



SHAREHOLDERS' MEETING
APRIL 29, 2021 - 3PM IN SINGLE CALL

REPORT OF THE BOARD OF DIRECTORS ON THE MATTERS ON THE AGENDA
*(in accordance with Article 125-ter, Legislative Decree No. 58/1998 and
Article 84-ter of Consob Regulation No. 11971/1999)*

Dear Shareholders,

this report (the “**Report**”) was prepared by the Board of Directors of Avio S.p.A. (“**Avio**” or the “**Company**”) in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented (the “**CFA**”) and Article 84-*ter* of the Regulation adopted with Consob motion No. 11971 of May 14, 1999, as subsequently amended and supplemented (the “**Issuers’ Regulation**”), to outline the matters on the agenda of the Shareholders’ Meeting called for April 29, 2021 in single call.

In particular, you are called to consider the following agenda:

1. Financial Statements at December 31, 2020. Presentation of the Consolidated Financial Statements at December 31, 2020. Reports of the Board of Directors, Board of Statutory Auditors and of the Independent Audit Firm. Allocation of the net profit. Resolutions thereon;
2. Remuneration Policy and Report pursuant to Article 123-*ter*, paragraph 3-*bis* and 6 of Legislative Decree No. 58/98:
 - 2.1. First Section: remuneration policy report. Binding motion;
 - 2.2. Second Section: report on remuneration paid. Non-binding motion.
3. Approval of the proposal for authorisation for the purchase of treasury shares in accordance with Article 2357 of the Civil Code

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Proposals on the matters on the Agenda:

1. **Financial Statements at December 31, 2020. Presentation of the Consolidated Financial Statements at December 31, 2020. Reports of the Board of Directors, Board of Statutory Auditors and of the Independent Audit Firm. Allocation of the net profit. Resolutions thereon.**

Dear Shareholders,

The Shareholders’ Meeting will be called to approve the separate financial statements at December 31, 2020 of the company, accompanied by the Directors’ Report.

All the documentation concerning this matter will be made available to the public, within the terms required by applicable provisions and regulations, at the registered office of the Company, on the website www.avio.com, “*Investors - Financial documents*” section, on the website of Borsa Italiana S.p.A. and on the authorised storage mechanism “eMarket STORAGE”, together with the Board of Statutory Auditors’ Report and the Independent Auditors’ Report on the Statutory Financial Statements for the year ended December 31, 2020. The shareholders have the right to obtain a copy.

“Considering the Directors’ Report, we invite you to approve the statutory financial statements at December 31, 2020, prepared as per IFRS, together with the accompanying reports, which present a net profit of Euro 8,771 thousand.

In this respect, the Board of Directors of Avio S.p.A. met on March 19, 2021 and proposed to allocate such result as follows:

- Euro 7,321 thousand as dividend;
- Euro 1,450 thousand to retained earnings

Considering that stated above, we present the following proposal:

“The ordinary session of the Shareholders’ Meeting of Avio S.p.A.:

having examined the Financial Statements of Avio S.p.A. at and for the year ended December 31, 2020, accompanied by the Directors’ Report, Board of Statutory Auditors’ Report, Independent Auditors’ Report and additional documentation required by law,

RESOLVES

- *to approve the 2020 Separate Financial Statements of Avio S.p.A.;*
- *to allocate the net profit of Avio S.p.A. for 2020 of Euro 8,771 thousand as follows:*
 - *Euro 7,321 thousand as dividend;*
 - *Euro 1,450 thousand to retained earnings”*

2. Remuneration Policy and Report pursuant to Article 123-ter, paragraph 3-bis and 6 of Legislative Decree No. 58/98.

2.1 First Section: remuneration policy report. Binding motion.

2.2 Second Section: report on remuneration paid. Non-binding motion.

Dear Shareholders,

the Shareholders’ Meeting will be called to approve, as per Article 123-ter, paragraphs 3-bis and 6, of the CFA, the Remuneration Policy and Report of the company, prepared pursuant to the aforementioned article of the CFA and Article 84-*quater* of the Issuers’ Regulation, which illustrates (i) in the First Section, the remuneration policy regarding the members of the Board of Directors, the General Managers and the Senior Executives, in addition to the procedures utilised for the adoption and implementation of this policy and (ii) in the Second Section, for members of Boards of Directors and Boards of Statutory Auditors, General Managers and, in collective form, Senior Executives, an adequate, clear and comprehensible representation of the items making up their remuneration, including the treatments provided for in the event of termination of office or termination of employment, highlighting their compliance with the Remuneration Policy and the way in which the remuneration contributes to the long-term results of the Company, and the compensation paid during the reporting year in any capacity and in any form by the Company and by its associates and subsidiaries, together with an illustration of the compensation to be paid in one or more subsequent years for service rendered during the reporting year.

For further information, reference should be made to the text made available to the public at the registered office of the company, on the Company website at www.avio.com, “Corporate Governance” section, on the website of Borsa Italiana S.p.A. and on the authorised storage mechanism “eMarket STORAGE”, at least 21 days before the date fixed for the Shareholders’ Meeting.

The shareholders are reminded that:

- pursuant to Article 123-ter, paragraph 3-ter, of the CFA, will be called to vote on Section I of the Remuneration Policy and Report (in favour or against). The resolution is binding;
- pursuant to Article 123-ter, paragraph 6 of the CFA, will be called to vote on Section II of the “Remuneration Policy and Report” (in favour or against). The resolution is not binding. The results of the vote will be made available to the public in accordance with Article 125 quater, paragraph 2 of the CFA.

Considering that stated above, we present the following proposal:

“The ordinary session of the Shareholders’ Meeting of Avio S.p.A.:

having examined the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, made available to the public on March 29, 2021,

RESOLVES

- *to approve Section I, drawn up as per Article 123-ter of the CFA, paragraph 3, containing the remuneration policies of Avio S.p.A.;*
- *to resolve in favour, pursuant to Article 123-ter of the CFA, paragraph 6 (consultative, non-binding vote), of Section II, drawn up as per Article 123-ter of the CFA, paragraph 4.”*

3. Approval of the proposal for authorisation for the purchase of treasury shares in accordance with Article 2357 of the Civil Code

Dear Shareholders,

The Shareholders’ Meeting shall be called to approve, in accordance with Article 2357 of the Civil Code, the proposal to authorise the purchase of treasury shares, as outlined in the Illustrative Report of the Board of Directors prepared in compliance with Article 73 and annex 3A, scheme 4 of the Issuers’ Regulation and made available to the public at the registered office of the company, on the Company website at www.avio.com, “Corporate Governance” section and on the authorised storage mechanism “eMarket STORAGE”, at least 21 days before the date fixed for the Shareholders’ Meeting.

Rome, March 29, 2021

On behalf of the Board of Directors

The Chairman of the Board of Directors

Mr. Roberto Italia