

PROSPECTUS

"2023 - 2025 RESTRICTED SHARE PLAN"

PREPARED PURSUANT TO ARTICLE 114-BIS OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998, ARTICLE 84-BIS AND ANNEX 3A, SCHEDULE 7, OF CONSOB REGULATION NO. 11971 OF MAY 14 1999 AND SUBSEQUENT AMENDMENTS

Milan, March 13, 2023

Definitions

In addition to the terms defined elsewhere in this Prospectus, for the purposes of this document, the terms listed below shall have the following meanings:

- “Grant”** indicates the grant of the Rights to each Beneficiary according to the terms and conditions set out in the Regulation.
- “Shareholders’ Meeting”** the Shareholders’ Meeting of the Company.
- “Allocation”** the determination of the number of Shares that each Beneficiary will receive free of charge, as decided by the Board of Directors, after consulting the Appointments and Remuneration Committee, at the end of the Vesting Period.
- “Shares”** the ordinary shares of the Company, listed on the STAR segment of the Euronext Milan market managed by Borsa Italiana S.p.A., with no par value.
- "Bad Leaver"** all conclusion of employment situations other than those defining a Good Leaver.
- “Beneficiaries”** the beneficiaries of the Plan, pursuant to paragraph 1 of the Prospectus, as identified by the Board of Directors, after consultation with the Appointments and Remuneration Committee.
- “Change of Control”** (a) the acquisition, directly or indirectly, by one or more third parties of the control of the Company pursuant to Article 93 of the CFA; (b) the acquisition, directly or indirectly, by one or more third parties, of a number of shares or of a shareholding in a Subsidiary, subject to a Beneficiary Relationship, provided that they are different from the Company, of a total of more than 50% of the relevant share capital, unless the Company continues to hold control pursuant to Article 2359 of the Civil Code; (c) the definitive transfer to one or more third parties of the

Company or of the business unit subject to the Beneficiary Relationship.

It is understood that the Changes of Control identified in subparagraphs b) and c) above shall apply only with respect to the Beneficiaries who have an existing Relationship with the Subsidiary, the Company or business unit subject to the Change of Control.

“Code”

the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

“Appointments and Remuneration Committee”

the internal committee to the Board of Directors set up in accordance with Articles 4 & 5 of the Corporate Governance Code.

“Delivery”

the delivery of Shares to each of the Plan Beneficiaries following the Allocation resolved by the Board of Directors at the end of the Vesting Period. Delivery of the Shares will take place no earlier than 36 months after the Allocation Date.

“Board of Directors”

the Board of Directors of the Company.

“Rights Grant Date”

For each Beneficiary, the date on which the Board of Directors, having consulted with the Appointments and Remuneration Committee, decides on the Grant of Rights to that Beneficiary.

“Share Allocation Date”

For each beneficiary, the date on which the Board of Directors, at the end of the Vesting Period, resolves on the number of Shares to be allocated to each Beneficiary and arranges for the notice of the Share Allocation to be sent to the Beneficiaries.

“Rights”

the rights assigned to the Beneficiaries to receive free Shares at the end of the Vesting Period.

“Prospectus”	this Prospectus related to the Plan, drawn up pursuant to Article 114- <i>bis</i> of the CFA and Article 84- <i>bis</i> of the Issuers' Regulation.
“Good Leaver”	<p>the following termination scenarios:</p> <ul style="list-style-type: none"> ▪ dismissal without just cause; ▪ death or disability of the beneficiary (due to illness or injury ascertained by a medical-legal expert report by a professional appointed by the Company) that entails the abstention from carrying out his or her duties for a period, continuous or non-continuous, of more than eight (8) months; ▪ voluntary resignation, only on the condition that the Beneficiary fulfils the statutory retirement requirements and in the 30 subsequent days presents a request to access the relative benefits;
"Group" or "Avio Group"	collectively, Avio S.p.A. and its subsidiaries pursuant to Article 2359 of the Civil Code and Article 93 of the CFA and IFRS 10 – Consolidated Financial Statements.
“Grant Letter”	the communication letter informing the Beneficiaries of their participation in the Plan and containing the Base Number of Rights granted.
"Base Number"	For each Beneficiary, the number of Shares obtainable under the conditions set out in the Regulation.
“Vesting Period” or “Holding Period”	Indicates the period of 36 months from the Grant Date.
"Restricted Share Plan" or "Plan"	the 2023-2025 Plan based on financial instruments reserved to the Beneficiaries and governed by the Regulation (as may be amended) and related annexes.
“Relationship”	the relationship of employment and/or collaboration and/or management between the individual Beneficiary and the Company or one of the Subsidiary companies.

