of the comparative figures as of December 31, 2024, please refer to section "2.12 Restatement of the Separate Financial Statements".

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairments.
The acquisition cost corresponds to the price paid, plus accessory charges incurred until entry into use (gross of any contributions received) and any expected dismantling and removal costs for the asset, in addition to reclamation costs for the areas on which the asset is located, where necessary and corresponding to IAS 37. For assets conferred, the cost corresponds to the value established in the relative deeds on the basis of expert opinions. The internal production cost includes all construction costs incurred until entry into service, whether direct and specifically relating to the tangible assets or relating, in general, to the construction activities and therefore to differing construction operations. Any financial charges incurred for the acquisition or production of property, plant and equipment that generally require a substantial period of time to prepare for their intended use (qualifying assets in accordance with IAS 23 - *Financial charges*) are capitalised and depreciated over the duration of the useful life of the category of assets to which they refer. All other financial charges are recognised to the income statement in the period in which they are incurred.

Costs incurred subsequently to acquisition (maintenance and repair costs and replacement costs) are recorded at the carrying amount of the assets, or are recognised as separate assets, only where it is considered probable that the future economic benefits associated with the assets may be exploited and that the cost of the assets may be measured reliably. Maintenance and repair costs or replacement costs not reflective of those reported above are recognised to the income statement in the period in which they are incurred.

The gross carrying amount of assets is depreciated on a straight-line basis over their useful life in relation to the estimated useful life and the residual value of the asset. Depreciation starts when the asset is available for use. For conferred assets, depreciation is calculated according to the residual useful life upon conferment. The depreciation rates utilised by the Group are as follows:

Category	Depreciation rate
Buildings	2%; 10%
Plant & machinery	2%; 5%; 7%
Industrial & commercial equipment	10%; 40%
Other assets:	
- Furniture, equipment and EDP	12%; 20%
- Transport vehicles	20%; 25%
- Other assets	12%; 25%

During the year in which depreciation of the asset begins, such is calculated on the basis of the effective period of use. The useful life is re-examined annually and any changes are applied prospectively.

The phase-out of the Ariane 5 launcher and the phase-in of the Ariane 6 launcher, as well as the phase-out of the Vega launcher and the phase-in of the Vega-C launcher, resulted in 2023 in the revision of the useful life of some buildings, plant and equipment during the year. As a result, the depreciation rates for buildings changed from 3% and 10% in 2022 to 2% and 10% in 2023, while those for plant and machinery changed from 7% and 30% in 2022 to 2%, 5% and 7% in 2023. This review was carried out with the support of an independent expert. No revision of depreciation rates was made in the present year.

Capitalised costs for leasehold improvements are allocated to the categories of assets to which they refer and amortised at the lesser between the residual duration of the rental or concession contract and the residual useful life of the type of assets to which the improvements relate.

The assets composed of components, of significant amounts, and with different useful lives are considered separately for the calculation of depreciation (component approach).

Land is not depreciated.

In the event of a permanent impairment in the value of an asset, regardless of the depreciation recorded to date, the asset is written down accordingly; if in future years, the reasons for the write-down no longer apply, the asset is reinstated to its original value less the depreciation which would have been provisioned where the write-down had not been made or the recoverable value, where less.

Gains and losses deriving from the disposal or sale of assets are determined as the difference between the sales revenue and the net carrying amount of the asset on disposal or sale and are recorded in the income statement in the year.

Investment property

Owned land and buildings used for purposes not strictly relating to ordinary operations and held for rental or capital appreciation are recognised at cost, calculated according to the same methods indicated for property, plant and equipment. Investment properties are eliminated from the financial statements when they are sold or when they are unusable on a long-term basis and no future economic benefits are expected from their sale.

Rights-of-use

The Group assesses whether a contract is or contains a lease at the time of its initial recognition; over the life of the contract, the initial assessment is revised only in response to changes in the terms of the contract (specifically, contract term or lease payments due).

A right to use the leased asset, equal to the initial value of the corresponding lease liability, plus payments due before or concurrently with the contractual effective date (e.g., agency fees) is recorded at the contract start date. Thereafter, this right of use is valued net of accumulated depreciation and impairment losses. Depreciation begins on the effective date of the lease and extends over the shorter of the contractual term and the useful life of the underlying asset. If events or changes in circumstances indicate that the carrying amount of the right-of-use cannot be recovered, that asset is tested for impairment in accordance with the provisions of the relevant accounting standard IAS 36 - Impairment of Assets.

The lease liability is initially recorded at the present value of unpaid lease payments as of the contractual effective date, discounted using the marginal borrowing rate, defined by loan term and for each Group company. Next, the lease liability is reduced to reflect lease payments paid and increased to reflect interest on the value that remains.

The lease liability is restated (resulting in a right-of-use adjustment) if there is a change:

- of the lease term (e.g., in case of early termination of the contract, or extension of the expiration date);
- of the valuation of an option to purchase the underlying asset; in such cases the lease payments due will be revised based on the revised term of the lease and to account for the change in the amounts payable under the purchase option;
- of future lease payments due, resulting from a change in the index or rate used to determine payments (e.g., ISTAT) or as a result of recontracting economic terms.

In the event of a significant change in the lease term or future lease payments due, the residual value of the lease liability is restated by reference to the marginal borrowing rate in effect at the date of the change.
The Group makes use of the option granted by the standard to apply a simplified accounting regime to short-term contracts for certain specific classes of assets (with a duration of no more than 12 months), to contracts where the individual underlying asset is of low value (up to Euro 5,000) and to contracts where the individual underlying asset is an intangible asset; for these contracts, lease payments are recognized in the Income Statement as an offset to short-term trade payables.

Intangible assets

An intangible asset is without physical form and recognised to the balance sheet only if identifiable, controllable, where future economic benefits are expected and its costs can be reliably calculated.
Intangible assets include goodwill acquired for consideration following a business combination.

Intangible assets with a definite life are measured at purchase or production cost, net of amortisation and cumulative impairments. Amortisation is recognised over the useful life of the asset and begins when the asset is available for use. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.
The intangible assets with indefinite useful life are not amortised but are subject annually or, more frequently where necessary, to an impairment test.
Intangible assets recognised following a business combination are recorded separately from goodwill where their fair value can be reliably measured.

Intangible assets with indefinite life

Goodwill
The goodwill deriving from business combinations is initially recorded at the acquisition cost. Goodwill is recognised as an asset with indefinite useful life and is not amortised, although subject annually, or more frequently where an indication that specific events or changed circumstances indicate a possible reduction in value, to an impairment test. An impairment loss is recorded immediately in the income statement and is not restated in a subsequent period. After initial recognition, goodwill is measured net of any impairments. On the sale of a subsidiary, the net value of attributable goodwill is included in calculating the gain or loss.

For the purpose of the impairment test, goodwill is considered allocated to the individual Cash Generating Units (CGU's) representing the financially independent business units through which the Group operates. The Group situation at December 31, 2025 indicates a single CGU corresponding to the entire operating segment.

Negative goodwill originating from acquisitions is recognised directly to the income statement.

Intangible assets with definite life

Development costs

Development costs are capitalised only where the costs may be calculated reliably, the assets developed may be clearly identified and where there is proof that they will generate future economic benefits. In particular, for capitalisation the existence of technical feasibility and the intention to complete the asset to make it available for use or sale, the existence of adequate technical and financial resources to complete development and sale and the reliability of the valuation of the costs attributable to the asset during development are required. On meeting these conditions, the costs are recognised to the assets section of the Balance Sheet and amortised on a straight-line basis from the initiation of commercial production on the programs to which they refer. Amortisation in the initial period is proportional to the effective period of use. The useful lives are calculated on the basis of a prudent estimate of the duration of the programs from which the relative economic benefits derive and are initially estimated at 5, 10 or 15 years according to the characteristics of the relative programs. Capitalised development costs concerning programs whose production has not yet begun are amortised and maintained among definite life intangible assets, following verification of the absence of impairments, on the basis of the future earnings of the relative programs.

Research and development costs which do not meet the above conditions are recognised to the income statement when incurred and may not be capitalised in subsequent periods.

Intangible assets for Customer Relationships

The Group allocated, at the acquisition date by Space2 and with effect from financial year 2017, the cost of this acquisition recognising the assets, liabilities and contingent liabilities of the companies acquired at their relative fair values at that date. Following this allocation, the intangible assets held by customers for programme participation were identified as responding to the criteria required for recognition, as per IFRS 3 and IAS 38, which were valued at fair value applying an earnings valuation method, based on the present value of future cash flows generated by the assets for the period of residual expected useful life, calculated applying a discount rate which takes account both of the possible risks associated with the assets and the time value of money. In addition, the benefit attributable to the tax savings achievable for a potential purchaser deriving from the amortisation of the recognisable intangible assets was also considered (tax amortisation benefits).
The intangible assets for Customer Relationships are amortised, in relation to the average weighted residual life of the programs to which they refer, over a period of 15 years. Against the intangible assets recognised, the relative deferred taxes were recorded, calculated through application of the tax rates which are expected to be in force on recognition to the income statement of the amortisation.

Other intangible assets

Intangible assets are recognised to the Balance Sheet only when it is probable that the use of the asset will generate future economic benefits and its cost can be reliably calculated. Having complied with these conditions, the intangible assets are recognised at the acquisition cost which corresponds to the price paid, plus accessory charges and, for the assets conferred, to the values established in the relative deeds. Other intangible assets recognised on acquisition are recorded separately from goodwill where their fair value can be reliably calculated.

The gross carrying amount of the other definite life intangible assets is broken down on a straight-line basis over the estimated useful life. Amortisation begins when the asset is available for use and is proportionate for the first year to the period of effective use. For assets conferred, the amortisation is calculated according to the residual useful life.
The amortisation rates utilised by the Group are as follows:

Category	Amortisation rate
Patents	20%
Brands	10%
Software	14%; 20%

In view of the development of research and development and production programmes during 2023, the useful life of some software licenses was reviewed. As a result, the range of amortization rates for software licenses changed from 20-33% in 2022 to 14-20% in 2023. No revision of amortisation rates was made in the present year.

Investments

For the consolidated financial statements, please refer to the "Consolidation Principles" section.

For the separate financial statements, the following is reported.
The holdings in subsidiaries, associates and jointly controlled companies are recorded at cost, adjusted for loss in value. The cost is represented by the acquisition value and corresponds to the value of their contribution in the consolidated financial statements at the date considered in the financial statements as the acquisition date.

Any positive difference, arising on purchase, between the acquisition cost and the fair value of the share of net equity of the investment is included in the carrying value of the investment and is tested annually for impairment, comparing the entire book value of the investment with its recoverable value (the higher value between the value in use and the fair value net of selling costs).

Where an impairment loss exists, it is recognised through the income statement. Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, and the company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision under liabilities. Where an impairment loss is subsequently reversed, this is recognised through the income statement within the limit of the original recognition value.

The companies in which the Company holds between 20% and 50% of voting rights while not exercising significant influence and investments in other companies, are included in non-current assets or current assets where they are expected to remain within the Company for a period, respectively, in excess of or less than 12 months. The other investments are classified to "financial assets measured at fair value through consolidated profit or loss" (FVTPL) under current assets. On the purchase of each investment, IFRS 9 establishes the irrevocable option to recognise these assets among "financial assets measured at fair value through consolidated other comprehensive income" (FVOCI), under non-current or current assets. Other investments classified as "financial assets measured at fair value through other comprehensive income" are measured at fair value; the changes in the value of these investments are recognised to an equity reserve through other comprehensive income items (Reserve for financial assets measured at fair value recognised to other comprehensive income), without reclassification to the separate income statement, on derecognition (sale) or a definitive impairment. Dividends are however recognised to the separate consolidated income statement. Changes in the value of other investments classified as "financial assets measured at fair value through the separate consolidated income statement" are recognised directly to the separate consolidated income statement.

Impairments

The Group verifies, at least annually, the recoverability of the carrying amount of property, plant and equipment in order to determine whether there are indications that these assets may have incurred a loss in value. Where there are indications of impairment, the carrying amount of the asset is reduced to its recoverable amount. In addition, an intangible asset with indefinite useful life is subject annually or, more frequently where there is an indication that the asset may have suffered a loss in value, to an impairment test. The loss in value of an asset corresponds to the difference between its carrying amount and its recoverable value, defined as the higher between the fair value net of sales costs and its value in use. The value in use is calculated as the present value of expected future operating cash flows, excluding cash flows from financing activities. The cash flow projection is based on company plans and reasonable and documented assumptions concerning the Group's future results and macro-economic conditions. The discount rate utilised considers the time value of money and specific sector risks.
Where it is not possible to estimate the recoverable value of an asset individually, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.

Where the recoverable value of an asset, or of a cash generating unit, is lower than the carrying amount, it is reduced to the recoverable value and the loss recognised to the income statement. Subsequently, where the loss on an asset other than on goodwill is no longer evident or reduces, the carrying amount of the asset (or of the cash generating unit) is increased, up to the new estimate of the recoverable value (which however may not exceed the net carrying amount that the asset would have had in the absence of the write-down). This recovery is immediately recognised to the income statement.

Financial assets

The Group classifies financial assets in the following categories:

- financial assets measured at amortised cost;

- financial assets measured at fair value through profit or loss for the year;
- financial assets measured at fair value through other comprehensive income items.

The Group establishes the classification on the basis of the business model used to manage financial assets and according to the characteristics of the contractual cash flows of the financial asset.
The financial assets are initially recognized at fair value, plus or minus, in the case of financial assets or liabilities not at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. Trade receivables which do not contain a significant financial component are however initially measured at their transaction price.
On initial recognition, financial assets are classified to one of the above categories and may not subsequently be reclassified to other categories, except where the Group amends its business model for their management.

The Group recognises under doubtful debts the expected losses for financial assets measured at amortised costs, the assets deriving from contracts and debt securities measured at fair value through other comprehensive income. The expected losses are calculated over the full duration of the receivable, awaiting the results of various scenarios on the basis of their probability and discounting the amounts utilising the effective interest criterion.

The classification between current and non-current reflects the expectations of the management on their trading:

Financial assets measured at amortised cost

This category includes financial assets Held to Collect contractual cash flows, represented only by the payments in capital and interest on the amount of the capital to be repaid. This category includes outstanding receivables and loans. These assets are measured at amortised costs, in accordance with the effective interest criterion, reduced for impairment. These are included in current or non-current assets on the basis of whether the contractual maturity is less than or greater than twelve months from the reporting date. Interest income, exchange gains and losses and impairments are recognised to the profit or loss for the year, as are derecognition gains and losses.

Financial assets measured at fair value through profit or loss for the year

This category includes financial assets not classified as measured at amortised cost or fair value through other comprehensive income. This category includes derivative instruments and financial assets held for trading. The fair value of the financial assets held for trading is calculated on the basis of the market prices at the reporting date or the interim reports, or through financial measurement techniques and models.

Financial assets measured at fair value through other comprehensive income items

This category includes financial assets held with the dual purpose of collecting the contractual cash flows, represented only by the payment of capital and of interest on the amount of capital to be repaid, and the sale of financial assets (Held to Collect and Sell).

Inventories

Inventories are measured at the lower of the acquisition or production cost and the net market value, defined as the estimated sales price less expected completion costs and expenses necessary to carry out the sale.
In particular, raw materials, semi-finished products and work-in-progress are initially recognised at acquisition or production cost. The purchase costs include the cost paid to suppliers plus accessory charges incurred until the entry of the goods to Group warehouses, net of discounts. Production costs include costs incurred to bring the asset to its location and state at the reporting date: they include costs specific to the individual assets or categories of assets and general preparation costs (general production expenses). Inventories are measured according to the FIFO method. This calculation method is considered most suitable for providing a true and fair view, in addition to a uniform representation of the Group's equity position and earnings.

Inventories thus calculated may be adjusted by a write-down provision to take account of obsolete or slow moving materials on the basis of their future utility or realisation.

Contract work-in-progress

Contract work-in-progress (or construction contracts) concerns contracts specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of

their design, technology and function or their final use. This principally concerns development and production activities in the space sector.

Where the result of a construction contract may be reliably estimated, contract work-in-progress is valued according to the percentage of completion method, with application to the contractual value for each obligation included in the contract, whereby the costs, revenues and the relative margin are recognised according to the advancement of production activities. For the calculation of the percentage of completion, the ratio between production costs incurred to date and forecast total costs for the entire works (cost-to-cost) is adopted, on the basis of updated estimates at the reporting date. Periodically, the assumptions underlying the measurements are updated. The changes to the contract, the revision prices and the incentives are included for those amounts agreed with the buyer; the variable elements of the contractual consideration are estimated on signing. Any economic effects are recognised in the period in which the updates are made.

Given the engineering complexity and multi-year duration of contract work in progress, the related fees, in addition to the fee established in the original contract, may include subsequent additional fees. Such additional fees may be of a varying nature, such as, by way of example, additional fees required for increased activities incurred and/or to be incurred due to variations in work or events not foreseeable at the date of signing of the original contract requested by the client, or for increased charges incurred and/or to be incurred not foreseeable by the parties at the date of signing of the original contract. The determination of additional fees is, by its very nature, subject in part to a degree of uncertainty both in terms of the amounts that will be recognized by the client and on the timing of contract formalisation.
These additional fees are traced back to the case of contractual changes approved by both contracting parties in writing or through business practices.
A contract amendment can exist even though there are still ongoing definitions about the subject matter and/or price of the contract as long as there is the enforceable right. Having identified the chargeable right, for the purpose of recording such additional consideration, for the purpose of adjusting the transaction price the circumstance that the associated revenue will not be reversed in the future is considered highly probable.

The project costs are recorded as expenses in the year in which they are incurred.

Where the result of a construction contract may not be estimated reliably, the revenues related to the relative contract are recorded only within the limits of the project costs incurred which will probably be recovered. The project costs are recorded as expenses in the year in which they are incurred.
Account is in addition taken of charges to be incurred following closure of the order and those for expected losses through accruals to the risks provisions; in particular, any losses on contracts are recognised to the income statement in their entirety once noted.

Contract work-in-progress is stated to the assets section of the Balance Sheet net of advances invoiced to clients. The analysis is made by individual order: where the value of the individual order is greater than the advances, the positive differential is classified to the account considered in the Balance Sheet; where the value of the individual order is lesser than advances, the negative differential is classified to "Advances from clients for contract work-in-progress" in the Balance Sheet.

Trade and Other Receivables

Receivables are initially stated at fair value, corresponding to their nominal value, and subsequently measured according to the amortised cost method, net of a write-down provision.
In relation to trade receivables and other receivables, the Group has applied the simplified approach indicated by IFRS 9 to measure the doubtful debt provision as the expected loss over the life of the receivable. The Group measures the amount of expected losses in relation to these elements through the use of a provisioning matrix, estimated on the basis of historic experience of receivable losses according to creditor due dates, adjusted to reflect current conditions and estimates concerning future economic conditions. Consequently, the credit risk profile of these assets is presented according to due dates on the basis of the provisioning matrix.

The Group does not undertake the factoring of receivables.

Cash and cash equivalents

These include cash, liquid bank deposits and other current readily tradable financial investments which may be quickly converted into cash and for which the risk of changes in value is insignificant.

Research and development tax credits

Research and development tax credits relating to Decree-Law No. 145 of December 23, 2013, converted, with amendments, by Law No. 9 of February 21, 2014, as amended by Law No. 232 of December 11, 2016 (the "2017 Budget Act") and the 2019 Budget Act (Art. 1, paragraphs 70-72, of Law No. 145 of December 30, 2018) are recognized to the extent that the tax credit is considered recoverable and utilizable, while ensuring that only the benefit for which it is reasonable certain that the entity has met the established requirements is quantified. These credits are initially recorded in the account "Other current assets" and recognised to the income statement in each period on an accruals basis, according to the differing types of costs supported, in relation to the percentage of completion of the contract work-in-progress giving rise to the costs against which the credit was calculated in the accounts "Service costs" and "Change in contract work in progress".

Treasury shares

Treasury shares are recognised as a deduction from equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognised as equity movements.

Financial liabilities

Non-current financial liabilities and current account overdrafts are classified to this account, in addition to current and non-current payables which, although arising from commercial or however non-financial transactions, are negotiated at particular conditions as undertaken as a financial transaction, therefore de facto making them financial receivables. Current and non-current financial payables are initially recognised at fair value, less transaction costs incurred, and are subsequently valued at amortised cost utilising the effective interest rate method.

Non-current financial payables due within twelve months from the reporting date are classified to the "Current portion of non-current financial payables" account.

Employee provisions

Employees of Group companies enjoy post-employment benefits which may consist of defined contribution pension plans or defined benefit plans, and other long-term benefits, according to the conditions and local practices of the countries in which such companies operate.

Post-employment benefits

The accounting treatment of pension plans and of other post-employment benefits depends on their type.

Defined contribution plans are plans for benefits upon conclusion of employment for which the Group companies have made fixed contributions to a legally separate entity on an obligatory, contractual or voluntary basis, in the absence of which legal or implied obligations exist to make additional payments where the entity does not have sufficient assets to pay all of the pension benefits matured concerning employment services provided in the present and previous years. The contributions to be paid are recognised to the income statement on an accruals basis to personnel expenses.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to fund the defined benefit pension plans and the annual cost recognised to the income statement are determined by independent actuarial valuations using the projected unit credit method, on the basis of one or more factors such as age, years of service and expected future remuneration.

Actuarial gains and losses relating to defined benefit plans deriving from changes to the actuarial assumptions and adjustments based on past experience are immediately recognised in the period in which they arise to other comprehensive income/(losses) and are never reclassified to the income statement in subsequent periods.
The liabilities for post-employment benefits recorded in the balance sheet represent the present value of the liabilities for the defined benefit plans adjusted to take into account any actuarial profits and losses not recorded and reduced by the fair value of the asset plan, where existing. Any net assets calculated on this basis are recognised up to the amount of the actuarial losses and the cost for prior benefits not previously recognised, in addition to the present value of available repayments and the reductions in the future contributions to the plan. Defined benefit plan costs are classified to personnel expenses, except for any costs associated with the increase in the present value of the obligation nearer to the payment date which are recognised under financial charges.

Until December 31, 2006, the post-employment benefits of the Italian companies were considered as defined benefit plans. The regulations of this provision were extensively modified by Law No. 296 of December 27, 2006 ("2007 Finance Act") and subsequent Decrees and Regulations.
In view of these changes, and particularly for companies with at least 50 employees, this provision is now to be considered a defined benefit plan exclusively for the amounts matured prior to January 1, 2007 (and not settled at the balance sheet date), while subsequent to this date they are similar to a defined contribution plan. Consequently, post-employment benefits matured subsequently to this date assume the nature of defined contribution plans, with exclusion therefore of actuarial estimate components in the calculation of the cost for the period. Post-employment benefits matured until December 31, 2016 remain valued as defined benefit plans according to actuarial processes, excluding however from the calculation the component relating to future salary increases.

Other long-term benefits

The accounting treatment of other long-term benefits is similar to that for defined benefit plans, with the exception of the fact that the actuarial gains and losses are entirely recognised to the income statement in the period in which they arise.

Share based payment plans

The Group grants additional benefits to employees on the basis of special free share award plans. The related cost, determined in accordance with IFRS 2 - Share-based Payments, is recognized in the income statement on a straight-line basis over the vesting period with a direct offset in equity.
Subsequent changes in the fair value to the assignment date do not have an effect on the initial value.

Provisions for risks and charges

The Group records provisions for risks and charges when it has a current obligation from a past event, legal or implicit, to third parties, and it is probable that it will be necessary to use resources of the Group to settle the obligation, and a reliable estimate of the amount can be made. Provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date. Where the effect is significant, the provision is discounted and its increase due to the passage of time is subsequently recognised to the financial charges account of the Income Statement.
In the case of legal disputes, the amount of the provisions is calculated on the basis of risk assessments in order to calculate the probability, timing and the amounts involved.

In the case of liabilities for future dismantling, removal and reclamation charges relating to a tangible asset, the provision is recognised against the asset to which it refers; the charge is recognised to the income statement through the depreciation of the tangible asset to which the charge refers to.

The provisions are re-examined at each reporting date and adjusted to reflect any improvement to the present estimates; any changes to the estimate are reflected in the income statement in the period in which the change occurs.

Risks that may only potentially result in a liability are disclosed in the Explanatory Notes without any amounts being set aside.

Trade payables

Trade payables with maturities within the normal commercial terms are not discounted and recognised at the nominal value considered representative of the settlement value.
Trade payables are recognised to current liabilities, except where the Group has the contractual right to settle its obligations beyond 12 months from the reporting date.

Payables for disbursements in accordance with Law 808/85

These payables are recognised to the financial statements at nominal value and classified to "Other non-current liabilities" and "Other current liabilities".

Revenue recognition

Revenues are recognised in accordance with the probability that the Group will receive economic benefits and the amount can be measured reliably. Revenues are recognised on an accruals basis at the fair value of the amount received or due, less VAT, returns, premiums and discounts.

Revenues from the sale of goods are recognised where the Group has transferred to the purchaser the significant risks and benefits related to ownership of the goods, which generally coincides with shipping. In addition, the Group establishes whether contractual conditions are in place which represent obligations on which the consideration of the transaction should be allocated (e.g. guarantees), in addition to effects from the existence of variable payments, significant financial components or non-monetary consideration and to be paid to the client. In the case of variable payments, the amount of the consideration is estimated on the basis of the amount expected on the transfer of control of the goods to the client; this consideration is estimated on the signing of the contract and may be recognised only when highly probable. Revenues from the provision of services are recognised according to the stage of completion of the services, based on the same criteria as for contract work-in-progress. In addition, where the result from the provision of services may not be reliably estimated, revenues are recognised only to the extent to which the relative costs are recoverable.

Revenues include also the changes in contract work-in-progress concerning long-term orders recognised according to the state of advancement of works against the sales price (as described in greater detail in the Contract works-in-progress note).

Interest income is recorded on an accruals basis, according to the amount financed and the effective interest rate applicable. This is the rate at which the expected future cash flow over the life of the financial asset is discounted to equate them with the carrying amount of the asset.

Dividends received

Dividends of non-consolidated companies are recognised in the period in which the right of shareholders to receive payment is established.

Grants

Grants from public bodies are recorded when there is a reasonable certainty that the conditions required to obtain them will be satisfied by the Group and that they will be received. Such grants are generally recorded in the income statement on a straight-line basis over the period in which the related costs are recorded.
In particular, grants obtained against investments in fixed assets and capitalised development costs are recognised to "Other non-current liabilities" or "Other current liabilities" in the liabilities section of the balance sheet and to the income statement on the basis of the residual duration of the depreciation of the assets to which they refer. Where a grant is awarded in a period after the start of the depreciation period of the asset, the portion of the grant relating to the prior periods is recorded in the income statement as other income.

The accounting treatment of benefits deriving from a public loan obtained at a reduced rate is similar to that for public grants. This benefit is calculated at the beginning of the loan as the difference between the initial book value of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

Costs

Costs are recognised on an accruals and going concern basis for the Group companies, less VAT and returns, discounts and premiums. Provisions are recognised to the financial statements according to the methods described in the provisions for risks and charges note.

Interest charges are recognised on an accruals basis, according to the amount lent and the effective interest rate applicable.

Income taxes

Income taxes comprise of current and deferred taxes.

Current taxes are calculated on the estimated assessable result for the year and according to the applicable tax rates of the various countries in which the Group companies operate.

The assessable fiscal result differs from the result recorded in the income statement as it excludes positive and negative components that will be assessable or deductible in other periods and also includes accounts that are never assessable or deductible. The liability for current income taxes is calculated using the current rates at the reporting date.

The Company and its Italian subsidiaries adhered to the national tax consolidation regime pursuant to Article 117/129 of the Consolidated Finance Act (CFA). Avio S.p.A. acts as the consolidating company and calculates a single assessable base for the Group of companies adhering to the tax consolidation and therefore benefits from the possibility of offsetting assessable income with assessable losses in a single tax declaration. The Group has exercised the tax consolidation option for the three-year period 2024-2025-2026.

Each company participating in the consolidation transfers its taxable income or tax loss to the consolidating company. Avio S.p.A. recognises a receivable for companies contributing taxable income, corresponding to the amount of IRES to be payable, in accordance with the consolidation contract. For companies contributing a tax loss, Avio S.p.A. recognises a payable for the amount of the loss actually set off at Group level, in accordance with the consolidation contract.
The IRAP payable is recorded under "Current tax payables" net of any payments of account in the year.

Deferred tax assets and liabilities are the taxes that are expected to be recovered or paid on the temporary differences between the carrying value of the assets and of the liabilities in the financial statements and the corresponding fiscal value utilised in the calculation of the assessable income, accounted under the liability method. Deferred tax liabilities are generally recorded on all temporary assessable differences, while deferred tax assets are recorded based on the probability that the future assessable results will permit the use of the temporary deductible differences. These assets and liabilities are not recognised if the temporary differences deriving from the goodwill or the initial recognition (not in business combinations) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result. The tax benefit from the carrying forward of tax losses is recorded upon, and to the extent of its probable availability, future assessable income arises for the utilisation of the losses. Deferred tax assets and liabilities are also calculated with regards to the consolidation adjustments.

The deferred tax liabilities are recognised on the temporary assessable differences relating to investments in subsidiary, associated and jointly controlled companies with the exception of the where the Group is capable of controlling the elimination of these temporary differences and it is probable that this latter will not be eliminated in the foreseeable future.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred tax assets and liabilities are calculated based on the tax rates that are expected to be in force in the various countries where the Group operates on realisation of the asset or settlement of the liability. Current and deferred taxes are recognised directly to the income statement with the exception of those relating to accounts directly recognised to equity, in which case the taxes are also recognised to equity. Deferred tax assets and liabilities are offset when there is a direct right to compensate the tax assets and liabilities, when they concern the same company and when they refer to income taxes due to the same fiscal authority and the Group intends to pay the amount on a net basis. The balance following the offset, where positive, is recognised to "Deferred tax assets" and, where negative, to "Deferred tax liabilities".

Dividends distributed

Dividends payable by the Group are represented as changes to equity and recognised to current liabilities in the period in which distribution is approved by the Shareholders' Meeting.

2.8. Risk management

Credit risk

The Group has a concentration of credit risk due to the nature of its operating markets. Overall, trade receivables have a concentration risk in the European Union market. Trade receivables are recognised net of

write-downs calculated in view of counterparty non-settlement risk, assessed according to the information available upon customer solvency and considering also historic data.

Liquidity risk

The Company and Group's liquidity risk concerns any difficulties in obtaining at appropriate conditions the funding necessary to support operations. The principal factors which influence liquidity are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the conditions concerning the maturity of the payable or the liquidity of the financial commitments.

Cash flows, funding requirements and liquidity are centrally monitored and managed, also through centralised treasury systems involving the main Group Italian and overseas companies, in order to ensure the timely and efficient sourcing of funding or the appropriate investment of liquidity, optimising the management of liquidity and cash flows. The Group periodically monitors forecast and effective cash flows and updates future cash flow projections in order to optimise liquidity management and calculate any funding requirements.

The currently available funds, in addition to those that will be generated from operating and financial activities, are considered sufficient to permit the Group to satisfy its requirements for investment activities, working capital management and the repayment of debt on maturity.

Currency and interest rate risk

With regards to the current financial structure of the Company and of the Group, which has limited credit exposure and interest-bearing debt, and considering the fact that the operating currency is mostly the Euro, the company is not considered to currently be subject to significant risks from interest rates on financial receivables and payables or to fluctuations in exchange rates.

Further qualitative and quantitative information on the financial risks to which the Group is subject is reported at Note 6 "Financial instruments and risk management policies".

2.9. Use of estimates

The preparation of the financial statements and the relative Explanatory Notes in application of IFRS requires the making of estimates and assumptions on the values of the assets and liabilities recorded, on the information relating to the assets and contingent liabilities at the reporting date and on the amount of costs and revenues.

Actual results may differ from estimates due to the uncertainty regarding the assumptions and conditions upon which the estimates are based. The estimates and assumptions are reviewed periodically by the Group according to the best information on Group operations and other factors reasonably discernible from current circumstances. The effects of all changes are immediately reflected in the income statement.

The current global economic environment, impacting the Group's business area, resulted in the need to make assumptions on a future outlook characterized by uncertainty, for which it cannot be excluded that results in the next year or in subsequent years will differ from such estimates and which therefore could require adjustments, clearly not possible to currently estimate or forecast, to the carrying amounts of the relative items. The estimates and assumptions are utilised in differing areas, such as non-current assets, deferred tax assets, the doubtful debt provision, the inventory obsolescence provision, the employee benefit plans, contingent liabilities and other risks provisions, in addition to an estimation of costs to complete orders and the relative state of advancement.

The principal measurement processes and key assumptions used by management in applying IFRS and which may have significant effects on the values recorded in the consolidated financial statements or give rise to significant adjustments to the accounting values of assets and liabilities in the year subsequent to the reporting date are summarised below.

Recoverable value of non-current assets

Non-current assets include Property, plant and machinery, Goodwill, Intangible assets with definite useful life and Investments. The Group periodically reviews the carrying value of the non-current assets held and utilised and of any assets to be disposed of, when events and circumstances require such. For Goodwill, this analysis is

carried out at least annually and wherever required by circumstances. The recoverability analysis of the carrying amount of non-current assets is generally made utilising the estimates of the future cash flows expected from the utilisation or from the sale of the asset and adjusted by discount rates for the calculation of the fair value. When the carrying amount of a non-current asset is impaired, the Group recognises a write-down for the excess between the carrying amount of the asset and its recoverable amount through use or sale, with reference to the cash flows of the Group's most recent long-term plans.

The estimates and assumptions used for these analyses reflect the Group's knowledge upon developments concerning the business in which it operates and take account of reasonable estimates on future developments of the market and the aerospace sector, which remains subject to uncertainty also in view of the continued economic-financial crisis and its effect on the international economic environment. Although present Group estimates do not indicate impairments to non-current assets further than those recognised in these financial statements, any changes to this economic environment and divergent Group performances may result in differences from the originally estimates and, where necessary, adjustments to the carrying amount of certain non-current assets.

Recoverability of deferred tax assets

At December 31, 2025, the consolidated financial statements present deferred tax assets concerning deferred tax deductible income components, for an amount whose recovery in future periods is considered probable by management. Deferred tax assets on temporary differences and on tax losses were recorded in the accounts for the amounts whose future recovery was considered probable, on the basis of forecast assessable income, as well as based on a projection of these forecasts over a subsequent time horizon considered representative of the life cycle of the business equal to 15 years.

Doubtful debt provision

The doubtful debt provision reflects the estimate of losses related to the Group's receivables portfolio. The accruals were made against expected losses on receivables, estimated according to past experience with regards to receivables with similar credit risk, current and historic unsettled amounts, reversals and receipts, in addition to the close monitoring of the quality of the client portfolio and present and forecast economic and market conditions.

Inventory obsolescence provision

The inventory obsolescence provision reflects management estimates on expected Group losses in value, based on past experience and historic and forecast market developments and any obsolescence or slow movement for technical or commercial reasons.

Employee benefit plans

Employee benefit provisions and net financial charges are valued according to an actuarial method which requires the use of estimates and assumptions for the calculation of the net value of the obligation. This process is based on estimates made periodically by actuarial consultants utilising a combination of statistical-actuarial factors, including statistics concerning prior years and estimates of future costs. Mortality and retirement indices, assumptions upon future discount rates, salary growth rates and inflation rates, in addition to analyses upon healthcare costs, are also considered as estimate components.
Changes to any of these parameters may impact future provision contributions. Following the adoption of IAS 19 revised with regards to the recognition of actuarial gains and losses generated by the valuation of employee benefit liabilities and assets, the effects deriving from the update to the estimates of the above-indicated parameters are recorded to the Balance Sheet through recognition to Group Equity of a specific reserve, with presentation in the comprehensive income statement.

Provision for risks, charges & contingent liabilities

The Group accrues a liability against disputes in progress when it considers it probable that there will be a financial payable and when the amount of the losses arising can be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the financial statements.

The Group is involved in legal and tax cases regarding differing types of issues which are subject to varying degrees of uncertainty on the basis of their complexity, jurisdiction and applicable law. During the normal course of business, the Group monitors the state of cases in progress and liaises with its legal consultants and legal and tax experts; the value of the provisions for legal cases and disputes of the Group may therefore vary according to the future development of cases in progress.
In addition, the Group operates within sectors and markets where certain problems of a commercial nature may only be resolved after the lapsing of significant periods of time, requiring therefore an estimate by management on the outcome of these disputes and challenges through the monitoring of contractual conditions and the individual cases.

Valuation of contract work-in-progress

The Group operates according to particularly complex contracts, some of which recognised to the financial statements through the percentage of completion method. In these cases, the margins recognised to the income statement are dependent both on the advancement of the order and the margins expected on the entire works following completion: therefore, the correct recognition of works-in-progress and of margins upon works not yet concluded assumes a correct estimate by management on finishing costs, contractual changes, in addition to delays, extra costs and penalties which may impact the expected margin. Please also refer to what is stated in the section "Contract work in progress" in section "2.7. Accounting standards and basis of preparation".

The Company provides frameworks for managing and analysing contract risks that derive from Risk Assessment. These frameworks identify for each risk:

- the type;
- the risk owners;
- the probability of occurrence;
- the potential economic, operational, and reputational impact;
- the actions planned to monitor and manage these risks.

The identified risks essentially fall within the following types:

- risk of mismatch between available resources and resource requirements for production and development activities;
- risk of missed deadlines in production and development programme management;
- risk of failure within manufacturing and/or research and development programmes;
- risk associated with the recognition of contract fees.

Contract risk management and analysis frameworks include a set of procedures, processes, indicators (KPIs), meetings, and systems (including Enterprise Project Management - EPM and SAP) to oversee risks and their management.

Other

In addition to the accounts listed above, estimates were used to value certain financial assets and liabilities, remuneration plans for selected managers and to measure the fair value of assets acquired and of liabilities assumed through business combinations.

2.10. New accounting standards

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

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

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

IFRS accounting standards, amendments and interpretations endorsed by the EU at December 31, 2025, not yet mandatory and not adopted in advance by the Group at December 31, 2025

The following IFRS accounting standards, amendments and interpretations were approved by the EU, but are not yet mandatory and have not been not adopted in advance by the Group at 31 December 2025:

- on May 30, 2024, the IASB published the document **"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7"**. This clarifies a number of problematic issues emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e., green bonds). Specifically, the changes aim to:
    - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
    - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be 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 amendments will be applicable to financial statements for periods beginning 1 January 2026. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

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

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

- 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.

  These amendments will be applied from January 1, 2026. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

IFRS standards, amendments and interpretations not yet endorsed by the European Union at 31 December 2025

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

- On January 30, 2014, the IASB published **IFRS 14 Regulatory Deferral Accounts** which permits only those adopting IFRS for the first time to continue to recognise amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Group is not a first-time adopter, this standard is not applicable.

- On April 9, 2024, the IASB published a new standard - **IFRS 18 Presentation and Disclosure in Financial Statements** - which will replace IAS 1 Presentation of Financial Statements. The new

standard seeks to improve the presentation of key financial statement formats and introduces important changes to the income statement format. Specifically, the new standard requires that:

- revenues and expenses are classified into three new categories (operating section, investment section, and financial section), in addition to the tax and discontinued operations categories already in the income statement;
- two new sub-totals are presented: operating income and earnings before interest and taxes (i.e., EBIT).

The new standard also:

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

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

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

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

- On 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,
  - 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 1 January 2027. [The directors do not expect this amendment to have an impact on the Group consolidated financial statements.

2.11. Restatement of the consolidated financial statements

For better representation, the following consolidated financial statements are presented below. For further details see also what is described above in Note 2.7 "accounting standards and basis of preparation" in the section "modification of the consolidated financial statements".