“Regulation”

the Regulation governing the terms, conditions and procedures of the Plan, which will be approved by the Board of Directors of the Company following the approval of the Plan by the Shareholders' Meeting.

“Issuers’ Regulation”

Consob Regulation No. 11971, approved by Resolution of May 14, 1999 and subsequent amendments and supplements.

“Company”

Avio S.p.A., with registered office at via Leonida Bissolati No. 76, Rome, enrolled at the Rome Companies Registration and Tax No. 09105940960.

“CFA”

Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements.

Introduction

On March 13, 2023, the Board of Directors resolved to submit for approval to the Shareholders' Meeting in ordinary session called for April 28, 2023, in single call, an the 2023-2025 Restricted Share Plan described in this Prospectus incentive plan that provides for the right to proceed with the grant of rights to be received free of charge up to a total maximum of 300,000 Shares of the Company (the "**Plan**") at the end of the Vesting Period. The Plan is for Group employees among those who play a key role in achieving Avio's strategic goals. The beneficiaries of the plan do not include the Chief Executive Officer/General Manager or the Senior Executives of the Company.

This Prospectus was prepared in accordance with Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation and complies with, also in terms of the numbering of the relative paragraphs, the indications of Schedule 7 of Annex 3A of the same Issuers' Regulation. As better specified in this Prospectus, some aspects related to the implementation of the Plan will be defined by the Board of Directors on the basis of the powers granted to it by the Shareholders' Meeting.

The plan is not relevant for the purposes of Article 84-*bis*, paragraph 2 of the Issuers' Regulation.

The information resulting from the motions that - subject to the approval of the Plan by the Shareholders' Meeting and in compliance with the general criteria set out therein - the Board of Directors shall adopt in order to implement the Plan, shall be provided in the manner and within the time limits set out in Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.

The purpose of this Prospectus is to provide Shareholders with the information necessary to exercise their right to vote in an informed manner at the Shareholders' Meeting.

The Prospectus is made available to the public at the Company's registered office and on the Company's website www.avio.com, in the *Governance/Shareholders' Meeting 2023* section in accordance with the law.

1. Beneficiaries

1.1 *Indication of the names of the recipients who are members of the Board of Directors of the Company, of the Company's parent company and of the Subsidiaries.*

The Company's Board of Directors are not Beneficiaries of the Plan, while Directors of Group subsidiaries are included if they are employees of Avio.

1.2 *Indication of the categories of employees targeted by the plan or employees of the Company and its parent company or subsidiaries.*

According to the Plan Regulation, the Beneficiaries will be proposed by the Chief Executive Officer from among Avio Group employees who play a key role in achieving Avio's strategic goals. The Company's Chief Executive Officer/General Manager and Senior Executives are not Beneficiaries of the Plan, while Directors of Group subsidiaries may be included if they are employees of Avio.

The report may be supplemented according to the methods and within the terms indicated in Article 84-bis, paragraph 5, letter a) of the Issuers' Regulation.

1.3 *Names of the beneficiaries of the plan belonging to the groups indicated at point 1.3, letters a), b) and c) of Annex 3A, Scheme 7 of the Issuers' Regulation.*

Not applicable: the Plan is not relevant under Article 84-bis, paragraph 2 of the Issuers' Regulation.