Restated Consolidated Statement of Financial Position

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

Restated Consolidated Statement of Profit or Loss

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	FY 2024 published	Reclassifications for presentation	FY 2024 restated	CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(in Euro)				
Revenues	480,420,410		480,420,410	Revenues
- of which related parties	*125,481,772*		*125,481,772*	*- of which related parties*
Change in inventory of finished products, in progress and semi-finished	2,556,023	(2,556,023)	-	
Other operating revenues	8,853,698	(2,200,000)	6,653,698	Other operating income
- of which related parties	*395,271*		*395,271*	*- of which related parties*
Consumption of raw materials	(146,433,178)	2,556,023	(143,877,155)	Consumption of raw materials
Service costs	(210,054,540)	4,069,460	(205,985,080)	Service costs
- of which related parties	*(64,913,085)*		*(64,913,085)*	*- of which related parties*
Personnel expenses	(110,119,535)	2,111,245	(108,008,290)	Personnel expenses
Amortisation and depreciation	(17,436,068)		(17,436,068)	Amortisation and depreciation
Other operating expenses	(5,418,621)		(5,418,621)	Other operating expenses
Investments accounted for using the equity method - operating income/(charges)	(165,796)	2,200,000	2,034,205	Investments accounted for using the equity method - operating income/(charges)
Costs capitalised for internal works	6,180,704	(6,180,704)	-	
OPERATING RESULT	**8,383,098**	**-**	**8,383,098**	**OPERATING RESULT**
Financial income	726,398		726,398	Financial income
- of which related parties	-		-	*- of which related parties*
Financial charges	(2,345,994)		(2,345,994)	Financial charges
- of which related parties	(9,581)		(9,581)	*- of which related parties*
NET FINANCIAL INCOME/(EXPENSES)	**(1,619,597)**	**-**	**(1,619,597)**	**NET FINANCIAL INCOME/(EXPENSES)**
PROFIT/(LOSS) BEFORE TAXES	**6,763,501**	**-**	**6,763,501**	**PROFIT/(LOSS) BEFORE TAXES**
Income taxes	(378,317)		(378,317)	Income taxes
NET PROFIT	**6,385,184**	**-**	**6,385,184**	**NET PROFIT**
-- of which: Owners of the parent	6,087,126		6,087,126	-- of which: Owners of the parent
Non-controlling interests	298,058		298,058	Non-controlling interests
Basic earnings/(losses) per share	**0.24**		**0.24**	**Basic earnings/(losses) per share**
Diluted earnings/(losses) per share	**0.23**		**0.23**	**Diluted earnings/(losses) per share**

Restated Consolidated Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	FY 2024 published	Reclassifications for presentation	FY 2024 restated	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in Euro)				
NET PROFIT/(LOSS) FOR THE YEAR (A)	**6,385,184**		**6,385,184**	**NET PROFIT/(LOSS) FOR THE YEAR (A)**
Other comprehensive income items:				**Other comprehensive income statement items:**
				Components that will not be later reclassified to profit (loss) for the period:
- Actuarial gains/(losses) - Actuarial gains/losses reserve	(50,671)		(50,671)	- Actuarial gains/(losses) - Actuarial gains/losses reserve
		27,576	27,576	- Tax effect relating to Actuarial gains/(losses)
		27,576	**(23,095)**	Total items that will not be reclassified to profit (loss) for the period
				Items that may be reclassified subsequently to profit (loss) for the period:
Gains/(losses) recorded directly to equity (which will be subsequently reclassified to P&L)		(12,576)	(12,576)	- Translation differences
		(12,576)	**(12,576)**	Total components that will or may be later reclassified to profit (loss) for the period
Tax effect on other gains/(losses)	27,576	(27,576)	-	
TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)	**(23,095)**	**(12,576)**	**(35,671)**	**TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (A+B)	**6,362,089**	**(12,576)**	**6,349,513**	**COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (A+B)**
-- of which: Owners of the parent	6,064,164	(12,576)	6,051,588	-- of which: Owners of the parent
Non-controlling interests	297,925		297,925	Non-controlling interests

Restated Consolidated Statement of Cash Flow

CONSOLIDATED STATEMENT OF CASH FLOW *(euro thousands)*		FY 2024 published	Reclassifications for presentation	FY 2024 restated	CONSOLIDATED STATEMENT OF CASH FLOW
OPERATING ACTIVITIES					**OPERATING ACTIVITIES**
Net profit/(loss) for the year		6,385		6,385	Net profit/(loss) for the year
Adjustments for:					Adjustments for:
- Income taxes		378		378	- Income taxes
- (Income)/expenses from measurement at equity		166	(2,200)	(2,034)	- Effect valuation of investments under equity method - operating income/(charges)
			2,200	2,200	- Dividends from Joint Ventures
- Amortisation & Depreciation		17,436		17,436	- Amortisation & Depreciation
Net change provisions for risks and charges		(1,535)		(1,535)	Net change provisions for risks and charges
Net change employee benefit provisions		554		554	Net change employee benefit provisions
Changes in:					Changes in:
- Inventories and Advances to suppliers		(29,674)	4,853	(24,821)	- Inventories
- of which related parties		*14,155*	*(14,155)*	-	*- of which related parties*
- Contract work-in-progress & advances from clients		71,263		71,263	- Contract work-in-progress & advances from clients
- of which related parties		*10,792*		10,792	*- of which related parties*
- Trade receivables		(130)		(130)	- Trade receivables
- of which related parties		*(262)*		*(262)*	*- of which related parties*
- Trade payables		(3,946)		(3,946)	- Trade payables
- of which related parties		*527*		527	*- of which related parties*
- Other current & non-current assets		(5,019)	(4,853)	(9,872)	- Other current & non-current assets
- of which related parties		*26*	*14,155*	14,181	*- of which related parties*
- Other current & non-current liabilities		4,816		4,816	- Other current & non-current liabilities
- of which related parties		*(19)*		(19)	*- of which related parties*
Income taxes paid		-		-	Income taxes paid
Interest paid		(431)		(431)	Interest received/(paid)
Net cash from/(used) in operating activities	(A)	**60,262**	**-**	**60,262**	**Net cash from/(used) in operating activities**
INVESTING ACTIVITIES					**INVESTING ACTIVITIES**
Investments in:					Investments in:
- Tangible assets and investment property		(23,144)	70	(23,073)	- Property, plant and equipment
			(70)	(70)	- Investment property
- Intangible assets with definite life		(12,017)		(12,017)	- Intangible assets with definite life
Net cash (used in)/from investing activities	(B)	**(35,161)**	**-**	**(35,161)**	**Net cash (used in)/from investing activities**
FINANCING ACTIVITIES					**FINANCING ACTIVITIES**
EIB loan		(10,000)		(10,000)	Repayment EIB loans
Dividends paid by the parent Avio S.p.A.		(6,000)		(6,000)	Dividends paid by the parent Avio S.p.A.
Other changes to financial assets and liabilities		(3,011)	(2,564)	(5,574)	Other changes in current and non-current financial assets
- of which related parties		*(23)*	*160*	*137*	*- of which related parties*
			2,564	2,564	Other changes in current and non-current financial liabilities
			(160)	*(160)*	*- of which related parties*
Net cash (used in)/from financing activities	(C)	**(19,011)**	**-**	**(19,011)**	**Net cash (used in)/from financing activities**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A)+(B)+(C)	**6,091**	**-**	**6,091**	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**95,593**	**-**	**95,593**	**NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**101,684**	**-**	**101,684**	**NET CASH AND CASH EQUIVALENTS AT END OF YEAR**

2.12. Restatement of the separate financial statements

For better representation, the following parent company financial statements are presented below. For further details see also Note 2.7 "accounting standards and basis of preparation" in the section "changes to the financial statements".

Statement of financial position

STATEMENT OF FINANCIAL POSITION	December 31, 2024 published	Reclassifications for presentation	December 31, 2024 restated (*)	STATEMENT OF FINANCIAL POSITION
(in Euro)				
ASSETS				**ASSETS**
Non-current assets				**Non-current assets**
Property, plant and equipment	129,693,558		129,693,558	Property, plant and equipment
Right-of-use	26,753,781		26,753,781	Right-of-use
- of which related parties	*17,870,919*		*17,870,919*	*- of which related parties*
Intangible assets with definite life	126,877,234		126,877,234	Intangible assets with definite life
Goodwill	61,005,397		61,005,397	Goodwill
Equity investments	97,188,232		97,188,232	Equity investments
Non-current financial assets	2,159,040		2,159,040	Non-current financial assets
- of which related parties	*2,159,040*		*2,159,040*	*- of which related parties*
Deferred tax assets	84,533,391		84,533,391	Deferred tax assets
Other non-current assets	4,222,310		4,222,310	Other non-current assets
- of which related parties	*150,000*		*150,000*	*- of which related parties*
Total non-current assets	**532,432,943**	**-**	**532,432,943**	**Total non-current assets**
Current assets				**Current assets**
Inventories and Advances to Suppliers	310,635,005	(166,699,682)	143,935,323	Inventories
- of which related parties	*53,340,831*	*(53,340,831)*	-	*- of which related parties*
Contract work-in-progress	155,999,977		155,999,977	Contract work-in-progress
- of which related parties	*25,119,162*		25,119,162	*- of which related parties*
Trade receivables	3,785,612		3,785,612	Trade receivables
- of which related parties	*3,128,908*		*3,128,908*	*- of which related parties*
Cash and cash equivalents	94,992,783		94,992,783	Cash and cash equivalents
Current financial assets	1,665,501		1,665,501	Current financial assets
- of which related parties	*1,665,501*		*1,665,501*	*- of which related parties*
Tax receivables	15,740,930		15,740,930	Tax receivables
Other current assets	4,383,253	166,699,682	171,082,935	Other current assets
- of which related parties	*1,038,555*	*53,340,831*	*54,379,386*	*- of which related parties*
Total current assets	**587,203,061**	**-**	**587,203,061**	**Total current assets**
TOTAL ASSETS	**1,119,636,005**	**-**	**1,119,636,005**	**TOTAL ASSETS**

Restated Statement of Profit or Loss

STATEMENT OF PROFIT OR LOSS	FY 2024 published	Reclassifications for presentation	FY 2024 restated	STATEMENT OF PROFIT OR LOSS
(in Euro)				
Revenues	474,978,786		474,978,786	Revenues
- of which related parties	*125,859,622*		*125,859,622*	*- of which related parties*
Change in inventory of finished products, in progress and semi-finished	2,851,428	(2,851,428)	-	
Other operating revenues	5,969,984		5,969,984	Other operating income
- of which related parties	*987,379*		*987,379*	*- of which related parties*
Consumption of raw materials	(142,379,895)	2,851,428	(139,528,467)	Consumption of raw materials
Service costs	(222,729,884)	3,804,589	(218,925,295)	Service costs
- of which related parties	*(96,307,992)*		*(96,307,992)*	*- of which related parties*
Personnel expenses	(93,667,089)	2,111,245	(91,555,844)	Personnel expenses
Amortisation and depreciation	(20,109,030)		(20,109,030)	Amortisation and depreciation
Other operating expenses	(3,772,131)		(3,772,131)	Other operating expenses
Costs capitalised for internal works	5,915,834	(5,915,833)	-	
OPERATING RESULT	**7,058,004**	**-**	**7,058,004**	**OPERATING RESULT**
Financial income	693,022		693,022	Financial income
- of which related parties	*101,882*		101,882	*- of which related parties*
Financial charges	(2,856,443)		(2,856,443)	Financial charges
- of which related parties	*(674,331)*		*(674,331)*	*- of which related parties*
NET FINANCIAL INCOME/(EXPENSES)	**(2,163,421)**	**-**	**(2,163,421)**	**NET FINANCIAL INCOME/(EXPENSES)**
Other investment income/(charges)	2,199,979		2,199,979	Other investment income/(charges)
- of which related parties	*2,199,979*		*2,199,979*	*- of which related parties*
INVESTMENT INCOME/(CHARGES)	**2,199,979**	**-**	**2,199,979**	CASH FLOW FROM FINANCING ACTIVITIES
PROFIT/(LOSS) BEFORE TAXES	**7,094,562**	**-**	**7,094,562**	**PROFIT/(LOSS) BEFORE TAXES**
Income taxes	897,014		897,014	Income taxes
NET PROFIT	**7,991,577**	**-**	**7,991,577**	**NET PROFIT**
Basic earnings/(losses) per share	**0.32**		**0.32**	**Basic earnings/(losses) per share**
Diluted earnings/(losses) per share	**0.31**		**0.31**	**Diluted earnings/(losses) per share**

Restated Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	FY 2024 published	Reclassifications for presentation	FY 2024 restated	STATEMENT OF COMPREHENSIVE INCOME
(in Euro)				
NET PROFIT/(LOSS) FOR THE YEAR (A)	**7,991,577**		**7,991,577**	**NET PROFIT/(LOSS) FOR THE YEAR (A)**
Other comprehensive income items:				**Other comprehensive income statement items:**
				Components that will not be later reclassified to profit (loss) for the period:
- Actuarial gains/(losses) - Actuarial gains/losses reserve	(50,141)		(50,141)	- Actuarial gains/(losses) - Actuarial gains/losses reserve
- Tax effect relating to Actuarial gains/(losses)	26,487		26,487	- Tax effect relating to Actuarial gains/(losses)
		-	**(23,654)**	Total items that will not be reclassified to profit (loss) for the period
TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)	**(23,654)**	-	**(23,654)**	**TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (A+B)	**7,967,923**	-	**7,967,923**	**COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (A+B)**

Restated Statement of Cash Flow

STATEMENT OF CASH FLOW *(euro thousands)*		FY 2024 published	Reclassifications for presentation	FY 2024 restated	STATEMENT OF CASH FLOW
OPERATING ACTIVITIES					**OPERATING ACTIVITIES**
Net profit/(loss) for the year		7,992		7,992	Net profit/(loss) for the year
Adjustments for:					Adjustments for:
- Income taxes		(897)		(897)	- Income taxes
- Financial (Income)/Charges		2,163		2,163	- Financial (Income)/Charges
- Amortisation & Depreciation		20,109		20,109	- Amortisation & Depreciation
Net change provisions for risks and charges		(637)		(637)	Net change provisions for risks and charges
Net change employee benefit provisions		320		320	Net change employee benefit provisions
Changes in:					Changes in:
- Inventories and Advances to suppliers		(31,212)	5,064	(26,148)	- Inventories
- of which related parties		*13,291*	*(13,291)*	-	*- of which related parties*
- Contract work-in-progress & advances from clients		70,940		70,940	- Contract work-in-progress & advances from clients
- of which related parties		*11,721*		*11,721*	*- of which related parties*
- Trade receivables		(240)		(240)	- Trade receivables
- of which related parties		*(471)*		*(471)*	*- of which related parties*
- Trade payables		(1,242)		(1,242)	- Trade payables
- of which related parties		*3,194*		*3,194*	*- of which related parties*
- Other current & non-current assets		(4,393)	(5,064)	(9,458)	- Other current & non-current assets
- of which related parties		*960*	*13,291*	*14,251*	*- of which related parties*
- Other current & non-current liabilities		5,320		5,320	- Other current & non-current liabilities
- of which related parties		*6*		*6*	*- of which related parties*
Income taxes paid		-		-	Income taxes paid
Interest paid		(126)		(126)	Interest received/(paid)
Net cash from/(used) in operating activities	(A)	**68,097**	**-**	**68,097**	**Net cash from/(used) in operating activities**
INVESTING ACTIVITIES					**INVESTING ACTIVITIES**
Investments in:					Investments in:
- Tangible assets and investment property		(18,105)		(18,105)	- Property, plant and equipment
- Intangible assets with definite life		(11,969)		(11,969)	- Intangible assets with definite life
- Equity Investments		(3,724)		(3,724)	- Equity Investments
Net cash (used in)/from investing activities	(B)	**(33,798)**	**-**	**(33,798)**	**Net cash (used in)/from investing activities**
FINANCING ACTIVITIES					**FINANCING ACTIVITIES**
EIB loan		(10,000)		(10,000)	Repayment EIB loans
Dividends paid by the parent Avio S.p.A.		(6,000)		(6,000)	Dividends paid by the parent Avio S.p.A.
Other changes to financial assets and liabilities		(11,178)	6,493	(4,685)	Other changes in current and non-current financial assets
- of which related parties		*335*	*5,012*	5,346	*- of which related parties*
			(6,493)	(6,493)	Other changes in current and non-current financial liabilities
			(5,012)	(5,012)	*- of which related parties*
Net cash (used in)/from financing activities	(C)	**(27,177)**	**-**	**(27,177)**	**Net cash (used in)/from financing activities**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A)+(B) +(C)	**7,121**	**-**	**7,121**	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**87,872**	**-**	**87,872**	**NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**94,993**	**-**	**94,993**	**NET CASH AND CASH EQUIVALENTS AT END OF YEAR**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATAMENT OF FINANCIAL POSITION	*Note*	December 31, 2025	December 31, 2024 restated (*)
(in Euro)			
ASSETS			
Total non-current assets			
Property, plant and equipment	*3.1*	193,949,902	173,287,980
Right-of-use	*3.2*	11,960,908	11,693,104
- of which related parties		*564,186*	*701,420*
Investment property	*3.3*	4,053,153	3,886,603
Intangible assets with definite life	*3.4*	134,570,687	128,756,958
Goodwill	*3.5*	62,829,038	62,829,038
Investments	*3.6*	18,270,069	17,416,277
Non-current financial assets	*3.7*	1,177,441	2,010,172
- of which related parties		*1,177,441*	*2,010,172*
Deferred tax assets	*3.8*	87,570,000	87,547,395
Other non-current assets	*3.9*	6,504,167	7,941,714
Total non-current assets		**520,885,364**	**495,369,241**
Current assets			
Inventories	*3.10*	148,549,767	147,942,643
- of which related parties		-	-
Contract work-in-progress	*3.11*	196,845,439	154,980,725
- of which related parties		*20,596,470*	*25,119,162*
Trade receivables	*3.12*	5,613,457	3,073,893
- of which related parties		*2,113,113*	*1,549,828*
Cash and cash equivalents	*3.13*	601,845,509	101,684,489
Tax receivables	*3.14*	21,873,603	18,877,868
Other current assets	*3.15*	168,449,302	170,451,304
- of which related parties		*44,644,578*	*52,346,040*
Total current assets		**1,143,177,077**	**597,010,923**
TOTAL ASSETS		**1,664,062,442**	**1,092,380,164**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	December 31, 2025	December 31, 2024 restated (*)
(in Euro)			
EQUITY			
Share capital	*3.16*	158,506,882	90,964,212
Share premium reserve	*3.17*	447,591,404	130,920,685
Other reserves	*3.18*	18,561,713	16,827,362
Retained earnings		62,187,850	58,026,804
Group net profit		10,475,744	6,087,126
Total Group Equity		**697,323,594**	**302,826,189**
Equity attributable to non-controlling interests	*3.20*	**11,154,739**	**10,033,935**
TOTAL EQUITY		**708,478,333**	**312,860,124**
LIABILITIES			
Total non-current liabilities			
Non-current financial liabilities		13,028	30,158
Non-current lease liabilities	*3.21*	6,826,861	6,546,943
- of which related parties		*360,630*	*557,361*
Employee Benefit	*3.22*	8,792,646	9,493,098
Provisions for risks and charges	*3.23*	17,168,120	19,519,522
Other non-current liabilities	*3.24*	27,596,788	15,852,150
Total non-current liabilities		**60,397,443**	**51,441,871**
Current liabilities			
Current financial liabilities		17,131	21,091
- of which related parties		-	-
Current lease liabilities	*3.21*	3,278,479	2,992,583
- of which related parties		*150,000*	*115,554*
Current portion of non-current financial liabilities		-	2,003,000
Provisions for risks and charges	*3.23*	16,413,493	22,782,909
Trade payables	*3.25*	127,169,879	109,212,922
- of which related parties		*14,403,265*	*5,818,149*
Advances from clients for contract work-in-progress	*3.11*	714,909,678	555,600,888
- of which related parties		*244,349,482*	*98,485,533*
Current tax liabilities	*3.26*	5,132,310	3,359,493
Other current liabilities	*3.27*	28,265,697	32,105,282
- of which related parties		*65,000*	*105,425*
Total current liabilities		**895,186,666**	**728,078,170**
TOTAL LIABILITIES		**955,584,109**	**779,520,041**
TOTAL LIABILITIES AND EQUITY		**1,664,062,442**	**1,092,380,164**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	FY 2025	FY 2024 restated (*)
(in Euro)			
Revenues	*3.28*	583,690,477	480,420,410
- of which related parties		*153,398,333*	*125,481,772*
Other operating income	*3.29*	10,137,957	6,653,698
- of which related parties		*2,752,656*	*395,271*
Consumption of raw materials	*3.30*	(179,589,341)	(143,877,155)
Services costs	*3.31*	(257,857,918)	(205,985,080)
- of which related parties		*(89,976,364)*	*(64,913,085)*
Personnel expense	*3.32*	(121,012,380)	(108,008,290)
Amortisation and depreciation	*3.33*	(20,295,067)	(17,436,068)
Other operating costs	*3.34*	(6,139,978)	(5,418,621)
Investments accounted using equity method - operating income/(charges)	*3.35*	3,031,950	2,034,205
EBIT		**11,965,698**	**8,383,098**
Financial income	*3.36*	2,592,336	726,398
- of which related parties		-	-
Financial charges	*3.37*	(1,041,151)	(2,345,994)
- of which related parties		*(7,872)*	(9,581)
NET FINANCIAL INCOME/(CHARGES)		**1,551,186**	**(1,619,597)**
Other investment income/(charges)		(438,158)	-
INVESTMENT INCOME/(CHARGES)		**(438,158)**	**-**
PROFIT BEFORE TAXES		**13,078,726**	**6,763,501**
Income taxes	*3.38*	(1,482,292)	(378,317)
NET PROFIT		**11,596,433**	**6,385,184**
-- of which: Owners of the parent		10,475,744	6,087,126
Non-controlling interests		1,120,689	298,058
Basic earnings/(losses) per share	*3.39*	**0.35**	**0.24**
Diluted earnings/(losses) per share	*3.39*	**0.34**	**0.23**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	FY 2025	FY 2024 restated (*)
(in Euro)		
NET PROFIT FOR THE YEAR (A)	**11,596,433**	**6,385,184**
Items that will not be subsequently reclassified to profit (loss) for the period:		
- Actuarial gains/(losses) - Actuarial gains/losses reserve	11,093	(50,671)
- Tax effect on other gains/(losses)	(2,395)	27,576
Total items that will not be reclassified to profit (loss) for the period	**8,698**	**(23,095)**
Items that may be reclassified subsequently to profit (loss) for the period:		
- Translation differences	13,126	(12,576)
Total items that will or may be subsequently reclassified to profit (loss) for the period	**13,126**	**(12,576)**
TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)	**21,823**	**(35,671)**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (A+B)	**11,618,257**	**6,349,513**
-- of which: Owners of the parent	10,497,453	6,051,588
Non-controlling interests	1,120,804	297,925

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro thousands)

	Share capital	Share premium reserve	Other reserves						Retained earnings	Group result	Total Group Equity	Non-controlling interest equity	Total equity
			Treasury shares	*Unavailable reserve for treasury shares in portfolio*	*Legal reserve*	*Actuarial gains/(losses) reserve*	*Stock grant reserve*	*Translation reserve*					
Balance at 01/01/2024	**90,964**	**130,921**	**(13,335)**	**13,335**	**18,193**	**(4,125)**	**622**	**(45)**	**57,601**	**6,487**	**300,616**	**9,736**	**310,352**
Allocation of prior year result									6,487	(6,487)	-		-
Distribution of dividends of the parent company Avio S.p.A.									(6,000)		(6,000)		(6,000)
Stock option plan							2,218				2,218		2,218
Other changes									(60)		(60)		(60)
Comprehensive income/(loss) for the year													
- Net profit/(loss) for the year										6,087	6,087	298	6,385
- Translation differences								(13)			(13)		(13)
- Actuarial gains/(losses), net of tax effect						(23)					(23)		(23)
Comprehensive income/(loss) for the year	-	-	-	-	-	(23)	-	(13)	-	6,087	6,051	298	6,350
Equity at 31/12/2024	**90,964**	**130,921**	**(13,335)**	**13,335**	**18,193**	**(4,149)**	**2,840**	**(57)**	**58,027**	**6,087**	**302,827**	**10,034**	**312,861**
Allocation of prior year result									6,087	(6,087)	-		-
Distribution of dividends of the parent company Avio S.p.A.									(3,750)		(3,750)		(3,750)
Use of treasury shares		1,289	1,289	(1,289)			(1,128)		(161)		-		-
Sponsor Warrant Exercise	800	9,600									10,400		10,400
Stock option plan							2,837				2,837		2,837
Share capital increase	66,743	305,782							1,944		374,469		374,469
Other changes									45		45		45
Comprehensive income/(loss) for the year													
- Net profit/(loss) for the year										10,476	10,476	1,121	11,596
- Translation differences								13			13		13
- Actuarial gains/(losses), net of tax effect						9					9		9
Comprehensive income/(loss) for the year	-	-	-	-	-	9	-	13	-	10,476	10,497	1,121	11,618
Equity at 31/12/2025	**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**

CONSOLIDATED STATEMENT OF CASH FLOW

(Euro thousands)

		2025	2024 restated (*)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year		11,596	6,385
Adjustments for:			
- Income taxes	*3.38*	1,482	378
- Investments accounted for using the equity method - operating income/(charges)		(3,032)	(2,034)
- Dividends from Joint Ventures		1,740	2,200
- Amortisation and Depreciation		20,295	17,436
Net change provisions for risks and charges		(1,624)	(1,535)
Net change employee benefits		1,017	554
Changes in:			
- Inventories		(607)	(24,821)
- of which related parties		-	-
- Contract work-in-progress & advances from clients		117,444	71,263
- of which related parties		*150,387*	*10,792*
- Trade receivables		(2,540)	(130)
- of which related parties		*(563)*	*(262)*
- Trade payables		16,377	(3,946)
- of which related parties		*8,585*	*527*
- Other current & non-current assets		428	(9,872)
- of which related parties		*7,701*	*14,181*
- Other current & non-current liabilities		7,703	4,816
- of which related parties		*(40)*	*(19)*
Income taxes paid		(3,020)	-
Interest received/(paid)		819	(431)
Net cash from /(used) in operating activities	(A)	**168,081**	**60,262**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in:			
- Property, plant and equipment	*3.1*	(27,748)	(23,073)
- Investment property	*3.3*	(301)	(70)
- Intangible assets with definite life	*3.4*	(16,204)	(12,017)
Net cash from/(used) in investing activities	(B)	**(44,253)**	**(35,161)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment EIB loans		(2,000)	(10,000)
Dividends paid by the parent Avio S.p.A.		(3,750)	(6,000)
Share capital increase and share premium reserve		386,449	-
Other changes in current and non-current financial assets		833	(5,574)
- of which related parties		137	137
Other changes in current and non-current financial liabilities		(5,198)	2,564
- of which related parties		*808*	*(160)*
Net cash from/(used) in financing activities	(C)	**376,333**	**(19,011)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A)+(B)+(C)	**500,162**	**6,091**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**101,684**	**95,593**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**601,846**	**101,684**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

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

NON-CURRENT ASSETS

3.1. PROPERTY, PLANT & EQUIPMENT

The values of Property, plant and equipment at December 31, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	31/12/2025			31/12/2024		
	Historic cost	Accumulated depreciation	Net book value	Historic cost	Accumulated depreciation	Net book value
Land	14,651	-	14,651	14,651	-	14,651
Buildings	91,862	(28,477)	63,385	89,464	(26,624)	62,839
Plant & machinery	100,408	(72,284)	28,124	98,221	(70,257)	27,964
Industrial & commercial equipment	21,718	(18,979)	2,739	19,894	(18,458)	1,436
Other assets	20,878	(14,367)	6,510	19,575	(12,779)	6,796
Assets in progress and advances	78,540	-	78,540	59,602	-	59,602
Total	**328,057**	**(134,107)**	**193,950**	**301,407**	**(128,118)**	**173,288**

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**

The increases in the year of Euro 27,748 thousand mainly concern:

- assets in progress and advances for Euro 14,355 thousand. These investments mainly concerned the works to construct the infrastructure for the Next-Gen EU projects for Euro 7,524 thousand, and expenses for the purchase of assets to increase flight frequency, amounting to Euro 4,545 thousand;
- buildings amounting to Euro 3,989 thousand, mainly relating to extraordinary maintenance and restructuring;
- plant and production machinery amounting to Euro 3,578 thousand, mainly to achieve increased flight cadence;
- other assets amounting to Euro 2,424 thousand, mainly relating to IT equipment and furnishings for the Group's administrative site;
- equipment amounting to Euro 3,402 thousand, mainly relating to production control instruments.

The following movements in accumulated depreciation are reported 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)**

3.2. RIGHT-OF-USE

The values of Right-of-use assets at December 31, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	31/12/2025			31/12/2024		
	Historic historic	Accumulated depreciation	Net book value	Historic cost	Accumulated depreciation	Net book value
Land right-of-use	3,066	(898)	2,168	3,066	(717)	2,349
Buildings right-of-use	8,915	(4,531)	4,384	7,213	(3,095)	4,117
Plant and machinery right-of-use	1,690	(1,125)	565	1,690	(959)	731
Other assets right-of-use	9,232	(4,388)	4,844	7,714	(3,217)	4,496
Total	**22,902**	**(10,942)**	**11,960**	**19,681**	**(7,989)**	**11,693**

The changes in the year 2025 in the gross values of these rights are illustrated in the table below (Euro thousands):

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

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

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

The increases in the year of Euro 4,472 thousand mainly concern the new company use vehicle lease contracts, the new apartment lease contracts/renewals for the employees in Guiana, where the spaceport is located, and the new lease contract for the Avio USA Inc. office in Arlington.

The decreases, amounting to Euro 1,251 thousand, related to the termination of lease contracts for vehicles and apartments for employees.

The changes in the year 2025 of accumulated depreciation are illustrated in the table below (Euro thousands):

Accumulated depreciation	31/12/2024	Amortisation and depreciation	Decreases for contract conclusion	Reclassifications	31/12/2025
Land right-of-use	(717)	(181)	-	-	(898)
Buildings right-of-use	(3,095)	(1,579)	144	-	(4,531)
Plant and machinery right-of-use	(959)	(166)	-	-	(1,125)
Other assets right-of-use	(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 December 31, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	31/12/2025			31/12/2024		
	Historic cost	Accumulated depreciation	Net book value	Historic cost	Accumulated depreciation	Net book value
Land	1,834	-	1,834	1,834	-	1,834
Buildings & facilities	3,693	(1,473)	2,219	3,391	(1,338)	2,053
Total	**5,527**	**(1,473)**	**4,053**	**5,225**	**(1,338)**	**3,887**

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

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

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

The changes in the year 2025 in the depreciation of investment property are illustrated in the table below (Euro thousands):

Accumulated depreciation	31/12/2024	Depreciation	Utilisations	Reclassifications	31/12/2025
Buildings & facilities	(1,338)	(135)	-	-	(1,473)
Total	**(1,338)**	**(135)**	**-**	**-**	**(1,473)**

3.4. INTANGIBLE ASSETS WITH DEFINITE LIFE

The values of Intangible assets with definite life at December 31, 2025 are shown net of the accumulated amortisation provisions, as illustrated in the table below (Euro thousands).

	31/12/2025			31/12/2024		
	Historical cost	Accumulated amortisation	Net book value	Historical cost	Accumulated amortisation	Net book value
Development costs - amortisable	71,685	(23,005)	48,680	71,685	(19,518)	52,167
Development costs - in progress	39,094	-	39,094	29,523	-	29,523
Total development costs	110,779	(23,005)	87,774	101,208	(19,518)	81,690
Assets from Client Accreditation	46,616	(26,491)	20,125	46,616	(23,383)	23,233
Concessions, licenses, trademarks and similar rights	31,889	(17,461)	14,428	27,427	(15,004)	12,422
Other	18,352	(6,399)	11,952	16,181	(5,061)	11,120
Assets in progress and advances	291	-	291	291	-	291
Total	**207,927**	**(73,357)**	**134,570**	**191,723**	**(62,966)**	**128,757**

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

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

With reference to development costs in course of completion, which are not subject to amortisation as they relate to development projects not yet completed and/or to programmes which have not yet commenced commercial production as of December 31, 2025, recognition under intangible assets with definite useful lives (with prior verification of the absence of impairment) is supported by the profitability forecasts of the programmes.

Following the purchase price allocation process of the Avio Group by Space2 in March 2017, two intangible assets were identified relating to the Ariane and Vega aerospace programmes for a total of Euro 44,785 thousand.
The assets deriving from this allocation were measured at fair value based on the present value of the expected future benefits of the above aerospace programmes and amortised over a period of 15 years on the basis of the average useful life of the programmes.

Following the purchase price allocation process of Temis by Avio S.p.A. in September 2022, two intangible assets were identified relating to the Avionica 3.0 and Space Rider aerospace programmes for a total of Euro 1,831 thousand.
The assets deriving from this allocation were measured at fair value based on the present value of the expected future benefits of the above aerospace programmes and amortised over a period of 15 years on the basis of the average useful life of the programmes.

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

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

Historical cost	31/12/2024	Investments	Decreases	Reclassifications	31/12/2025
Development costs - amortisable	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**

The increases in 2025 of Intangible Assets with definite life amounted to Euro 16,560 thousand, of which principally:

- Euro 9,687 thousand, mainly for design and testing costs for the construction of the new products and avionics elements;
- Euro 4,462 thousand, mainly concerning software licenses and introduction projects;
- Euro 2,410 thousand, mainly concerning the review of the procedures to streamline production.

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

Accumulated amortisation	31/12/2024	Amortisation	Decreases	Reclassifications	31/12/2025
Development costs - amortisable	(19,518)	(3,502)	-	15	(23,005)
Development costs - in progress	-	-	-	-	-
Total development costs	(19,518)	(3,502)	-	15	(23,005)
Assets from Client Accreditation	(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

Goodwill was recognised at December 31, 2025 of Euro 62,829 thousand, of which:

- Euro 61,005 thousand concerning the residual portion of the price paid by Space2 S.p.A. in 2017, after the purchase price allocation and allocated to the sole Group CGU corresponding to 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 recognised to Goodwill following the conclusion of the process to allocate the difference between the purchase price of 100% of this company and the acquired equity. This goodwill is also allocated to the sole Group CGU corresponding to its entire operating segment.

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

Goodwill allocated to the CGU was subject to an impairment test at December 31, 2025, the outcome of which did not indicate the need for a write-down of the carrying amount of goodwill at that date.

The impairment test was also conducted by the Company with the external support of a leading consulting firm.

Specifically, the recoverability of the amounts recognised was verified by comparing the net capital employed (carrying amount) of the CGU with the relative recoverable value.

The recoverable value of goodwill is based on the calculation of the value in use i.e. the sum of the present value of future operating cash flows of the CGU and an adjusted terminal value, employed to express a summary estimate of future results over the explicitly considered timeframe. These cash flows are thereafter discounted according to discount rates reflecting the present market valuations of the cost of money and which take account of the specific risks of Group operations and of the CGU considered.

The operating cash flows used were those derived from the forecasts from the long-term plan 2025-2035 approved by the Board of Directors on September 11, 2025 (hereinafter "Business Plan" or "2025-2035 Business Plan").

For the calculation of the terminal value, the expected cash flows for the final year of the Business Plan were normalised, and subsequently, the perpetuity method was applied, assuming 2.0% growth for forecast cash flows (same as the previous year) in line with forecast Italian medium/long-term inflation.

For the purposes of preparing the impairment test, cash flows were discounted at a weighted average cost of capital ("WACC") of 10% (1.3% higher than the 8.7% used in the previous year), estimated in accordance with the Capital Asset Pricing Model approach[131].

On the basis of that stated above, the recoverable value of the CGU is Euro 341 million higher than the carrying amount of the net capital employed at December 31, 2025 (increasing on Euro 103 million at December 31, 2024).

In view of the above, a sensitivity analysis was also conducted on the discount rate for cash flows. This assumed an increase of up to 200 basis points and resulted in a change in recoverable amount, which is nonetheless in excess of the carrying amount of net invested capital by Euro 211 million; a further sensitivity analysis was carried out by assuming, in order to determine the terminal value, a reduction in the g-rate of up to 200 basis points, resulting in a recoverable value that is in any case higher than the book value of net capital employed by Euro 262 million.

It should also be noted that the discount rate (weighted average cost of capital) that would make the recoverable value of the CGU equal to the book value of the net capital employed recognised to the financial statements is 20.77%.

At December 31, 2025, any indicators of impairment were also assessed using both internal and external information sources.

The internal information sources mainly included assessment of:

- the 2025 annual results

  In the reporting period there was a general improvement in operating results compared to the previous year, mainly attributable to the increase in revenues related to Vega activities and the P120/P160 boosters for the Ariane 6 launcher, as well as the Defence business;

- the order backlog.

  At December 31, 2025, the Backlog reached Euro 2,166 million, a net increase of approximately Euro 442 million (26%) on December 31, 2024. This was achieved thanks to new orders during the period amounting

[131] 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 to EBITDA of the Italian and US businesses, 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.

to approximately Euro 1 billion and mainly attributable to both space activities and the major defence contracts with European and U.S. counterparts;

- the growth of the defence business

  The contribution of the solid propulsion business continued to increase in the year, as reported in the presentation regarding the 2025 results, which was communicated to analysts and investors on March 12, 2026.
  In 2025 revenues from defense activities amounted to Euro 82 million (15% of net revenues for the year), an increase of 17% on the previous fiscal year.
  Among the main events in the period, the announcement was made of the signing between Avio USA and Raytheon of a purchase order for up to USD 26 million, earmarked for the continuation of engineering activities on the MK 104 dual-thrust engine to support Raytheon's Standard Missile line[132], and the signing with the United States armed forces of a supplemental agreement for the production, assembly, integration, and testing of solid propulsion engines for tactical missiles[133];

- success of Vega C missions VV26, W27 and VV28.

  On April 29, 2025, July 26, 2025, and December 1, 2025, Vega C successfully completed the missions VV26, VV27, and VV28, respectively launching the Biomass satellite for the European Space Agency (ESA)[134], the CO3D and MicroCarb satellites[135], and the KOMPSAT-7 satellite (KOrea Multi-Purpose SATellite-7) for the Korea Aerospace Research Institute (KARI)[136].
  As a result of the success of the flights, we expect to continue in the current year the preparatory activities to increase the launch cadence to 6 flights per year, thanks in part to the contracts signed with the ESA at the end of 2024 to improve ground operations and reduce the time between two consecutive launches[137];

- success of Ariane 6 missions VA263, VA264, VA265, VA266 and VA267.

  On March 6, 2025, the Ariane 6 launcher successfully put into orbit the CSO-3 satellite for the French Armed Forces (flight VA263)[138]. This was the first commercial launch after the successful maiden flight on July 9, 2024[139]. On August 13, 2025, the Ariane 6 mission VA264 also successfully placed EUMETSAT's Metop-SGA1 satellite into orbit[140]. Subsequently to these missions, Ariane 6 successfully completed missions VA265 and VA266 on November 4 and December 17, respectively placing the Sentinel-1D satellite and two Galileo satellites into orbit.
  Based on these results, a gradual increase in series production of the P120/160 engines is expected. This will contribute to the company's space production activities and have a positive effect in terms of economies of scale and margins; 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

[132] See also the March 12, 2026 press release at the following link: https://avio-data.teleborsa.it/2026%2f2026_03_12-Avio-FY-2025-results_v19_20260312_045151.pdf

[133] See 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/MXxjb211bmljYXRpLjE3NzEwMDAwNjcyMDI1MXwxfDIwMjUxMDEz

[134] See also the August 27, 2025 press release at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/avio-rafforza-la-collaborazione-con-le-forze-armate-statunitensi/MXxjb211bmljYXRpLjE3NzEwMDAwNTIyMDI1MXwxfDIwMjYwMzAy

[135] See press release of April 29, 2025 at the following link: https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-lancia-con-successo-il-satellite-biomass-per-l+esa/MXxjb211bmljYXRpLjE3NzEwMDAwMTYyMDI1MXwxfDIwMjUwNzA3

[136] See press release of July 26, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-lancia-con-successo-i-satelliti-co3d-e-microcarb/MXxjb211bmljYXRpLjE3NzEwMDAwNDcyMDI1MXwxfDIwMjUwNzI4

[137] See press release of December 1, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/vega-c-porta-con-successo-in-orbita-il-satellite-kompsat-7/MXxjb211bmljYXRpLjE3NzEwMDAxMTEyMDI1MXwxfDIwMjYwMzAy

[138]See press release of December 18, 2025 at the following link: https://syndication.teleborsa.it/Avio/Financial-Announcements/350m+-di-nuovi-contratti-con-esa-per-sviluppo-vega-e-ed-incremento-cadenza-vega-c-fino-a-6-lanci-per-anno/MXxjb211bmljYXRpLjE3NzEwMDAwNjAyMDI0MXwxfDIwMjUwNzA3
[139] See press release of March 6, 2025 at the link: https://www.avio.com/it/comunicati-stampa/successo-volo-va263-dellariane-6
[140] See also the July 9, 2024 press release published by Arianespace at the link:
https://www.avio.com/it/comunicati-stampa/successo-volo-inaugurale-dellariane-6

to transport 32 Amazon Leo[141] constellation satellites[142]: in 2026, the Ariane 6 launcher is expected to continue performing additional missions with four boosters instead of two.

- approval and successful conclusion of the rights issue capital increase

  On October 23, 2025, Avio's Extraordinary Shareholders' Meeting approved the Board of Directors' proposal to increase the company's paid-in share capital by a maximum total amount of Euro 400 million, including any share premium. This increase is to be carried out, in divisible form, within 12 months of the date of the Shareholders' Meeting resolution, through the issue of ordinary shares, with regular dividend rights, as a rights issue to the company's shareholders (the "Rights Issue Capital Increase").

  As also briefly described in the presentation published on the Company's website on September 30, 2025[143], the Rights Issue Capital Increase is preparatory and functional to enacting the Company's 2025-2035 Business Plan, as approved by the Board of Directors on September 11, 2025. Specifically, it lays the groundwork for the construction of a new plant in the United States, which will be operational by late 2028.

  On November 20, 2025, the capital increase was successfully concluded with 100% subscription of the new shares offered.

External information sources mainly included assessment of:

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

  Regarding the instability in the Middle East following the conflict between the United States, Israel, and Iran, currently the Group does not foresee any impacts on the course of business activity. With no direct exposure or supply chain links to the affected areas, the Group will nonetheless monitor and assess potential indirect effects on financial results, including extreme energy cost volatility and potential inflationary pressures from the conflict.

- market capitalisation

  Based on the strong development of the company's business, Avio's share price in 2025 rose significantly (by more than 150%). As of December 31, 2025, the market capitalisation is higher than the consolidated book equity.

- the continuation of the conflict in Ukraine.

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

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

- the annual value of global launch market volumes (research by the Company with input from external advisors using Novaspace sources, January 2026,) is projected to increase from approx. 3,000 tonnes in 2025 to 4,000 tonnes 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 tonnes; (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 tonnes;

[141] See press release of February 12, 2026 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/il-nuovo-ariane-64-con-4-booster-p120c-lancia-con-successo-i-satelliti-amazon-leo/MXxjb211bmljYXRpLjE3NzEwMDAwMTMyMDI2MXwxfDIwMjYwMjE5

[142] See press release of August 13, 2025 at the link: https://newsroom.arianespace.com/with-ariane-6-arianespace-successfully-launches-metop-sga1-satellite?lang=eng

[143] See the Investors/Share Capital increase section of the www.avio.com website.

- a temporary provision has been made in overall resources allocated to space programmes at the government level: according to a recent Novaspace report[144], government funding for space economy activities totalled 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 approx. 7% annually between 2015 and 2024, as can be deduced from the data published by the agencies themselves[145]. 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 last 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 (approx. +12% compared to the 2022 Ministerial Council contributions), accounting for approx. 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, 2023[146], the new decision of the Board of the ESA of July 5, 2024[147] has laid the basis for the commercialisation of the Vega launcher by Avio. Specifically, the resolution resulted in Arianespace and Avio agreeing that Arianespace will remain the launch service provider and operator for Vega C flights scheduled until Vega flight 29 (VV29). Due to factors beyond Avio's control regarding satellite payload readiness, the final Arianespace-managed flight, VV31, has been rescheduled for late 2026, while flight VV29, scheduled for early Q2 2026, will be the first managed entirely by Avio. Discussions are underway with Arianespace for the management of the final flight within their remit. Contracts for this mission may also be transferred to Avio, along with all existing Vega C contracts signed by Arianespace for missions following VV28. On July 10, 2025, the new Launchers Exploitation Declaration ("LED") was approved, assigning Avio the role of launch service provider for the Vega family of launchers [148]. 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.

- For the defence propulsion business, market estimates for Europe and the United States (made by the Company with input from external advisors, September 2025) predict an approx. 6% average annual growth rate (CAGR) for propellant supply for solid rocket engines (for the period 2025-2035). Over the next decade, the US market is expected to grow rapidly, reaching more than 6,300 tonnes of propellant annually by 2035, with an average annual growth rate of approx. 7%. The European market will also grow, albeit at a slightly slower rate of 5% annually on average. The defence solid propulsion business in Europe and the United States is therefore expected to grow over the next decade, partly due to the substantial discrepancy between supply and demand for solid propellant engines, which will average approx. 2,400 tonnes per year over the next five years.

[144] "Government Space Programs, 25th edition" report, Novaspace, published January 2026
[145] 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

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

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

[148] 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

3.6. EQUITY INVESTMENTS

The table below illustrates the equity investments of the Avio Group at December 31, 2025 and at December 31, 2024 (in Euro thousands).

	31/12/2025		31/12/2024		Change
	Group share	Total	Group share	Total	
Companies under joint control					
- Europropulsion S.A. (*)	50.00%	7,921	50.00%	6,822	1,099
Total companies under joint control		**7,921**		**6,822**	**1,099**
Associates					
- Termica Colleferro S.p.A.	40.00%	5,969	40.00%	5,776	193
- Other consortiums (**)		68		68	-
Total associates		**6,037**		**5,844**	**193**
Other companies					
- Other companies		4,312		4,750	(438)
Total other companies		**4,312**		**4,750**	**(438)**
Total		**18,270**		**17,416**	**854**

(*) Europopulsion S.A., which is subject to joint control with another Shareholder, is consolidated using the equity method.

(**) The joint-stock consortium company Servizi Colleferro included under "other consortiums" qualifies as an associated company as it is not controlled by governance structures.

As regards the comparison between the book value of investments and the respective shareholders' equity of the Parent Avio S.p.A., reference should be made to the specific comparison schedule at paragraph "3.5. Equity investments" in the separate financial statements.

The changes in 2025 in the investments are shown below (Euro thousands):

	31/12/2024	Valuation at equity	Increases	Decreases	Other movements	31/12/2025
Companies under joint control	6,822	1,099	-	-	-	7,921
Associates	5,845	193	-	-	-	6,037
Other companies	4,750	-	-	(438)	-	4,312
Total	**17,416**	**1,292**	**-**	**(438)**	**-**	**18,270**

"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 increase of Euro 1,099 thousand (due to the increase for the 50% share of the profit for 2025, amounting to Euro 2,839 thousand, net of the decrease of Euro 1,740 thousand following the reduction in company's equity due to the dividends paid to Avio S.p.A.).

"Associates" includes the investment in Termica Colleferro S.p.A., totalling Euro 5,969 thousand and in a number of consortiums, for Euro 68 thousand. The movements for the year all relate to the investment in Termica Colleferro, which is valued at equity;
The remaining investments in other associates (consortiums) are valued at acquisition or subscription cost, as these companies are not considered significant in relation to the Group financial position and also as non-operating companies. In addition, the valuation as per the equity method would not result in a significant effect compared to valuation at cost.

"Other companies" includes the minor interests; a list of these holdings and their carrying amounts (Euro thousands) follows:

	31/12/2024	Increases	Decreases	Other movements	31/12/2025
Arianespace Participation S.A.	433	-	(433)	-	-
C.I.R.A. (Centro Italiano Ricerche Aerospaziali) S.c.p.A.	60	-	-	-	60
Imast S.c.a.r.l.	22	-	(5)	-	17
Distretto Aerospaziale Sardegna S.c.a.r.l.	9	-	-	-	9
ART S.p.A.	1,720	-	-	-	1,720
Fondazione E. Amaldi	1	-	-	-	1
T4i S.p.A.	2,500	-	-	-	2,500
Fondazione ITS Meccatronico del Lazio	5	-	-	-	5
	4,750	**-**	**(438)**	-	**4,312**

The movement in investments in other companies is mainly due to the write-down of Arianespace Participation S.A., following the conclusion in December 2025 of the share capital increase transaction of the investee, and as it did not subscribe to such Avio exited the shareholding structure.

With reference to the investment in ART S.p.A., equal to 5% of its shares, acquired in 2022 for a value of Euro 1,720 thousand, it is reported in particular that it is a leading Italian infotainment systems company for performance and luxury cars and an industrial partner, as well as the former parent company of Temis S.p.A., of which Avio also acquired control in 2022.
As part of the acquisition of the stake in ART, an agreement was signed between Avio and GEF S.r.l., owner of the remaining 85% of the company, whereby Avio granted the other shareholder a pre-emption right to purchase the 5% stake in ART. This option may be exercised at the earlier of the following dates: (i) the conclusion of the fifth year from the date of completion of Avio's purchase of the investment; and (ii) in the case of a proposed change of control of the company, 60 days prior to the change of control. The option price is calculated by applying a multiplier to the aforementioned 5% acquisition price of the company, determined on the basis of the year following the date of completion of the transaction, starting from the fifth year.

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

3.7. NON-CURRENT FINANCIAL ASSETS

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

	31/12/2025	31/12/2024	Change
Shareholder loan to Termica Colleferro S.p.A.	1,177	2,010	(833)
	1,177	**2,010**	**(833)**

The movement is due to the partial repayment of the interest-free shareholder loan, of which the associated company Termica Colleferro was the beneficiary. Repayment is subordinated to the full repayment by that company of the loan previously granted by the lending banks, which matures on February 24, 2027.

3.8. DEFERRED TAX ASSETS

The Avio Group's recognised deferred tax assets amount to Euro 87,570 thousand (Euro 87,547 thousand at December 31, 2024).The amount recorded in the accounts represents the net balance of the deferred tax assets and liabilities calculated on the temporary differences between the value of assets and liabilities assumed for the purposes of the preparation of the financial statements and the respective values for fiscal purposes and the tax losses carried forward. Deferred taxes are determined applying the tax rates which are expected to be applied in the period when the temporary differences will be reversed, or the benefits related to the tax losses will be utilised.
The summary of the temporary differences (deductible and assessable) and of the tax losses which resulted in the recognition of deferred tax assets and liabilities is illustrated in the table below with reference to the reporting date (Euro thousands):

	31/12/2025	31/12/2024	Change
Gross deferred tax assets on temporary differences			
Temporary differences deriving from previous corporate operations			
Fiscal amortisation on previous goodwill whose tax benefits remain in the Company.	22,524	7,179	15,345
Financial charges exceeding 30% of the ROL	24,585	27,280	(2,695)
Temporary differences deriving from current corporate operations			
Provision for staff charges	4,590	1,753	2,837
Other deductible temporary differences	186	7,971	(7,785)
Provisions for risks and legal charges	5,719	4,524	1,195
Doubtful debt provision - trade and other receivables	96	96	-
Total gross deferred tax assets	**57,701**	**48,803**	**8,898**
Deferred tax liability on temporary differences			
Temporary differences deriving from previous corporate operations			
Amortisation intangible assets from PPA 2017 - Customer accreditation	(5,378)	(6,268)	890
Tax effect R&D expenses First-Time Adoption	-	(43)	43
Temporary differences deriving from current corporate operations			
Other temporary assessable differences	(1,188)	(1,209)	21
Total gross deferred tax liabilities	**(6,566)**	**(7,519)**	**954**
Net deferred tax assets/(liabilities)	**51,135**	**41,284**	**9,852**
Deferred tax assets on tax losses	53,470	66,697	(13,227)
Total deferred tax assets	**104,605**	**107,980**	**(3,375)**
Deferred tax assets not recorded	(17,034)	(20,434)	3,399
Net deferred tax assets (liabilities) recorded	**87,570**	**87,547**	**23**

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

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

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

The deferred tax assets recognised mainly refer to the tax losses carried forward (Euro 53,470 thousand), to the financial charges exceeding 30% of the gross operating profit that can be carried forward by Avio (Euro 24,585 thousand), and to the amortisation related to the Space and Aviation goodwill that can be deducted by Avio in future years (Euro 22,524 thousand). As for the other companies, the most significant item relates to the environmental restoration provision of the subsidiary Secosvim (Euro 3,344 thousand).

Deferred tax liabilities however mostly refer to the intangible asset for client accreditation redefined as part of the 2017 purchase price allocation as previously commented upon.
In terms of developments compared to the previous year, it is noted that although the net value of deferred taxation remains constant, the total amount of deferred tax assets that can potentially be recognised has decreased by approximately Euro 3.5 million. This movement is related to the increase in the tax base during the year, which allowed for the absorption of a portion of tax losses and prior interest expenses. As a result, with the total amount of tax assets yet to be recovered reducing, the proportion of unrecognised deferred tax assets also proportionately reduced.

3.9. OTHER NON-CURRENT ASSETS

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

	31/12/2025	31/12/2024	Change
Other non-current assets	6,504	7,942	(1,438)
	6,504	**7,942**	**(1,438)**

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

	31/12/2025	31/12/2024	Change
Receivables from FCA Partecipazioni	4,945	5,124	(178)
Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - non-current portion	957	2,099	(1,142)
Guarantee deposits	313	313	-
Other non-current receivables	288	406	(118)
Total	**6,504**	**7,942**	**(1,438)**

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

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

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

These receivables are recorded in the accounts at the value resulting from the application of the amortised cost method, calculated utilising the effective interest rate, and are increased due to the effect of the accumulated amortisation of the difference between the initial value and the actual cash amounts and booked in the accounts under "Financial income".

The amounts to be received within 12 months are classified under "Other current assets" (Note 3.15).

CURRENT ASSETS

3.10. INVENTORIES

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

	31/12/2025	31/12/2024 restated (*)	Change
Inventories	148,550	147,943	607
	148,550	**147,943**	**607**

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

	31/12/2024 restated (*)	Change	31/12/2025
Raw materials, supplies and consumables	129,797	(2,310)	127,487
Raw material, ancillary and consumables obsolescence provision	(2,895)	473	(2,422)
Raw material, ancillary and consumables - net value	126,902	(1,837)	125,065
Products in work-in-progress	11,865	2,448	14,313
Provision for the write-down of work in progress	-	-	-
Products in work-in-progress - net value	11,865	2,448	14,313
Finished products and other inventories	11,133	(4)	11,129
Finished products and other inventories obsolescence provision	(1,957)	-	(1,957)
Finished products and other inventories - net value	9,176	(4)	9,172
	147,943	**607**	**148,550**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

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

At December 31, 2025, the movement of the raw materials, ancillaries and consumables obsolescence provision amounting to Euro 473 thousand mainly refers to the parent company, which recorded utilizations of the previously accrued provisions of approximately Euro 944 thousand, and accruals to account for obsolescence or value reduction of approximately Euro 640 thousand.

During the last quarter of 2025, the process of outsourcing warehouse management was completed, the effects of which are reflected in these financial statements. Consequently, at December 31, 2025, inventories also include goods held at the external warehouse exceeding 90%, which remain the property of the parent company and are accounted for in the value of the item under consideration. These inventories are maintained by the external warehouse under an integrated logistics contract that includes a commitment to take the necessary measures for the proper storage of materials in accordance with the terms contracted by the parties. The Company believes that the risks associated with third-party custody are adequately managed and there are no elements that could jeopardize the ownership or integrity of proprietary assets.

3.11. CONTRACT WORK-IN-PROGRESS

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

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

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

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

The gross value of contract work-in-progress, net of advances received from customers at December 31, 2025, is as follows (in Euro thousands):

	31/12/2025	31/12/2024	Change
Contract work-in-progress	196,845	154,981	41,864
Advances for contract work-in-progress	(714,910)	(555,601)	(159,309)
Net total	**(518,064)**	**(400,620)**	**(117,444)**

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

	31/12/2025	31/12/2024	Change
Contract work-in-progress (gross)	2,285,968	1,830,910	455,058
Advances for contract work-in-progress (gross)	(2,089,122)	(1,675,929)	(413,193)
Contract work-in-progress (net)	**196,845**	**154,981**	**41,864**

The table below summarises the contract work-in-progress relating to the projects where the gross value is lower than the advances and is therefore recorded, net of the advances, under liabilities in the Consolidated Balance Sheet (Euro thousands):

	31/12/2025	31/12/2024	Change
Contract work-in-progress (gross)	762,604	669,388	93,215
Advances for contract work-in-progress (gross)	(1,477,513)	(1,224,989)	(252,524)
Advances for contract work-in-progress (net)	**(714,910)**	**(555,601)**	**(159,309)**

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

The multi-year projects mainly concern those relating to the Vega C and Vega E launchers and the recognition of the economic benefits shall be made over the duration of the orders and from the effective advancement of the orders, calculated on the basis of the relative costs incurred.
At present, the share of variable fees accounts for 3.3% of "Contract work-in-progress (gross)" (2.3% of "Contract work-in-progress (gross)" at December 31, 2024).

3.12. TRADE RECEIVABLES

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

	31/12/2025	31/12/2024	Change
Trade receivables	5,613	3,074	2,540
	5,613	**3,074**	**2,540**

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

	31/12/2025	31/12/2024	Change
Receivables from third parties	3,769	1,706	2,064
Receivables from associates and jointly controlled companies	1,403	898	505
	5,172	**2,604**	**2,569**
Receivables from associates and jointly controlled companies beyond one year	441	470	(29)
	441	470	(29)
Total	**5,613**	**3,074**	**2,540**

The nominal value of receivables from third parties was adjusted by a doubtful debt provision of Euro 489 thousand in order to reflect their fair value. There were no movements in the provision during the reporting period.

Receivables from third parties

The breakdown of receivables from third parties at the reporting date and the previous year (Euro thousands):

	31/12/2025	31/12/2024	Change
Gross value	4,258	2,193	2,066
less: doubtful debt provision	(489)	(487)	(2)
Total	**3,769**	**1,706**	**2,064**

Receivables from associates and jointly-controlled companies

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

	31/12/2025	31/12/2024	Change
Europropulsion S.A.	329	16	312
Servizi Colleferro S.C.p.A.	176	132	44
Potable Water Services Consortium	314	302	12
Termica Colleferro S.p.A. due within one year	584	448	136
	1,403	898	505
Termica Colleferro S.p.A. due beyond one year	441	470	(29)
	441	470	(29)
Total	**1,844**	**1,368**	**476**

3.13. CASH AND CASH EQUIVALENTS

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

	31/12/2025	31/12/2024	Change
Cash and cash equivalents	601,846	101,684	500,161
Total	**601,846**	**101,684**	**500,161**

Cash and cash equivalents mainly concern balances on bank current accounts, in addition to some short-term restricted deposits (Euro 310,000 thousand at December 31, 2025). The increase in the item is mainly attributable to the conclusion of the capital increase in November 2025 for a value of approximately Euro 400 million.

3.14. CURRENT TAX RECEIVABLES

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

	31/12/2025	31/12/2024	Change
Tax receivables	21,873	18,877	2,996
Total	**21,873**	**18,877**	**2,996**

The following table shows the net changes by type of tax credit and tax between the balances as of December 31, 2025 and the previous year (amounts in thousands of Euro):

	31/12/2025	31/12/2024	Change
VAT	11,938	8,779	3,158
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	-
Receivables from tax authorities	2,195	2,439	(244)
Tax credit on energy	-	-	-
EU VAT receivables	368	287	82
Total	**21,873**	**18,877**	**2,996**

They increased Euro 2,996 thousand on December 31, 2024. The changes in the specific categories of tax credits are presented below.

VAT receivables

VAT receivables of Euro 11,938 thousand (Euro 8,779 thousand at December 31, 2024), include:

- Euro 1,890 thousand, relating to VAT reimbursement requests to the Tax Authorities (Euro 1,890 thousand at December 31, 2024);
- Euro 10,023 thousand, relating to VAT reimbursements to date not requested for repayment (Euro 6,815 thousand at December 31, 2024).

During the year, "VAT Receivables" recorded a net increase of Euro 3,158 thousand compared to the previous year, due to the VAT receivables accrued in the period of Euro 5,357 thousand, net of offsets and reimbursements for Euro 2,199 thousand,

The increase in the VAT receivable stems from the fact that Avio's main customers are non-resident entities, and some of the transactions carried out are to be considered non-taxable for VAT purposes (exports, intra-EU or similar supplies) or non-taxable as there is no regional requirement. This means that the VAT payable on the transactions carried out by the Company is not high, or is at least lower than the VAT receivable accrued. From

another perspective, the Company has Italian suppliers whose supplies - net of the amounts for which Avio S.p.A.'s habitual exporter status requires a declaration of intent to be submitted - result in a VAT receivable.

Research and development and technological innovation tax credit

These tax receivables totaled Euro 7,372 thousand (Euro 7,372 thousand at December 31, 2024).

Regulatory framework

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

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

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

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

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

Recognition in the Financial Statements

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

The 2025 income statement includes amounts of Euro 743 thousand relating to the effects on the income statement of the tax credits accrued in 2017, 2018 and 2019 according to the provisions of Article 3 of Decree-Law 145/2013, in effect until December 31, 2019.
The amount recorded in the comparative Income Statement for 2024 was Euro 1,198 thousand.

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

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

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

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

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

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

Tax receivables

Tax receivables of Euro 2,195 thousand (Euro 2,439 thousand at December 31, 2024), principally concerned:

- tax receivables for IRES of Euro 939 thousand of the parent company Avio S.p.A.;
- tax receivables for withholdings on current account interest income of Euro 390 thousand of the parent company Avio S.p.A.;
- other tax credits of Euro 866 thousand, including in particular receivables for withholdings on interest and the tax credits of the Guyana subsidiary Regulus S.A..

EU VAT receivables

The EU VAT receivables relate to inter-EU transactions and amount to Euro 368 thousand (Euro 287 thousand at December 31, 2024).

3.15. OTHER CURRENT ASSETS

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

	31/12/2025	31/12/2024 restated (*)	Change
Other current assets	168,449	170,451	(2,002)
Total	**168,449**	**170,451**	**(2,002)**

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

	31/12/2025	31/12/2024 restated (*)	Change
Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion	1,186	854	332
Employee receivables	1,288	1,173	115
Prepayments and accrued income	1,733	950	783
Grants/subsidies receivable	239	547	(308)
Receivables from FCA Partecipazioni	285	285	-
Other debtors	472	461	10
Social security institutions	23	18	6
Receivables from associated company Consorzio Servizi Acqua Potabile	339	5	334
Inventories and advances to suppliers	162,884	166,158	(3,274)
Total	**168,449**	**170,451**	**(2,002)**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

"Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion", amounting to Euro 1,186 thousand, refer to the discounted value of the non-current portion of the concessions granted by the Ministry for Economic Development under the rules of Law 808/85, whose collection is expected within 12 months.

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

Employee receivables of Euro 1,288 thousand concern the Group cash advances for the coverage of mission and travel expenses.

Receivables for grants and subsidies of Euro 239 thousand concerning various projects supported by subsidised financing. Reference should also be made to section "10. Disclosure on public grants as per article 1, paragraphs 125-129, of Law No. 124/2017.

Regarding the "Receivables from FCA Shares" amounting to Euro 285 thousand, reference should be made to the comments at paragraph "3.9 Other non-current assets" in these notes. The amount recognised at December 31, 2025 is the instalment due within the coming 12 months.

Advances to suppliers of Euro 162,884 thousand at December 31, 2025 (Euro 166,158 thousand at December 31, 2024) refers to payments to subcontractors made on the basis of interim SALs 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 Avio S.p.A. amounts to 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). The company Space2, following the acquisition of the Avio Group on March 31, 2017, then merged by incorporation the parent Avio S.p.A., effective as of April 10, 2017, and was newly renamed "Avio S.p.A.";
- of Euro 75,339,170, equal to the share capital increase to service the share swap of the above-mentioned merger, following which shares were assigned of the incorporating company Space2 to

Leonardo S.p.A. and In Orbit S.p.A.

- of which Euro 202,542 as the increase due to the exercise, in the second half of 2017, of market warrants (see the "Shareholders" paragraph of the Directors' Report).
- of Euro 800,000 as the increase due to the exercise, in the second quarter of 2025, of sponsor warrants by Space Holding S.r.l.;
- of which 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 2025[149]. On September 11, 2025, Avio's Board of Directors approved to submit to its shareholders a proposal for a rights issue capital increase for a total maximum amount of Euro 400 million (the "Capital Increase under Option"). The Rights Issue Capital Increase approved by the Extraordinary Shareholders' Meeting held on October 23, 2025 subsequently provided that (i) the option rights to subscribe to the new shares (the "Option Rights") would be exercisable from November 3, 2025 to November 17, 2025 (the "Option Period"), and (ii) the Option Rights would be tradable on the Euronext Milan, Euronext STAR Milan Segment, from November 3, 2025 to November 11, 2025. The Option 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 option rights during the rights offering period and the subscription of the related shares, the Rights Issue Capital Increase 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).

See also the "Shareholders" paragraph of the Directors' Report.

The share capital at December 31, 2025 comprised 46,789,543 ordinary shares (26,359,346 at December 31, 2024).

3.17. SHARE PREMIUM RESERVE

The share premium reserve amounting to Euro 459,637 thousand at December 31, 2025 (Euro 144,256 thousand at December 31, 2024), recorded the following movements:

- increase of Euro 9,600 thousand following the exercise of sponsor warrants by Space Holding S.r.l.;
- increase of Euro 333,124 thousand following the completion of the rights issue capital increase that began and concluded in FY 2025[150] and described in Note 3.16 "Share Capital";
- decrease of Euro 27,342 thousand related to the transaction costs incurred for the completion of the capital increase described above in accordance with the relevant accounting standards.

The share premium reserve is restricted for the value of the treasury shares acquired. At December 31, 2025, the available value of the share premium reserve was Euro 447,591 thousand (at December 31, 2024 amounting to Euro 130,921 thousand), with treasury shares recognised to the financial statements amounting to Euro 12,046 thousand (Euro 13,335 thousand at December 31, 2024).

[149] See press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwMTEy

[150] See press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwMTEy

3.18. OTHER RESERVES

Other reserves at December 31, 2025 and December 31, 2024 were as follows (amounts in thousands of Euro):

	31/12/2025	31/12/2024	Change
Legal Reserve	18,193	18,193	-
Treasury shares acquired	(12,046)	(13,335)	1,289
Unavailable treasury shares purchase reserve	12,046	13,335	(1,289)
Actuarial gains/(losses) reserve	(4,135)	(4,149)	13
Stock grant reserve	4,549	2,840	1,709
Translation reserve	(45)	(57)	12
Total	**18,562**	**16,827**	**1,734**

With regard to treasury shares, at December 31, 2025, Avio S.p.A. held 985,747 treasury shares, equal to 2.11% of the share capital. The value of the treasury shares acquired amounts to Euro 12,046 thousand; the decrease in treasury shares of Euro 1,289 thousand is a result of the free allocation to the beneficiaries of the "2022-2024 Performance Share Plan" - approved by the Board of Directors on March 28, 2022 and subsequently by the Shareholders' Meeting on April 28, 2022 - of a total of 105,460 company shares, following the Board of Directors' resolution of May 15, 2025 as a result of the achievement of the performance targets under the Plan.

The actuarial gains/losses reserve, amounting to a negative of Euro 4,135 thousand, concern the actuarial losses deriving from the application of IAS 19 revised, with the relative tax effect where applicable. The translation reserve, negative for Euro 45 thousand, relates to the effects of the full consolidation of the financial statements in USD of the subsidiary Avio USA Inc.

The stock grant reserve, amounting to Euro 4,549 thousand (Euro 2,840 thousand at December 31, 2024), represents the accumulated cost as of December 31, 2025 related to four share-based employee compensation plans involving the allocation of treasury shares to top management, partially offset by the decrease of Euro 1,128 thousand related to the completion of the "2022 – 2024 Performance share" plan.
The amount recorded in the stock grant reserve was subject to assessment by a leading independent expert.

A summary of the necessary information in this regard for December 31, 2025 (amounts in thousands of Euro) is presented below:

	Beneficiaries	Target number of shares granted	Vesting period	Stock grant reserve
Restricted Share Plan 2023-2025	professional figures employed by Avio	261,206	2023-2025	1,729
Performance Share Plan 2024-2026	Senior management	136,492	2024-2026	827
Performance Share Plan 2023-2025	Senior management	87,080	2023-2025	720
Restricted Share Plan 2024-2026	professional figures employed by Avio	236,197	2024-2026	1,273
		720,975		**4,549**

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

The reconciliation between equity at December 31, 2025 and the 2025 parent result and the corresponding consolidated financial statement amounts is outlined as follows (in Euro thousands):

	Equity at 31/12/2025	Net result 2025
Financial Statements of Avio S.p.A.	**685,417**	**10,041**
Elimination of investments recognised to the statutory financial statements	(85,892)	-
Accounting for equity and the Group's share of the profits or losses of consolidated companies	89,897	(45)
Other consolidation adjustments	7,900	480
Consolidated financial statements (attributable to the Group)	**697,323**	**10,476**

For the reconciliation of the shareholders' equity of Avio S.p.A. and consolidated shareholders' equity, the other consolidation adjustments mainly concern:

- the positive difference of Euro 3,144 thousand between the acquisition price in 2022 of Temis and the shareholders' equity acquired;
- the valuation at equity of the jointly-controlled company Europropulsion S.A. as a cumulative effect as referring also to the previous years, in addition to 2025, for a final positive effect of Euro 4,221 thousand;
- the valuation at equity of the associate Termica Colleferro S.p.A. as a cumulative effect as referring also to the previous years, in addition to 2025, for a final negative effect of Euro 1,703 thousand;
- to other effects, positive in the amount of Euro 2,238 thousand, mainly related to the elimination of lease contracts, in particular with Se.Co.Sv.Im. S.r.l., partially offset by the net accumulated amortisation of capital gains from the allocation of the acquisition price of Temis.

For the reconciliation of the net result of Avio S.p.A. and the consolidated result, in addition to the recognition of the result for the year of the consolidated companies of a loss of Euro 45 thousand, mainly regarding Secosvim Srl, Regulus SA, and Avio USA Inc., the other consolidation adjustments, totalling net income of Euro 480 thousand, concern:

- the valuation of the joint venture Europropulsion S.A. at equity, which led to the recognition of income of Euro 1,099 thousand to the consolidated financial statements;
- the valuation at equity of the associate Termica Colleferro S.p.A., involving the recognition of income to the consolidated financial statements of Euro 193 thousand;
- the elimination of lease contracts with Group companies, in particular Se.Co.Sv.Im. S.r.l., and other minor effects, resulting in the recognition of charges to the consolidated financial statements of Euro 724 thousand.
- the net amortisation of capital gains from the allocation of the Temis acquisition price, amounting to Euro 88 thousand.

3.20. EQUITY ATTRIBUTABLE TO 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):

	31/12/2025					
Consolidated companies	% Non-controlling interests	Capital and Reserves	Profit/(loss)	Pro-rata capital and reserves	Net profit/(loss) pro-rata	Equity non-controlling Interests
Spacelab S.p.A.	30.00%	5,959	266	1,788	80	1,868
Regulus S.A.	40.00%	20,616	2,602	8,246	1,041	9,287
		26,575	**2,868**	**10,034**	**1,121**	**11,155**

NON-CURRENT LIABILITIES

3.21. NON-CURRENT AND CURRENT LEASE LIABILITIES

The composition of non-current lease liabilities at December 31, 2025 and December 31, 2024 is as follows (amounts in thousands of Euro):

	31/12/2025	31/12/2024	Change
Non-current lease liabilities to the associate Termica Colleferro S.p.A.	361	557	(197)
Non-current lease liabilities to third parties	6,466	5,990	477
Total	**6,827**	**6,547**	**280**

The composition of current lease liabilities at December 31, 2025 and December 31, 2024 is as follows (amounts in thousands of Euro):

	31/12/2025	31/12/2024	Change
Current lease liabilities to the associate Termica Colleferro S.p.A.	150	116	34
Current lease liabilities to third parties	3,128	2,877	251
	3,278	**2,993**	**286**

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

	31/12/2024	Increases	Payments	Decreases for contract conclusion	Financial charges	Reclassifications	31/12/2025
Non-current lease liabilities	6,547	4,472	-	(1,251)	264	(3,205)	6,827
Current lease liabilities	2,993	-	(2,919)	-	-	3,205	3,278
Total	**9,540**	**4,472**	**(2,919)**	**(1,251)**	**264**	**-**	**10,105**

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

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

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

3.22. EMPLOYEE BENEFIT

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

Post-employment benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

Other long-term employee benefits

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

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

	31/12/2025	31/12/2024	Change
- Defined benefit plans:			
Post-employment benefits	2,998	3,426	(428)
Other defined benefit plans	2,615	2,562	52
	5,613	5,988	(376)
- Other long-term benefits	3,180	3,504	(325)
Total employee benefit provisions	**8,793**	**9,493**	**(700)**
of which:			
- Italy	7,669	8,211	(542)
- Other Countries	1,123	1,282	(158)
	8,793	**9,493**	**(700)**

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

	Defined benefit plans	Other long-term employee benefits	Total employee benefit provisions
At 31/12/2024	**5,989**	**3,504**	**9,493**
Financial charges/(income)	144	57	201
Actuarial (gains)/losses in income statement	-	26	26
Actuarial (gains)/losses in comprehensive income statement	(11)	-	(11)
Pension cost current employees	157	137	294
Other movements	(84)	-	(84)
Benefits paid	(582)	(545)	(1,127)
At 31/12/2025	**5,613**	**3,179**	**8,792**

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

	31/12/2025	31/12/2024
Discount rate	2.81%	2.77%
Expected salary increases	2.17%	2.16%
Inflation rate	European Zero-Coupon Inflation-Indexed Swap curve at 31.12.2025	European Zero-Coupon Inflation-Indexed Swap curve at 31.12.2024
Average employee turnover rate	4.97%	4.99%

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

3.24. PROVISIONS FOR RISKS AND CHARGES

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

	31/12/2025	31/12/2024	Change
Provisions for risks and charges	33,582	42,302	(8,721)
Total	**33,582**	**42,302**	**(8,721)**

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

	31/12/2025			31/12/2024		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Provision for variable remuneration	7,672	2,080	9,751	6,610	1,549	8,159
Provision for legal and environmental risks and charges	4,948	6,772	11,720	5,780	9,785	15,564
Other provisions for risks and charges	3,794	8,316	12,110	10,393	8,186	18,579
Total	**16,413**	**17,168**	**33,582**	**22,783**	**19,520**	**42,302**

These provisions include:

- provisions for variable remuneration for Euro 9,751 thousand (Euro 8,159 thousand at December 31, 2024), mainly comprising employee remuneration on the achievement of individual and corporate objectives;
- provisions for legal and environmental risks and charges, against litigation and trade union disputes in course, amount to Euro 11,720 thousand (Euro 15,564 thousand at December 31, 2024);
- other provisions for risks and charges of Euro 12,110 thousand (Euro 18,579 thousand at December 31, 2024), mainly referring to extraordinary charges for the future execution of programmes net of compensation expected from the European Space Agency, amounting to Euro 6,259 thousand (Euro 6,605 thousand at December 31, 2024); these provisions include, among others, charges for the restoration of leased areas of Euro 2,196 thousand (Euro 2,196 thousand at December 31, 2024), royalties provided for by Law 808/85 of Euro 1,444 thousand (Euro 914 thousand at December 31, 2024) and a tax risks provision of Euro 442 thousand (Euro 7,171 thousand at December 31, 2024). It is noted that the Provisions for tax risks 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 periods with regard to the findings regarding the remodulation of the amortisation on goodwill generated in 2003, outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. 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, Euro 3,984 thousand was reclassified to current tax liabilities and Euro 2,995 thousand to other non-current liabilities.

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

	31/12/2024	Provisions	Other movements	Utilisations	Releases	31/12/2025
Provision for variable remuneration	8,159	9,399	-	(7,807)	-	9,751
Provision for legal and environmental risks and charges	15,564	357	-	(4,064)	(138)	11,720
Other provisions for risks and charges	18,579	2,545	(6,979)	(1,602)	(433)	12,110
Total	**42,302**	**12,302**	**(6,979)**	**(13,473)**	**(570)**	**33,582**

The main changes during the year were:

- the provisions for variable remuneration were utilised for Euro 7,807 thousand, in consideration of the bonuses paid to employees in April 2025 for the achievement of individual and company objectives relating to 2024. The provision of Euro 9,399 thousand mainly relates to variable remuneration which will be paid in the first half of 2026, on the basis of the achievement of individual and company objectives for the year 2025;
- the risks and legal and environmental charge provisions were utilised for Euro 4,064 thousand, concerning environmental charges;
- other provisions for risks and charges: the provisions mainly concern the royalties based on law 808 and the charges arising in the year related to the future execution of programmes, net of the offsets expected from the European Space Agency; the utilisations mainly concern the charges arising in the year associated with the future execution of programmes, net of the compensation expected from the European Space Agency, previously accrued to the provisions; the other movements concern the reclassification to current tax liabilities of Euro 3,984 thousand and other non-current liabilities of Euro 2,995 thousand following the signing of the July 18, 2025 and December 11, 2025 settlement agreements, by which the statement of claims regarding FY 2018 and FY 2019 were settled with reference to the findings on the rescheduling of amortisation on goodwill generated in 2003; in this regard, see also the comments in the "Group operating performance and financial and equity position" section of the Directors' Report.

3.24. OTHER NON-CURRENT LIABILITIES

The table below presents the account at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Other non-current liabilities	27,597	15,852	11,745
Total	**27,597**	**15,852**	**11,745**

The breakdown of other non-current liabilities at December 31, 2025 is presented below (Euro thousands):

	31/12/2025	31/12/2024	Change
Tax liabilities			
Payables for tax settlement - portion beyond one year	2,995	-	2,995
	2,995	-	2,995
Liabilities relating to Law 808/85			
Deferred income on disbursements pursuant to Law 808/85 - beyond one year	19,881	12,928	6,953
Payables 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 beyond one year	3,103	1,320	1,783
Payables to the Economic Development Ministry (MiSE) for disbursements pursuant to Law 808/85 - portion beyond one year	483	483	-
Deferred income on disbursements pursuant to Law 808/85 (as per MiSE Decree 3/07/2015) - portion beyond one year	714	633	81
	24,182	15,364	8,817
Other liabilities			
Payables due to MiSE for other subsidies	420	389	31
Deferred income	-	99	(99)
	420	488	(68)
Total	**27,597**	**15,852**	**11,745**

Tax liabilities

Payables for tax settlement - portion beyond one year

It is noted that this was previously accrued under provisions for risks and in the previous year 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 periods with regard to the findings regarding the remodulation of the amortisation on goodwill generated in 2003, outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. 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, Euro 3,984 thousand was reclassified to current tax liabilities and Euro 2,995 thousand to other non-current liabilities.

Liabilities relating to Law 808/85

Deferred income on disbursements pursuant to Law 808/85 - beyond one year
The account, amounting to Euro 19,881 thousand, is composed as follows:

- Euro 11,609 thousand represents the initial counter-entry of the receivable from the Ministry for Economic Development against the grants pursuant to Law 808/85, relating to the projects qualifying as functional to national security, for the amount to be allocated to the income statement in future years, beyond one year, in correlation to the allocation of the costs against which the disbursements were granted.
- 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 income statement in future years, beyond 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.

Payables to 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 beyond one year

Disclosure upon the payable to MiSE for disbursements as per Law 808/85 according to the ex MiSE Decree of 03/07/2015 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 aerospace research and development projects to consolidate and grow Italian technology and the sector's competitivity were defined.

The measures under the Decree concern zero-rate subsidised loans, granted within the limits established by EU rules upon research, development and innovation.

The loans shall be repaid for 90% of the settlement amount through annual equal instalments over the issue duration and however for a period of not less than ten years, beginning from the year subsequent to the final disbursement. The remaining 10% is an outright grant.

On February 19, 2018, the parent Avio was recognised the Settlement Decree by the Economic Development Ministry with regards to expenses incurred as part of the LOX/LCH technology demonstrator development project for the third stage of the VEGA E launcher; this disbursement falls under the regulations of the July 3, 2015 decree.
The final disbursement under the plan reported in the Decree of February 19, 2018 is in 2029, with repayment therefore from the subsequent year (2030) until 2045.

Both the grants receivable from the Ministry for Economic Development and the subsequent reimbursements payable to the Ministry have been accounted for at amortised cost.
The difference between the nominal and present values of the amount receivable and payable is recognised over the course of the benefit.

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 instalments starting from the year following the disbursement of the funding.

For large enterprises, the repayment is made in ten equal annual instalments starting from the year following the disbursement of the funding. On November 28, 2025, the parent Avio was recognised 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 amortised cost. The difference between the nominal and present values of the amount receivable and payable is recognised over the course of the benefit.

Deferred income on disbursements pursuant to Law 808/85 (as per MiSE Decree 3/07/2015) - portion beyond one year

See above for an account of the rules for grants pursuant to Law 808/85 set out in the Decree of the Ministry for Economic Development of July 3, 2015.
The caption, which amounted to Euro 483 thousand, represents the difference between the nominal values and present values of the amount receivable and payable in respect of the aforementioned liquidation decree dated February 19, 2018.

Payables to the Economic Development Ministry (MiSE) for disbursements pursuant to Law 808/85 - portion beyond one year

This payable to the Economic Development Ministry (MiSE), amounting to Euro 714 thousand, refers to the subsidiary Temis S.r.l., which was the recipient of a Settlement Decree issued by the Ministry on July 4, 2023,

which concerned the disbursement of grants regarding the study of an innovative electro-actuator for aerospace propulsion systems.

Payables due to MiSE for other subsidies

This item, amounting to Euro 420 thousand, consists of payables due beyond one year to the Ministry for Economic Development relating mainly 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 payables are recorded at their discounted value.

CURRENT LIABILITIES

3.25. TRADE PAYABLES

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

	31/12/2025	31/12/2024	Change
Trade payables	127,170	109,213	17,957
Total	**127,170**	**109,213**	**17,957**

Trade payables of the Avio Group at December 31, 2025 amount to Euro 127,170 thousand; this amount includes, for Euro 7,467 thousand, trade payables to associated companies and jointly-controlled companies as follows (Euro thousands):

	31/12/2025	31/12/2024	Change
Europropulsion S.A.	6,318	609	5,708
Termica Colleferro S.p.A.	1,147	2,205	(1,058)
Potable Water Services Consortium	-	42	(42)
Servizi Colleferro S.C.p.A.	2	119	(117)
Total	**7,467**	**2,976**	**4,491**

3.26. CURRENT TAX LIABILITIES

The table below presents current tax liabilities at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Current income tax liabilities	5,132	3,359	1,773
Total	**5,132**	**3,359**	**1,773**

The breakdown of current income taxes is shown below (in Euro thousands):

	31/12/2025	31/12/2024	Change
IRES payables	-	256	(256)
IRAP payables	605	675	(70)
Payables for withholding taxes	2,961	2,295	666
Other tax payables	919	76	842
Foreign income taxes	648	57	591
Total	**5,132**	**3,359**	**1,773**

Payables for withholding taxes, amounting to Euro 2,961 thousand, refer to employee and consultant withholding taxes. The increase on the previous year is due to the higher number of Group employees.