1.4 *Description and numeric indication of the beneficiaries of the plan, according to the categories indicated at point 1.4, letters a), b) and c) of Annex 3, Schedule 7 of the Issuers' Regulation.*

a) of Senior Executives other than those indicated at letter b) of paragraph 1.3

Not applicable: the Plan is not relevant under Article 84-bis, paragraph 2 of the Issuers' Regulation and Senior Executives are not included among the Plan's Beneficiaries.

b) For "small" companies, pursuant to Article 3, paragraph 1 (f) of Regulation No. 17221 of March 12, 2010, the aggregate indication of all the Senior Executives of the issuer of the financial instruments

Not applicable: the Plan is not relevant under Article 84-bis, paragraph 2 of the Issuers' Regulation and Senior Executives are not included among the Plan's Beneficiaries.

c) of any other categories of employees or collaborators for which differentiated features of the plan are provided for (e.g. executives, senior managers, white-collar employees etc.)

Not applicable, as there are no differentiated plan features except as regards the Base Number of Rights granted.

2. *Reasons for the adoption of the Plan*

2.1 *Plan objectives*

The Plan is a tool to retain Beneficiaries and support the attraction, retention and engagement of key personnel for the success of the Group Avio Company.

The plan provides for:

- the Grant of a certain number of Rights to each of the Beneficiaries;
- the Allocation and Delivery of Shares at the conclusion of a Vesting Period that lasts 36 months from the Grant Date.

The Board of Directors believes that a plan based on the vesting of the right to free share awards deferred over the medium term is a very effective tool that promotes alignment with the interests of the Company.

The plan is not relevant for the purposes of Article 84-bis, paragraph 2 of the Issuers' Regulation.

2.2 Key variables and performance indicators.

Since the chief goal of the plan is retention, the Allocation of the Shares is subject to the verification by the Board of Directors (with the faculty to delegate to one or more Directors), *inter alia*, that on the Date of Allocation of the Shares the Beneficiary's relationship with the Company or with the relevant Subsidiary is still in force and that, with reference to the role held, he/she is still a Beneficiary within the Company or the relevant Subsidiary. The Allocation of Shares is not subject to the achievement of performance targets.

2.3 Criteria for determining the number of shares to be allocated

The Grant of Rights will be 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, 2023.

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 balance between existing components of remuneration.

The number of Rights to be granted to the Beneficiaries is determined by the Board of Directors, with authority to delegate to one or more Directors, at the time of the Grant. 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 number of Shares that will actually be allocated to each Beneficiary on the Allocation Date will correspond to the Base Number of Shares identified on the Grant Date.

In addition, the Plan provides a mechanism for granting dividends distributed during the Performance Period. Specifically, should the Shareholders' Meeting distribute dividends to Shareholders during the Performance Period, the Beneficiaries will be allocated a number of additional shares determined by the amount of total dividends distributed during the three-year period. The additional shares will be determined by considering the value of the Share at the time of the Grant, calculated as the average Avio share price in the month preceding the Board of Directors meeting that approved the financial statements for the year before the plan began.

2.4 Reasoning behind any decision to allocate remuneration plans based on financial instruments not issued by the Company.

Not applicable. The Plan is based solely on Shares of the Company.

2.5 Assessments concerning significant tax and accounting implications

The preparation of the Plan was not influenced by significant tax or accounting considerations.

2.6 Support to the Plan by the special fund for investment for the incentivisation of the involvement of workers in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003.

The Plan does not receive support from the special fund for the incentivisation of the involvement of workers in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003.

3. Approval procedure and timeframe for the granting of the instruments.

3.1 Powers and functions delegated by the Shareholders' Meeting to the Board of Directors to implement the Plan.

On March 13, 2023, the Board of Directors, having heard the opinion of the Appointments and Remuneration Committee which met on March 9, 2023, resolved to submit the approval of the Plan to the Shareholders' Meeting in ordinary session to be held on April 28, 2023, in single call.

In addition to approving the Plan, the Ordinary Shareholders' Meeting will be called upon to resolve to grant the Board of Directors all powers necessary or appropriate to implement the Plan. These include (by way of example only) all powers to (i) approve the Regulation, (ii) identify the Beneficiaries by name; (iii) determine the number of Rights to be granted to each Beneficiary; (iv) proceed with the Allocation of the Shares, as well as to perform all acts, formalities and communications that are necessary or appropriate to implement and/or manage the Plan.