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

Payables for foreign taxes totalling Euro 648 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 presents other current liabilities at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Other current liabilities	28,267	32,105	(3,839)
Total	**28,267**	**32,105**	**(3,839)**

This account is broken down below at December 31, 2025 and at December 31, 2024 (in Euro thousands):

	31/12/2025	31/12/2024	Change
Other accrued liabilities and deferred income	8,387	12,987	(4,600)
Employee payables	11,376	11,909	(533)
Other payables to third parties	3,068	1,756	1,313
Payables due to social security institutions	4,116	4,134	(18)
Deferred income on disbursements pursuant to Law 808/85 - current portion	1,320	1,320	-
Total	**28,267**	**32,105**	**(3,839)**

Accrued expenses and deferred income

This account, amounting to Euro 8,387 thousand (Euro 12,987 thousand at December 31, 2024), mainly refers to the deferment of commercial costs and grants to the following year.

Employee payables

Employee payables amount to Euro 11,376 thousand (Euro 11,909 thousand at December 31, 2024) and include remuneration to be settled, in addition to vacations and other rights matured and not utilised.

Other payables to third parties

This account totals Euro 3,068 thousand and relates to liabilities for urban development charges due to the municipalities in which the Group operates for Euro 465 thousand and other liabilities to third-parties for Euro 2,603 thousand.

Amounts due to social security institutions

The account concerns amounts to be paid, amounting to Euro 4,116 thousand (Euro 4,134 thousand at December 31, 2024), relating to company and employee contributions, in accordance with regulations in force.

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

The account, amounting to Euro 1,320 thousand (Euro 1,320 thousand at December 31, 2024), concerns the deferral of the contribution, with regards to the portion expected to be recognised as income to the income statement within the next 12 months.

INCOME STATEMENT

3.28. REVENUES

Total revenues, comprising the change in contract work-in-progress and revenues from product sales and the provision of services, amounted to Euro 583,690 thousand. They amounted to Euro 480,420 thousand in 2024.

The following table compares the two years (in Euro thousands):

	FY 2025	FY 2024	Change
Net sales	26,720	307,656	(280,936)
Revenues from services	11,884	5,157	6,727
	38,604	312,814	(274,209)
Changes in contract work in progress	545,086	167,607	377,479
Total	**583,690**	**480,420**	**103,270**

For information on revenues as compared to the previous period, reference should be made to the "Group operating performance and financial and equity position" paragraph of the Directors' Report.

With regards to the breakdown of revenues in 2025 by region compared with the comparative period, reference should be made to paragraph 4. "Disclosure by operating and regional segment" of these explanatory notes.

In terms of the recognition of revenues, in order to present a breakdown and comparison of revenues in the clearest manner possible, it should be noted that in 2025 contracts totalling Euro 26,457 thousand were completed, the effects of which are shown under "Revenues from sales" for the proceeds from the related advances received and under "Changes in contract work in progress" for the closure of the contracts from work in progress.
The revenues from advancement include the effect from the recognition of research and development credits for the years 2017, 2018 and 2019 under Article 3 of Legislative Decree No. 145/2013 and subsequent amendments in force until December 31, 2019. This income amounted to Euro 743 thousand in 2025, while in 2024 totalled Euro 1,199 thousand. These credits, recognised to the extent they are considered recoverable and usable, are initially recorded in the account "Current tax receivables", with counter-entry to the income statement under "Service costs", and rediscounted to reflect their recognition to the Income Statement in each period on an accruals basis, according to the differing types of costs supported, in relation to the percentage of completion of the contract work-in-progress giving rise to the costs against which the credit was calculated. The accrual has been recognised on the balance sheet under "Contract work in progress" and its release has been recognised on the income statement as "Changes in contract work in progress".

At present, the share of variable fees is 12.4% of revenues (8.7% of revenues in 2024).

Revenues by business line for the two comparative years are presented below (amounts in thousands of Euro):

	FY 2025	FY 2024	Change
Vega	314,739	244,425	70,314
Ariane	101,127	75,267	25,860
Technology Development Projects (NextGen EU)	81,305	87,394	(6,089)
Defense	81,654	69,829	11,825
Satellite and other activities	4,865	3,506	1,359
Revenues	**583,690**	**480,420**	**103,270**

3.29. OTHER OPERATING INCOME

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

	FY 2025	FY 2024 restated (*)	Change
Other income	4,840	1,371	3,470
Operating grants	3,830	2,172	1,658
Income for the portion recognised to the income statement of the disbursements as per Law 808/85	1,453	1,970	(516)
Income from the release of provisions	-	865	(865)
Other prior year income	14	276	(262)
Total	**10,138**	**6,654**	**3,484**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

This item consists of:

- other income of Euro 4,840 thousand (Euro 1,371 thousand in 2024), including recharges to companies in the Colleferro industrial district of Euro 1,616 thousand, as well as additional income of Euro 2,814 thousand from MBDA Italia;
- Operating grants amounted to Euro 3,830 thousand (Euro 2,172 thousand in the comparative year) 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".
- income for the portion credited to the Income Statement of disbursements pursuant to Law 808/85 amounting to Euro 1,453 thousand (Euro 1,970 thousand in the comparative year) and mainly concerning the parent company Avio S.p.A. and the subsidiary Temis S.r.l.;

3.30. CONSUMPTION OF RAW MATERIALS

The breakdown of the account for the two comparative periods is as follows (Euro thousands):

	FY 2025	FY 2024 restated (*)	Change
Purchase of raw materials	179,451	168,887	10,564
Change in inventories of raw materials	1,563	(22,453)	24,017
Change in inventory of finished products, in progress and semi-finished	(1,425)	(2,556)	1,131
Total	**179,589**	**143,877**	**35,712**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

3.31. SERVICE COSTS

The account for the two comparative periods is as follows (Euro thousands):

	FY 2025	FY 2024 restated (*)	Change
Costs for activities carried out by co-producers	26,582	20,739	5,843
Corporate and oversight board fees	1,852	2,014	(162)
Maintenance	6,695	3,516	3,179
Consultancy costs	14,437	16,481	(2,044)
Other service costs	209,892	163,759	46,133
Costs for the use of third party assets	5,651	3,546	2,105
Costs capitalised for internal works	(7,251)	(4,069)	(3,181)
Total	**257,858**	**205,985**	**51,873**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

Service costs, amounting to Euro 257,858 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 account includes, finally, the amount of the emoluments due to the Avio Group's corporate boards, relating to:

- directors remuneration of Euro 841 thousand (Euro 957 thousand in 2024) and to the board committees for Euro 165 thousand (Euro 178 thousand in 2024);
- Supervisory Body fees of Euro 160 thousand (Euro 209 thousand in 2024);
- Board of Statutory Auditors fees of Euro 214 thousand (Euro 242 thousand in 2024).

3.32. PERSONNEL EXPENSES

The account for the two comparative periods is as follows (Euro thousands):

	FY 2025	FY 2024 restated (*)	Change
Wages and salaries	82,711	73,285	9,426
Social security charges	27,151	22,992	4,159
Provision for variable remuneration	11,731	8,702	3,030
Other long-term benefits - current employees	67	283	(216)
Actuarial (gains)/losses recorded in P&L relating to other long-term benefits	26	76	(50)
Provision for "Other defined benefit plans"	5,126	4,781	345
Costs capitalised for internal works	(5,801)	(2,111)	(3,689)
Total	**121,012**	**108,008**	**13,004**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

The average number of employees is presented below:

	FY 2025	FY 2024	Change
Blue-collar	376	371	5
White-collar	996	917	79
Executives	47	46	1
Total	**1,419**	**1,334**	**85**

3.33. AMMORTIZATION AND DEPRECIATION

The account for the two comparative periods is as follows (Euro thousands):

	FY 2025	FY 2024	Change
Intangible assets with definite life	10,390	9,476	914
Property, plant and equipment	5,967	5,508	459
Right-of-use	3,803	2,420	1,383
Investment property	135	31	103
Total	**20,295**	**17,436**	**2,859**

With regard to amortisation of intangible assets with definite life, a comparison with the previous year follows (Euro thousands):

	FY 2025	FY 2024	Change
Develop. Costs	3,487	3,569	(81)
Assets from Client Accreditation	3,108	3,108	-
Concessions, licenses, trademarks and similar rights	2,441	1,724	718
Other intangible assets	1,354	1,076	278
	10,390	**9,476**	**914**

The amortisation of development costs, amounting to Euro 3,487 thousand, is substantially in line with that recognised in 2024.
The amortisation of the accreditation assets concerns for Euro 122 thousand the gain from the acquisition of the subsidiary Temis, and for Euro 2,986 thousand the intangibles relating to the Ariane and Vega programmes identified following the process to allocate the acquisition price of the Group by Space2 in 2017.

The increase in the amortisation of "Concessions, licenses, trademarks and similar rights" reflects the trend of investments made during the year.

A comparative statement of the depreciation of property, plant and equipment is presented below (in Euro thousands):

	FY 2025	FY 2024	Change
Buildings	2,017	1,870	146
Plant & machinery	1,942	1,828	114
Industrial & commercial equipment	487	348	139
Other assets	1,522	1,462	60
	5,967	**5,508**	**460**

With reference to plant and machinery, the increase relates to the auxiliary equipment required for the increased flight cadence of Vega C.

In addition, the statement comparing the depreciation of the right-of-use compared to the previous year is presented below (in Euro thousands):

	FY 2025	FY 2024	Change
Land right-of-use	181	146	35
Buildings right-of-use	1,595	881	714
Right-of-use rights related to plant and machinery	166	166	-
Other assets right-of-use	1,861	1,227	634
	3,803	**2,420**	**1,383**

The increase in the depreciation of this item, amounting to Euro 1,383 thousand, is mainly due to the depreciation of the Paris headquarters of Avio S.p.A. operating since October 2024 and the headquarters of the subsidiary Avio USA and the increase in vehicles for employee use.

3.34. OTHER OPERATING COSTS

This account amounts to Euro 6,140 thousand (Euro 5,419 thousand in 2024) and mainly comprises the following items:

- indirect taxes of Euro 2.307 thousand (Euro 1.965 thousand in 2024);
- prior year charges of Euro 392 thousand (Euro 175 thousand in 2024);
- other operating charges of Euro 1,467 thousand (Euro 2,539 thousand in 2024) related to membership fees, representation expenses, and capital losses;
- net extraordinary charges of Euro 1.019 thousand (Euro 739 thousand in 2024).

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

The item, amounting to net income of Euro 3,032 thousand (Euro 2,034 thousand in 2024), includes:

- the effects of the application of the equity method for the valuation of the following investments:
  - in the jointly-controlled company Europropulsion S.A.; in this regard, income of Euro 1,099 thousand (expense of Euro 431 thousand in 2024) was recognised, corresponding to Avio's share of the change in the company's equity in 2025;
  - in the associate Termica Colleferro S.p.A., amounting to income of Euro 193 thousand;
- dividends collected from the jointly-controlled company Europropulsion for Euro 1,740 thousand (Euro 2,200 thousand in 2024). The figure for 2024 is in the restated version. For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

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 the account is as follows (Euro thousands):

	FY 2025	FY 2024	Change
Bank interest income	1,632	451	1,181
Interest income on VAT refunds	433	13	420
Financial income from amortised cost	99	99	-
	2,164	563	1,601
Realised exchange gains	387	157	230
Unrealised exchange gains	41	6	35
	428	163	265
Total	**2,592**	**727**	**1,866**

Financial income, amounting to Euro 2,592 thousand (Euro 727 thousand in the previous year), mainly comprised:

- interest income on bank deposits, including short-term time deposits to benefit fully from the rate movements, amounting to Euro 1,632 thousand (Euro 451 thousand in the previous year);
- interest income from the discounting of receivables for Euro 99 thousand (Euro 99 thousand in the previous year);
- exchange differences of Euro 428 thousand (Euro 163 thousand in the previous year).

Realised exchange gains arise on the collection of receivables and settlement of payables in foreign currencies. Unrealised exchange gains relate to the year-end translation of receivables and payables in foreign currencies.

3.37. FINANCIAL CHARGES

The breakdown of the account is as follows (Euro thousands):

	FY 2025	FY 2024	Change
Interest on EIB loans	11	71	(60)
Interest on other payables	119	1,283	(1,164)
Discounting on employee benefits	201	273	(71)
Financial charges from amortised cost	190	182	9
	521	1,808	(1,286)
Realised exchange losses	382	473	(91)
Unrealised exchange losses	138	65	73
	520	538	(18)
Total	**1,041**	**2,346**	**(1,305)**

Financial charges of Euro 1,041 thousand (Euro 2,346 thousand in the previous year) mainly comprise:

- interest expenses on the EIB loan fully repaid in the year of Euro 11 thousand. The reduction is due to the fact that a loan on which interest was being paid was repaid in full in the previous year;
- interest expenses on other liabilities for Euro 119 thousand (Euro 1,283 thousand in the previous period). It is noted that in the previous year interest charges were recognised concerning the agreed settlement with the Tax Agency following a tax audit relating to the years 2018 and 2019 that began in December 2024, in relation to the non-suspension of the deductibility of some amortisation of goodwill dating back to the year 2003, with subsequent recovery as a deduction of the same in the years 2020 to 2029, allowing the recognition of deferred tax assets for a corresponding amount.
- discounting for employee benefit updates for Euro 201 thousand;
- financial charges from amortised cost applied to liabilities for Euro 190 thousand;
- exchange losses for Euro 520 thousand.

Realised exchange losses concern the collection of receivables and the settlement of payables in foreign currencies, while unrealised exchange losses concern the adjustment to the year-end exchange rate of receivables and payables in foreign currencies.

3.38. INCOME TAXES

"Income taxes" report a net charge of Euro 1,482 thousand (the comparative year charge of Euro 378 thousand).

The charge of Euro 1,482 thousand comprises:

- current IRES income taxes of Euro 222 thousand (Euro 0 thousand in 2024); On this point, in fact, it should be noted that starting with the current fiscal year as of December 31, 2024, all of Avio S.p.A.'s Italian subsidiaries participate in the national tax consolidation pursuant to Article 117 and subsequent of the Income Tax Law (TUIR), which has a negative taxable income;
- current IRAP regional taxes of Euro 1,297 thousand (Euro 670 thousand in 2024);
- charges from foreign companies of Euro 673 thousand (income of Euro 47 thousand in 2024);
- income from prior year taxes of Euro 691 thousand (expense of Euro 5,983 thousand in 2024);
- income on the recognition of deferred tax assets of Euro 20 thousand (net income of Euro 6,321 thousand in 2024).

Taxes for previous years and deferred tax recognition income in the previous year related to the settlement procedure with the Tax Agency following a tax audit relating to the years 2018 and 2019 that began in December 2024, in relation to the non-suspension of the deductibility of some amortisation of goodwill dating back to the year 2003, with subsequent recovery as a deduction of the same in the years 2020 to 2029, allowing the recognition of deferred tax assets for a corresponding amount.

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

	FY 2025	FY 2024
Result before taxes	13,079	6,764
Ordinary rate applied	24.00%	24.00%
Theoretical tax charge	**3,139**	**1,623**
Effect of increases (decreases) to the ordinary rate:		
Permanent increases	7,220	6,321
Permanent decreases	(4,158)	(5,973)
Temporary difference increases	14,469	21,107
Temporary difference decreases	(26,200)	(32,657)
Total changes	**(8,669)**	**(11,203)**
Utilisation of fiscal losses	-	-
IRES taxable income of the Group	**4,410**	**(4,439)**
Effective IRES taxation		
Prior year taxes	691	(5,983)
Net deferred tax (income)/charge	20	6,321
Current taxes Italian companies	(1,520)	(670)
Current taxes overseas companies	(673)	(47)
	(1,482)	**(378)**

3.39. EARNINGS/(LOSS) PER SHARE

An explanatory statement is reported below (in Euro):

	FY 2025	FY 2024
Group Consolidated Result	10,475,744	6,087,126
Weighted average number of shares in circulation	30,658,475	26,359,346
Average number of treasury shares	(985,747)	(1,091,207)
Average number of shares entitled to profits	29,672,728	25,268,139
Basic earnings per share – in Euro	0.35	0.24
Diluted earnings per Share – in Euro	0.34	0.23

In the second quarter of 2025, 800,000 sponsor warrants were converted into ordinary shares, while in November 2025, the issuance of 19,630,197 ordinary shares took place following the completion of the capital increase. Therefore, the number of shares outstanding at December 31, 2025 is 46,789,543.

On May 15, 2025, the Board of Directors resolved to grant a total of 105,460 of the Company's shares free of charge to the beneficiaries of the 2022-2024 Performance Share plan.

4. DISCLOSURE BY OPERATING AND REGIONAL SEGMENTS

Disclosure by operating segment

With reference to the 2025 financial year, the Avio Group continued operating activities in line with previous years. Consequently, all the assets and liabilities, costs and revenues refer to a single cash generating unit ("CGU"), which corresponds to the consolidation scope of the Group.

As of December 31, 2025, similar to December 31, 2024, there were no receivables equal to or exceeding 10% of the Avio Group's consolidated revenues from individual counterparties.

The Group workforce totalled 1,426 employees at December 31, 2025 (1,355 at December 31, 2024).

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 regional segment

The following table (in Euro thousands) presents the breakdown of Group revenues by region (defined on the basis of the customer's home country) as of December 31, 2025, together with the comparative period:

	FY 2025	FY 2024	Change
Revenues Italy	41,595	30,524	11,071
Revenues Rest of Europe	525,521	442,321	83,200
Revenues Rest of the World	16,574	7,575	8,999
	583,690	**480,420**	**103,270**

Revenues from the Group's largest customers (i.e. customers accounting for 10% or more of revenues) amounted to approximately Euro 458 million in 2025 (Euro 381 million in 2025). No other single customer accounted for 10% or more of revenues for the year 2025 as of December 31, 2025.

Group activities, and new investments, are similarly allocated - on the basis of the same criterion as revenues (customer country location) - mainly in Italy and Europe.

5. COMMITMENTS AND RISKS

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

	31/12/2025	31/12/2024
Guarantees given:		
Unsecured guarantees:		
Sureties issued to third parties on behalf of Group	24,084	32,783
Other guarantees	3,402	3,402
Total guarantees given	27,486	36,185
Guarantees received:		
Sureties and guarantees received	1,206	1,206
	1,206	1,206

Guarantees provided

Secured guarantees include sureties issued by third parties on behalf of the Group in favour of clients for the execution of contracts and other guarantees in the form of patronage letters issued in the interest of Group companies.

Sureties and guarantees received

These principally include sureties received from suppliers against orders for supplies to be completed.

Legal and tax cases and contingent liabilities

At the reporting date, a number of Group companies were either plaintiffs or defendants to legal, civil, administrative and tax cases related to normal business operations, as outlined below.
Avio S.p.A. and the subsidiaries have established in their financial statements and, therefore, in the consolidated financial statements, appropriate provisions for risks and charges to cover foreseeable liabilities relating to disputes of differing natures with suppliers and third parties, both within the courts and extra-judicially, the relative legal expenses, in addition to administrative sanctions, penalties and client indemnities. In establishing provisions, account was taken of: (i) the risks related to each dispute; and (ii) the applicable accounting standards, which require the provisioning of liabilities for probable and quantifiable risks.
Avio Group management consider the risks and charges provision estimates as appropriate with regards to the Group's overall amount of contingent liabilities.
In addition, with regards to disputes with a possible or remote risk of loss, or of an incalculable amount (of a limited number), in accordance with the accounting standards no risks provision has been established.
The Group in addition bases its risk of potential loss estimates on assessments/expectations with regards to the expected final judgment on the dispute, which remains however linked to the intrinsic uncertainty of each judgment, for which differing outcomes (whether favourable or unfavourable) for the Group against the *ex-ante* estimates may not be excluded.
A summary of current proceedings considered by the Group as significant on the basis of the amount or matters considered is provided below.

Group tax audits

Information is provided below on the most significant tax audits and disputes which, at the date of the present financial statements, concerned Avio S.p.A. and its subsidiaries, with details on the specific disputes and the relative amounts.

A) Avio S.p.A. tax audits and disputes

A.2) Questionnaire of the Piedmont DRE of June 4, 2019 concerning transfer prices between Avio S.p.A. and Regulus S.A. - 2014 Tax period

In November 2019, the Piedmont Tax Agency served two separate assessment notices on the Company, respectively for IRES and IRAP, in relation to the 2014 tax year, concerning the application of "transfer pricing" tax regulations to transactions between Avio S.p.A. and its subsidiary Regulus S.A., on the assumption that the latter is a tax resident in French Guiana.
With regard to the IRES assessment notice, it should be noted that, pending the settlement procedure, the Company has asked the Office to be able to offset the greater taxable profit assessed against unused prior tax losses. Granting the Company's request, in July 2020 the Office recalculated the greater IRES assessed for 2014 (and related interest), reducing it to zero and levying a single administrative fine of Euro 1,250.00.
With regard to the IRAP assessment notice, since the value of production adjusted by the Office is still negative, no tax was recovered and a fixed penalty of Euro 250.00 was levied. Therefore, the liability associated with this dispute amounts to a total of Euro 1,500.
In June 2020, the Company filed timely appeals of two notices of assessment of IRES and IRAP taxes, being confident of the correctness of its actions and considering that it has acted in full compliance with the law.
In a ruling filed on June 24, 2022, the Turin Provincial Tax Commission upheld both of the Company's appeals concerning IRES and IRAP, citing the calculation of comparables performed by the Turin regional office and noted that the determination of the range of transfer prices was manipulated by that office without cause and in a debatable manner, whereas the documentation provided by the Company met the criteria set by OECD guidelines for determination of "normal value" as specified under Article 9(3) of the Consolidated Income Tax Law.
In January 2023, the Piedmont Regional Directorate of the Tax Agency appealed the ruling of the Turin Provincial Tax Commission. The Company promptly took action, with the support of its consultants, to counter the Agency's appeal and request confirmation of the first instance ruling.

Ahead of the hearing, the parties engaged in negotiations aimed at exploring the possibility of reaching a settlement of the dispute through conciliation. In an out-of-court settlement agreement dated August 4, 2025, the parties agreed to a restatement of the tax claim as follows. With regard to assessment notice no. TSB0E0100124/2019, the higher taxable IRES is defined as Euro 544,155.09 and the related (theoretical) IRES tax at 27.5% is Euro 149,642.65. As a result of the company's acceptance of the IPEC application for loss relief filed by the company, the tax due as a result of the agreement is also reduced to zero. The penalty referred to in the IPEC recalculation communication, amounting to Euro 1,250.00, is reduced by 50% pursuant to Article 48-*ter* of Legislative Decree No. 546/92 and therefore redefined to Euro 625.00.

On November 24, 2025, Judgment No. 847/2025 was filed with the second level Tax Court of PIEDMONT (Section 3), in which the Court following the intervening conciliation cancelled the judgment.

A.3) 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 amortisation related to goodwill generated in connection with certain corporate transactions dating back to 2003.

According to Article 1, Paragraph 1079 of Law No. 145 of December 30, 2018, Avio should have suspended the amortisation charge for the tax years 2018 and 2019 and deducted it, according to predetermined percentages, in the years 2020 to 2029, according to the TA.
The dispute does not, therefore, relate to the non-recognition of the right to deduct this amortisation, but rather to the timing of this deduction.

As regards 2018, on March 18, 2025, the Lazio Regional Tax Agency notified Avio S.p.A. of two statements of claims (one for IRES and one for IRAP), containing findings related to the amortisation of goodwill, against which the Company filed a petition for a settlement agreement on April 8, 2025. The company simultaneously filed an IPEC petition to request the offsetting of current year and previous losses against the higher taxable income assessed.
By settlement agreements dated July 18, 2025, in which the penalties were disapplied, the Company agreed upon the aforementioned statement of claims in relation to IRES and IRAP and paid the first instalment on July 21, 2025.

On May 14, 2025, the Lazio Regional Directorate of the Tax Agency, upon conclusion of the audit on 2019, notified Avio S.p.A. of an Assessment Notice (PVC) (for IRES and IRAP) containing findings regarding, in addition

to goodwill amortisation, transfer pricing for transactions with the subsidiary Regulus S.A. and a number of non-deductible costs related to employees in relation to IRAP only; following the aforementioned PVC, on June 26, 2026, the Lazio TA announced the IRES and IRAP statements of claims for 2019, and - limited to the findings on the amortisation of goodwill - the statements of claims for the subsequent years to 2022 (in these cases with the exception of IRAP for 2020 and IRES for 2022, without contesting higher taxes but only redetermining the negative IRAP tax base or the tax loss for IRES purposes).

Also regarding 2019 (IRES and IRAP) and 2020 (IRAP only), the Company has filed petitions for settlement agreements, while for the other years it will submit supplementary declarations to incorporate the different modulation of amortisation of goodwill in accordance with Article 1, paragraph 1079 of Law No. 145 of December 30, 2018, deductible until the tax period 2029.

In relation to the settlement agreement (for 2018, 2019 and 2020), the Company will pay back a total sum of approximately Euro 6 million (based on an instalment plan) as higher taxes for the two years, plus interest (amounts already accounted for in the 2024 financial statements). On July 21, 2025, the Company paid Euro 915,634.05, equal to the first instalment (of three) of the disputes relating to 2018.

The statement of claims for 2019 also contains a transfer pricing challenge relating to transactions between the Company and its subsidiary Regulus for propellant casting services.

Specifically, while considering the transfer pricing documentation prepared by Avio to be compliant with the contents and indications of the provision of the Director of the Tax Agency of September 29, 2010 - and, therefore, permitting the exclusion of the tax penalties pursuant to Article 1, paragraph 2-*ter* of Legislative Decree No. 471 of December 18, 1997 - the auditors recalculated the purchase costs of the casting service incurred by Avio, pursuant to Article 110, paragraph 7 of the Income Tax Law (TUIR), as this was deemed not to have complied with the arm's length principle, from Euro 34,882,793 to Euro 33,492,784. This resulted in a difference applicable to taxation of Euro 1,390,009, which corresponds to a higher assessed IRES, net of prior losses that can be used for offsetting, of Euro 66,720, and a higher IRAP of Euro 66,998, plus interest.

Finally, the Lazio TA contested the deduction for IRAP purposes of certain items attributable to personnel costs, for a total of Euro 454,481. This corresponds to a higher IRAP assessment of Euro 21,906, plus penalties and interest.

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 paid the first instalment on December 12, 2025 of Euro 259,307.

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

It should be noted that no tax disputes and/or tax audits are pending for the company as of the date of these financial statements. The following is an update on the conclusion of the main dispute outlined in the notes to the financial statements in the previous year.

B.1) Correction and settlement of increased registration, mortgage and land taxes from the reclassification as the disposal of a business, with related recalculation of goodwill relating to the business unit, of the transfer of the "Energia Colleferro" business unit to Termica Colleferro S.p.A. and the subsequent transfer of the investment in this latter to the indirect parent company Avio S.p.A.

In relation to the transfer of the "Energia Colleferro" business unit to Termica Colleferro S.p.A. and the subsequent transfer of the investment in this latter to the indirect parent company Avio S.p.A., the Bologna Tax Office had served:

a) a settlement notice for greater registration, mortgage and property registry taxes arising from the re-characterisation of the transaction as the sale of a company, for a total of Euro 142 thousand;
b) an adjustment notice relating to the redetermination of the value of the goodwill attributable to the business unit subject to the purported company sale, for a total of Euro 16 thousand.

The dispute concerning the document referred to in *point a)* was resolved in the Company's favour in both the first and second instances. Accordingly, on December 2, 2019 the Italian Tax Office filed an appeal against the judgment of the Emilia Romagna Regional Tax Commission before the Court of Cassation.

On January 24, 2020 the Company appeared promptly in the proceedings, filing its own counter-appeal.

The Court of Cassation, with Order No. 32653, filed on 16/12/2024, dismissed the appeal brought by the Attorney General's Office against the second instance ruling that on the subject of the requalification, pursuant to Article 20 TUR, as a business unit disposal, in terms of the transfer and sale of shareholdings transactions by Se.co.Sv.IM. S.r.l., found the company's conduct to be correct.
In particular, the Supreme Court, believing that it had to follow a now consolidated view, took note of "*the retroactive scope of the authentic interpretation rule set forth in Article 1, paragraph 1084, of Law No. 145 of December 30, 2018, deeming Article 20, Presidential Decree No. 131 of April 26, 1986, as amended by Article 1, paragraph 87, of Law No. 205 of December 27, 2017, also applicable to deeds stipulated at a time prior to its entry into force for which the proceedings before the tax courts are still pending*."

The dispute concerning the document referred to in point b) was resolved in the Company's favour in the first instance (see Bologna Provincial Tax Commission, ruling no. 94/02/16 of January 15, 2016); in the second instance, the Emilia Regional Tax Commission, following the hearing of December 17, 2018, suspended the judgement pending the settlement of the litigation concerning the notice of adjustment and liquidation of the higher registration, mortgage and cadastral taxes arising from the requalification as a business sale.

On June 9, 2025, in ruling 575/2025, the Emilia Regional Tax Commission, noting the intervening Supreme Court Order No. 32653 filed on December 16, 2024, brought the case to an end due to the cessation of the matter in dispute, and awarded costs.

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

It should be noted that this company had not been and is not involved in any tax audits or disputes at the reporting date.

D) Europropulsion S.A. – Tax audits and disputes.

Europropulsion was subject to a Tax Assessment by the French Tax Authorities with regards to the "*taxe professionnelle*" (an indirect tax adopted in France similar to the Italian IRAP) on ESA assets provided for use by the Company initially for tax years 2009, 2010 and 2011 and subsequently for 2012 and 2013.

The amounts contested are:
- for the years from 2009 and 2011, initially amounting to Euro 1.6 million, paid by the company in 2014. This amount was thereafter reduced to Euro 0.9 million following the recognition of partial relief of Euro 684 thousand by the French tax authorities;
- for the years 2012 and 2013 amounting to approx. Euro 250 thousand.

For the years 2009-2011, Europropulsion presented a first level appeal at the competent Tax Court, which judged against the company; the Company appealed this decision on September 9, 2016.
With judgment of November 11, 2017, the competent French tax authorities cancelled the challenge concerning financial year 2010.
In the course of the legal procedure, it bears mentioning that in 2020 the judicial authority, known as the "Conseil d'Etat", declared the use of ESA assets subject to taxation according to an interpretation of the spirit of the tax law, referring the judgment to the next level, in accordance with the French legal system.
The last instance judgment was issued by the "*Cour Administrative d'Applel de Paris*" and was unfavourable for the Company. In view of the judgment rendered in 2020 and 2021 and the opinion of its legal counsel, in its 2020 and 2021 financial statements the Company decided to recognise the total amount of the tax liability associated with the matter for the years 2009 to 2020, which was recalculated and estimated at approx. Euro 4 million.

At the end of 2023, the Company received a payment notice for taxes for 2017 and 2018 of approximately Euro 850 thousand, which was rejected by the Company. 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 income statement for FY2024 to cover this potential risk.
In addition, in 2023, the Company underwent a tax audit and following the closure in 2024 received a request for payment of approximately Euro 600 thousand for the years 2020 to 2022. This notice was settled in early 2025. There is no impact on the income statement in 2025 as these amounts had already been set aside in previous years.

Therefore, taking all the elements described into account, the financial statements as of December 31, 2025 of this company reflect a total provision of Euro 1.3 million.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Categories and fair value of financial assets and liabilities

The following table presents a detailed analysis of financial assets and liabilities at December 31, 2025, as per IFRS 7, according to the categories established by IFRS 9.

In thousands of Euro	Total accounts	IFRS 9 Category		
		Assets at amortised cost	*Assets at fair value through profit or loss*	*Liabilities at amortised cost*
FINANCIAL ASSETS				
- Investments in other companies	4,312		4,312	
- Non-current financial assets	1,177	1,177		
- Other non-current assets	6,504	6,504		
- Current financial assets	-	-		
- Trade receivables	5,613	5,613		
- Other current assets	168,449	168,449		
- Cash and cash equivalents	601,846	601,846		
	787,902	**783,590**	**4,312**	**-**
FINANCIAL LIABILITIES				
- Non-Current financial liabilities	13			13
- Non-current financial payables for leasing	6,827			6,827
- Current financial liabilities	17			17
- Current lease liabilities	3,278			3,278
- Current portion of non-current financial payables	-			-
- Other non-current liabilities	27,597			27,597
- Other current liabilities	28,266			28,266
- Trade payables	127,170			127,170
	193,168	**-**	**-**	**193,168**

Fair value of financial assets and liabilities and calculation models utilised

In relation to any financial instruments recorded in the balance sheet at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value. The following levels are used:

- level 1 - assets or liabilities subject to valuation listed on an active market;
- level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- level 3 - input which is not based on observable market data.

The Company and the Avio Group did not have derivative financial instruments in place at December 31, 2025. Investments in other companies measured at fair value fall into the level 3 fair value category.

Financial income and charges recognised as per IAS 9

The following table presents the financial income and charges generated by financial assets and liabilities, broken down by category as per IFRS 9 for 2025.

	Financial income/(charges) recognised through profit or loss		Actuarial gains/(losses) recognised to comprehensive income statement
In Euro thousands	From interest	From fair value changes	From fair value changes
Assets at amortised cost		-	-
Assets at fair value Through Profit or loss Statement			
Liabilities at amortised cost	201	-	-
Financial instruments - Derivatives	-	-	-
Total categories	201	-	-

The items presented in the table mainly concern financial charges for the EIB loans and those related to financial liabilities for leased assets.

Types of financial risks and related hedging

The Avio Group through its operating activities is exposed to financial risks, in particular:

- credit risks, related to commercial transactions with customers and funding operations;
- liquidity risk, related to the availability of financial resources and access to the credit market;
- market risks (interest rates and exchange rates).

These financial risks are continually monitored, undertaking initiatives to offset and contain potential impacts through appropriate policies and, where in general considered necessary, also through specific hedging instruments (currently not necessary as the loan interest rate with the EIB is fixed and competitive compared to the market).
This section provides qualitative and quantitative reference information on the impact of such risks on the Company and 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 receivables recognised to the financial statements, particularly trade receivables and guarantees provided in favour of third parties.
The maximum theoretical exposure to the credit risk for the Group at December 31, 2025 essentially concerned the overall carrying amount of trade receivables, whose value at this date amounted to Euro 5,613 thousand. It should be noted that Euro 3,716 thousand are past due, of which Euro 1,863 thousand more than 365 days.

This amount was recognised to the Assets section of the Balance Sheet, as the net balance between the nominal value of trade receivables and, as counter-entry, advances to be received.

Regarding the reasons for the exposure to credit risk represented by receivables net of "advances to be repaid", in accounting terms, the issuing of invoices involves as a counter-entry, against the recognition of an asset from the clients, the recognition of a liability concerning the advances to be received. These are both recognised to the balance sheet. The ageing analysis therefore is made net of the above-stated advances.

The main 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 during the incursion of order costs, on the basis of the various contractual milestones and mitigating therefore the risk regarding the payment of receivables against the initiated production activities.

Based on an analysis of overdue trade receivables at December 31, 2025 these are recorded net of a doubtful debt provision of Euro 489 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 centralised treasury systems involving the main Group Italian and overseas companies, in order to ensure the timely and efficient sourcing of funding or the appropriate investment of liquidity, optimising the management of liquidity and cash flows. The Group periodically monitors forecast and effective cash flows and updates future cash flow projections in order to optimise liquidity management and calculate any funding requirements.

The currently available funds, in addition to those that will be generated from operating and financial activities, are considered sufficient to permit the Group to satisfy its requirements for investment activities, working capital management and the repayment of debt on maturity.

Liquidity analysis

The following table breaks down future contractual cash flows generated by financial and commercial liabilities and by the principal other liabilities of the Group (in Euro thousands). The table reports non-discounted cash flows, including the capital portion and any interest, on the basis of market conditions at the reporting date. The analysis incorporates expectations upon the materialisation of cash flows on the basis of the contractually-established repayment dates or in certain cases the estimated dates. In the absence of an established repayment date, the amounts were recognised based on an estimate according to the available information. For this reason, the treasury accounts are considered in the on-demand bracket.

	Book values	On demand	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total cash flows
Current financial liabilities:									
- Current lease liabilities	3,278	-	3,278	-	-	-	-	-	3,278
- Financial payables *EIB Loan*	-	-	-	-	-	-	-	-	-
	3,278	-	3,278	-	-	-	-	-	3,278
Trade payables (including companies under joint control)	127,170	-	127,170	-	-	-	-	-	127,170
	127,170	-	127,170	-	-	-	-	-	127,170
Other non-current liabilities:									
- Financial payables *EIB Loan* Euro 10 mln	-	-	-	-	-	-	-	-	-
- Non-current financial payables for leasing	6,827	-	-	1,365	1,365	1,365	1,365	1,365	6,827
	6,827	-	-	1,365	1,365	1,365	1,365	1,365	6,827
Other current liabilities									
- Social security institutions	4,116	-	4,116	-	-	-	-	-	4,116
- Employee payables	11,376	-	11,376	-	-	-	-	-	11,376
- Other payables to third parties	3,068	-	3,068	-	-	-	-	-	3,068
	18,560	-	18,560	-	-	-	-	-	18,560
Total cash flows	**155,835**	**-**	**149,008**	**1,365**	**1,365**	**1,365**	**1,365**	**1,365**	**155,835**

Market risk

With regards to the current financial structure of the Company and of the Group, which has limited credit exposure and interest-bearing debt, and considering the fact that the operating currency is mostly the Euro, the company is not considered to currently be subject to significant risks from interest rates on financial receivables and payables or to fluctuations in exchange rates.

The Company and the Group, considering that stated with regards to the insignificant market risk related to exchange rate and interest rate movements, at December 31, 2025 had not undertaken specific cash flow hedges in relation to these types of risks.

7. RELATED PARTY TRANSACTIONS

Avio regularly undertakes commercial and financial transactions with its subsidiaries and jointly-controlled companies, consisting of transactions relating to ordinary operations and undertaken at normal market conditions. In particular, these concern the supply and purchase of goods and services, including of an administrative-accounting, tax, IT, personnel management and assistance and consultancy nature, and the relative receivables and payables at period-end and funding and centralised treasury management transactions and the relative charges and income. These transactions are eliminated in the consolidation and consequently are not outlined in this section.

The related parties of the Avio Group are identified on the basis of IAS 24 - *Related Party Disclosures,* applicable from January 1, 2011, and are the parent companies, companies with a connection with the Avio Group and its subsidiaries as defined by the applicable rules, companies controlled but not consolidated within the Avio Group, associates and jointly-controlled companies of the Avio Group and other investee companies.

Until the effective acquisition date by Space2, Leonardo and In Orbit, Leonardo - on the basis of rights arising under the Cinven shareholder agreement - had a connection with the Avio Group, although formally holding an investment in the Incorporated company under the threshold established by the IAS and Article 2359 of the Civil Code, final paragraph. Following the listing, although the shareholder agreement with Cinven had lapsed, Leonardo S.p.A. maintained this connection with the Avio Group on the basis of the increase of its investment in the Incorporated company over the threshold established by the above-stated rules.