The Board of Directors, in exercising the powers to be conferred on it by the Shareholders' Meeting in relation to the Plan, may delegate its powers, duties and responsibilities regarding the execution of the Plan to one or more of its members.

3.2 Individuals assigned to administer the Plan.

Responsibility for administering the Plan rests with the Board of Directors. The Board of Directors, or one or more of its members as delegated, is granted all powers to implement the Plan, subject to the advice of the Appointments and Remuneration Committee, which performs advisory and propositional functions in connection with the implementation of the Plan.

3.3 Existing Procedures for Plan Review.

The Board of Directors of the Company, where deemed necessary or appropriate to keep the essential contents of the Plan as unchanged as possible, within the limits allowed by the regulations in force from time to time, shall regulate the emerging rights and/or amend and/or supplement the conditions for the Grant of the Rights upon the occurrence of, *inter alia*, the following transactions: splitting and regrouping of the Shares, free increase in the Company's capital, increase in the Company's capital for payment, distribution of extraordinary dividends, to the Shares, capital reductions for losses by cancellation of the Shares.

The Board of Directors, at its sole discretion, shall also have the power, subject to the opinion of the Appointments and Remuneration Committee, to grant the Beneficiaries the right to receive all or part of the Allocated Shares in advance, and to provide for the early termination of the Plan in the event of:

- (a) Change of Control;
- (b) a public tender offer or a public exchange offer concerning the Avio Shares;
- (c) revocation of the listing of the Shares on the MTA (delisting).

This decision shall be binding on the Beneficiaries.

The Board of Directors is responsible for defining the terms and conditions of the Allocation of Shares in the event of a Change of Control or delisting.

3.4 Methods by which to determine the availability and Allocation of Shares.

The Shares allocated will be made available using only treasury shares held by the Company.

3.5 Role carried out by each Director in establishing the characteristics of the Plan; any conflicts of interest.

The Company's Appointments and Remuneration Committee was involved in preparing the Plan.

3.6 Date of the decision taken by the competent body to propose approval of the Plan by the Shareholders' Meeting and of the opinion of the Appointments and Remuneration Committee.

At its meeting of March 9, 2023, the Appointments and Remuneration Committee issued its opinion regarding the Plan.

At its meeting of March 13, 2023, the Board of Directors resolved to submit the adoption of the Plan to the approval of the Ordinary Shareholders' Meeting called for April 28, 2023.

At the aforementioned meeting of March 13, 2023, the Board of Directors therefore approved, subject to the favourable opinion of the Appointments and Remuneration Committee, this Prospectus and the Directors' explanatory report on the remuneration plan pursuant *to* Article 114-*bis* of the CFA concerning the Prospectus.

3.7 Date of the decision taken by the competent body regarding the assignment of the instruments and of any opinion to the aforementioned body expressed by the Appointments and Remuneration Committee.

The Rights under the Plan will be granted to the Beneficiaries by the Board of Directors, in consultation with the Appointments and Remuneration Committee, following approval of the Plan by the Ordinary Shareholders' Meeting called for April 28, 2023.

The Underlying Shares will be allocated to the Beneficiaries by the Board of Directors, after consultation with the Appointments and Remuneration Committee at the end of the Vesting Period.

The dates for the Granting of Rights and the Allocation of Shares will be communicated by the methods and within the time limits set out in Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.

3.8 The market price of the shares recorded on the dates indicated in 3.6. and 3.7. above.

On March 9, 2023, when the Appointments and Remuneration Committee met to review the Plan to be submitted to the Company's Board of Directors, the official stock market price of the Shares was Euro 10.04.

On March 13, 2023, when the Board of Directors met to review the Plan to be submitted to the Shareholders' Meeting in ordinary session called for April 28, 2023, the official stock market price of the Shares was, Euro 10.00.