The following tables present the quantification of transactions with related parties not falling within the Group consolidation on the Balance Sheet and Income Statement at December 31, 2025 and at December 31, 2024 (in Euro thousands):

	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 relative investee companies	**-**	**-**	**-**	**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	-
Potable Water Services Consortium	-	-	-	314	12	-	-	-	-	-	-
Servizi Colleferro - Consortium Limited Liability Company	-	-	-	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 book value	**11,961**	**6,504**	**148,550**	**5,613**	**168,449**	**196,845**	**1,177**	**127,170**	**28,266**	**714,910**	**10,135**
% on total account items	**4.72%**	**0.00%**	**0.00%**	**37.64%**	**26.50%**	**10.46%**	**100.00%**	**11.33%**	**0.23%**	**34.18%**	**5.04%**

	December 31, 2024 restated (*)										
Counterparty	**Right-of-use assets**	**Other non-current assets**	**Inventories**	**Trade receivables**	**Other current assets**	**Contract work-in-progress**	**Non-current financial assets**	**Trade payables**	**Other current liabilities**	**Advances from clients for contract work-in-progress**	**Financial liabilities**
Leonardo S.p.A.	-	-	-	-	630	-	-	2,843	105	-	-
MBDA Italia S.p.A.	-	-	-	46	-	3,026	-	-	-	42,813	-
MBDA France S.A.	-	-	-	135	-	11,839	-	-	-	31,224	-
Thales Alenia Space Italia S.p.A.	-	-	-	-	-	-	-	-	-	-	-
Companies with a connecting relationship and relative investee companies	**-**	**-**	**-**	**182**	**630**	**14,865**	**-**	**2,843**	**105**	**74,037**	**-**
Termica Colleferro S.p.A.	701	-	-	918	-	-	2,010	2,205	-	-	673
Europropulsion S.A.	-	-	-	16	51,711	10,254	-	609	-	24,449	-
Potable Water Services Consortium	-	-	-	302	5	-	-	42	-	-	-
Servizi Colleferro - Consortium Limited Liability Company	-	-	-	132	-	-	-	119	-	-	-
Associates and jointly controlled companies	**701**	**-**	**-**	**1,368**	**51,716**	**10,254**	**2,010**	**2,976**	**-**	**24,449**	**673**
Total related parties	**701**	**-**	**-**	**1,550**	**52,346**	**25,119**	**2,010**	**5,818**	**105**	**98,486**	**673**
Total book value	**11,693**	**7,942**	**147,943**	**3,074**	**170,451**	**154,981**	**2,010**	**109,213**	**32,105**	**555,601**	**11,594**
% on total account items	**6.00%**	**0.00%**	**0.00%**	**50.42%**	**30.71%**	**16.21%**	**100.00%**	**5.33%**	**0.33%**	**17.73%**	**5.80%**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

In 2025, the main income statement transactions by the Group with related parties were as follows (in Euro thousands):

	December 31, 2025				
Counterparty	Operating Revenues and changes in contract work-in-progress[1]	Other operating revenue	Other Costs [2]	Financial Income	Financial Charges
Leonardo S.p.A.			6,679		
MBDA Italia S.p.A.	21,613	2,030			
MBDA France S.A.	44,637				
Thales Alenia Space Italia S.p.A.	5,299		2,083		
Telespazio S.p.A.			2,545		
Companies with a connecting relationship and relative investee companies	**71,548**	**2,030**	**11,307**	**-**	**-**
Termica Colleferro S.p.A.	73	112	11,534		8
Europropulsion S.A.	81,497	543	65,594		
Potable Water Services Consortium	23	27	8		
Servizi Colleferro - Consortium Limited Liability Company	258	41	1,534		
Associates and jointly controlled companies	**81,850**	**723**	**78,670**	**-**	**8**
Total related parties	**153,398**	**2,753**	**89,976**	**-**	**8**
Total book value	**583,690**	**10,138**	**558,460**	**2,592**	**1,041**
% on total account items	**26.28%**	**27.15%**	**16.11%**	**0.00%**	**0.76%**

	At December 31, 2024 restated (*)				
Counterparty	Operating Revenues and changes in contract work-in-progress[1]	Other operating income	Other Costs [2]	Financial Income	Financial Charges
Leonardo S.p.A.	-	-	4,795	-	-
MBDA Italia S.p.A.	7,623	-	-	-	-
MBDA France S.A.	51,320	-	1,797	-	-
Thales Alenia Space Italia S.p.A.	(40)	-	-	-	-
Companies with a connecting relationship and relative investee companies	**58,903**	**-**	**6,592**	**-**	**-**
Termica Colleferro S.p.A.	5	98	9,011	-	10
Europropulsion S.A.	66,266	229	48,065	-	-
Potable Water Services Consortium	48	27	263	-	-
Servizi Colleferro - Consortium Limited Liability Company	260	42	983	-	-
Associates and jointly controlled companies	**66,579**	**395**	**58,321**	**-**	**10**
Total related parties	**125,482**	**395**	**64,913**	**-**	**10**
Total book value	**480,420**	**6,654**	**457,871**	**726**	**2,346**
% on total account items	**26.12%**	**5.94%**	**14.18%**	**0.00%**	**0.41%**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

[1] The account includes revenues from sales and services and does not include the advancement of work from contract work-in-progress not yet concluded.
[2] The account includes raw material consumables, service costs and personnel expenses.

Transactions with companies with a connecting relationship and relative investee companies

The transactions with Leonardo S.p.A., considered a company with whom a connecting relationship exists, concern assistance and consultancy services. Transactions with investee companies by Leonardo are typically of a commercial nature.

Transactions with associates and jointly-controlled companies

Company transactions with associates and jointly-controlled companies may be summarised as follows:

- trade receivables, relating to revenues from the sale of company core business products, as part of ordinary operations and concluded at normal market conditions. In particular, with regard to the company Europropulsion S.A., revenues are included from the sale of company core business products, as part of ordinary operations and concluded at normal market conditions.
- financial receivables from Termica Colleferro S.p.A.;

- trade payables, relating to costs incurred as part of ordinary operations and relating to transactions concluded at normal market conditions; in addition, with reference to the company Europropulsion S.A., costs incurred as a result of transactions within ordinary operations and concluded at normal market conditions are included;
- financial payables, relating to the financial payables of Avio S.p.A. to Termica Colleferro S.p.A.;
- revenues, relating to the transactions described previously with regards to trade receivables;
- operating costs, relating to the transactions described previously with regards to trade payables.

Relations with the company Servizi Colleferro S.C.p.A mainly relate to the service provided by this company for the collection and purification of the waste water of the companies operating at the Colleferro facilities.

8. LIST OF GROUP COMPANIES AT DECEMBER 31, 2025

The following table presents the key details of Avio Group investees at December 31, 2025:

Companies included in the consolidation scope at December 31, 2025				**Holding**
Parent				
Company name	*Registered office*	*Share capital 31/12/2025*	*Share capital 31/12/2024*	*% Held*
Avio S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 158,506,882.70	EURO 90,964,212.90	N/A
Companies consolidated by the line-by-line method				
Company name	*Registered office*	*Share capital*	*Share capital*	*% Held*
Spacelab S.p.A.	via Leonida Bissolati, 76 - Rome	EURO 3,000,000	EURO 3,000,000	70%
Regulus S.A.	Centre Spatial Guyanais - BP 0073 97372 Kourou (French Guyana - France)	EURO 640,000	EURO 640,000	60%
SE.CO.SV.IM. S.r.l.	Via degli Esplosivi, 1 - Colleferro (RM)	EURO 53,929,691	EURO 53,929,691	100%
Avio Guyane S.A.S.	Centre Spatial Guyanais - BP 506 97388 Kourou (French Guyana - France)	EURO 50,000	EURO 50,000	100%
Avio France S.A.S.	3 Rue du Colonel Moll - 75017 Paris (France)	EURO 50,000	EURO 50,000	100%
Temis S.r.l.	Via Gaetano Donizetti, 20 - Corbetta (Milan)	EURO 100,000	EURO 100,000	100%
Avio USA Inc.	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of Newcastle, Delaware 19801 (USA)	13.50 (USD)	8.00 (USD)	100%
Avio India Aviation Aerospace Private Limited (*)	Pitampura Delhi North West (India)	INR 16,060,000	INR 16,060,000	100%)
Jointly controlled companies, measured at equity				
Europropulsion S.A.	11, rue Salomon de Rothschild 92150 Suresnes 388 250 797 RCS Nanterre	EURO 1,200,000	EURO 1,200,000	50%
Associates, measured at equity				
Termica Colleferro S.p.A.	Via degli Agresti, 4 and 6 Bologna	EURO 6,100,000	EURO 6,100,000	40%

(*) The company is in liquidation. No financial commitments are expected for the Group related to the liquidation.

9. DISCLOSURE PURSUANT TO ARTICLE 149 *DUODECIES* OF THE CONSOB ISSUER'S REGULATION

In accordance with Article 149 *duodecies* of the Consob Issuer's Regulation, we report below the information concerning fees paid in 2025 for audit and other services by the audit firm Deloitte & Touche S.p.A. and its network (in Euro thousands):

Type of service	Company	Service provider	Fees
Audit Services	Parent Company - Avio S.p.A.	Deloitte & Touche S.p.A. (1)	343
	Subsidiaries	Deloitte & Touche S.p.A.(2)	56
	Subsidiaries	Parent audit firm network(3)	13
Other services	Parent Company - Avio S.p.A.	Deloitte & Touche S.p.A.(4)	891
Total	**Total**		**1,303**

(1) The amount also includes the fee related to the limited review activities on the abbreviated nine-month consolidated financial statements.
(2) The amount concerns the audit of the subsidiaries Spacelab S.p.A., Se.Co.Sv.Im. S.r.l. and Temis S.r.l.;
(3) The amount refers to the audit of the statutory financial statements of Avio Guyana S.a.S.;
(4) The amount refers to (i) the limited audit of the Avio Group's Sustainability Statement in the amount of Euro 86 thousand; (ii) for the remainder to activities related to the issuance of a comfort letter for the capital increase operation concluded in November 2025.

10. DISCLOSURE ON PUBLIC GRANTS AS PER 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 2025:

Avio S.p.A.

The parent company Avio S.p.A. benefited from the following grants during the year:

1) Grants under Law No. 808 of December 24, 1985 "*Incentives for the development and improved competitivity of the aerospace sector industries*"

Lender	Project	Years_costs Project	Loans issued in 2025 (€/mln)	Collection date	Receivables from Ministry for Economic Development (€/mln)
Ministry for Economic Development	Innovative, strategic carbon epoxy prepreg materials and modified elastomeric thermal insulation formulated and produced within Italy for filament winding applied to 40T space engines	2012-2013	0.3	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	0.2	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	0.24	28.11.2025	0.8
Ministry for Economic Development	LOX/LCH technology demonstrator for the first stage of the Vega E launcher	2014-2016	0.15	27.11.2025	0.36
Mimit - Ministry of Enterprise and Made in Italy	"STS-PMD - EXPERIMENTAL TECHNOLOGY DEVELOPMENT FOR PROGNOSTICS OF DEFENSE ENGINE COMPONENTS"	2024-2025	0.78	19.12.2025	-
Mimit - Ministry of Enterprise and Made in Italy	"SMCI-PAD - DEVELOPMENT OF INNOVATIVE COMPOSITES WITH PREPREG FOR DEFENSE APPLICATIONS	2024-2025	2	17.12.2025	-
Mimit - Ministry of Enterprise and Made in Italy	"SCTCP - COMBINED SYSTEM OF INNOVATIVE TESTS AND CONTROLS FOR PROGNOSTIC IMPROVEMENT"	2024-2025	4.45	19.12.2025	-
Mimit - Ministry of Enterprise and Made in Italy	"MCCPLUS - Camera "MCCPLUS - High-efficiency copper combustion chamber for military propulsion."	2024-2025	3.1	19.12.2025	-
TOT			**11.22**		**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 receivables are recorded in the accounts at the value resulting from the application of the amortised cost method, calculated utilising the effective interest rate, and are increased due to the effect of the accumulated amortisation of the difference between the initial value and the actual cash amounts and booked in the accounts under "Financial income".

2) Other supports

Lender	Project	Years_costs Project	Loans issued in 2025 (€/mln)	Collection date	Nominal receivable to be collected (€/mln)
Ministry for Economic Development (Mise) (now MIMIT) and Sardinia regional government	SPTF - SPACE PROPULSION TEST FACILITY	2019-2020	0.74	29.04.2025	NA
European Commission Horizon Europe	DISCO - combining DISsimilar materials into functional large-scale COmponents and structures	2022-2024	0.06	07.02.2025	NA
Ministry for Economic Development (Mise) now MIMIT Major Projects PON (National Programme)	Innovative Composite Materials for the Aerospace and Automotive Industries I.S.A.A.C.	2022	0.33	16.05.2025	NA
European Commission Horizon Europe	ENLIGHTEN - Low cost high thrust propulsion for European strategic space launchers - technologies maturation including ground tests	2023-2024	0.6	24.12.2025	NA
European Commission Horizon Europe	ENLIGHTEN - Low cost high thrust propulsion for European strategic space launchers - technologies maturation including ground tests	2024-2025	0.33	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"*)	2020-2021	0.67	17.09.2025	NA
ASI Agenzia Spaziale Italiana (*"Italian Space Agency"*)	CHARISMA - Development of Sustainable Italian Carbon-Phenolic for Aerospace Engine Nozzles	2023-2024	0.3	17.12.2025	NA
TOT			**3.03**		

Other Italian companies in the Avio Group

The Avio Group's other Italian companies did not receive any public disbursements in this fiscal year, except for Temis, for which the detailed statement is provided below:

Lender	Project	Years_costs Project	Loans issued in 2025 (€/mln)	Collection date	Nominal receivable to be collected (€/mln)
Ministry for Economic Development (Mise) (now MIMIT)	INNOVATIVE ELECTRO ACTUATOR STUDY FOR AEROSPACE PROPULSION SYSTEMS	2024	0.15	11.08.25	-

As reported in the explanatory notes in relation to current assets for tax receivables, the Avio Group benefits from facilities such as tax credits for research and development, tax credits for generic technological innovation, and tax credits for the acquisition of generic and Industry 4.0 capital goods.

11. SUBSEQUENT EVENTS

Business

New Ariane 64 with 4 P120C boosters successfully launches Amazon Leo satellites[151]

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 programme.

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 SRM facility[152]

Avio USA will locate its new facility for the production of solid propellant engines in Hurt, Pittsylvania County (Virginia). The new facility will produce solid propellant engines 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.[153]

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 defence.

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 defence 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.

Other significant events

Upward revision of 2025 guidance on order book and revenue[154]

On January 29, 2026, the Board of Directors of Avio S.p.A. reviewed and approved the upward review of guidance on the order backlog and net revenue for FY 2025.

Specifically, (i) the order backlog is expected to be in the range of Euro 2,100 to 2,200 million (compared to previous forecasts confirmed to the market on October 27, 2025, ranging from Euro 1,700 to 1,800 million) and (ii) net revenues are expected to be in the range of Euro 510 to 540 million (compared to previous forecasts confirmed to the market on October 27, 2025, ranging from Euro 450 to 480 million). The upward review to guidance is driven by both the significant volume of orders signed in the fourth quarter of 2025 and faster-than-expected execution.

[151] See 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

[152] See 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

[153] See 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

[154] See press release of January 29, 2026 at the link: https://www.avio.com/it/comunicati-stampa/revisione-al-rialzo-della-guidance-2025-su-portafoglio-ordini-ricavi

Subscription of a shareholder agreement between the shareholders Leonardo S.p.A., In Orbit S.p.A. and RBC Holding S.r.l.[155]

On February 24, 2026, 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., a company 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 explanatory 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 boards.

Entry of Avio into FTSE MIB

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

* * *

March 12, 2026

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

[155] See press release of February 24, 2026 at the link: MXxjb211bmljYXRpLjE3NzEwMDAwMTcyMDI2MXwxfDIwMjYwMjI2

SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	Note	December 31, 2025	December 31, 2024 restated (*)
(in Euro)			
ASSETS			
Total non-current assets			
Property, plant and equipment	*3.1*	145,296,068	129,693,558
Right-of-use	*3.2*	21,253,089	26,753,781
- of which related parties		*12,686,975*	*17,870,919*
Intangible assets with definite life	*3.3*	132,690,068	126,877,234
Goodwill	*3.4*	61,005,397	61,005,397
Investments	*3.5*	101,618,343	97,188,232
Non-current financial assets	*3.6*	1,332,114	2,159,040
- of which related parties		*1,332,114*	*2,159,040*
Deferred tax assets	*3.7*	84,533,314	84,533,391
Other non-current assets	*3.8*	2,897,900	4,222,310
- of which related parties		*150,000*	*150,000*
Total non-current assets		**550,626,292**	**532,432,943**
Current assets			
Inventories	*3.9*	142,787,099	143,935,323
- of which related parties		-	-
Contract work-in-progress	*3.10*	198,844,708	155,999,977
- of which related parties		*25,603,246*	25,119,162
Trade receivables	*3.11*	5,386,718	3,785,612
- of which related parties		*4,658,504*	*3,128,908*
Cash and cash equivalents	*3.12*	595,127,384	94,992,783
Current financial assets	*3.13*	4,799,042	1,665,501
- of which related parties		*4,799,042*	*1,665,501*
Tax receivables	*3.14*	18,423,017	15,740,930
Other current assets	*3.15*	170,427,970	171,082,935
- of which related parties		*45,266,784*	*54,379,386*
Total current assets		**1,135,795,938**	**587,203,061**
TOTAL ASSETS		**1,686,422,230**	**1,119,636,005**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

STATEMENT OF FINANCIAL POSITION	Note	December 31, 2025	December 31, 2024 restated (*)
(in Euro)			
EQUITY			
Share capital	*3.16*	158,506,882	90,964,212
Share premium reserve	*3.17*	447,591,404	130,920,685
Other reserves	*3.18*	19,028,589	17,302,767
Retained earnings		50,249,304	44,223,664
Net profit for the year		10,040,914	7,991,577
TOTAL EQUITY		**685,417,093**	**291,402,905**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities		-	-
Non-current lease liabilities	*3.19*	13,630,096	19,250,687
- of which related parties		*9,303,751*	*14,512,714*
Employee benefit	*3.20*	6,989,846	7,537,534
Provisions for risks and charges	*3.21*	10,162,524	10,219,019
Other non-current liabilities	*3.22*	26,944,335	15,212,208
Total non-current liabilities		**57,726,802**	**52,219,448**
Current liabilities			
Current financial liabilities	*3.23*	32,504,940	37,174,577
- of which related parties		*32,504,940*	*37,174,577*
Current lease liabilities	*3.19*	8,159,089	7,811,161
- of which related parties		*5,601,839*	*5,516,976*
Current portion of non-current financial liabilities		-	2,003,000
Provisions for risks and charges	*3.21*	9,960,174	15,809,972
Trade payables	*3.24*	152,526,358	130,962,556
- of which related parties		*47,579,546*	*34,106,161*
Advances from clients for contract work-in-progress	*3.10*	714,909,906	556,947,993
- of which related parties		*246,368,324*	*99,975,572*
Current tax liabilities	*3.25*	4,371,446	3,096,551
Other current liabilities	*3.26*	20,846,422	22,207,841
- of which related parties		*404,684*	*473,341*
Total current liabilities		**943,278,334**	**776,013,651**
TOTAL LIABILITIES		**1,001,005,136**	**828,233,099**
TOTAL LIABILITIES AND EQUITY		**1,686,422,230**	**1,119,636,005**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

STATEMENT OF PROFIT OR LOSS	Note	FY 2025	FY 2024 restated (*)
(in Euro)			
Revenues	3.27	577,730,745	474,978,786
- of which related parties		*154,252,649*	*125,859,622*
Other operating income	3.28	10,337,004	5,969,984
- of which related parties		*3,334,081*	*987,379*
Consumption of raw materials	3.29	(176,424,689)	(139,528,467)
Service costs	3.30	(276,523,100)	(218,925,295)
- of which related parties		*(118,418,462)*	*(96,307,992)*
Personnel expense	3.31	(100,728,620)	(91,555,844)
Amortisation and depreciation	3.32	(22,006,282)	(20,109,030)
Other operating costs	3.33	(3,776,514)	(3,772,131)
EBIT		**8,608,544**	**7,058,004**
Financial income	3.34	2,577,881	693,022
- of which related parties		*107,439*	101,882
Financial charges	3.35	(1,231,247)	(2,856,443)
- of which related parties		*(356,884)*	*(674,331)*
NET FINANCIAL INCOME/(CHARGES)		**1,346,634**	**(2,163,421)**
Other investment income/(charges)	3.36	1,301,842	2,199,979
- of which related parties		*1,740,000*	*2,199,979*
INVESTMENT INCOME/(CHARGES)		**1,301,842**	**2,199,979**
PROFIT BEFORE TAXES		**11,257,019**	**7,094,562**
Income taxes	3.37	(1,216,106)	897,014
NET PROFIT		**10,040,914**	**7,991,577**
Basic earnings/(losses) per share	3.38	**0.34**	**0.32**
Diluted earnings/(losses) per share	3.38	**0.33**	**0.31**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

STATEMENT OF COMPREHENSIVE INCOME	FY 2025	FY 2024 restated (*)
(in Euro)		
NET PROFIT FOR THE YEAR (A)	**10,040,914**	**7,991,577**
Other comprehensive income statement items:		
Items that will not be subsequently reclassified to profit (loss) for the period:		
- Actuarial gains/(losses) - Actuarial gains/losses reserve	17,100	(50,141)
- Tax effect on other gains/(losses)	(77)	26,487
TOTAL OTHER COMPREHENSIVE INCOME ITEMS, NET OF TAX EFFECT (B)	**17,023**	**(23,654)**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (A+B)	**10,057,937**	**7,967,923**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

STATEMENT OF CHANGES IN EQUITY

(Euro thousands)

	Share capital	Share premium reserve	Other reserves					Retained earnings	Profit for the year	Total equity
			Treasury shares	*Unavailable reserve for treasury shares in portfolio*	*Legal reserve*	*Actuarial gains/(losses) reserve*	*Stock grant reserve*			
Balance at 01/01/2024	**90,964**	**130,921**	**(13,335)**	**13,335**	**18,193**	**(3,707)**	**622**	**44,516**	**5,708**	**287,216**
Allocation of prior year result								5,708	(5,708)	-
Distribution dividends								(6,000)		(6,000)
Incentive Plans							2,218			2,218
Comprehensive income/(loss) for the year										
- Net profit/(loss) for the year									7,992	7,992
- Actuarial gains/(losses), net of tax effect						(24)				(24)
Comprehensive income/(loss) for the year	-	-	-	-	-	(24)	-	-	7,992	7,968
Equity at 31/12/2024	**90,964**	**130,921**	**(13,335)**	**13,335**	**18,193**	**(3,731)**	**2,840**	**44,224**	**7,992**	**291,403**
Allocation of prior year result								7,992	(7,992)	-
Distribution dividends								(3,750)		(3,750)
Use of treasury shares		1,289	1,289	(1,289)			(1,128)	(161)		-
Sponsor Warrant Exercise	800	9,600								10,400
Stock option plan							2,837			2,837
Share capital increase	66,743	305,782						1,944		374,469
Comprehensive income/(loss) for the period										
- Net profit/(loss) for the year									10,041	10,041
- Actuarial gains/(losses), net of the related tax effect						17				17
Comprehensive income/(loss) for the period	-	-	-	-	-	17	-	-	10,041	10,058
Equity at 31/12/2025	**158,507**	**447,591**	**(12,046)**	**12,046**	**18,193**	**(3,714)**	**4,549**	**50,249**	**10,041**	**685,417**

STATEMENT OF CASH FLOW

(Euro thousands)

		2025	2024 restated (*)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year		10,041	7,992
Adjustments for:			
- Income taxes	*3.37*	1,216	(897)
- Financial (Income)/Charges		(1,347)	2,163
- Amortisation and Depreciation		22,006	20,109
- Write-down equity investments			
Net change provisions for risks and charges		1,073	(637)
Net change employee benefits		1,179	320
Changes in:			
- Inventories		1,148	(26,148)
- of which related parties		-	-
- Contract work-in-progress & advances from clients		115,117	70,940
- of which related parties		*145,909*	11,721
- Trade receivables		(1,601)	(240)
- of which related parties		*(1,530)*	(471)
- Trade payables		19,984	(1,242)
- of which related parties		*13,473*	3,194
- Other current & non-current assets		(750)	(9,458)
- of which related parties		*9,113*	*14,251*
- Other current & non-current liabilities		8,967	5,320
- of which related parties		*(69)*	*6*
Income taxes paid		(3,020)	-
Interest received/(paid)		819	(126)
Net cash from/(used) in operating activities	(A)	**174,833**	**68,097**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in:			
- Property, plant & equipment	*3.1*	(19,676)	(18,105)
- Intangible assets with definite life	*3.3*	(16,349)	(11,969)
- Equity Investments	*3.5*	(4,868)	(3,724)
Net cash from/(used) in investing activities	(B)	**(40,893)**	**(33,798)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment EIB loans		(2,000)	(10,000)
Dividends paid by the parent Avio S.p.A.		(3,750)	(6,000)
Share capital increase and share premium reserve		386,449	-
Other changes in current and non-current financial assets		(2,307)	(4,685)
- of which related parties		*2,877*	*5,346*
Other changes in current and non-current financial liabilities		(12,197)	(6,493)
- of which related parties		*(5,124)*	*(5,012)*
Net cash from/(used) in financing activities	(C)	**366,195**	**(27,177)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A)+(B)+(C)	**500,135**	**7,121**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**94,993**	**87,872**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**595,128**	**94,993**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

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

NON-CURRENT ASSETS

3.1. PROPERTY, PLANT & EQUIPMENT

The values of Property, plant and equipment at December 31, 2025 and December 31, 2024 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	31/12/2025			31/12/2024		
	Historic cost	Accumulated depreciation	Net book value	Historic cost	Accumulated depreciation	Net book value
Land	-	-	-	-	-	-
Buildings	49,153	(12,981)	36,172	49,380	(12,015)	37,365
Plant & machinery	88,425	(61,439)	26,986	87,273	(59,651)	27,622
Industrial & commercial equipment	13,014	(12,483)	531	12,927	(12,354)	573
Other assets	15,987	(10,554)	5,434	14,321	(9,405)	4,916
Assets in progress and advances	76,174	-	76,174	59,218	-	59,218
Total	**242,753**	**(97,457)**	**145,296**	**223,118**	**(93,425)**	**129,694**

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

Historic cost	31/12/2024	Investments	Decreases for disposals	Reclassifications	31/12/2025
Land	-	-	-	-	-
Buildings	49,380	1,154	-	(1,381)	49,153
Plant & machinery	87,273	3,263	(626)	(1,484)	88,425
Industrial & commercial equipment	12,927	93	-	(6)	13,014
Other assets	14,321	1,779	(81)	(31)	15,987
Assets in progress and advances	59,218	14,054	-	2,902	76,174
Total	**223,118**	**20,342**	**(707)**	**-**	**242,753**

The increases in the year of Euro 20,342 thousand mainly concern:

- assets in progress and advances for Euro 14,054 thousand. These investments mainly concerned the works to construct the infrastructure for the Next-Gen EU projects for Euro 7,524 thousand, and for the purchase of assets to increase flight frequency, amounting to Euro 4,545 thousand;
- plant and production machinery amounting to Euro 3,263 thousand, mainly to achieve increased flight cadence;
- other assets amounting to Euro 1,779 thousand, mainly relating to IT equipment and furnishings related to the Company's administrative site;
- buildings amounting to Euro 1,154 thousand, mainly relating to extraordinary maintenance and restructuring.

The changes in the year of the accumulated depreciation provision of property, plant and equipment are illustrated in the table below (Euro thousands):

Accumulated depreciation	31/12/2024	Depreciation	Decreases for disposals	Reclassifications	31/12/2025
Buildings	(12,015)	(966)	-	-	(12,981)
Plant & machinery	(59,651)	(1,794)	5	-	(61,439)
Industrial & commercial equipment	(12,354)	(129)	-	-	(12,483)
Other assets	(9,405)	(1,185)	36	-	(10,554)
Total	**(93,425)**	**(4,074)**	**41**	**-**	**(97,457)**

3.2. RIGHT-OF-USE

The values of Right-of-use assets at December 31, 2025 are shown net of the accumulated depreciation provisions, as illustrated in the table below (Euro thousands).

	31/12/2025			31/12/2024		
	Historic cost	Accumulated depreciation	Net book value	Historic cost	Accumulated depreciation	Net book value
Land right-of-use	3,066	(898)	2,168	3,066	(717)	2,349
Buildings right-of-use	48,754	(35,120)	13,634	48,754	(29,576)	19,178
Plant and machinery right-of-use	1,690	(1,125)	564	1,690	(959)	730
Other assets right-of-use	9,232	(4,345)	4,887	7,714	(3,217)	4,496
Total	**62,741**	**(41,489)**	**21,253**	**61,223**	**(34,470)**	**26,753**

The changes between December 31, 2024 and December 31, 2025 in the gross values of these rights are illustrated in the table below (Euro thousands):

Historic cost	31/12/2024	Investments	Decreases for contract conclusion	Reclassifications	31/12/2025
Land right-of-use	3,066	-	-	-	3,066
Buildings right-of-use	48,754	-	-	-	48,754
Plant and machinery right-of-use	1,690	-	-	-	1,690
Other assets right-of-use	7,714	2,517	(999)	-	9,232
Total	**61,223**	**2,517**	**(999)**	**-**	**62,741**

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

- leasing of areas and buildings in the Colleferro industrial district by the subsidiary company Se.Co.Sv.Im. S.r.l., including the group's headquarters;
- concession of an area located within the Salto di Quirra Inter-force Experimental Facility;
- lease of the electro-duct and relative electrical infrastructure at the combined cycle co-generation thermo-electrical station owned by the associate Termica Colleferro S.p.A.;
- leasing of office and industrial use land and buildings at Paris (France), Airola (Campania) and Villaputzu (Sardinia); leasing of apartments for employees in French Guiana; hiring of company cars.

The increases in the year of Euro 2,517 thousand, new company use vehicle lease contracts and the new apartment lease contracts/renewals for the employees in Guyana, where the spaceport is located.
The decreases, amounting to Euro 999 thousand, related to the termination of lease contracts for vehicles and apartments for employees.

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

Accumulated depreciation	31/12/2024	Amortisation and depreciation	Decreases for contract conclusion	Reclassifications	31/12/2025
Land right-of-use	(717)	(181)	-	-	(898)
Buildings right-of-use	(29,576)	(5,544)	-	-	(35,120)
Plant and machinery right-of-use	(959)	(166)	-	-	(1,125)
Other assets right-of-use	(3,217)	(1,861)	733	-	(4,345)
Total	**(34,470)**	**(7,752)**	**733**	**-**	**(41,489)**

3.3. INTANGIBLE ASSETS WITH DEFINITE LIFE

The values of Intangible assets with definite life at December 31, 2025 are shown net of the accumulated amortisation provisions, as illustrated in the table below (Euro thousand), which shows the comparison between the balances of the Intangible assets with definite life of Avio S.p.A. at December 31, 2025 with those at December 31, 2024.

	31/12/2025			31/12/2024		
	Historic cost	Accumulated amortisation	Net book value	Historic cost	Accumulated amortisation	Net book value
Development costs - amortisable	71,685	(21,509)	50,176	71,685	(18,052)	53,633
Development costs - in progress	37,486	-	37,486	27,915	-	27,915
Total development costs	109,171	(21,509)	87,662	99,600	(18,052)	81,548
Assets from Client Accreditation	44,785	(26,125)	18,660	44,785	(23,139)	21,646
Concessions, licenses, trademarks and similar rights	30,444	(16,292)	14,152	26,183	(13,867)	12,316
Other	18,139	(6,215)	11,924	16,027	(4,951)	11,075
Assets in progress and advances	291	-	291	291	-	291
Total	**202,830**	**(70,140)**	**132,690**	**186,886**	**(60,009)**	**126,877**

The development costs being amortised primarily refer to design and testing costs relating to the Z40 and P120C engines.

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

With reference to development costs in course of completion, which are not subject to amortisation as they relate to development projects not yet completed and/or to programmes which have not yet commenced commercial production as of December 31, 2025, recognition under intangible assets with definite useful lives (with prior verification of the absence of impairment) is supported by the profitability forecasts of the programmes mainly referring to new liquid oxygen and methane engines.

Following the purchase price allocation process of the Avio Group by Space2 in March 2017, two intangible assets were identified relating to the Ariane and Vega aerospace programmes for a total of Euro 44,785 thousand.
The assets deriving from this allocation were measured at fair value based on the present value of the expected future benefits of the above aerospace programmes and amortised over a period of 15 years on the basis of the average useful life of the programmes.

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

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

Historic cost	31/12/2024	Investments	Decreases	Reclassifications	31/12/2025
Development costs - amortisable	71,685	-	-	-	71,685
Development costs - in progress	27,915	9,687	(117)	-	37,486
Total development costs	99,600	9,687	(117)	-	109,171
Assets from Client Accreditation	44,785	-	-	-	44,785
Concessions, licenses, trademarks and similar rights	26,183	4,261	-	-	30,444
Other	16,027	2,352	(239)	-	18,139
Assets in progress and advances	291	-	-	-	291
Total	**186,886**	**16,300**	**(356)**	**-**	**202,830**

The increases in 2025 of Intangible Assets with definite life amounted to Euro 16,300 thousand, of which principally:

- Euro 9,687 thousand, mainly for design and testing costs for the construction of the new products and avionics elements;
- Euro 4,261 thousand concerning software licenses and introduction projects;
- Euro 2,352 thousand, mainly concerning the review of the procedures to streamline production.

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

Accumulated amortisation	31/12/2024	Amortisation	Decreases	Reclassifications	31/12/2025
Development costs - amortisable	(18,052)	(3,457)	-	-	(21,509)
Development costs - in progress	-	-	-	-	-
Total development costs	(18,052)	(3,457)	-	-	(21,509)
Assets from Client Accreditation	(23,139)	(2,986)	-	-	(26,125)
Concessions, licenses, trademarks and similar rights	(13,867)	(2,425)	-	-	(16,292)
Other	(4,951)	(1,312)	48	-	(6,215)
Total	**(60,009)**	**(10,180)**	**48**	**-**	**(70,140)**

3.4. GOODWILL

The goodwill, recognised to the financial statements at December 31, 2025 for Euro 61,005 thousand, concerns the residual portion of the price paid by Space2 S.p.A. in 2017, after the purchase price allocation and allocated to the sole Group CGU corresponding to its operating sector;

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

Goodwill allocated to the CGU was subject to an impairment test at the reporting date, the outcome of which did not indicate the need for a write-down of the carrying amount of goodwill at December 31, 2025.

The recoverability of the amounts recognised are verified through comparing the net capital employed (carrying amount) of the CGU with the relative recoverable value. The recoverable value of goodwill is based on the calculation of the value in use i.e. the present value of future operating cash flows on the basis of the estimates included in the long-term plans approved by the Group and an adjusted terminal value, employed to express a summary estimate of future results over the explicitly considered timeframe. These cash flows are thereafter discounted according to discount rates reflecting the present market valuations of the cost of money and which take account of the specific risks of Group operations and of the CGU considered.

At December 31, 2025, cash flows for the CGU were estimated based on projections from the 2025-2035 Business Plan, approved by the Board of Directors on September 11, 2025. For the calculation of the terminal value, the expected cash flows for the final year of the plan were normalised according to the perpetuity method, assuming 2.0% growth (same as the previous year) for forecast cash flows (in line with forecast Italian medium/long-term inflation[156]).

For the purposes of preparing the impairment test, cash flows were discounted at a weighted average cost of capital ("WACC") of 10% (1.3% higher than the 8.7% used in the previous year), estimated in accordance with the Capital Asset Pricing Model approach[157].

The estimates and the plan data used in the application of the above indicated parameters are calculated by directors based on past experience and forecasts concerning Group markets, where estimates can be reasonably made. It is therefore highlighted that the current international economic environment and the possible economic-financial repercussions, also on spending levels by national governments and supranational institutions on space access policies, as well as potential future developments in European launcher governance referred to in the ESA Council decisions of November 6, 2023 and of July 5, 2024[158], may create uncertainties around the achievement of objectives and the level of activities considered in the plan.[159] The estimate of the recoverable value of goodwill requires subjectivity and the use of estimates by the directors and, although considering that the production and commercialisation cycles for products cover extensive timeframes which therefore permit the recovery of any delays on plan objectives, it should be considered that goodwill may be impaired in future periods due to changes in the general environment which are currently unforeseeable. The circumstances and events which may result in further impairments are constantly monitored by the directors.

The impairment test was conducted by the Company with the external support of a leading consulting firm.

For the results and effects of the impairment test, reference should be made to Note 3.5 of the Consolidated Financial Statements of the Avio Group."

[156] Source: Economist Intelligence Unit database

[157] 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 to EBITDA of the Italian and US businesses, 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.

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

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

3.5. INVESTMENTS

The table below presents the parent company Avio S.p.A.'s equity investments at December 31, 2025 (in Euro thousands) and the comparison with the share of equity for the investments in subsidiaries, associates and joint ventures:

Company	Site	% held	Book value	Equity	Equity share	Difference Holding / Equity share
Investments in subsidiaries						
Spacelab S.p.A.	Rome	70%	2,650	6,226	4,358	(1,708)
Se.Co.Sv.Im. S.r.l.	Colleferro (RM)	100%	58,640	69,035	69,035	(10,395)
Regulus S.A.	Kourou (French Guyana)	60%	9,590	23,217	13,930	(4,340)
Avio Guyane S.A.S.	Kourou (French Guyana)	100%	50	1,187	1,187	(1,137)
Avio France S.A.S.	Paris/Kourou (French Guyana)	100%	50	426	426	(376)
Temis S.r.l.	Corbetta (Milan)	100%	3,355	697	697	2,658
Avio USA Inc.	Wilmington (USA)	100%	11,443	164	164	11,279
Avio India Aviation Aerospace Private Limited (**)	New Delhi (India)	100%	114	100	100	14
Sub-total			**85,892**	**101,052**	**89,897**	**(4,006)**
Associates and jointly-controlled companies						
Europropulsion S.A. (*)	Suresnes (France)	50%	3,698	13,641	6,820	(3,122)
Termica Colleferro S.p.A. (**)	Bologna	40%	7,674	14,446	5,778	1,896
Servizi Colleferro - Società Consortile per Azioni (**)	Colleferro (Rm)	30%	38	125	38	-
Sitab Consortium in liquidation (***)	Rome	20%	-	-	-	-
Potable Water Services Consortium	Colleferro (Rm)	25%	-	-	-	-
Sub-total			**11,411**	**28,212**	**12,637**	**(1,226)**
Total Equity holdings in subsidiaries, associates and jointly-controlled companies			**97,302**	**129,264**	**102,534**	**(5,232)**
Investments in other companies			**4,316**			
Total			**101,618**			

(*) Companies under joint control
(**) financial statements data at December 31, 2024
(***) liquidation completed on January 8, 2026

With regard to investments in subsidiaries, a positive differential between the value of the investment and the share of equity is achieved for the following main subsidiaries:

- Temis S.r.l., for Euro 2,658 thousand;
- Avio USA Inc. for Euro 11,279 thousand;

The future net cash flows from the business prospects of these two companies reasonably allow full recovery of the capital gain. For the impairment tests carried out at December 31, 2025, the carrying amounts subject to verification and the main assumptions underlying the tests performed are reported below (Euro thousands):

	Amount	Method used	Forecast period	Growth rate	Discount rate
Avio USA Inc.	11,443	DCF	2025-2035	2.20%	10.90%
Temis S.r.l.	3,355	DCF	2025-2028	2.00%	10.10%

With reference to investments in associates and jointly-controlled companies, the positive difference between the value of the investment and the equity attributable to the associate Termica Colleferro S.p.A., amounting to Euro 1,896 thousand, is expected to be recovered based on future net cash flows from the associate's industrial project, concerning the construction of a new cogeneration plant in order to ensure the supply of constant, non-interruptible heat and power to Avio S.p.A.

The overseas subsidiary Avio India Aviation Aerospace at December 31, 2025 was in liquidation.

The following table presents the changes in the year 2025 in investments in subsidiaries (in thousands of Euro):

	31/12/2024	Increases	Decreases	Other movements	31/12/2025
Spacelab S.p.A.	2,650	-	-	-	2,650
Se.Co.Sv.Im. S.r.l.	58,640	-	-	-	58,640
Regulus S.A.	9,590	-	-	-	9,590
Avio Guyane S.A.S.	50	-	-	-	50
Avio France S.A.S.	50	-	-	-	50
Temis S.r.l.	3,355	-	-	-	3,355
Avio USA Inc.	6,574	4,868	-	-	11,443
Avio India Aviation Aerospace Private Limited	114	-	-	-	114
	81,024	**4,868**	**-**	**-**	**85,892**

In 2025, four capital increases were made in the subsidiary Avio USA Inc. totalling Euro 4,868 thousand.

The following tables presents the changes in the year 2025 in investments in associates and jointly-controlled companies (in thousands of Euro):

	31/12/2024	Increases	Decreases	Other movements	31/12/2025
Europropulsion S.A.	3,698	-	-	-	3,698
Termica Colleferro S.p.A.	7,674	-	-	-	7,674
Servizi Colleferro - Società Consortile per Azioni	38	-	-	-	38
Sitab Consortium in liquidation	5	-	(5)	-	-
Potable Water Services Consortium	-	-	-	-	-
	11,416	**-**	**(5)**	**-**	**11,411**

The statement of changes in the year 2025 in investments in other companies follows (amounts in Euro thousands):

	31/12/2024	Increases	Decreases	Other movements	31/12/2025
Arianespace Participation S.A.	433	-	(433)	-	-
C.I.R.A. (Centro Italiano Ricerche Aerospaziali) S.c.p.A.	60	-	-	-	60
Imast S.c.a.r.l.	22	-	-	-	22
Distretto Aerospaziale Sardegna S.c.a.r.l.	9	-	-	-	9
ART S.p.A.	1,720	-	-	-	1,720
T4i S.p.A.	2,500	-	-	-	2,500
Fondazione ITS Meccatronico del Lazio	5	-	-	-	5
	4,749	**-**	**(433)**	-	**4,316**

The movement in investments in other companies is mainly due to the write-down of Arianespace Participation S.A., following the conclusion in December 2025 of the share capital increase transaction of the investee, and as it did not subscribe to such Avio exited the shareholding structure.

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

The equity investment in ART is greater than the share of equity by Euro 538 thousand (as, as per the last available financial statements at December 31, 2024, the company's equity was Euro 23,648 thousand. The share is therefore Euro 1,182 thousand). It is considered that the valuations conducted for the purposes of the acquisition are valid to date and, therefore, will allow for the recovery of this capital gain.

As part of the acquisition of the stake in ART, an agreement was signed between Avio and GEF S.r.l., owner of the remaining 85% of the company, whereby Avio granted the other shareholder a pre-emption right to purchase the 5% stake in ART. This option may be exercised at the earlier of the following dates: (i) the conclusion of the fifth year from the date of completion of Avio's purchase of the investment; and (ii) in the case of a proposed change of control of the company, 60 days prior to the change of control. The option price is calculated by applying a multiplier to the aforementioned 5% acquisition price of the company, determined on the basis of the year following the date of completion of the transaction, starting from the fifth year.

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

The equity investment in T4i is greater than the share of equity by Euro 1,995 thousand (as, as per the last available financial statements at December 31, 2024, the company's equity was Euro 2,970 thousand. The share is therefore Euro 505 thousand). It is considered that the valuations conducted for the purposes of the acquisition are valid to date and, therefore, will allow for the recovery of this capital gain.

3.6. NON-CURRENT FINANCIAL ASSETS

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

	31/12/2025	31/12/2024	Change
Shareholder loan to Termica Colleferro S.p.A.	1,177	2,010	(833)
Financial receivable from Avio France	155	149	6
	1,332	**2,159**	**(827)**

The movement is due to the partial repayment of the interest-free shareholder loan, of which the associated company Termica Colleferro was the beneficiary. Repayment is subordinated to the full repayment by that company of the loan previously granted by the lending banks, which matures on February 24, 2027.

3.7. DEFERRED TAX ASSETS

Avio's recognised deferred tax assets amount to Euro 84,533 thousand (Euro 84,533 thousand at December 31, 2024).
The amount recorded in the accounts represents the net balance of the deferred tax assets and liabilities calculated on the temporary differences between the value of assets and liabilities assumed for the purposes of the preparation of the financial statements and the respective values for fiscal purposes and the tax losses carried forward.
Deferred taxes are determined applying the tax rates which are expected to be applied in the period when the temporary differences will be reversed, or the benefits related to the tax losses will be utilised.
The summary of the temporary differences (deductible and assessable) and of the tax losses which resulted in the recognition of deferred tax assets and liabilities is illustrated in the table below with reference to the reporting date (Euro thousands):

	31/12/2025	31/12/2024	Change
Gross deferred tax assets on temporary differences			
Temporary differences deriving from previous corporate operations			
Fiscal amortisation on previous goodwill whose tax benefits remain in the Company.	22,524	7,179	15,345
Financial charges exceeding 30% of the ROL	24,585	27,280	(2,695)
Temporary differences deriving from current corporate operations			-
Provision for staff charges	4,520	1,669	2,851
Other deductible temporary differences	2,376	7,715	(5,339)
Total gross deferred tax assets	**54,005**	**48,803**	**10,162**
Deferred tax liability on temporary differences			
Temporary differences deriving from previous corporate operations			
Amortisation intangible assets from PPA 2017 - Customer accreditation	(5,378)	(6,268)	890
Tax effect R&D expenses First-Time Adoption	-	(43)	43
Temporary differences deriving from current corporate operations			
Other temporary assessable differences	(779)	(784)	5
Total gross deferred tax liabilities	**(6,157)**	**(7,095)**	**938**
Net deferred tax assets/(liabilities)	**47,848**	**36,748**	**11,100**
Deferred tax assets on tax losses	53,470	66,697	(13,227)
Total deferred tax assets	**101,318**	**103,445**	**(2,127)**
Deferred tax assets not recorded	(16,785)	(18,912)	2,127
Net deferred tax assets (liabilities) recorded	**84,533**	**84,533**	**-**

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

This time period considered representative of the life cycle of the business was estimated also taking into account the meeting with the Ministers of the Member Countries of ESA held in December 2014, which resulted in the signing in August 2015 of agreements with ESA relating to the development of the Ariane 6 launcher and the evolution of the VEGA launcher within the VEGA C programme which provides for the development and construction of the new "P120C" thruster, and the meeting of the Ministers of the Member Countries of ESA held on December 1, 2016 and on December 2, 2016 which confirmed the above-mentioned development programmes and gave the go ahead for the long-term development programme of the engine and of the Upper Stage of the Vega E, or rather the next step in the evolution of the Vega launcher.

The deferred tax assets recognised mainly refer to the tax losses carried forward pursuant to Article 84 of the Income Tax Law (TUIR) (Euro 53,470 thousand), to the financial charges exceeding 30% of the gross operating profit that can be carried forward pursuant to Article 96 of the TUIR (Euro 24,585 thousand), and to the amortisation related to the Space and Aviation goodwill that can be deducted in future years (Euro 22,524 thousand).

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

3.8. OTHER NON-CURRENT ASSETS

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

	31/12/2025	31/12/2024	Change
Other non-current assets	2,898	4,222	(1,324)
	2,898	**4,222**	**(1,324)**

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

	31/12/2025	31/12/2024	Change
Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - non-current portion	957	2,099	(1,142)
Deposits and other non-current assets	610	740	(130)
Prepayments related to land rights	1,331	1,384	(53)
Total	**2,898**	**4,222**	**(1,324)**

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

These receivables are recorded in the accounts at the value resulting from the application of the amortised cost method, calculated utilising the effective interest rate, and are increased due to the effect of the accumulated amortisation of the difference between the initial value and the actual cash amounts and booked in the accounts under "Financial income".

The amounts to be received within 12 months are classified under "Other current assets" (Note 3.15).

The item "Prepayments related to land rights", amounting to Euro 1,331 thousand, related to the portion of the price of land rights accruing beyond the next financial year; in this respect, it is recalled that Avio S.p.A. signed with the subsidiary Se.Co.Sv.Im. on December 15, 2023, a deed of land right with a duration of 30 years, relating to areas, included in the Colleferro industrial district, to be allocated to the project *"Realization of a test center called Orbital Propulsion Test Facility (OPTF) for the development and qualification of motors for space applications, using as propellants 95% oxygen peroxide (HTP) and rocket kerosene (RP.1)*". This project is included in the National Recovery and Resilience Plan (PNNR) for the development and qualification of the Multi Purpose Green Engine (MPGE) space engine.

CURRENT ASSETS

3.9. INVENTORIES

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

	31/12/2025	31/12/2024 restated (*)	Change
Inventories	142,787	143,935	(1,148)
	142,787	**143,935**	**(1,148)**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

The breakdown of the account at December 31, 2025 and relative movements follow (in Euro thousands):

	31/12/2024 restated (*)	Change	31/12/2025
Raw materials, supplies and consumables	125,963	(2,106)	123,857
Raw material, ancillary and consumables obsolescence provision	(1,952)	305	(1,647)
Raw material, ancillary and consumables - net value	124,011	(1,801)	122,210
Products in work-in-progress	11,861	657	12,518
Provision for the write-down of work in progress	-	-	-
Products in work-in-progress - net value	11,861	657	12,518
Finished products and other inventories	8,063	(4)	8,059
Finished products and other inventories obsolescence provision	-	-	-
Finished products and other inventories - net value	8,063	(4)	8,059
	143,935	**(1,148)**	**142,787**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

At December 31, 2025, the movement of the raw materials, ancillaries and consumables obsolescence provision amounting to Euro 473 thousand mainly refers to the utilisations of the previously accrued provisions of approximately Euro 944 thousand, partially offset by the accruals to account for obsolescence or value reduction of approximately Euro 640 thousand.

During the last quarter of 2025, the process of outsourcing warehouse management was completed, the effects of which are reflected in these financial statements. Consequently, at December 31, 2025, inventories also include goods held at the external warehouse exceeding 90%, which remain the property of the company and are accounted for in the value of the item under consideration. These inventories are maintained by the external warehouse under an integrated logistics contract that includes a commitment to take the necessary measures for the proper storage of materials in accordance with the terms contracted by the parties. The Company believes that the risks associated with third-party custody are adequately managed and there are no elements that could jeopardize the ownership or integrity of proprietary assets.

3.10. CONTRACT WORK-IN-PROGRESS

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

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

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

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

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

	31/12/2025	31/12/2024	Change
Contract work-in-progress	198,844	156,000	42,844
Advances for contract work-in-progress	(714,910)	(556,948)	(157,961)
Net total	**(516,066)**	**(400,948)**	**(115,117)**

The table below summarises the contract work-in-progress relating to the projects where the gross value is higher than the advances and is therefore recorded for the net value under assets in the Balance Sheet of Avio S.p.A. (Euro thousands):

	31/12/2025	31/12/2024	Change
Contract work-in-progress (gross)	2,409,302	1,953,823	455,479
Advances for contract work-in-progress (gross)	(2,210,458)	(1,797,823)	(412,635)
Contract work-in-progress (net)	**198,844**	**156,000**	**42,844**

The table below summarises the contract work-in-progress relating to the projects where the gross value is lower than the advances and is therefore recorded, net of the advances, under liabilities in the Balance Sheet of Avio S.p.A. (Euro thousands):

	31/12/2025	31/12/2024	Change
Contract work-in-progress (gross)	762,604	668,777	93,827
Advances for contract work-in-progress (gross)	(1,477,513)	(1,225,725)	(251,789)
Advances for contract work-in-progress (net)	**(714,910)**	**(556,948)**	**(157,962)**

The Parent Avio is entitled to the research and development tax credits provided for in Decree-Law No. 145 of December 23, 2013, converted, with modifications, by Law No. 9 of February 21, 2014, as amended by Law No. 232 of December 11, 2016 (the "2017 Finance Act") and by the 2019 Finance Act (Art. 1, paragraphs 70-72, of Law No. 145 of December 30, 2018), on the basis of research and development services commissioned by the European Space Agency. These benefits are recognised to the income statement based on the advancement of the research and development on long-term orders which are part of the contract work-in-progress.
The multi-year projects mainly concern those relating to the Vega C and Vega E launchers and the recognition of the economic benefits shall be made over the duration of the orders and from the effective advancement of the orders, calculated on the basis of the relative costs incurred.

At present, the share of variable fees accounts for 3.2% of "Contract work-in-progress (gross)" (2.2% of "Contract work-in-progress (gross)" at December 31, 2024).

3.11. TRADE RECEIVABLES

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

	31/12/2025	31/12/2024	Change
Trade receivables	5,387	3,786	1,601
	5,387	**3,786**	**1,601**

The breakdown of trade receivables is as follows:

	31/12/2025	31/12/2024	Change
Receivables from third parties	997	838	159
Subsidiaries	3,342	2,434	908
Receivables from associates, jointly controlled companies and non-consolidated subsidiaries	1,047	513	534
Total	**5,387**	**3,786**	**1,601**

The book value of the receivables approximates their fair value.

Receivables from third parties

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

	31/12/2025	31/12/2024	Change
Gross value	1,080	921	159
less: doubtful debt provision	(83)	(83)	-
Total	**997**	**838**	**159**

The receivables relate to a few large customers (ESA, Arianespace, MBDA mainly) with whom there are consolidated relations and, in addition, invoices are issued on a "work in progress" basis, therefore following prior approval by them.

Subsidiaries

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

	31/12/2025	31/12/2024	Change
Spacelab S.p.A.	114	34	80
Regulus S.A.	666	635	32
Se.Co.Sv.Im. S.r.l.	786	181	605
Avio USA Inc.	1,218	1,197	21
Avio Guyane S.A.S.	297	225	72
Avio France S.A.S.	261	162	98
Total	**3,342**	**2,434**	**908**

Receivables from associates and jointly-controlled companies

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

	31/12/2025	31/12/2024	Change
Termica Colleferro S.p.A.	558	421	136
Europropulsion S.A.	329	16	312
Potable Water Services Consortium	122	40	82
Servizi Colleferro S.C.p.A.	39	36	3
Total	**1,047**	**513**	**534**

3.12. CASH AND CASH EQUIVALENTS

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

	31/12/2025	31/12/2024	Change
Cash and cash equivalents	595,127	94,993	500,135
Total	**595,127**	**94,993**	**500,135**

Cash and cash equivalents mainly concern balances on bank current accounts, in addition to some short-term restricted deposits (Euro 310,000 thousand at December 31, 2025). The increase in the item is mainly attributable to the conclusion of the capital increase in November 2025 for a value of approximately Euro 400 million.

3.13. CURRENT FINANCIAL ASSETS

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

	31/12/2025	31/12/2024	Change
Current financial assets	4,799	1,666	3,134
Total	**4,799**	**1,666**	**3,134**

This account concerns the balance of the current account with the subsidiary Avio Guyane S.A.S. for the purpose of centralized Group treasury management.

The transaction is governed by the following market conditions:

- lending rate: Euribor 1 M 365 (determined, month by month, with reference to the last working day of the previous month) - 228 bps (should the ECB reference rates for deposits become negative during the reporting year, then the rate applied will be 0.00%);
- rate payable: Euribor 1 M 365 (determined, month by month, with reference to the last working day of the previous month) + 199 bps. If the Euribor rate is negative, it will be considered zero for the present purposes.

3.14. CURRENT TAX RECEIVABLES

The table below presents tax assets at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Tax receivables	18,422	15,740	2,682
Total	**18,422**	**15,740**	**2,682**

The following table presents the net changes by type of tax credit and tax (in Euro thousands):

	31/12/2025	31/12/2024	Change
VAT	9,086	6,574	2,512
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	-
Receivables from tax authorities	1,596	1,507	89
Tax credit on energy	-	-	-
EU VAT receivables	368	287	82
Total	**18,422**	**15,740**	**2,682**

The item increased on December 31, 2024, mainly due to the increase in VAT receivables. There are deviations in the specific categories of tax and tax credits, however, as described below.

VAT receivables

VAT receivables of Euro 9,086 thousand (Euro 6,574 thousand at December 31, 2024), include:

- Euro 1,890 thousand, relating to VAT reimbursement requests to the Tax Authorities (Euro 1,890 thousand at December 31, 2024);
- Euro 7,196 thousand, relating to VAT reimbursements to date not requested for repayment (Euro 4,684 thousand at December 31, 2024).

VAT receivables in the year reported a net increase of Euro 2,512 thousand - the net effect of:

- decreases for offsets of Euro 2,149 thousand;
- increases for new VAT receivables of Euro 4,661 thousand;

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

Research and development and technological innovation tax credit

These tax receivables totaled Euro 7,373 thousand (Euro 7,373 thousand at December 31, 2024).

Regulatory framework

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

d) 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;
e) 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;

f) a tax credit for the design and styling activities carried out by companies active in textiles, fashion, footwear, eyewear, jewellery, furniture and furnishings and ceramics to create and implement new products and samples.

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

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

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

Recognition in the Financial Statements

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

The 2025 income statement includes amounts of Euro 743 thousand relating to the effects on the income statement of the tax credits accrued in 2017, 2018 and 2019 according to the provisions of Article 3 of Decree-Law 145/2013, in effect until December 31, 2019.
The amount recorded in the comparative Income Statement for 2024 was Euro 1,198 thousand.

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

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

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

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

Avio S.p.A. recognised R&D tax credits of Euro 7,372 thousand to these financial statements and accrued in 2020, 2021, 2022, 2023 and 2024 (Euro 7,372 thousand).

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

Tax receivables

Tax receivables of Euro 1,596 thousand (Euro 1,507 thousand at December 31, 2024), principally concerned:

- receivables for withholding taxes on interest income for Euro 381 thousand;
- tax receivables for IRES of Euro 939 thousand.

EU VAT receivables

The EU VAT receivables relate to inter-EU transactions and amount to Euro 368 thousand (Euro 287 thousand at December 31, 2024).

3.15. OTHER CURRENT ASSETS

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

	31/12/2025	31/12/2024 restated (*)	Change
Other current assets	170,428	171,082	(654)
Total	**170,428**	**171,082**	**(654)**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

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

	31/12/2025	31/12/2024	Change
Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion	1,186	854	332
Subsidiaries	562	1,033	(471)
Employee receivables	1,221	1,089	132
Grants/subsidies receivable	239	547	(308)
Prepayments and accrued income	1,479	764	715
Other debtors	198	74	124
Receivables from associated company Consorzio Servizi Acqua Potabile	339	5	334
Social security institutions	20	16	4
Advances to suppliers	165,183	166,699	(1,516)
Total	**170,428**	**171,082**	**(654)**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

"Receivables from the Economic Development Ministry for disbursements pursuant to Law 808/85 - current portion", amounting to Euro 1,186 thousand, refer to the discounted value of the non-current portion of the concessions granted by the Ministry for Economic Development under the rules of Law 808/85, whose collection is expected within 12 months.

The portion which will be received beyond 12 months is classified in the account "Other non-current assets" (Note 3.8).

Receivables from subsidiaries, amounting to Euro 562 thousand (Euro 1,033 thousand at December 31, 2024), mainly consist of receivables from the subsidiary Spacelab S.p.A. for Euro 517 thousand (Euro 580 thousand at December 31, 2024) relating to the tax consolidation.

On this point, in fact, it should be noted that starting with the current fiscal year as of December 31, 2024, all of Avio's Italian subsidiaries participate in the national tax consolidation pursuant to Article 117 and subsequent of the Income Tax Law (TUIR), which has a negative taxable income;

Employee receivables of Euro 1,221 thousand (Euro 1,089 thousand at December 31, 2024) concern the Company cash advances for the coverage of mission and travel expenses.

Receivables for grants and subsidies of Euro 239 thousand concerning various projects supported by subsidised financing. Reference should also be made to section "10. Disclosure on public grants as per article 1, paragraphs 125-129, of Law No. 124/2017 of the Consolidated Financial Statements.

Advances to suppliers of Euro 165,183 thousand at December 31, 2025 (Euro 166,699 thousand at December 31, 2024) refers to payments to subcontractors made on the basis of interim SALs 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 Avio S.p.A. amounts to Euro 158,506,883 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). The company Space2, following the acquisition of the Avio Group on March 31, 2017, then merged by incorporation the parent Avio S.p.A., effective as of April 10, 2017, and was newly renamed "Avio S.p.A.";
- of Euro 75,339,170, equal to the share capital increase to service the share swap of the above-mentioned merger, following which shares were assigned of the incorporating company Space2 to Leonardo S.p.A. and In Orbit S.p.A.
- of which Euro 202,542 as the increase due to the exercise, in the second half of 2017, of market warrants (see the "Shareholders" paragraph of the Directors' Report).
- of Euro 800,000 as the increase due to the exercise, in the second quarter of 2025, of sponsor warrants by Space Holding S.r.l.;
- of which 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 2025[160]. On September 11, 2025, Avio's Board of Directors approved to submit to its shareholders a proposal for a rights issue capital increase for a total maximum amount of Euro 400 million (the "Capital Increase under Option"). The Rights Issue Capital Increase approved by the Extraordinary Shareholders' Meeting held on October 23, 2025 subsequently provided that (i) the option rights to subscribe to the new shares (the "Option Rights") would be exercisable from November 3, 2025 to November 17, 2025 (the "Option Period"), and (ii) the Option Rights would be tradable on the Euronext Milan, Euronext STAR Milan Segment, from November 3, 2025 to November 11, 2025. The Option 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 option rights during the rights offering period and the subscription of the related shares, the Rights Issue Capital Increase 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).

See also the "Shareholders" paragraph of the Directors' Report.
The share capital at December 31, 2025 comprised 46,789,543 ordinary shares (26,359,346 at December 31, 2024).

[160] See press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwMTEy

3.17. SHARE PREMIUM RESERVE

The share premium reserve amounting to Euro 459,637 thousand at December 31, 2025 (Euro 144,256 thousand at December 31, 2024), recorded the following movements:

- increase of Euro 9,600 thousand following the exercise of sponsor warrants by Space Holding S.r.l.;
- increase of Euro 333,124 thousand following the completion of the rights issue capital increase that began and concluded in FY 2025[161] and described in Note 3.16 "Share Capital";
- decrease of Euro 27,342 thousand related to the transaction costs incurred for the completion of the capital increase described above in accordance with the relevant accounting standards.

The share premium reserve is restricted for the value of the treasury shares acquired. At December 31, 2025, the available value of the share premium reserve was Euro 447,591 thousand (at December 31, 2024 amounting to Euro 130,921 thousand), with treasury shares recognised to the financial statements amounting to Euro 12,046 thousand (Euro 13,335 thousand at December 31, 2024).

3.18. OTHER RESERVES

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

	31/12/2025	31/12/2024	Change
Legal Reserve	18,193	18,193	-
Treasury shares acquired	(12,046)	(13,335)	1,289
Unavailable treasury shares purchase reserve	12,046	13,335	(1,289)
Actuarial gains/(losses) reserve	(3,713)	(3,731)	17
Stock grant reserve	4,549	2,840	1,709
	19,029	**17,303**	**1,726**

With regard to treasury shares, at December 31, 2025, Avio S.p.A. held 985,747 treasury shares, equal to 2.11% of the share capital. The value of the treasury shares acquired amounts to Euro 12,046 thousand; the decrease in treasury shares of Euro 1,289 thousand is a result of the free allocation to the beneficiaries of the "2022-2024 Performance Share Plan" - approved by the Board of Directors on March 28, 2022 and subsequently by the Shareholders' Meeting on April 28, 2022 - of a total of 105,460 company shares, following the Board of Directors' resolution of May 15, 2025 as a result of the achievement of the performance targets under the Plan.

The actuarial gains/losses reserve, amounting to a negative of Euro 3,713 thousand, concern the actuarial losses deriving from the application of IAS 19 revised, with the relative tax effect where applicable.

The stock grant reserve, amounting to Euro 4,549 thousand (Euro 2,840 thousand at December 31, 2024), represents the accumulated cost as of December 31, 2025 related to four share-based employee compensation plans involving the allocation of treasury shares to top management, partially offset by the decrease of Euro 1,128 thousand related to the completion of the "2022 – 2024 Performance share" plan. The amount recorded in the stock grant reserve was subject to assessment by a leading independent expert.

[161] See press release of November 25, 2025 at the link: https://syndication.teleborsa.it/Avio/Financial-Announcements/comunicazione-di-variazione-del-capitale-sociale/MXxjb211bmljYXRpLjE3NzEwMDAxMDkyMDI1MXwxfDIwMjYwMTEy

A summary of the necessary information in this regard is presented below (amounts in thousands of Euro):

	Beneficiaries	Target number of shares granted	Vesting period	Stock grant reserve
Restricted Share Plan 2023-2025	professional figures employed by Avio	261,206	2023-2025	1,729
Performance Share Plan 2024-2026	Senior management	136,492	2024-2026	827
Performance Share Plan 2023-2025	Senior management	87,080	2023-2025	720
Restricted Share Plan 2024-2026	professional figures employed by Avio	236,197	2024-2026	1,273
		720,975		**4,549**

The breakdown of the equity accounts according to their origin, utilisation and distribution, as well as utilisation in previous years, is shown in the table below (Euro thousands):

Nature/Description	Amount	Poss. of utilisation	Quota available	Summary of utilisations in previous years	
				To cover losses	Other reasons
Group	158,507				
Capital reserves:					
- Share premium reserve	459,638	A, B, C	447,591	-	-
Profit reserves:					
- Legal reserve	18,193	B			
- Stock grant reserve	4,549	-			
- Actuarial gains and losses	(3,713)	-			
Retained earnings	50,249	A, B, C	46,536	(2,227)	
Total	**687,423**		**494,127**		
Non-distributable amount			87,662		
Residual amount distributable			**406,465**		

Key: A: for share capital increase, B: for coverage of losses and C: for distribution to shareholders.

NON-CURRENT LIABILITIES

3.19. NON-CURRENT AND CURRENT LEASE LIABILITIES

The composition of non-current lease liabilities at December 31, 2025 and December 31, 2024 is as follows (amounts in thousands of Euro):

	31/12/2025	31/12/2024	Change
Non-current lease liabilities to the subsidiary Se.Co.Sv.Im. S.r.l.	8,943	13,955	(5,012)
Non-current lease liabilities to the associate Termica Colleferro S.p.A.	361	557	(197)
Non-current lease liabilities to third parties	4,326	4,738	(412)
Total	**13,630**	**19,251**	**(5,621)**

The composition of current lease liabilities at December 31, 2025 and December 31, 2024 is as follows (amounts in thousands of Euro):

	31/12/2025	31/12/2024	Change
Current lease liabilities to the subsidiary Se.Co.Sv.Im. S.r.l.	5,452	5,401	50
Current lease liabilities to the associate Termica Colleferro S.p.A.	150	116	34
Current lease liabilities to third parties	2,557	2,294	263
	8,159	**7,811**	**348**

Financial liabilities for leasing are related to:

- with regards to the liabilities to subsidiaries, the lease of the complex of land and industrial buildings for instrumental use, with networks and general plants, with the subsidiary Se.Co.Sv.Im. S.r.l.;
- with regards to the financial liabilities to associates, the 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.;
- with regards to the financial liabilities to third parties, these essentially concern:
  - the concession of a specific area within the Salto di Quirra Inter-force Experimental Facility, where there are plans for a Space Propulsion Test Facility project for the construction of a Liquid Rocket Engine test bench and the production of carbon-carbon components;
  - the leasing of office and industrial use land and buildings at Airola (Campania) and Villaputzu (Sardinia);
  - the lease of apartments for employees in Guiana;
  - to the lease of the office of the Paris Branch of Avio S.p.A.;
  - the lease of company cars.

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

	31/12/2024	Increases	Payments	Decreases for contract conclusion	Financial charges	Reclassifications	31/12/2025
Non-current lease liabilities	19,251	2,517	-	(999)	55	(7,194)	13,630
Current lease liabilities	7,811	-	(6,846)	-	-	7,194	8,159
Total	**27,062**	**2,517**	**(6,846)**	**(999)**	**55**	**-**	**21,789**

3.20. EMPLOYEE BENEFIT

The account relates to post-employment benefits and other long-term benefits.
These benefits are generally based on remuneration and years of employee service. The obligations refer to employees in service.

Post-employment benefits

The Company 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 Company pays the contributions to public or private insurance institutions based on legal or contractual obligations. With the payment of the contributions the company satisfies its obligations. The payables for contributions to be paid at the reporting date are included in the account "Other current liabilities" and the cost for the period matures based on the service period of the employee and recorded in the income statement account "Personnel expenses".

Defined benefit plans

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

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

Other long-term employee benefits

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

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

	31/12/2025	31/12/2024	Change
- Defined benefit plans:			
Post-employment benefits	2,412	2,838	(426)
Other defined benefit plans	2,540	2,497	43
	4,952	5,335	(383)
- Other long-term benefits	2,038	2,202	(165)
Total employee benefit provisions	**6,990**	**7,538**	**(548)**

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

	Defined benefit plans	Other long-term employee benefits	Total employee benefit provisions
At 31/12/2024	**5,335**	**2,202**	**7,538**
Financial charges/(income)	139	57	196
Actuarial (gains)/losses in income statement	-	25	25
Actuarial (gains)/losses in comprehensive income statement	(17)	-	(17)
Pension cost current employees	66	136	202
Benefits paid	(571)	(382)	(953)
At 31/12/2025	**4,952**	**2,038**	**6,990**

The table below illustrates the principal assumptions utilised for the actuarial calculation:

	31/12/2025	31/12/2024
Discount rate	2.81%	2.77%
Expected salary increases	2.17%	2.16%
Inflation rate	European Zero-Coupon Inflation-Indexed Swap curve at 31.12.2025	European Zero-Coupon Inflation-Indexed Swap curve at 31.12.2024
Average employee turnover rate	4.97%	4.99%

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

3.21. PROVISIONS FOR RISKS AND CHARGES

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

	31/12/2025	31/12/2024	Change
Provisions for risks and charges	20,123	26,029	(5,906)
Total	**20,123**	**26,029**	**(5,906)**

The breakdown of the provisions for risks and charges at December 31, 2025 and December 31, 2024 is presented below (Euro thousands):

	31/12/2025			31/12/2024		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Provision for variable remuneration	7,564	1,569	9,133	6,513	1,289	7,802
Provision for legal and environmental risks and charges	-	-	-	-	105	105
Other provisions for risks and charges	2,396	8,593	10,989	9,297	8,825	18,122
Total	**9,960**	**10,163**	**20,123**	**15,810**	**10,219**	**26,029**

These provisions include:

- provisions for variable remuneration for Euro 9,133 thousand (Euro 7,802 thousand at December 31, 2024), mainly comprising employee remuneration on the achievement of individual and corporate objectives;
- other provisions for risks and charges of Euro 10,989 thousand (Euro 18,122 thousand at December 31, 2024), mainly referring to extraordinary charges for the future execution of programmes net of compensation expected from the European Space Agency, amounting to Euro 6,259 thousand (Euro 6,605 thousand at December 31, 2024); these provisions include, among others, charges for the restoration of leased areas of Euro 2,196 thousand (Euro 2,196 thousand at December 31, 2024), royalties provided for by Law 808/85 of Euro 1,444 thousand (Euro 914 thousand at December 31, 2024) and a tax risks provision of Euro 442 thousand (Euro 7,171 thousand at December 31, 2024). It is noted that the Provisions for tax risks 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 periods with regard to the findings regarding the remodulation of the amortisation on goodwill generated in 2003, outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. 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, Euro 3,984 thousand was reclassified to current tax liabilities and Euro 2,995 thousand to other non-current liabilities.

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

	31/12/2024	Provisions	Other movements	Utilisations	Releases	31/12/2025
Provision for variable remuneration	7,802	8,777	-	(7,445)	-	9,133
Provisions for risks and legal charges	105	-	-	-	(105)	-
Other provisions for risks and charges	18,122	1,529	(6,979)	(1,250)	(433)	10,989
Total	**26,029**	**10,306**	**(6,979)**	**(8,696)**	**(538)**	**20,123**

The main changes during the year were:

- the provisions for variable remuneration were utilised for Euro 7,445 thousand, in consideration of the bonuses paid to employees for the achievement of individual and company objectives.
  The provision of Euro 8,777 thousand mainly relates to variable remuneration which will be paid in the first half of 2026, on the basis of the achievement of individual and company objectives for the year 2025;
- other provisions for risks and charges: the provisions mainly concern the royalties based on law 808 and the charges arising in the year related to the future execution of programmes, net of the offsets expected from the European Space Agency; the utilisations mainly concern the charges arising in the year associated with the future execution of programmes, net of the compensation expected from the European Space Agency, previously accrued to the provisions; the other movements concern the reclassification to current tax liabilities of Euro 3,984 thousand and other non-current liabilities of Euro 2,995 thousand following the signing of the July 18, 2025 and December 11, 2025 settlement agreements, by which the statement of claims regarding FY 2018 and FY 2019 were settled with reference to the findings on the rescheduling of amortisation on goodwill generated in 2003; in this regard, see also the comments in the "Group operating performance and financial and equity position" section of the Directors' Report.

3.22. OTHER NON-CURRENT LIABILITIES

The table below presents the account at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Non-current liabilities	26,944	15,212	11,732
Total	**26,944**	**15,212**	**11,732**

The breakdown of the account at December 31, 2025 and December 31, 2024 is shown in the table below (Euro thousands):

	31/12/2025	31/12/2024	Change
Tax liabilities			
Payables for tax settlement - portion beyond one year	2,995	–	2,995
	2,995	–	2,995
Liabilities relating to Law 808/85			
Deferred income on disbursements pursuant to Law 808/85 - beyond one year	19,888	12,928	6,960
Payables to the Economic Development Ministry (MiSE) for disbursements pursuant to Law 808/85 - portion beyond one year	3,103	1,320	1,783
Deferred income on disbursements pursuant to Law 808/85 - beyond one year	483	483	-
	23,474	14,731	8,743
Payables due to MiSE for other subsidies	420	389	31
Other payables and deferred income	55	92	
			(37)
Total	**26,944**	**15,212**	**11,732**

Tax liabilities

Payables for tax settlement - portion beyond one year

It is noted that this was previously accrued under provisions for risks and in the previous year 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 periods with regard to the findings regarding the remodulation of the amortisation on goodwill generated in 2003, outlined in the Directors' Report and the notes to the financial statements at December 31, 2024. 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, Euro 3,984 thousand was reclassified to current tax liabilities and Euro 2,995 thousand to other non-current liabilities.

Liabilities relating to Law 808/85

Deferred income on disbursements pursuant to Law 808/85 - beyond one year

The account, amounting to Euro 19,888 thousand, is composed as follows:

- Euro 11,609 thousand represents the initial counter-entry of the receivable from the Ministry for Economic Development against the grants pursuant to Law 808/85, relating to the projects qualifying as functional to national security, for the amount to be allocated to the income statement in future years, beyond one year, in correlation to the allocation of the costs against which the disbursements were granted.
- 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 income statement in future years, beyond 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.

Payables to 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 beyond one year

Disclosure upon the payable to MiSE for disbursements as per Law 808/85 according to the ex MiSE Decree of 03/07/2015 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 aerospace research and development projects to consolidate and grow Italian technology and the sector's competitivity were defined.

The measures under the Decree concern zero-rate subsidised loans, granted within the limits established by EU rules upon research, development and innovation.

The loans shall be repaid for 90% of the settlement amount through annual equal instalments over the issue duration and however for a period of not less than ten years, beginning from the year subsequent to the final disbursement. The remaining 10% is an outright grant.

On February 19, 2018, the parent Avio was recognised the Settlement Decree by the Economic Development Ministry with regards to expenses incurred as part of the LOX/LCH technology demonstrator development project for the third stage of the VEGA E launcher; this disbursement falls under the regulations of the 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).

Both the grants receivable from the Ministry for Economic Development and the subsequent reimbursements payable to the Ministry have been accounted for at amortised cost.
The difference between the nominal and present values of the amount receivable and payable is recognised over the course of the benefit.

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 instalments starting from the year following the disbursement of the funding.
For large enterprises, the repayment is made in ten equal annual instalments starting from the year following the disbursement of the funding. On November 28, 2025, the parent Avio was recognised 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 amortised cost. The difference between the nominal and present values of the amount receivable and payable is recognised over the course of the benefit.

Deferred income on disbursements pursuant to Law 808/85 (as per MiSE Decree 3/07/2015) - portion beyond one year

See above for an account of the rules for grants pursuant to Law 808/85 set out in the Decree of the Ministry for Economic Development of July 3, 2015.
The caption, which amounted to Euro 483 thousand, represents the difference between the nominal values and present values of the amount receivable and payable in respect of the aforementioned liquidation decree dated February 19, 2018.

Payables due to MiSE for other subsidies

This item, amounting to Euro 420 thousand, consists of payables due beyond one year to the Ministry for Economic Development relating mainly 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 payables are recorded at their discounted value.

CURRENT LIABILITIES

3.23. CURRENT FINANCIAL LIABILITIES

The table below presents current financial liabilities at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Current financial liabilities	32,505	37,175	(4,670)
Total	**32,505**	**37,175**	**(4,670)**

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

	31/12/2025	31/12/2024	Change
Financial payables subsidiary Se.Co.Sv.Im. S.r.l.	27,097	31,432	(4,334)
Financial payables subsidiary Spacelab S.p.A.	5,408	5,743	(335)
	32,505	**37,175**	**(4,670)**

Payables to subsidiaries comprise the current account balances within the Group centralised treasury management undertaken by the company. These transactions are undertaken at normal market conditions.

These transactions are undertaken at the following market conditions:

- lending rate: Euribor 1 M 365 (determined, month by month, with reference to the last working day of the previous month) -228 bps (should the ECB reference rates for deposits become negative during the reporting year, then the rate applied will be 0.00%);
- rate payable: Euribor 1 M 365 (determined, month by month, with reference to the last working day of the previous month) + 199 bps. If the Euribor rate is negative, it will be considered zero for the present purposes.

3.24. TRADE PAYABLES

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

	31/12/2025	31/12/2024	Change
Trade payables	152,526	130,963	21,564
Total	**152,526**	**130,963**	**21,564**

Details of payables to subsidiaries are shown below (in Euro thousands):

	31/12/2025	31/12/2024	Change
Regulus S.A.	27,097	25,230	1,867
Spacelab S.p.A.	359	473	(114)
Se.Co.Sv.Im. S.r.l.	320	-	320
Temis S.r.l.	491	-	491
Avio Guyane S.A.S.	6,298	2,425	3,873
Avio France S.A.S.	712	390	322
	35,276	**28,519**	**6,758**

Trade payables to the associated companies Termica Colleferro S.p.A. and Consorzio Servizi Acqua Potabile, the jointly controlled company Europropulsion S.A. and the associate Servizi Colleferro S.C.p.A. are shown in the following table (Euro thousands):

	31/12/2025	31/12/2024	Change
Termica Colleferro S.p.A.	950	2,131	(1,181)
Europropulsion S.A.	6,318	609	5,709
Potable Water Services Consortium	-	-	-
Servizi Colleferro S.C.p.A.	2	4	(2)
Total	**7,270**	**2,744**	**4,526**

3.25. CURRENT TAX LIABILITIES

The table below presents current tax liabilities at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Current income tax payables	4,371	3,097	1,275
Total	**4,371**	**3,097**	**1,275**

The breakdown of current income taxes is shown below (in Euro thousands):

	31/12/2025	31/12/2024	Change
IRES payables	-	256	(256)
IRAP payables	605	640	(35)
Payables for withholding taxes and other tax payables	3,767	2,200	1,566
Total	**4,371**	**3,097**	**1,275**

The tax consolidation agreement relates to the years 2024-2025-2026. The companies participating in the tax consolidation are the Parent Avio S.p.A. and the Italian subsidiaries Temis S.p.A., Spacelab S.p.A. and Se.Co.Sv.Im. S.r.l..

Payables for withholding taxes and other tax payables, amounting to Euro 3,767 thousand, mainly refer to payables to the tax authorities for IRPEF withholding as agent in relation to employees and self-employed contractors and to the current portion of the payable arising from the settlement agreements described in the explanatory notes "3.21 provisions for risks and charges" and "3.22 other non-current liabilities." This liability increased from the previous year also as a result of the increase in the workforce.

3.26. OTHER CURRENT LIABILITIES

The table below presents other current liabilities at December 31, 2025 and December 31, 2024 (Euro thousands).

	31/12/2025	31/12/2024	Change
Other current liabilities	20,846	22,208	(1,361)
Total	**20,846**	**22,208**	**(1,361)**

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

	31/12/2025	31/12/2024	Change
Employee payables	9,189	9,129	59
Payables due to social security institutions	3,841	3,728	112
Deferred income on disbursements pursuant to Law 808/85 - current portion	1,320	1,320	-
Other accrued liabilities and deferred income	6,011	7,260	(1,249)
Other payables to third parties	487	510	(24)
Payables to subsidiaries	-	260	(260)
Total	**20,846**	**22,208**	**(1,361)**

Employee payables

Employee payables amount to Euro 9,189 thousand and include remuneration to be settled, in addition to vacations and other rights matured and not utilised.

Amounts due to social security institutions

The account concerns amounts to be paid, amounting to Euro 3,841 thousand, relating to company and employee contributions, in accordance with regulations in force.

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

The account, amounting to Euro 1,320 thousand (Euro 1,320 thousand at December 31, 2024), concerns the deferral of the contribution, with regards to the portion expected to be accrued as income to the income statement within the next 12 months.

Accrued expenses and deferred income

This account, amounting to Euro 6,011 thousand (Euro 7,260 thousand at December 31, 2024), mainly refers to the deferment of commercial costs and grants to the following year.

INCOME STATEMENT

3.27. REVENUES

Total revenues, comprising the change in contract work-in-progress and revenues from product sales and the provision of services, amounted to Euro 577,731 thousand for the current year. They amounted to Euro 474,979 thousand in 2024.

	FY 2025	FY 2024	Change
Net sales	26,693	307,634	(280,941)
Revenues from services	1,731	1,290	441
	28,424	308,924	(280,500)
Changes in contract work in progress	549,307	166,054	383,253
Total	**577,731**	**474,979**	**102,753**

For information on revenues as compared to the previous year, reference should be made to the "Group operating performance and financial and equity position" paragraph of the Directors' Report relating to the Company.

Revenues by geographical area for the two comparative years are presented below (amounts in thousands of Euro):

	FY 2025	FY 2024	Change
Revenues Italy	40,413	29,179	11,234
Revenues Rest of Europe	521,167	436,658	84,509
Revenues Rest of the World	16,150	9,142	7,008
Revenues	**577,730**	**474,979**	**102,751**

In terms of the recognition of revenues, in order to present a breakdown and comparison of revenues in the clearest manner possible, it should be noted that in 2025 contracts totalling Euro 26,457 thousand were completed, the effects of which are shown under "Revenues from sales" for the proceeds from the related advances received and under "Changes in contract work in progress" for the closure of the contracts from work in progress.

The revenues from advancement include the effect from the recognition of research and development credits for the years 2017, 2018 and 2019 under Article 3 of Legislative Decree No. 145/2013 and subsequent amendments in force until December 31, 2019. This income amounted to Euro 743 thousand in 2025, while in 2024 totalled Euro 1,199 thousand. These credits, recognised to the extent they are considered recoverable and usable, are initially recorded in the account "Current tax receivables", with counter-entry to the income statement under "Service costs", and rediscounted to reflect their recognition to the Income Statement in each period on an accruals basis, according to the differing types of costs supported, in relation to the percentage of completion of the contract work-in-progress giving rise to the costs against which the credit was calculated.

The accrual has been recognised on the balance sheet under "Contract work in progress" and its release has been recognised on the income statement as "Changes in contract work in progress". At present, the share of variable fees is 11.5% of revenues (8.8% of revenues in 2024).