The price of the Shares at the time of the Grant of Rights and the Allocation of Shares by the Board of Directors will be communicated in the manner and within the time limits indicated in Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.

3.9 For plans based on financial instruments traded on regulated markets, under which terms and in accordance with which procedures does the issuer take into account, when identifying the timing of the allocation of the instruments under the plans, the possible overlap in time between (i) that allocation or any decisions taken in that regard by the Appointments and Remuneration Committee, and (ii) the disclosure of any relevant information pursuant to Article 17 of Regulation (EU) No 596/2014 and Article 114, paragraph 1, CFA.

On the occasion of the Board of Directors' motion of March 13, 2023 regarding the Plan, notice was given to the market pursuant to and for the purposes of applicable laws and regulations.

During implementation of the Plan, information will be provided to the market, where required by the laws and regulations in force from time to time.

Beneficiaries are required to comply with the provisions on the abuse of inside information laid down by the applicable laws and regulations, with particular reference to disposals of the Shares.

4. Characteristics of the instruments allocated.

4.1 Structure of the Plan.

The purpose of the Plan is to grant the Beneficiaries free of charge Rights to a maximum of 300,000 Shares, representing 1.14% of the Company's share capital.

The Rights will be assigned to the Beneficiaries only on a personal basis and may not be transferred by deed between living persons, nor subject to restrictions or be subject to other acts of disposal for any reason whatsoever.

4.2 Effective implementation period of the Plan with regards also to any differing cycles established.

The plan provides for:

- the Grant of a certain number of Rights to Beneficiaries;
- a Vesting Period lasting 36 months;
- the Allocation and Delivery of Shares following the conclusion of the Vesting Period.

The Shares allocated at the end of the Performance Period - once the statutory and administrative-accounting requirements related to the provision of the Shares have been met - shall be delivered to each Beneficiary within the terms indicated in the Regulation.

4.3 Conclusion date of the plan.

The Plan will conclude with the Delivery of Shares to Beneficiaries.

4.4 Maximum amount of Shares covered by the Plan.

The Plan concerns the right to receive free of charge a maximum 300,000 Shares.

4.5 Plan implementation means and clauses

The Board of Directors, in accordance with the procedures indicated in paragraph 1.1 above, shall identify the Beneficiaries to whom the Grant Letter will be sent. This letter shall indicate the Base Number of Shares.

Each Beneficiary may participate in the Plan by signing and delivering to the Company the duly completed and signed Grant Letter, within 10 (ten) calendar days of receipt thereof, under penalty of forfeiture of the right to participate in the Plan.

The right to receive Shares shall be deemed to be granted, with retroactive effect to the Grant Date of the Right, upon receipt by the Company of the duly completed and signed Grant Letter, as evidenced by the signature affixed by the Company for acknowledgement and confirmation of receipt on the Grant Letter.

The Plan provides that the Allocation and Delivery of Shares will be made free of charge.

The free Allocation of Shares is contingent upon the Relationship being in existence on the Share Allocation Date.

In the event of termination of the Relationship as a result of a Good Leaver scenario before the Allocation Date, the Beneficiary (or his or her heirs) may retain the right to receive a pro-rata amount of the Base Number, at the Board's sole discretion.

In the event of termination of the Relationship as a result of a Bad Leaver scenario prior to the Share Allocation Date, the Beneficiary will permanently and fully forfeit the Right to receive Shares.

4.6 Restrictions binding the Shares

The Rights granted are personal, non-transferable and not available *inter vivos* and may not be pledged or collateralised. The Rights shall become null as a result of any attempted transfer or negotiation, including, without limitation, any attempted transfer by deed between living persons or in application of law, pledge or other real right, seizure or attachment.

4.7 Any termination conditions with respect to the Plan if recipients engage in hedging transactions.

The execution of hedging transactions on the Rights granted by the Beneficiaries prior to the Allocation of the Shares leads to the loss of the Rights.

4.8 Description of the effects from termination of employment.

Termination of the Relationship between the Beneficiaries and the Company or its Subsidiaries prior to the Allocation Date of the Shares, unless otherwise determined by the Board of Directors to be more favourable to the Beneficiaries, shall be governed as set out below.