Revenues by business line for the two comparative years are presented below (amounts in thousands of Euro):

	FY 2025	FY 2024	Change
Vega	314,739	244,288	70,451
Ariane	96,587	71,168	25,419
Technology Development Projects (NextGen EU)	81,305	87,394	(6,089)
Defense	81,435	69,829	11,606
Satellite and other activities	3,664	2,300	1,364
Revenues	**577,730**	**474,979**	**102,751**

3.28. OTHER OPERATING INCOME

The account in 2025 amounted to Euro 10,337 thousand, as follows:

	FY 2025	FY 2024	Change
Other income	5,150	1,701	3,449
Income from the release of provisions	-	682	(682)
Income for the portion recognised to the income statement of the disbursements as per Law 808/85	1,357	1,320	37
Other income and operating grants	3,830	2,172	1,658
Other prior year income	-	96	(96)
Total	**10,337**	**5,970**	**4,366**

This item consists of:

- other income of Euro 5,150 thousand, including recharges to companies in the Colleferro industrial district of Euro 2,148 thousand, as well as additional income of Euro 2,814 thousand from MBDA Italia.
- income for the portion recognised to the income statement of the disbursements as per Law 808/85 for Euro 1,357 thousand (Euro 1,320 thousand in the comparative year);
- Operating grants amounted to Euro 3,830 thousand (Euro 2,172 thousand in the comparative year) 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".

3.29. CONSUMPTION OF RAW MATERIALS

The account, amounting to Euro 176,425 thousand, relates to costs for raw material purchases and changes in inventories, as shown below.

	FY 2025	FY 2024 restated (*)	Change
Purchase of raw materials	175,789	165,676	10,112
Change in inventories of raw materials	1,289	(23,296)	24,585
Change in inventory of finished products, in progress	(653)	(2,851)	2,198
Total	**176,425**	**139,530**	**36,897**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

3.30. SERVICE COSTS

The breakdown of the account is as follows (in Euro thousands):

	FY 2025	FY 2024 restated (*)	Change
Other service costs	45,512	33,972	11,540
Corporate and oversight board fees	1,431	1,449	(18)
Maintenance	6,695	3,516	3,179
Consultancy costs	14,437	16,481	(2,044)
Costs for activities carried out by co-producers	209,892	163,759	46,133
Short-term and moderate value variable lease costs	5,759	3,553	2,206
Costs capitalised for internal works	(7,203)	(3,805)	(3,398)
Total	**276,523**	**218,925**	**57,598**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

Service costs, amounting to Euro 276,523 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.

This account also includes the emoluments due to the corporate boards of the Company, concerning:

- directors' fees of Euro 558 thousand and specific committee fees of Euro 165 thousand;
- supervisory body fees of Euro 133 thousand;
- Board of Statutory Auditors' fees of Euro 155 thousand.

3.31. PERSONNEL EXPENSES

The breakdown of the account is as follows (in Euro thousands):

	FY 2025	FY 2024 restated (*)	Change
Wages and salaries	68,157	61,551	6,605
Social security charges	21,842	18,776	3,066
Provision for variable remuneration	11,527	8,518	3,009
Other long-term benefits - current employees	66	282	(216)
Actuarial (gains)/losses recorded in P&L relating to other long-term benefits	25	75	(50)
Provision for "Other defined benefit plans"	4,912	4,464	448
Costs capitalised for internal works	(5,801)	(2,111)	(3,689)
Total	**100,729**	**91,556**	**9,173**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

3.32. AMORTISATION AND DEPRECIATION

The breakdown of the account is as follows (in Euro thousands):

	FY 2025	FY 2024	Change
Intangible assets with definite life	10,180	9,225	955
Right-of-use	7,752	7,059	693
Property, plant and equipment	4,074	3,825	249
Total	**22,006**	**20,109**	**1,897**

With regard to amortisation of intangible assets with definite life, a comparison with the previous year follows (Euro thousands):

	FY 2025	FY 2024	Change
Develop. Costs	3,457	3,498	(41)
Assets from purchase price allocation	2,986	2,986	-
Concessions, licenses, trademarks and similar rights	2,425	1,707	718
Other intangible assets	1,312	1,034	278
	10,180	**9,225**	**955**

The amortisation of development costs, amounting to Euro 3,457 thousand, is substantially in line with that recognised in 2024.

Euro 2,986 thousand for the amortisation of development costs capitalised and for the amortisation of intangible assets regarding the Ariane and Vega programmes, identified following the purchase price allocation process regarding the Group by Space2 in 2017 (same amount in 2024).

The increase in the amortisation of "Concessions, licenses, trademarks and similar rights" reflects the trend of investments made during the year.

A comparative statement of the depreciation of property, plant and equipment is presented below (in Euro thousands):

	FY 2025	FY 2024	Change
Buildings	966	947	19
Plant & machinery	1,794	1,568	226
Industrial & commercial equipment	129	150	(21)
Other assets	1,185	1,159	26
	4,074	**3,825**	**250**

With reference to plant and machinery, the increase relates to the auxiliary equipment required for the increased flight cadence of Vega C.

In addition, the statement comparing the depreciation of the right-of-use compared to the previous year is presented below (in Euro thousands):

	FY 2025	FY 2024	Change
Land right-of-use	181	146	35
Buildings right-of-use	5,544	5,520	24
Right-of-use rights related to plant and machinery	166	166	-
Other assets right-of-use	1,861	1,227	634
	7,752	**7,059**	**693**

The net increase in this item of Euro 693 thousand is mainly related to the depreciation of the right-of-use related to the cars.

3.33. OTHER OPERATING COSTS

This account amounts to Euro 3,776 thousand (Euro 3,772 thousand in 2024) and mainly comprises the following items:

- indirect taxes of Euro 902 thousand (Euro 639 thousand in 2024);
- provisions for contingent liabilities of Euro 520 thousand mainly related to royalties established under Law 808/85;
- prior year charges of Euro 391 thousand (Euro 166 thousand in 2024);
- other operating and extraordinary charges of Euro 1,962 thousand (Euro 2,025 thousand in 2024).

3.34. FINANCIAL INCOME

The breakdown of financial income of Euro 2,578 thousand (Euro 693 thousand in 2024) is presented below:

	FY 2025	FY 2024	Change
Bank interest income	1,622	428	1,194
Interest income on VAT refunds	420	-	420
Financial income from amortised cost	6	2	4
Interest from subsidiaries	102	100	2
	2,150	530	1,620
Realised exchange gains	387	157	230
Unrealised exchange gains	41	6	35
	428	163	265
Total	**2,578**	**693**	**1,885**

Financial income consists mainly of interest income on current accounts, which were also subject restricted during the year to benefit from the higher rates recognised.

Realised exchange gains concern the collection of receivables and the settlement of payables in foreign currencies, while unrealised exchange gains concern the adjustment to the period-end exchange rate of receivables and payables in foreign currencies.

3.35. FINANCIAL CHARGES

The breakdown of financial charges of Euro 1,231 thousand (Euro 2,856 thousand at December 31, 2023) is presented below:

	31/12/2025	31/12/2024	Change
Interest on EIB loans	11	71	(61)
Interest expense to subsidiaries non-leasing	55	50	5
Interest on other payables	101	1,264	(1,163)
Interest expense on treasury accounts with subsidiaries	42	291	(249)
Discounting on employee benefits	196	265	(69)
Financial charges from amortised cost to subsidiaries	307	374	(67)
Financial charges from amortised cost to associates	8	10	(2)
	719	2,324	(1,606)
Realised exchange losses	374	467	(93)
Unrealised exchange losses	138	65	73
	513	532	(19)
Total	**1,231**	**2,856**	**(1,626)**

The decrease in financial charges of Euro 1,626 thousand is mainly due to the fact that in the previous year interest charges were recognised concerning the agreed settlement with the Tax Agency following a tax audit relating to the years 2018 and 2019 that began in December 2024, in relation to the non-suspension of the deductibility of some amortisation of goodwill dating back to the year 2003, with subsequent recovery as a deduction of the same in the years 2020 to 2029.

Financial charges from amortized cost relates to liabilities from subsidiaries, associates and third parties for leases accounted for as liabilities at present value in accordance with IFRS 16.
Realised exchange losses arise on the collection of receivables and settlement of payables in foreign currencies.

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

3.36. CASH FLOW FROM FINANCING ACTIVITIES

This item concerns income of Euro 1,740 thousand related to dividends received from the jointly-controlled company Europropulsion S.A.. In the year 2024, income of Euro 2,200 thousand was however received, also relating to this company, partially offset by the write-down of the equity investment held in Arianespace Partecipation S.A., as in December 2025 the share capital increase of the investee concluded and as a result of the failure to subscribe to such, Avio exited the shareholding structure.

3.37. INCOME TAXES

"Income taxes" totaled Euro 1,217 thousand (tax income of Euro 897 thousand in 2024), as follows:

- consolidation charge from the transfer of the negative IRES taxable base under the domestic tax consolidation for Euro 686 thousand;
- current IRAP charge of Euro 1,260 thousand;
- income from prior year taxes of Euro 729 thousand.

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

	FY 2025	FY 2024
Net Profit	11,257	7,095
Ordinary rate applied	24.00%	24.00%
Theoretical tax charge	2,702	1,703
Effect of increases (decreases) to the ordinary rate:		
Permanent increases	7,189	6,304
Permanent decreases	(4,145)	(5,969)
Temporary difference increases	14,226	20,876
Temporary difference decreases	(21,674)	(31,132)
Total changes	**(4,404)**	**(9,922)**
Utilisation prior year tax losses	-	-
(Tax loss)/Assessable income	**6,853**	**(2,827)**
Theoretical IRES taxation	**1,645**	**-**
.		
Net deferred tax (income)/charge	-	(7,171)
Current taxes from previous years and consolidation	1,217	6,274
	1,217	**(897)**

Although the positive taxable income involves the absorption of both prior tax losses and carryforward interest expenses (within the limits of 30% of the Gross Profit pursuant to Article 96 of the Income Tax Law), there is no net release of deferred taxes. This effect is in fact offset by the recognition of new assets for deferred taxes arising from the statements of claims received from the Tax Agency regarding the amortisation of Aviation and Space goodwill, which will again be deductible in subsequent periods.

3.38. EARNINGS/(LOSS) PER SHARE

An explanatory statement is reported below (in Euro):

	FY 2025	FY 2024
Net Profit	10,040,914	7,991,577
Weighted average number of shares in circulation	30,658,475	26,359,346
Average number of treasury shares	(985,747)	(1,091,207)
Average number of shares entitled to profits	29,672,728	25,268,139
Basic earnings per share – in Euro	0.34	0.32
Diluted earnings per Share – in Euro	0.33	0.31

In the second quarter of 2025, 800,000 sponsor warrants were converted into ordinary shares, while in November 2025, the issuance of 19,630,197 ordinary shares took place following the completion of the capital increase. Therefore, the number of shares outstanding at December 31, 2025 is 46,789,543.

On May 15, 2025, the Board of Directors resolved to grant a total of 105,460 of the Company's shares free of charge to the beneficiaries of the 2022-2024 Performance Share plan.

4. COMMITMENTS AND RISKS

The Company's principal commitments and risks are summarised in the following table (in Euro thousands):

	31/12/2025	31/12/2024
Guarantees given:		
Unsecured guarantees:		
Sureties issued to third parties on behalf of Avio	15,191	32,783
Other guarantees	3,402	3,402
Total guarantees given	18,593	36,185
Sureties and guarantees received	1,206	1,206
	1,206	1,206

Guarantees provided

Secured guarantees include sureties issued by third parties on behalf of the Company in favour of clients for the execution of contracts and other guarantees in the form of patronage letters issued in the interest of Group companies.

Sureties and guarantees received

These principally include sureties received from suppliers against orders for supplies to be completed.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Categories and fair value of financial assets and liabilities

The following table presents a detailed analysis of financial assets and liabilities at December 31, 2025, as per IFRS 7, according to the categories established by IFRS 9:

In thousands of Euro	Total accounts	IFRS 9 Category		
		Assets at amortised cost	*Assets at fair value through profit or loss*	*Liabilities at amortised cost*
FINANCIAL ASSETS				
- Investments in other companies	4,316		4,316	
- Non-current financial assets	1,332	1,332		
- Other non-current assets	2,898	2,898		
- Trade receivables	5,387	5,387		
- Other current assets	170,428	170,428		
- Cash and cash equivalents	595,127	595,127		
- Current financial assets	4,799	4,799		
	784,287	**779,971**	**4,316**	**-**
FINANCIAL LIABILITIES				
- Non-Current financial liabilities	-			-
- Non-current financial payables for leasing	13,630			13,630
- Current financial liabilities	32,505			32,505
- Current lease liabilities	8,159			8,159
- Current portion of non-current financial payables	-			-
- Other non-current liabilities	26,944			26,944
- Other current liabilities	20,846			20,846
- Trade payables	152,526			152,526
	254,611	**-**	**-**	**254,611**

Fair value of financial assets and liabilities and calculation models utilised

In relation to any financial instruments recorded in the balance sheet at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value. The following levels are used:

- level 1 - assets or liabilities subject to valuation listed on an active market;
- level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- level 3 - input which is not based on observable market data.

The Company and the Avio Group did not have derivative financial instruments in place at December 31, 2025. Investments in other companies measured at fair value fall into the level 3 fair value category.

Financial income and expenses recorded as per IFRS 9

The following table presents the financial income and charges generated by financial assets and liabilities, broken down by category as per IFRS 9 for 2025.

	Financial income/(charges) recognised through profit or loss		Actuarial gains/(losses) recognised to comprehensive income statement
In Euro thousands	From interest	From fair value changes	From fair value changes
Assets at amortised cost		-	-
Assets at fair value Through Profit or loss Statement			
Liabilities at amortised cost	326	-	-
Financial instruments - Derivatives	-	-	-
Total categories	326	-	-

The items presented in the table mainly concern financial charges for the EIB loans and those related to financial liabilities for leased assets.

Types of financial risks and related hedging

The Company through its operating activities is exposed to financial risks, in particular:

- credit risks, related to commercial transactions with customers and funding operations;
- liquidity risk, related to the availability of financial resources and access to the credit market;
- market risks (interest rates and exchange rates).

These financial risks are continually monitored, undertaking initiatives to offset and contain potential impacts through appropriate policies and, where in general considered necessary, also through specific hedging instruments (currently not necessary as the loan interest rate with the EIB is fixed and competitive compared to the market).

This section provides qualitative and quantitative reference information on the impact of such risks on the Company and 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

Company credit risk represents the exposure to potential losses deriving from the non-compliance with obligations by counterparties.
The exposure to credit risk is essentially related to receivables recognised to the financial statements, particularly trade receivables and guarantees provided in favour of third parties.
The maximum theoretical exposure to the credit risk for the Company at December 31, 2025 essentially concerned the overall carrying amount of trade receivables, whose value at this date amounted to Euro 5,387 thousand. It should be noted that Euro 1,339 thousand are past due, of which Euro 736 thousand more than 365 days.

Regarding the reasons for the exposure to credit risk represented by receivables net of "advances to be repaid", in accounting terms, the issuing of invoices involves as a counter-entry, against the recognition of an asset from the clients, the recognition of a liability concerning the advances to be received. These are both recognised to the balance sheet. The ageing analysis therefore is made net of the above-stated advances.

The main customers of the Company are government bodies and public sector clients, which by their nature do not present significant risk concentrations. The main customers of the Company are: European Space Agency, Europropulsion, MBDA France and MBDA Italy.

In addition, operating on an order basis, Avio plans the management of advances so as to attain the funding before and during the incursion of order costs, on the basis of the various contractual milestones and mitigating therefore the risk regarding the payment of receivables against the initiated production activities.

Based on an analysis of overdue trade receivables at December 31, 2025, trade receivables are recorded net of a doubtful debt provision of Euro 83 thousand.

Liquidity risk

The Company's liquidity risk concerns any difficulties in obtaining at appropriate conditions the funding necessary to support operations. The principal factors which influence liquidity are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the conditions concerning the maturity of the payable or the liquidity of the financial commitments.

Cash flows, funding requirements and liquidity are centrally monitored and managed, also through centralised treasury systems involving the main Group Italian and overseas companies, in order to ensure the timely and efficient sourcing of funding or the appropriate investment of liquidity, optimising the management of liquidity and cash flows. The Group periodically monitors forecast and effective cash flows and updates future cash flow projections in order to optimise liquidity management and calculate any funding requirements.

The currently available funds, in addition to those that will be generated from operating and financial activities, are considered sufficient to permit the Group to satisfy its requirements for investment activities, working capital management and the repayment of debt on maturity.

Liquidity analysis

As the Company is part of a group whose activities are closely integrated, please refer to same paragraph of the consolidated financial statements.

Market risk

With regards to the current financial structure of the Company which has limited credit exposure and interest-bearing debt and considering the fact that the operating currency is mostly the Euro, the company is not considered to currently be subject to significant market risks from interest rates on financial receivables and payables or to fluctuations in exchange rates.

The company, considering that stated with regards to the insignificant market risk related to exchange rate and interest rate movements, at December 31, 2025 had not undertaken specific cash flow hedges in relation to these types of risks.

6. RELATED PARTY TRANSACTIONS

Avio regularly undertakes commercial and financial transactions with its subsidiaries and jointly-controlled companies, consisting of transactions relating to ordinary operations and undertaken at normal market conditions. In particular, these concern the supply and purchase of goods and services, including of an administrative-accounting, tax, IT, personnel management and assistance and consultancy nature, and the relative receivables and payables at period-end and funding and centralised treasury management transactions and the relative charges and income. These transactions are eliminated in the consolidation and consequently are not outlined in this section.

The related parties of the company Avio S.p.A. 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, Leonardo - on the basis of rights arising under the Cinven shareholder agreement - had a connection with the Avio Group, although formally holding an investment in the Incorporated company under the threshold established by the IAS and Article 2359 of the Civil Code, final paragraph. Following the listing, although the shareholder agreement with Cinven had lapsed, Leonardo S.p.A. maintained this connection with the Avio Group on the basis of the increase of its investment in the Incorporated company over the threshold established by the above-stated rules.

The following tables report the related party transactions of Avio S.p.A., with balance sheet effects at December 31, 2024 and at December 31, 2025 (in thousands of Euro):

	December 31, 2025											
Counterparty	**Right-of-use assets**	**Other non-current assets**	**Inventories**	**Trade receivables**	**Other current assets**	**Current financial assets**	**Contract work-in-progress**	**Non-current financial assets**	**Trade payables**	**Other current liabilities**	**Advances 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.												
Companies with a connecting relationship and relative investee companies	**-**	**-**	**-**	**269**	**1,830**	**-**	**16,234**	**-**	**5,034**	**65**	**121,117**	**-**
Spacelab S.p.A.				114	517				359	20		5,408
Regulus S.A.				666			1,049		27,097		1,000	
SE.CO.SV.IM. S.r.l.	12,123	150		786					320	60		41,492
Temis S.r.l.					106				491	260	1,019	
Avio USA Inc.				1,218			3,958					
Avio Guyane S.A.S.				297		4,723			6,298			
Avio France S.A.S.				261		76		155	712			
Subsidiaries	**12,123**	**150**	**-**	**3,342**	**622**	**4,799**	**5,007**	**155**	**35,276**	**340**	**2,019**	**46,900**
Termica Colleferro S.p.A.	564			558				1,177	950			511
Europropulsion S.A.				329	42,803		4,362		6,318		123,232	
Potable Water Services Consortium				122	12							
Servizi Colleferro - Consortium Limited Liability Company				39					2			
Associates and jointly controlled companies	**564**	**-**	**-**	**1,047**	**42,815**	**-**	**4,362**	**1,177**	**7,270**	**-**	**123,232**	**511**
Total related parties	**12,687**	**150**	**-**	**4,659**	**45,267**	**4,799**	**25,603**	**1,332**	**47,580**	**405**	**246,368**	**47,411**
Total book value	**21,253**	**2,898**	**142,787**	**5,387**	**170,428**	**4,799**	**198,845**	**1,332**	**152,526**	**20,846**	**714,910**	**54,294**
% on total account items	**59.69%**	**5.18%**	**0.00%**	**86.48%**	**26.56%**	**100.00%**	**12.88%**	**100.00%**	**31.19%**	**1.94%**	**34.46%**	**87.32%**

	At December 31, 2024 restated (*)											
Counterparty	**Right-of-use assets**	**Other non-current assets**	**Inventories**	**Trade receivables**	**Other current assets**	**Current financial assets**	**Contract work-in-progress**	**Non-current financial assets**	**Trade payables**	**Other current liabilities**	**Advances for contract work in progress**	**Financial liabilities**
Leonardo S.p.A.			-		630				2,843	105		
MBDA Italia S.p.A.				46			3,026				42,813	
MBDA France S.A.				135			11,839				31,224	
Thales Alenia Space Italia S.p.A.												
Vitrociset S.p.A.												
Companies with a connecting relationship and relative investee companies	**-**	**-**	**-**	**182**	**630**	**-**	**14,865**	**-**	**2,843**	**105**	**74,037**	**-**
Spacelab S.p.A.				34	419				473	20		5,743
Regulus S.A.			-	635	1,000				25,230		384	
SE.CO.SV.IM. S.r.l.	17,169	150		181	580					88		50,788
Temis S.r.l.					35					260	1,106	
Avio USA Inc.				1,197								
Avio Guyane S.A.S.				225		1,590			2,425			
Avio France S.A.S.				162		76		149	390			
Subsidiaries	**17,169**	**150**	**-**	**2,434**	**2,033**	**1,666**	**-**	**149**	**28,519**	**368**	**1,490**	**56,531**
Termica Colleferro S.p.A.	701		-	421				2,010	2,131			673
Europropulsion S.A.			-	16	51,711		10,254		609		24,449	
Potable Water Services Consortium				40	5							
Servizi Colleferro - Consortium Limited Liability Company				36					4			
Associates and jointly controlled companies	**701**	**-**	**-**	**513**	**51,716**	**-**	**10,254**	**2,010**	**2,745**	**-**	**24,449**	**673**
Total related parties	**17,871**	**150**	**-**	**3,129**	**54,380**	**1,666**	**25,119**	**2,159**	**34,106**	**473**	**99,976**	**57,204**
Total book value	**26,754**	**4,222**	**143,935**	**3,786**	**171,083**	**1,666**	**156,000**	**2,159**	**130,963**	**22,208**	**556,948**	**66,239**
% on total account items	**66.80%**	**3.55%**	**0.00%**	**82.65%**	**31.79%**	**100.00%**	**16.10%**	**100.00%**	**26.04%**	**2.13%**	**17.95%**	**86.36%**

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

In 2025, the main income statement transactions by the Company with related parties were as follows (in Euro thousands):

	December 31, 2025					
Counterparty	**Operating Revenues and changes in contract work-in-progress[1]**	**Other operating income**	**Other Costs [2]**	**Financial Income**	Other investment income/(charges)	**Financial Charges**
Leonardo S.p.A.			6,679			
MBDA Italia S.p.A.	21,613	2,030				
MBDA France S.A.	44,637					
Thales Alenia Space Italia S.p.A.	5,299		2,083			
Telespazio S.p.A.						
Companies with a connecting relationship and relative investee companies	**71,548**	**2,030**	**8,762**	**-**	**-**	**-**
Spacelab S.p.A.		60	1,521			6
Regulus S.A.	542		21,795			
SE.CO.SV.IM. S.r.l.	363	345	-			343
Temis S.r.l.			3,695			
Avio USA Inc.			15			
Avio Guyane S.A.S.		70	4,332	102		
Avio France S.A.S.		132	1,055	6		
Subsidiaries	**905**	**607**	**32,414**	**107**	**-**	**349**
Termica Colleferro S.p.A.		112	10,947			8
Europropulsion S.A.	81,497	543	65,594		1,740	
Potable Water Services Consortium	45	27	-			
Servizi Colleferro - Consortium Limited Liability Company	258	15	702			
Associates and jointly controlled companies	**81,800**	**697**	**77,243**	**-**	**1,740**	**8**
Total related parties	**154,253**	**3,334**	**118,418**	**107**	**1,740**	**357**
Total book value	**577,731**	**10,337**	**553,676**	**2,578**	**1,302**	**1,231**
% on total account items	**26.70%**	**32.25%**	**21.39%**	**4.17%**	**133.66%**	**28.99%**

(

	At December 31, 2024 restated (*)					
Counterparty	**Operating Revenues and changes in contract work-in-progress[1]**	**Other operating income**	**Other Costs [2]**	**Financial Income**	Other investment income/(charges)	**Financial Charges**
Leonardo S.p.A.			4,795			
MBDA Italia S.p.A.	7,623					
MBDA France S.A.	51,320					
Thales Alenia Space Italia S.p.A.	(40)		1,797			
Vitrociset S.p.A.	-					
Companies with a connecting relationship and relative investee companies	**58,903**	**-**	**6,592**	**-**	**-**	**-**
Spacelab S.p.A.		60	1,521			46
Regulus S.A.	542		21,795			
SE.CO.SV.IM. S.r.l.	149	345	(214)			619
Temis S.r.l.			3,695			
Avio USA Inc.			15			
Avio Guyane S.A.S.		70	4,332	100		
Avio France S.A.S.		132	1,055	2		
Subsidiaries	**691**	**607**	**32,200**	**102**	**-**	**665**
Termica Colleferro S.p.A.		98	8,685			10
Europropulsion S.A.	66,266	229	48,065		2,200	
Potable Water Services Consortium		27	221			
Servizi Colleferro - Consortium Limited Liability Company		27	545			
Associates and jointly controlled companies	**66,266**	**380**	**57,516**	**-**	**2,200**	**10**
Total related parties	**125,860**	**987**	**96,308**	**102**	**2,200**	**674**
Total book value	**474,979**	**5,970**	**450,010**	**693**	**2,200**	**2,856**
% on total account items	**26.50%**	**16.54%**	**21.40%**	**14.70%**	**100.00%**	**23.61%**

[1] The account includes revenues from sales and services and does not include the advancement of work from contract work-in-progress not yet concluded.
[2] The account includes raw material consumables, service costs and personnel expenses.

(*) For the reasons and effects of the restatement, see Notes 2.7 and 2.11 of the "methods of presentation of financial statements, methodologies and accounting standards applied" section.

Transactions with companies with a connecting relationship and relative investee companies

The transactions with Leonardo S.p.A., considered a company with whom a connecting relationship exists, concern assistance and consultancy services. Transactions with investee companies by Leonardo are typically of a commercial nature.

Transactions with associates and jointly-controlled companies

Company transactions with associates and jointly-controlled companies may be summarised as follows:

- trade receivables, relating to revenues from the sale of company core business products, as part of ordinary operations and concluded at normal market conditions. In particular, with regard to the company Europropulsion S.A., revenues are included from the sale of company core business products, as part of ordinary operations and concluded at normal market conditions.
- financial receivables from Termica Colleferro S.p.A.;
- trade payables, relating to costs incurred as part of ordinary operations and relating to transactions concluded at normal market conditions; in addition, with reference to the company Europropulsion S.A., costs incurred as a result of transactions within ordinary operations and concluded at normal market conditions are included;
- financial payables, relating to the short-term financial payables of Avio S.p.A. to Termica Colleferro S.p.A.;
- revenues, relating to the transactions described previously with regards to trade receivables;
- operating costs, relating to the transactions described previously with regards to trade payables;
- financial income, related to interest on the financial receivables previously stated.

Transactions with subsidiaries

These transactions regarded centralised services provided by the Parent Avio, real estate leases by the subsidiary Secosvim, and services provided by the subsidiary Spacelab for Avio.
During 2021, a price adjustment was defined for the acquisition of the Spacelab launcher business unit by Avio.

7. REGIONAL DISCLOSURE

The following table (in Euro thousands) presents the breakdown of Avio's revenues by region (defined on the basis of the customer's home country) as of December 31, 2025, together with the comparative period:

	FY 2025	FY 2024	Change
Revenues Italy	40,413	29,179	11,234
Revenues Rest of Europe	521,167	436,658	84,509
Revenues Rest of the World	16,150	9,142	7,008
	577,730	**474,979**	**102,751**

Revenues from the Company's largest customers (i.e. customers accounting for 10% or more of revenues) amounted to approximately Euro 419 million in 2025 (Euro 295 million in 2024). No other single customer accounted for 10% or more of revenues for the year 2025 as of December 31, 2025.

The activities of the Company, and new investments, are similarly allocated - on the basis of the same criterion as revenues (customer country location) - almost entirely in Italy and Europe.

8. DISCLOSURE PURSUANT TO ARTICLE 149 *DUODECIES* OF THE CONSOB ISSUER'S REGULATION

In accordance with Article 149 *duodecies* of the Consob Issuer's Regulation, we report below the information concerning fees paid in 2025 for audit and other services by the audit firm Deloitte & Touche S.p.A. and its network (in Euro thousands):

Type of service	Company	Service provider	Fees
Audit Services[1]	Parent Company - Avio S.p.A.	Deloitte & Touche S.p.A.	343
Other services[2]	Parent Company - Avio S.p.A.	Deloitte & Touche S.p.A.	891
Total	**Total**		**1,234**

(1) The amount also includes the fee related to the limited review activities on the abbreviated nine-month consolidated financial statements.

(2) The amount refers to (i) the limited audit of the Avio Group's Sustainability Statement in the amount of Euro 86 thousand; (ii) for the remainder to activities related to the issuance of a comfort letter for the capital increase operation concluded in November 2025.

10. SUBSEQUENT EVENTS

Business

New Ariane 64 with 4 P120C boosters successfully launches Amazon Leo satellites[162]

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 programme.

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 SRM facility[163]

Avio USA will locate its new facility for the production of solid propellant engines in Hurt, Pittsylvania County (Virginia). The new facility will produce solid propellant engines 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.[164]

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 defence.

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 defence 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.

Other significant events

Upward revision of 2025 guidance on order book and revenue[165]

On January 29, 2026, the Board of Directors of Avio S.p.A. reviewed and approved the upward review of guidance on the order backlog and net revenue for FY 2025.

Specifically, (i) the order backlog is expected to be in the range of Euro 2,100 to 2,200 million (compared to previous forecasts confirmed to the market on October 27, 2025, ranging from Euro 1,700 to 1,800 million) and (ii) net revenues are expected to be in the range of Euro 510 to 540 million (compared to previous forecasts confirmed to the market on October 27, 2025, ranging from Euro 450 to 480 million). The upward review to guidance is driven by both the significant volume of orders signed in the fourth quarter of 2025 and faster-than-expected execution.

[162] See 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

[163] See 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

[164] See 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

[165] See press release of January 29, 2026 at the link: https://www.avio.com/it/comunicati-stampa/revisione-al-rialzo-della-guidance-2025-su-portafoglio-ordini-ricavi

Subscription of a shareholder agreement between the shareholders Leonardo S.p.A., In Orbit S.p.A. and RBC Holding S.r.l.[166]

On February 24, 2026, 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., a company 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 explanatory 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 boards.

Entry of Avio into FTSE MIB

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

11. PROPOSAL FOR THE ALLOCATION OF THE RESULT OF AVIO S.P.A.

In inviting you to approve the 2025 Annual Accounts of Avio S.p.A., drawn up as per IFRS and reporting a net profit of Euro 10,041 thousand, we propose the allocation of the result as follows: (i) Euro 502 thousand to legal reserve (5% of the net profit); (ii) Euro 2,739 thousand to retained earnings reserve; (iii) Euro 6,800 thousand to dividend in line with the Company's dividend policy.

* * *

March 12, 2026

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

[166] See press release of February 24, 2026 at the link: MXxjb211bmljYXRpLjE3NzEwMDAwMTcyMDI2MXwxfDIwMjYwMjI2

Statement on the separate and consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 as amended

1. The undersigned Giulio Ranzo and Roberto Carassai, respectively CEO and Executive Officer for Financial Reporting of Avio S.p.A. declare, as per Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the conformity in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the compilation of the individual and consolidated financial statements financial statements in the period from January 1 to December 31, 2025.

2. The following significant aspects arose.

- an assessment was undertaken of the internal control system;
- this assessment utilised the criteria established in the "Internal Controls - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO");
- no significant issues were identified in the assessment of the internal control system.

3. We also declare that:

3.1 the individual and consolidated financial statements:
a) were drawn up in compliance with the applicable international accounting standards recognised by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002;
b) correspond to the underlying accounting documents and records;
c) provide a true and fair view of the financial position, financial performance and cash flow of the Issuer and of the other companies in the consolidation scope.
3.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

March 12, 2026

Giulio Ranzo — (Chief Executive Officer)

Roberto Carassai — (Executive Officer for Financial Reporting)

Declaration of the sustainability statement as per article 81-ter, paragraph 1 of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

The undersigned Giulio Ranzo and Roberto Carassai, respectively CEO and Executive Officer for Financial Reporting of Avio S.p.A. declare, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of February 24, 1998, that the sustainability statement included in the Directors' Report has been prepared:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024;
- with the specifications adopted under Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020.

March 12, 2026

Giulio Ranzo

(Chief Executive Officer)

Roberto Carassai

(Executive Officer for Financial Reporting)

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Avio S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Avio S.p.A. and its subsidiaries (hereinafter "Avio Group" or "Group"), which comprise the consolidated balance sheet as of December 31, 2025, and the consolidated income statement, consolidated comprehensive income statement, statement of changes in consolidated equity and consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Avio S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Measurement of contract work-in-progress

Description of the key audit matter

The consolidated financial statements for the year ended December 31, 2025 include assets related to the execution of contract work-in-progress of Euro 196.8 million (Euro 155 million at December 31, 2024), liabilities for the related advances of Euro 714.9 million (Euro 555.6 million at December 31, 2024), other provisions for risks and charges of Euro 6.3 million at December 31, 2025 (Euro 6.6 million at December 31, 2024) and revenues of Euro 583,7 million at December 2025 (Euro 480.4 million at December 31, 2024).

Contract work-in-progress is attributable to development and production activities of the Group, whose revenues and related margins are recognized in the consolidated income statement according to the progress of the contract using the percentage-of-completion method determined on the basis of costs incurred over total estimated costs for the entire work.

Revenues, in addition to the consideration set forth in the contract, may also include additional payments such as, but not limited to, additional payments for additional activities incurred and/or to be incurred for change to works or events not foreseeable at the date of signature of the original contract, or for additional costs incurred and/or to be incurred that are not foreseeable by the parties at the date of signature of the original contract.

The evaluation method of that contract work-in-progress and the revenue recognition are based on complex assumptions which by nature involve the use of Management judgment, in particular with reference to the estimation of conditions for revenue recognition of variable payments and related amounts, and of the forecast of costs of completion, including the estimate of contractual risks.

In view of the significance of contract work-in-progress with respect to the Group overall business profile and the complexity of the assumptions used for additional payments and for forecasting the costs to complete the related contracts, we consider that this topic represents a key audit matter of the consolidated financial statements as of December 31, 2025.

The information on the financial statements relating to this matter is provided in the explanatory notes to the consolidated financial statements and in particular in explanatory note 2.7 “Accounting standards and basis of preparation”, explanatory note 2.9 “Use of estimates”, explanatory note 3.11 “Contract work-in-progress”, explanatory note 3.24 “Provision for risk and charges” and explanatory note 3.28 “Revenues”.

Audit procedures performed

As part of our audit we have, among other, carried out the following procedures:

- understanding of the criteria for the valuation of the contract work-in-progress and the revenue recognition criteria, both related to the contractual payments and additional payments, and for advances for contract work-in-progress;
- understanding of the relevant controls put in place by the Management on the process of evaluation of the contract work-in-progress and test of the operating effectiveness;
- comparative analysis of the main changes in contracts work-in-progress net results with respect to the previous year;
- analysis, on a sample basis, of the new contracts signed, of the related clauses of contractual amendment and, in the presence of variable considerations, the evaluation of the related supporting documentation;
- reconciliation of costs resulting from the Management accounts to general ledger, with analysis on a sample basis;
- analysis of the significant assumptions related to the estimate of costs of completion, including foreseeable contractual risks, as well as subsequent events beyond the end of the financial year;
- analysis of contract reports and interviews with project managers with particular reference to a sample of contractual variations incurred during the period and impact on costs of completion, including any foreseeable losses;
- examination of the accuracy of the calculation of the percentage of completion and of the revenue recognition;
- examination of projects with negative margin as of 31 December 2025 and the consequent recognition in provisions for risks and charges;
- review of the disclosure provided by the Group and its compliance with the relevant accounting principles.

Recoverability of goodwill

Description of the key audit matter

The consolidated financial statements for the year ended 31 December 2025 include a goodwill accounted for the allocation of the 2017 purchase price of Space2 S.p.A., amounting to Euro 61 million and the goodwill accounted following the allocation of the 2022 purchase price of Temis S.r.l., amounting to Euro1,8 million. This goodwill is allocated to the only CGU of the Group corresponding to the Space sector ("Space CGU").

The recoverability of goodwill is tested at least once a year, even in the absence of impairment indicators based on IAS 36 "Impairment of assets".

The recoverability of the values is measured by Management with the involvement of an independent expert comparing the Space CGU net invested capital (carrying amount) with the relative recoverable amount, determined by Management according to the value in use as the present value of the operating cash flows deriving from the 2025-2035 Business Plan, approved by the Board of Directors on September 11, 2025, and from the terminal value.

This methodology is characterized by certain areas of complexity and requires the use of forecasts of market aerospace sector scenarios in which the Group operates, which are subject to a physiological degree of uncertainty also in view of the current international macroeconomic environment, the possible economic and financial effects on the levels of expenditure allocated by national governments and international institutions to the access to the space, and the future developments of the European governance of launchers referred to in the determinations of the ESA Council of November 6, 2023 and of July 5, 2024.

Following the impairment test, Management confirmed the recoverability of the goodwill recorded in the financial statements.

Taking into account the complexity and the subjectivity of the estimates relating to the cash flows considered and the key assumptions of the impairment test model, we considered goodwill recoverability to be a key audit matter of financial statements as of December 31, 2025.

The explanatory notes to the consolidated financial statements describe the Management evaluation process, in particular in the explanatory note 2.9 “Use of estimates” and explanatory note 3.5 “Goodwill” where the significant assumptions and information related to the impairment test are reported.

Audit procedures performed	As part of our audit, we have, among others, carried out the following procedures: • understanding of the methodology adopted by the Group in carrying out the impairment test and identifying of the key controls carried out on the impairment test, and performing the test of operating effectiveness of those controls; • verification of the consistency of the methodological approach adopted by the Group with IAS 36 Impairment of Assets, with particular reference to the identification of the CGU and the determination of its recoverable amount; • analysis of reasonableness of the main assumptions adopted for the CGU cash flows forecasts, the discount rates (WACC) and the growth rates (g-rates) applied in the test, also taking into account the uncertainties linked to the current macroeconomic environment, by obtaining information from the Management and analysing the relevant sources; • analysis, also with the support of our experts of the Network, of the report prepared by the independent expert appointed by the Management, evaluating their skills, capacity and objectivity; • examination of the sensitivity analysis prepared by the Management supported by of the independent expert appointed by the same; • review of the disclosure and its compliance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 , and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Avio S.p.A. has appointed us on June 15, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Avio S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as of December 31, 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as of December 31, 2025 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Avio S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Avio Group as of December 31, 2025, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Avio Group as of December 31, 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98] are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Vanacore
Partner

Rome, Italy
March 31, 2026

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Avio S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Avio S.p.A. (the "Company"), which comprise the balance sheet as of December 31, 2025, and the income statement, comprehensive income statement, statement of changes in equity and cash flows statement for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Measurement of contract work-in-progress

Description of the key audit matter

The financial statements for the year ended December 31, 2025 include assets related to the execution of contract work-in-progress of Euro 198.8 million (Euro 156 million at December 31, 2024), liabilities for the related advances of Euro 714.9 million (Euro 556.9 million at December 31, 2024), other provisions for risks and charges of Euro 6.4 million at December 31, 2025 (Euro 6.6 million at December 31,2024) and revenues of Euro 577.7 million at December 2025 (Euro 475 million at December 31, 2024).

Contract work-in-progress is attributable to development and production activities of the Company, whose revenues and related margins are recognized in the income statement according to the progress of the contracts using the percentage-of-completion method determined on the basis of costs incurred over total estimated costs for the entire work.

Revenues, in addition to the consideration set forth in the contract, may also include additional payments such as, but not limited to, additional payments for additional activities incurred and/or to be incurred for change to works or events not foreseeable at the date of signature of the original contract, or for additional costs incurred and/or to be incurred that are not foreseeable by the parties at the date of signature of the original contract.

The evaluation method of that contract work-in-progress and the revenue recognition are based on complex assumptions which by nature involve the use of Management judgment, in particular with reference to the estimation of conditions for revenue recognition of variable payments and related amounts, and of the forecast of costs of completion, including the estimate of contractual risks.

In view of the significance of contract work-in-progress with respect to the Company overall business profile and the complexity of the assumptions used for additional payments and for forecasting the costs to complete the related contracts, we consider that this topic represents a key audit matter of the Financial Statements as of December 31, 2025.

The information on the financial statements relating to this matter is provided in the explanatory notes to the consolidated financial statements and in particular in explanatory note 2.7 “Accounting standards and basis of preparation”, explanatory note 2.9 “Use of estimates”, explanatory note 3.10 “Contract work-in-progress”, explanatory note 3.21 “Provision for risk and charges” and explanatory note 3.27 “Revenues”.

Audit procedures performed	As part of our audit we have, among other, carried out the following procedures: • understanding of the criteria for the valuation of the contract work-in-progress and the revenue recognition criteria, both related to the contractual payments and additional payments, and for advances for contract work-in-progress ; • understanding of the relevant controls put in place by the Management on the process of evaluation of the contract work-in-progress and test of the operating effectiveness; • comparative analysis of the main changes in contracts work-in-progress net results with respect to the previous year; • analysis, on a sample basis, of the new contracts signed, of the related clauses of contractual amendment and, in the presence of variable considerations, the evaluation of the related supporting documentation; • reconciliation of costs resulting from the Management accounts to the general ledger, with analysis on a sample basis ; • analysis of the significant assumptions related to the estimate of costs of completion, including foreseeable contractual risks, as well as subsequent events beyond the end of the financial year; • analysis of contract reports and interviews with project managers with particular reference to a sample of contractual variations incurred during the period and impact on costs of completion, including any foreseeable losses; • examination of the accuracy of the calculation of the percentage of completion and of the revenue recognition; • examination of projects with negative margin as of 31 December 2025 and the consequent recognition in provisions for risks and charges; • review of the disclosure provided by the Company and its compliance with the relevant accounting principles.

Recoverability of goodwill

Description of the key audit matter

The financial statements for the year ended 31 December 2025 include a goodwill accounted for the allocation of the 2017 purchase price of Space2 S.p.A., amounting to Euro 61 million. This goodwill is allocated to the only CGU of the Company corresponding to the Space sector ("CGU Space").

The recoverability of goodwill is tested at least once a year, even in the absence of impairment indicators based on IAS 36 "Impairment of assets".

The recoverability of the values is measured by Management with the involvement of an independent expert comparing the Space CGU net invested capital (carrying amount) with the relative recoverable amount, determined by Management according to the value in use as the present value of the operating cash flows deriving from the 2025-2035 Business Plan, approved by the Board of Directors on September 11, 2025, and from the terminal value.

This methodology is characterized by certain areas of complexity and requires the use of forecasts of market aerospace sector scenarios in which the Group operates, which are subject to a physiological degree of uncertainty also in view of the current international macroeconomic environment, the possible economic and financial effects on the levels of expenditure allocated by national governments and international institutions to the access to the space, and the future developments of the European governance of launchers referred to in the determinations of the ESA Council of November 6, 2023 and of July 5, 2024.

Following the impairment test, Management confirmed the recoverability of the goodwill recorded in the financial statements.

Taking into account the complexity and the subjectivity of the estimates relating to the cash flows considered and the key assumptions of the impairment test model, we considered goodwill recoverability to be a key audit matter of financial statements as of December 31, 2025.

The explanatory notes to the financial statements describe the Management evaluation process, in particular in the explanatory note 2.9 “Use of estimates” and explanatory note 3.4 “Goodwill” where the significant assumptions and information related to the impairment test are reported.

Audit procedures performed	As part of our audit, we have, among others, carried out the following procedures: • understanding of the methodology adopted by the Company in carrying out the impairment test and identifying of the key controls carried out on the impairment test, and performing the test of operating effectiveness of those controls; • verification of the consistency of the methodological approach adopted by the Company with IAS 36 Impairment of Assets, with particular reference to the identification of the CGU and the determination of its recoverable amount; • analysis of reasonableness, of the main assumptions adopted for the CGU cash flows forecasts, the discount rates (WACC) and the growth rates (g-rates) applied in the test, also taking into account the uncertainties linked to the current macroeconomic environment, by obtaining information from the Management and analysing the relevant sources; • analysis, also with the support of our experts of the Network, of the report prepared by the independent expert appointed by the Management, evaluating their skills, capacity and objectivity; • examination of the sensitivity analysis prepared by the Management supported by of the independent expert appointed by the same; • review of the disclosure and its compliance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Avio S.p.A. has appointed us on June 15, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Avio S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as of December 31, 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as of December 31, 2025, have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Avio S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Avio S.p.A. as of December 31, 2025, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Avio S.p.A. as of December 31, 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Vanacore
Partner

Rome, Italy,
March 31, 2026

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Avio S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1, of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of the Avio Group (hereinafter also the "Avio Group" or the "Group") for the year ended on December 31, 2025, prepared pursuant to Art. 4 of the Decree, included in the specific section of the directors' report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Avio Group for the year ended on December 31, 2025 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "*2.1 EU Taxonomy*" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement. Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

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We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibility of the Directors and the Board of Statutory Auditors of Avio S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in the paragraph "*1.4 Management of impacts, risks and opportunities - IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities*" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;

- compliance of the information included in the paragraph "*2.1 EU Taxonomy*" with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group, as indicated in the paragraph "*1.1 Basis for preparation - BP-2 Disclosures in relation to specific circumstances - Sources of estimation and outcome uncertainty*". Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as indicated in the paragraph "*1.1 Basis for preparation - BP-2 Disclosures in relation to specific circumstances - Sources of estimation and outcome uncertainty*".

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.
As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;

- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;

- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;

- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;

- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the estimates and to the complexity of the relevant calculation methods, as well as qualitative and quantitative factors related to the nature of such information;

- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte network specialists, in particular with reference to specific environmental information;

- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;

- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data having an accounting nature;

- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, including the information related to the materiality assessment process;

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.,

Signed by
Francesco Vanacore
Partner

Rome, Italy
March 31, 2026

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

BOARD OF STATUTORY AUDITORS' REPORT

TO THE SHAREHOLDERS' MEETING OF AVIO S.p.A.

in accordance with Article 153 of Legislative Decree No. 58/1998 and of Article 2429, paragraph 2, of the Civil Code

Dear Shareholders,

with this report, drawn up as per Article 153 of Legislative Decree No. 58 of February 24, 1998 ("CFA") and Article 2429, paragraph 2, of the Civil Code, the Board of Statutory Auditors of Avio S.p.A. ("Avio" or also the "Company") reports on the activities carried out in the year ending December 31, 2025, in compliance with the applicable regulation, taking account also of the conduct rules for the Board of Statutory Auditors of listed companies recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), of Consob's provisions concerning corporate controls and the standards and recommendations of the Corporate Governance Code, promoted by the Corporate Governance Committee.

In particular, this report is drawn up in accordance with the indications provided by Consob with Communication DAC/RM/97001574 of February 20, 1997 and Communication DEM/1025564 of April 6, 2001, as amended and supplemented by Communications DEM/3021582 of April 4, 2003 and DEM/6031329 of April 7, 2006.

In addition, considering that Avio has adopted a traditional governance model, the Board of Statutory Auditors acts as the "Internal Control and Audit Committee" and, therefore, in this report, account shall also be taken of the specific financial disclosure, consolidated sustainability reporting and audit control and monitoring functions, as per Article 19 of Legislative Decree No. 39 of January 27, 2010, as amended by Legislative Decree No. 135 of July 17, 2016 and Legislative Decree No. 125 of September 6, 2024.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of Avio on May 6, 2020 and confirmed, in the same composition, on April 28, 2023. Its term of office ends with the approval of the financial statements at December 31, 2025.

The audit of the financial statements as per the above-stated Legislative Decree No. 39 of January 27, 2010, as amended by Legislative Decree No. 135 of July 17, 2016, is undertaken by the

Independent Audit Firm Deloitte & Touche S.p.A. (hereafter also "the Auditor"), appointed by the Shareholders' Meeting of June 15, 2017 for nine financial years (2017-2025).

The same Independent Audit Firm Deloitte & Touche S.p.A. was appointed also to issue the attestation on the compliance of the Sustainability Statement pursuant to Article 8 of the aforementioned Legislative Decree No. 125 for the financial years 2024/2025.

1. SUPERVISORY ACTIVITY

1.1 Oversight upon legal, regulatory and By-Law compliance

The supervisory duties of the Board of Statutory Auditors are governed by Article 2403 of the Civil Code, by Legislative Decree No. 58 of 1998 and by Legislative Decree No. 39 of 2010. The Board of Statutory Auditors took into account the amendments made to Legislative Decree No. 39 of 2010, implementing Directive 2014/56/EU, by Legislative Decree No. 135 of 2016 and the regulations contained in European Regulation 537/2014, as well as the amendments to Legislative Decree No. 39, made by Legislative Decree No. 125 of 2024, implementing the CSRD Directive.

On thè supervisory activities carried out during the year, considering also the indications provided by Consob in the above-mentioned communications, the Board undertook the duties outlined below.

The Board of Statutory Auditors ascertained the compliance of the statutory rules with the legal and regulatory provisions.

The Board of Statutory Auditors periodically received from the Directors, also through attending the meetings of the Board of Directors and of the internal board committees, information on the activities carried out and on the main economic, financial and equity transactions approved and executed in the year, in addition to, in accordance with Article 150 of the CFA, paragraph 1, those undertaken by the subsidiaries. Based on the information available, the Board can reasonably state that these transactions were in compliance with law and the corporate objectives and were not imprudent, reckless, contrary to resolutions of the Shareholders' Meetings or such as to compromise the integrity of the company's assets.

The Board of Statutory Auditors monitored compliance with the disclosure requirements regarding regulated, inside information or information required by the supervisory authorities, ensuring that each body and function of Avio have complied with its disclosure obligations.

The Board of Statutory Auditors monitored, by acquiring information from the functions concerned, civil, administrative, criminal and tax litigations that may affect Avio.

During FY 2025, the Board of Statutory Auditors performed its duties by holding twenty meetings, attended two Shareholders' Meetings, eleven meetings of the Board of Directors, eleven meetings of the Control and Risks Committee, ten meetings of the Appointments and Remuneration Committee, and five meetings of the Sustainability Committee.

During the year, the Board of Statutory Auditors met the Supervisory Board as per Legs. Decree No. 231 of 2001 to reciprocally exchange information.

1.2 Oversight upon compliance with the principles of correct administration and on the adequacy of the organisational structure

The Board of Statutory Auditors acquired knowledge of and supervised, to the extent of its remit, the adequacy of the Company's organisational structure through information acquired from the Board of Directors, the Chief Executive Officer, and the heads of corporate functions.

With reference to the Italian subsidiaries, the Board of Statutory Auditors, through information acquired from the Boards of Statutory Auditors and/or the administrative body of those companies, as part of the mutual exchange of relevant data and information, supervised:

- the fulfilment of the principles of correct administration;
- the adequacy of the organisational structure;
- the adequacy of the instructions issued by the parent company Avio pursuant to Article 114, paragraph 2 of the CFA;
- the timely delivery of the requested information.

From the information received by the Boards of Statutory Auditors of the Italian subsidiaries, including by means of relevant questionnaires to take into account the changes that have taken place in the consolidated sustainability reporting, filled out and signed by the supervisory bodies, no critical issues arose.

The transactions potentially presenting a conflict of interests were approved in compliance with law, the regulatory provisions, the By-Laws. and the Board of Directors' regulation.

The Board of Statutory Auditors during the year supervised on the manner in which the corporate governance rules set out by the Corporate Governance Code were effectively applied and verified

the progressive implementation of the recommendations of the Corporate Governance Committee of December 17, 2024.

The main events in the year, which the Board of Statutory Auditors highlights in view of their significance, were as follows:

- On January 15, 2025, Avio signed the ESA Zero Debris Charter;
- In February 2025, the first ignitions in bipropellant mode of the first prototype of the MPGE engine were successfully carried out;
- The MPGE, Multi Purpose Green Engine, is a green engine that uses hydrogen peroxide and kerosene as propellants, completely designed and manufactured in Italy, within the framework of the NRRP;
- On March 6, 2025, the Ariane 6 launcher successfully completed flight VA263 from the Guiana Space Centre.
- Avio is developing a more powerful version of the booster, called the P160, which will increase the thrust of the Ariane 6 launcher and its payload capacity;
- on April 29, 2025, Vega-C VV26 successfully launched the Biomass satellite for the European Space Agency (ESA);
- on July 10, 2025, with the approval of the new Launchers Exploitation Declaration ("LED") at the ESA site in Paris, Avio was assigned the role of launch service provider for the Vega family of launchers;
- on August 19, 2025, French authorities also granted Avio a 10-year administrative license as the new launch operator of the Kourou Space Center in French Guiana;
- as part of the existing framework contract with MBDA in France, on July 21, 2025, Avio signed a production order relating to the supply of propulsion engines and related aerodynamic surfaces for the ASTER 30 defence system, with a value of approx. Euro 50 million;
- under the same framework contract, Avio also signed standalone, unrelated orders for an aggregate amount of a further approx. Euro 10 million;
- Vega-C successfully completed the VV27 mission, putting the CO3D and MicroCarb satellites into orbit;
- following development and prototyping activities conducted over the past year, Avio announced on August 27, 2025 the signing of an supplementary agreement with the US Government Armed Forces to provide industrial capabilities and expertise in the production, assembly, integration and testing of solid propulsion engines for tactical missiles;

- Avio announced on August 27, 2025 the signing of three launch service contracts with the European Space Agency (ESA) as part of the "Flight Ticket" initiative, jointly promoted by the ESA and the European Commission to offer European companies and institutions the opportunity to test new technologies in space;
- on September 18, 2025, Avio and SpaceLaunch - an American launch services company based in Austin, Texas - signed a Launch Services Contract to place an institutional earth-observation satellite in orbit using Vega C in 2027;
- On September 24, 2025, Avio USA and Raytheon, part of the RTX Group, signed a purchase order for up to USD 26 million to continue engineering activities on the MK 104 dual-thrust rocket engine;
- on November 5, 2025, Ariane 6 successfully carried the Earth observation satellite Sentinel-1D into orbit;
- on November 10, 2025, Avio and Raytheon signed a Memorandum of Understanding to support Avio in the construction of a solid propellant engine manufacturing facility in the United States;
- on November 10, 2025, Avio and Lockheed Martin signed a non-binding term sheet to support Avio USA in the construction, in the United States, of a facility dedicated to the production of solid propellant engines;
- on November 14, 2025, two Launchers Exploitation Arrangements (LEAs) were signed, marking a significant step in the continuation of Ariane 6 and Vega-C operations;
- on November 17, 2025, Avio and ArianeGroup signed a new agreement to renew their industrial co-operation and ensure independent European space access;
- on December 1, 2025, Vega C completed the VV28 mission, carrying the KOMPSAT-7 satellite into orbit for the Korea Aerospace Research Institute;
- as recently resolved at the ESA Member States 2025 Ministerial Council held in Bremen on November 26 and 27, the European space budget increased by 30% on the previous three-year period to Euro 22.1 billion;
- based on commitments from ESA member states, Avio expects to be awarded new contracts worth more than Euro 600 million over the period 2026-2027, with execution scheduled by 2028-2029;
- on December 5, 2025, as part of the existing framework contract with MBDA, Avio S.p.A. signed two production orders relating to the supply of propulsion engines and related aerodynamic surfaces for the area defence system, for a total value of over Euro 35 million;

- Avio USA has selected Virginia as the location for a new facility for the production of solid-propellant engines intended for the defence, tactical propulsion, missile systems, and space sectors; the investment will amount to approx. USD 500 million and will also be financed by the Euro 400 million capital increase completed by Avio S.p.A. in November 2025;
- on December 19, 2025, Avio signed two Launch Services Agreements with two different customers (one European and the other non-European) to carry several satellites into orbit aboard the Vega C;
- on May 30, 2025, Mr. Alessandro Agosti resigned, effective September 12, 2025, from his role as Chief Financial Officer, Investor Relator, and Executive Officer for Financial Reporting, in addition to his position attesting to the compliance of the Sustainability Statement;
- in accordance with the Regulation of the "Sponsor Warrant Space2 S.p.A.", on June 2, 2025, a total of 800,000 ordinary shares of Avio were issued in favour of Space Holding S.r.l., at the price of Euro 13.00 per share, for a total consideration of Euro 10,400,000;
- as part of a tax audit for the 2018 and 2019 tax years that began in December 2024, the Tax Agency - Lazio Office (hereinafter the "Lazio TA" or "TA") challenged the Company's deduction of amortisation related to goodwill generated in connection with certain corporate transactions dating back to 2003;
- with settlement agreements of July 18, 2025 and December 11, 2025, the Company settled, with the waiver of penalties, the statement of claims for IRES and IRAP purposes for the years 2018 and 2019;
- The Board of Directors of July 30, 2025 appointed Mr. Nevio Quattrin as the new Investor Relations Manager;
- The Board of Directors on September 11, 2025, appointed Mr. Roberto Carassai as the new Chief Financial Officer and Executive Officer for Financial Reporting, as well as for the attestation of compliance of the Company's Sustainability Statement, effective October 1, 2025; the functions of Chief Financial Officer were held on an interim basis by the Chief Executive Officer Giulio Ranzo;
- The Board of Directors on September 11, 2025, also approved the new business plan of the Company and the proposal to submit to the Extraordinary Shareholders' Meeting on October 23, 2025 the proposal for a share capital increase of a maximum total amount of Euro 400 million (including any share premium);
- in the space sector, Avio, as supplier and operator of the Vega launch service, will continue to benefit from market dynamics that predict a 10% average annual growth rate between 2024 and 2034 (in terms of tonnes launched into orbit). It will do this by increasing Vega C

flight frequency and evolving its launcher platform with Vega E, in addition to providing thrusters for Ariane launchers;

- following the completion of the rights issue approved by the Company's Shareholders' Meeting on October 23, 2025, for a total maximum amount of Euro 400 million, 19,630,197 new ordinary Avio shares were issued, with no indication of par value, for a total equivalent value 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).

With reference to the calls for attention published by Consob on March 18, 2022 and May 19, 2022, addressed to listed issuers and concerning the impact of the war in Ukraine on financial disclosure, the Board of Statutory Auditors highlights that, in the Annual Financial Report, approved by the Board of Directors on March 12, 2026, "Main risks and uncertainties to which the Group is exposed - Risks relating to the war in Ukraine", it is highlighted that:

- 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;
- as of December 31, 2025, 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 assembly (MEA);
- with these suppliers, at the end of 2023 a contract was finalised for the supply of additional main engines of the 4th stage with delivery expected in the medium term (2025-2027);
- the risks from impacts from dependence on such Ukrainian strategic suppliers are qualified as possible;
- 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 has provided a "strategic" stock which guarantees Avio's deliveries for launches planned in the medium term.

In the Annual Financial Report, among the Subsequent events, the company points out that:

- the European Ariane 6 launcher successfully completed its flight from French Guiana, placing 32 satellites into orbit and, for the first time, the rocket used four P120C solid-propellant boosters;

- a more powerful version of the boosters, the P160C, has already been successfully qualified and will be used for upcoming missions;
- Avio USA will locate its new facility for the production of solid propellant engines in Hurt, Pittsylvania County (Virginia);
- 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;
- 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 defence;
- 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 defence systems to the US government and the NATO Allies;
- on January 29, 2026, the Board of Directors of Avio S.p.A. reviewed and approved the upward review of guidance on the order backlog and net revenue for FY 2025.

The Directors' Report, the information received during the meetings of the Board of Directors and those received from the Chief Executive Officer, senior management, the Boards of Statutory Auditors and/or the Board of Directors of the subsidiaries and from the Independent Audit Firm do not indicate the existence of atypical and/or unusual transactions with Group companies, with third parties or with related parties.

During the year, the company introduced various provisions to implement measures introduced by Regulations, the Oversight Authorities, in addition to the Corporate Governance Code.

The Board of Statutory Auditors verified, also through participation at the meetings of the Appointments and Remuneration Committee, the company processes undertaken to establish the remuneration policies of the company, with particular regards to the remuneration criteria of the General Manager/Chief Executive Officer and of the Senior Executives.

As part of its supervisory activities, the Board of Statutory Auditors then reviewed and obtained information on the organisational and procedural activities put in place pursuant to Legislative Decree No. 231/2001 for the prevention of the offenses set forth therein; these latter activities are also illustrated in the Corporate Governance and Ownership Structure Report, to which reference should be made.

Based on this information, it is the opinion of the Board of Statutory Auditors that the organisational structure of the Company, the procedures put in place, in addition to the set of expertise and responsibilities, can be considered on the whole adequate in relation to the size of the company and the type of business conducted.

1.3 Oversight of the internal control and risk management system

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management systems through:

- regular participation at the Control and Risks Committee, the Appointments and Remuneration Committee and the Sustainability Committee of the Company,
- the periodic meetings with the Internal Audit function and the Legal and Compliance function to assess the work planning methods, based on the identification and assessment of the main process and organisational unit risks;
- the meetings with the Risk Management function to analyse Avio's and the Group's strategic risks;
- the meetings with senior positions regarding the organisational and operating impacts of Avio's activities;
- the review of reports from the Internal Audit function;
- the meetings with the Executive Responsible for Financial Reporting;
- the discussion of the work performed by the Independent Audit Firm Deloitte & Touche S.p.A.;
- the meetings with the Supervisory Board as per Legislative Decree No. 231 of 2001 and the review of its periodic Reports;
- the acquisition as per paragraphs 1 and 2 of Article 151 of the CFA of information from the boards of the Italian registered subsidiaries on events considered significant involving the Group companies and on the internal control system;
- the review of the report of the Control and Risks Committee and the activities carried out and on the adequacy of the internal control and risk management system;
- discussion with the Company's Chief Executive Officer on the adequacy of Avio's organisation, administrative and accounting structure, aimed at understanding the risks, including prospective risks, to be faced;
- the acknowledgement of the assessment, expressed by the Board of Statutory Auditors, of the adequacy of the organisational, administrative and accounting structure of Avio and of the strategically significant subsidiaries.

The Company's Internal Audit function which, with the favourable opinion of the Board of Statutory Auditors, is outsourced to a specialised company, operates on the basis of a multi-year plan, reviewed annually, which defines activities and processes to be audited with a view to a risk-based approach. The plan is approved by the Board of Directors, following the approval of the Control and Risks Committee and consultation with the Board of Statutory Auditors.

The activities carried out by Internal Audit during the year substantially covered the planned scope of activities. These activities did not indicate significant issues, although highlighting areas for improvement to be implemented according to established and verified timelines.

The Board of Statutory Auditors has acquired information upon the adequacy of the organisational, administrative and accounting structure of the Company and its subsidiaries - taking into account the characteristics and size of the company - including for the purposes of the provisions of the Crisis and Insolvency Code, with particular regard to the tools adopted for tracking and managing risks.

On the basis of the activities carried out, the information acquired and the Internal Audit function's report, as well as the positive assessments expressed by the Control and Risk Committee and by the Board of Directors, the Board of Statutory Auditors considers that no criticalities exist which may affect the internal control and risk management systems structure.

1.4 Oversight on the administrative-accounting system and on the financial disclosure process

The Board of Statutory Auditors supervised the administrative and accounting system's suitability and its appropriateness in correctly representing accounting data and activities performed under the coordination of the Executive Officer, for the purposes of the requirements referred to in Law 262/05 "Provisions for the protection of savings and the regulation of financial markets" and subsequent amendments and additions.

The Board of Statutory Auditors periodically met the Executive Officer Responsible for the preparation of the corporate accounting documents to exchange information on the administrative-accounting system, while also considering the reliability of this latter to correctly present operating events.

The Board of Statutory Auditors reviewed the Report presented by the Executive Officer for Financial Reporting to the Board of Directors on March 12, 2026, in which, among other things, it outlines that the administrative and accounting procedures/instructions for the preparation of the 2025 financial statements and consolidated financial statements are substantially adequate and effectively applied.

The Board of Statutory Auditors also reviewed the declaration of the Chief Executive Officer and the Executive Officer for Financial Reporting, prepared on March 12, 2026, in accordance with the provisions contained in Paragraph 5 and Paragraph 5-bis of Article 154-bis of the CFA, in accordance with the model set forth in Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as subsequently amended and supplemented.

The Chief Executive Officer and the Executive Officer for Financial Reporting have, among other matters, confirmed that no significant issues were identified in the assessment of the internal control system.

The Board of Directors on January 29, 2026 approved the impairment test procedure drawn up according to IAS 36, governing the methods to verify the recoverability of Avio Group's assets and on March 12, 2026 approved the results of applying the same procedure, also with the support of an independent advisor, to the relative items of the 2025 financial statements.

The Board supervised (i) on the adoption of the procedure and, subsequently (ii) on the outcome of the checks made by management, with the support of an independent advisor, which confirms the recoverability of the assets subject to the impairment test.

The Board of Statutory Auditors monitored compliance with the procedural rules for the financial disclosure process relating to the separate financial statements and consolidated financial statements and does not report upon any deficiencies that would affect its judgment of the adequacy and effective application of administrative and accounting procedures.

1.5 Supervisory activities on sustainability reporting

The Board of Statutory Auditors reviewed the sustainability governance structure adopted by the company. In this regard, central importance is given to the Board of Directors, which, as part of its strategic guidance, identifies the medium- and long-term ESG goals - approving the Group's sustainability plan within the long-term strategy - and identifies the Impacts, Risks and Opportunities ("IRO"), validating the double materiality analysis.

The Board of Directors also relies on the work of the Sustainability Committee, which is entrusted with an investigative and proactive role regarding ESG issues and processes, including those concerning sustainability reporting.

The Board of Statutory Auditors has verified that sustainability reporting is structured in a way that is consistent with the provisions of Legislative Decree No. 125 of 2024 and with the strategic

objectives and corporate policies set out in business plans, and that it sets out information regarding both the impact of the company's activities on the environment, people and governance ("inside-out"), and how risks and opportunities arising from sustainability issues affect the company's economic and financial performance ("outside-in").

The attestation of the sustainability statement is provided by the Executive Officer for Financial Reporting.

The Board of Statutory Auditors therefore acquired information on the activities planned and then carried out by the Executive Officer for the purpose of certifying compliance with the standards set by the regulations.

The Board of Statutory Auditors has verified that the consolidated sustainability statement has been prepared by the Directors in accordance with the reporting standards adopted by the European Commission under Directive 2013/34/EU (European Sustainability Reporting Standards) and that the information contained in Section "2.1 EU Taxonomy" has been prepared in accordance with Article 8 of Regulation (EU) No. 852 of June 18, 2020 ("Taxonomy Regulation").

The Board of Statutory Auditors also took note of the declaration issued by the Chief Executive Officer and the Executive Officer regarding the compliance of the sustainability statement with the standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council, and Legislative Decree No. 125 of 2024, as well as regarding the preparation thereof with the specifications adopted pursuant to Regulation (EU) 2020/852 of the European Parliament on taxonomy.

1.6 Oversight on related party transactions

The Board of Statutory Auditors supervised the compliance of the Related Party Transactions Policy ("RPT Policy") with the applicable regulation.

Intercompany or related party transactions are disclosed in the notes to the consolidated financial statements, § 7 Related Party Transactions, as well as in the notes to the financial statements, § 6 Related Party Transactions.

The related parties of the Companies are identified on the basis of IAS 24 - *Related Party Disclosures*, applicable from January 1, 2011, and are generally 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 participated companies.

2. INTERNAL CONTROL AND AUDIT COMMITTEE

2.1 Supervisory activities on the audit of annual and consolidated financial statements

In accordance with Article 19 of Legislative Decree No. 39 of 2010, the Board of Statutory Auditors is identified as the Internal Control and Audit Committee and carried out the required oversight activities upon the legally required audit of the statutory annual accounts and of the consolidated accounts.

The Board of Statutory Auditors periodically met with the Independent Audit Firm Deloitte & Touche S.p.A., also as per Article 150, paragraph 3, of the CFA for the exchange of reciprocal information. At these meetings, the Independent Audit Firm did not indicate any facts or events requiring indication or irregularities requiring specific reporting as per Article 155, paragraph 2 of the CFA.

For its supervision activities, the Board of Statutory Auditors periodically met with the independent audit firm to review the results from the auditing of the proper maintenance of accounting records, to review the Avio and Group 2025 Audit Plan and for the state of advancement of the Audit Plan.

In particular, the Board of Statutory Auditors:

i. noted an appropriate level of professional scepticism;
ii. promoted effective and timely communication with the Auditor.

The Board of Statutory Auditors has (i) analysed the work carried out by the Independent Audit Firm, and in particular, the methodological framework, the audit approach used for the various significant areas of the financial statements and the planning of the audit work and (ii) shared with the Independent Audit Firm the issues related to corporate risks, thus being able to appreciate the adequacy of the response by the Auditor with the structural and risk profiles of the Company and the Group; (iii) carried out adequate in-depth analysis of the Audit Quality Indicators.

The draft financial statements at December 31, 2025, accompanied by the Directors' Report prepared by the Directors, in addition to the indicated statement of the Chief Executive Officer and of the Executive Officer, were approved by the Board of Directors at the meeting of March 12, 2026 and

simultaneously made available to the Board of Statutory Auditors in view of the Shareholders' Meeting called for April 28, 2026.

On the same date of March 12, 2026, Avio's Board of Directors also reviewed the consolidated financial statements, as prepared, pursuant to Article 154-bis of the CFA, by the same Executive, which were also the subject of the same statement, and similarly made them available to the Board of Statutory Auditors.

Avio S.p.A.'s financial statements report a net profit of Euro 10,041 thousand.

The Directors' Report highlights, with regard to Avio S.p.A., that:

- the EBIT was Euro 8,609 thousand, increasing Euro 1,551 thousand on 2024;
- this increase is mainly attributable to the contribution of higher revenues in the Space sector, partially offset by the progressive completion of Technological Development Projects;
- the result for 2025 was also shaped by the research and development tax credit of Euro 743 thousand (Euro 1,796 thousand in 2024), mainly relating to research and development activities, commissioned by the European Space Agency, recognised in the results for the year on the basis of the costs incurred for the Group's long-term research and development projects to which the grant refers, as well as to the Industry 4.0 and technological innovation investments.

The Directors' Report highlights, with regard to the Group, that:

- the EBIT was Euro 11,966 thousand, increasing Euro 3,583 thousand on 2024;
- this increase is, as seen, primarily attributable to the contribution of higher revenues in the Space sector, partially offset by the progressive completion of the Technological Development Projects;
- the aforementioned tax credit for research and development activities in the amount of Euro 743 thousand (Euro 1,796 thousand in 2024) also contributed to the 2025 result.

The Directors' Report, through the reconciliation of EBIT, Adjusted EBIT and Adjusted EBITDA, highlights, with reference to the results of the Avio Group, that the Adjusted EBIT and the Adjusted EBITDA included non-recurring charges/income for a net amount of Euro 2.5 million, comprising:

- new European launcher governance amounting to charges of Euro 615 thousand;
- other non-recurring charges/(income) amounting to Euro 186 thousand;
- corporate, legal and financial consultancy amounting to charges of Euro 210 thousand;

- settlement agreements/incentives/other personnel costs amounting to charges of Euro 936 thousand;
- extraordinary provisions for risks associated with Vega C's return to flight, net of compensation expected from the European Space Agency, and for the future execution of programmes (mainly included in provisions for risks and charges and with a minority portion to adjust inventories) amounting to charges of Euro 547 thousand;

On March 31, 2026, the independent auditors issued, pursuant to Article 14 of Legislative Decree No. 39 of 2010 and Article 10 of Regulation (EU) No. 537/2014, the audit reports on the financial statements and consolidated financial statements of the Avio Group for the year ended December 31, 2025, prepared in accordance with International Financial Reporting Standards - IFRS adopted by the European Union, in addition to the implementing provision of Article 9 of Legs. Decree No. 38 of 2005.

The Independent Audit Firm highlighted the following key aspects of the audit:

- Valuation of contract work-in-progress;
- Recoverability of goodwill

and also highlighted the relevant audit procedures carried out.

Regarding opinions and certifications, the Independent Audit Firm in its audit reports on the annual financial statements and consolidated financial statements has:

- issued an opinion indicating that the financial statements of Avio and the consolidated financial statements of the Avio Group provide a true and fair view of the equity and financial situation of the company and of the Group at December 31, 2025, of the result for the year and of the cash flows for the year ending at that date, in compliance with the International Financial Reporting Standards, adopted by the European Union, in addition to the implementation provisions of Article 9 of Legislative Decree No. 38 of 2005;
- issued an opinion on the consistency of the Directors' Report with the separate financial statements and consolidated financial statements at December 31, 2025 and the specific information in the Corporate Governance and Ownership Structure Report indicated in Article 123-bis, paragraph 4 of the CFA, whose responsibility lies with the Directors of Avio, and are consistent with the documentation of the financial statements and are legally compliant;

- issued an opinion on the compliance of the preparation of the separate financial statements in XHTML format with the provisions of Delegated Regulation (EU) 2019/815;
- issued an opinion that the consolidated financial statements as of December 31, 2025 have been prepared in XHTML format and have been marked in all significant aspects in accordance with the provisions of Delegated Regulation (EU) 2019/815;
- declared, with regards to any significant errors in the Directors' Report, on the basis of its knowledge and understanding of the company and of the relative context acquired during the audit activities, to not having any matters to report.

On March 31, 2026, the Independent Audit Firm also presented to the Board of Statutory Auditors the additional report required by Article 11 of Regulation EC No. 537/2014 and which did not indicate significant deficiencies in the internal control system with regards to the financial disclosure process requiring the attention of Internal Control and Audit Committee. The Board of Statutory Auditors will inform the Board of Directors on the results of the audit, transmitting for this purpose the additional report pursuant to Article 11 of the European Regulation 537/2014, accompanied by any observations, pursuant to Article 19 of Legislative Decree 39 of 2010.

The Independent Audit Firm presented to the Board of Statutory Auditors the statement regarding its independence, as required by Article 6 of Regulation (EC) 537/2014, indicating no situations which may compromise such.

During 2025, the Independent Audit Firm performed the tasks described in point 8 of the notes to the separate financial statements and note 9 of the consolidated financial statements, as required by Article 149-*duodecies* of the Issuers' Regulation.

The Board of Statutory Auditors approved, following a thorough review, the Auditor's proposal regarding additional services related to the capital increase, after verifying the absence of factors likely to create potential risks to its independence.

2.2 Monitoring activities of the consolidated sustainability statement process and its limited review by the Independent Audit Firm

As the Internal Control and Audit Committee, pursuant to Article 19 of Legislative Decree No. 39 of January 27, 2010, the Board of Statutory Auditors examined the sustainability statement process and related procedure implemented by the company also for the purpose of compliance with the standards adopted by the European Commission, including the use of the electronic format; it also

checked the effectiveness of the internal control, quality and risk management system as well as the internal audit with regard to sustainability reporting.

Avio approved:

- an "Internal Control Model on sustainability reporting";
- a "Procedure for the preparation of the consolidated sustainability statement";
- a new version of the "Executive Officer for Financial Reporting Regulation".

The Internal Control Model for sustainability reporting was based on leading national and international practices (e.g. the CoSO Report on sustainability statements).

The Procedure for preparing the consolidated sustainability statement seeks to define the operational process for preparing the Avio S.p.A. Group's Sustainability Statement as part of the Directors' Report within the Annual Financial Report. This document is drafted in compliance with Legislative Decree No. 125/2024 (hereinafter also referred to as the Decree), which transposed the new Directive 2022/2464/EU (Corporate Sustainability Reporting Directive, CSRD). It follows the European Sustainability Reporting Standard (ESRS) and of EU Regulation 2020/852 (the Taxonomy Regulation).

The procedure defines activity flows and verification processes, in line with the Internal Control Model for sustainability reporting, establishing roles and responsibilities.

The new version of the "Executive Officer for Financial Reporting Regulation" takes into account the circumstance that Legislative Decree No. 125/2024, on the transposition of the CSRD supplemented Article 154-bis of the CFA (paragraph 5-ter), introducing an expansion of the sphere of attestation of the Executive Officer for Financial Reporting, who will also have to provide an attestation of compliance of the Sustainability Statement with the reporting standards (European Sustainability Reporting Standard, ESRS) and the Taxonomy Regulation.

The Board of Statutory Auditors acquired knowledge from the functions in charge of the sustainability reporting process and verified the existence:

- of an appropriate organisational structure for the sustainability reporting process;
- of an adequate administrative/accounting system;
- of directives, procedures and operating practices adopted for the purpose of ensuring that consolidated sustainability reporting is complete and reliable;

- of adequate periodic information, both quantitative and qualitative, instrumental in defining sustainability reporting.

The Board of Statutory Auditors monitored the declaration activities of the consolidated sustainability statement by ensuring a regular exchange of information with the Auditor of the sustainability statement and carried out an analysis of the methodological audit framework adopted by them.

The consolidated sustainability statement, integrated into the Directors' Report, accompanied by the attestation of the Chief Executive Officer and the Executive Officer for Financial Reporting, approved by the Board of Directors on March 12, 2026, was simultaneously made available to the Board of Statutory Auditors in view of the Shareholders' Meeting called for April 28, 2026.

On March 31, 2026, the Independent Audit Firm Deloitte & Touche S.p.A., which is independent in accordance with the rules and principles of ethics and independence applicable to the assignment in question, issued its report on the limited audit of the consolidated sustainability statement pursuant to Article 14-bis of Legislative Decree No. 39 of January 27, 2010.

The Independent Audit Firm has declared that, based on its work, no evidence has come to its attention to suggest that:

- the Avio Group's consolidated sustainability statement for the year ending December 31, 2025 has not been prepared, in all significant aspects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (ESRS);
- the information contained in the paragraph "2.1 EU Taxonomy" of the consolidated sustainability statement has not been prepared in all significant aspects in accordance with Article 8 of Regulation (EU) No. 852 of June 18, 2020 (Taxonomy Regulation).

3. OTHER ACTIVITIES

3.1 Method for the concrete application of the Corporate Governance rules

In exercising its functions, the Board of Statutory Auditors, as required by Article 2403 of the Civil Code and Article 149 of the CFA, oversaw the methods for the concrete implementation of the corporate governance rules set out in the conduct codes with which Avio complies. The company complies with the Corporate Governance Code of listed companies prepared by the Corporate

Governance Committee and in accordance with Article 123-bis of the CFA the "Corporate Governance and Ownership Structure Report", in which information is provided upon:

i. the share capital structure;
ii. shareholder agreements;
iii. the effectively applied corporate governance practices;
ii. the main features of Internal Control and Risk Management Systems;
iii. the mechanisms for the functioning of the Shareholders' Meetings, its main powers, the rights of Shareholders and the operating rules;
iv. the composition and functioning of the administration and control boards and of the internal committees.

The Board of Directors approved the "Corporate Governance and Ownership Structure Report" on March 12, 2026.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members, based also on the qualitative and quantitative criteria previously defined by the Board of Directors pursuant to Recommendation 7, first paragraph, letters c) and d), contained in Article 2 of the Corporate Governance Code.

The Board of Directors conducted, with the support of an external consulting firm, an evaluation of its operation, the results of which were discussed at the meeting of March 12, 2026 and are outlined in the "Corporate Governance and Ownership Structure Report".

3.2 Supervisory Activities on Remuneration Policies

The Board of Statutory Auditors verified the company processes undertaken to establish the remuneration policies of the company, with particular regards to the remuneration criteria of the General Manager/Chief Executive Officer and of the Senior Executives.

The Board of Directors on March 12, 2026, based on the favourable opinion of the Appointments and Remuneration Committee, approved the "Remuneration policy and report" drawn up as per Article 123 ter of the CFA and Article 5 of the Corporate Governance Code.

3.3 Notices, claims, omissions or citable events, opinions provided and initiatives taken

In 2025, the Board of Statutory Auditors did not receive any notices as per Article 2408 of the Civil Code, nor received petitions from third parties. The Board of Statutory Auditors is not aware of any other notices to be reported to the Shareholders' Meeting.

In the course of the activities carried out and based on the information obtained, no significant omissions, matters, irregularities or circumstances that would require reporting to the Supervisory Authority or mention in the present report were noted.

The Board of Statutory Auditors also issued the opinions required by current legislation.

3.4 Board of Statutory Auditors' Self-Assessment

The Board of Statutory Auditors monitored whether each of its members met and continued to meet the regulatory requirements of independence, standing, professionalism, and compliance with the limits on the accumulation of positions.

The statutory gender distribution criterion is applied with reference to the composition of the Board of Statutory Auditors currently in office.

Pursuant to Rule Q.1.7 of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies, the Board of Statutory Auditors conducted its own self-assessment with the support of an external consulting firm, the results of which were discussed and presented to the Board of Directors at its meeting on March 12, 2026, and are described in the "Corporate Governance and Ownership Structure Report".

4. CONCLUSIONS

Taking account of that outlined above, the Board of Statutory Auditors, considering the content of the reports prepared by the Independent Audit Firm, noting the statements issued jointly by the Chief Executive Officer and by the Executive Officer, expresses a favourable opinion on the approval of the statutory financial statements of Avio at December 31, 2025 and on the proposal to allocate the net profit for the year of Euro 10,040,914, drawn up by the Board of Directors, as follows:

- Euro 502,046, corresponding to 5% of the net profit, to the legal reserve;
- Euro 6,800,000 in dividends;
- Euro 2,738,868 to retained earnings.

Finally, we would like to remind you that, with the approval of the financial statements for the year 2025, the term of office of this Board of Statutory Auditors ends and that the Shareholders' Meeting,

called for such approval, is also called to appoint the Board of Statutory Auditors for the next three fiscal years and to determine its remuneration.

On February 23, 2026, the Board of Statutory Auditors drafted its Guidelines on the composition and remuneration of the new Board of Statutory Auditors.

Such document was made available to the Shareholders on March 13, 2026.

Rome, March 31, 2026

The Board of Statutory Auditors

Mr. Vito Di Battista (Chairperson)

Mr. Mario Matteo Busso (Statutory Auditor)

Ms. Michela Zeme (Statutory Auditor)