In the event of termination of the Relationship as a result of a Bad Leaver scenario prior to the Allocation Date or otherwise prior to Delivery of the Shares, the Beneficiary will permanently and fully forfeit the Right to receive Shares.

In the event of termination of the Relationship as a result of a Good Leaver scenario before the Allocation Date or otherwise prior to Delivery of the Shares, the Beneficiary (or his or her heirs) may retain the right to receive a pro-rata amount of the Base Number of Shares allocated.

It is understood that in the event of transfer of the Relationship from the Company or from the Subsidiary to another Group company and/or in the event of termination of the Relationship and simultaneous establishment of a new Relationship within the Group, the Beneficiary will keep, *mutatis mutandis*, the Rights assigned.

4.9 Indication of any other causes of the Plan's cancellation.

If, following the entry into force of primary and/or secondary legislation (including social security and tax legislation) and/or following the issuance of official interpretative clarifications and/or following changes in current interpretations of the applicable rules, the implementation of the Plan should entail additional charges not currently envisaged for the Company, of a tax, social security or other nature, the Plan may be temporarily suspended, amended or cancelled.

In such event, the Company shall not be liable for any damages, indemnities or other charges whatsoever to the Beneficiaries and none of the Beneficiaries shall have any claim against the Company in respect of the Rights granted to them to receive free Shares not yet allocated.

4.10 Reasons for any provision for redemption by the Company of the financial instruments covered by the Plan.

We note that the Plan does not provide for a right of redemption by the Company.

4.11 Loans or other subsidies for the purchase of Shares.

There are no loans or other facilities for the purchase of the Shares as they are allocated free of charge.

4.12 Indication on the valuations regarding the expected charge upon the Company at the relative assignment date, as may be estimated on the basis of the terms and conditions thus far defined, for the total amount and in relation to each Plan instrument.

The expected charge to the Company is the fair value of the Plan Shares, which will be precisely determined on the Grant Date of the Rights.

Information regarding the total cost of the Plan will be provided according to the methods and within the terms indicated in Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.

4.13 Any dilutive effects caused by the Plan.

The Shares serving the Plan and referring to the three-year period as a whole represent 1.14% of Avio's share capital.

Since the Plan is based on the allocation of shares already held in the Company's portfolio, it will not lead to dilutive effects on Avio's share capital.

4.14 Any limits on voting rights and concerning the allocation of equity rights.

There are no limits on the exercise of equity and voting rights with respect to Shares to be granted under the Plan.

4.15 Information on the allocation of Shares not traded on regulated markets

Not applicable.

4.16 - 4.22

Not applicable.

4.23 Criteria for adjustments necessary following extraordinary share capital operations or other operations affecting the number of underlying instruments (share capital increases, extraordinary dividends, reverse stock split and splits of underlying shares, mergers and spin-offs, conversions to other share classes etc.)

The Board of Directors may, independently and without the need for further approval from the Shareholders' Meeting, make all the changes and supplements to the Plan that are considered necessary and/or appropriate to continue to apply the Plan's essential and economic content, to the extent permitted by applicable regulations, and after having consulted the Appointments and Remuneration Committee, in the event of the following circumstances:

- i. corporate transactions on the Company's share capital and therefore, including but not limited to, a reduction in share capital due to losses through the cancellation of shares, the Company's share capital increases, whether free or paid-in, offered as options to shareholders or without option rights, possibly also to be settled by conferment in kind,

- rearrangement or the splitting of Shares which may affect the Shares;
- ii. mergers or spin-offs, the purchase or sale of shareholdings, companies or business units or
 - iii. changes in laws or regulations or other events that may affect the rights under the Plan, Avio shares, or the Company itself.

For information on the early exercise of the Rights, please refer to paragraph 3.3.

4.2.4 TABLE

The information in Table No. 1 required by paragraph 4.24 of Schedule 7 of Annex 3A of the Issuers' Regulation shall be provided, where applicable, according to the terms and conditions indicated by Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.