

REPORT OF THE BOARD OF STATUTORY AUDITORS  
TO THE SHAREHOLDERS' MEETING OF AVIO S.p.A.

in accordance with Article 153 of Legs. Decree No. 58/1998 and of Article 2429 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 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, 2023, 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.

In addition, as 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 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.

The current Board of Statutory Auditors was appointed on May 6, 2020 and reconfirmed, in its same composition, on April 28, 2023 by the Shareholders' Meeting of Avio. Its term of office concludes 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. (hereinafter also "the Auditor"), appointed by the Shareholders' Meeting of June 15, 2017 for nine financial years (2017-2025).

## 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.

On the activities undertaken during the year, as per Consob's indications of Communication DEM/1025564 of April 6, 2001, as amended and supplemented by Communication DEM/3021582 of April 4, 2003, and subsequently by Communication DEM/6031329 of April 7, 2006, the Board undertook the duties outlined below.

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.

During FY 2023, the Board of Statutory Auditors performed its duties by holding nineteen meetings, attended fourteen meetings of the Board of Directors, twelve meetings of the Control and Risks Committee, eight meetings of the Appointments and Remuneration Committee, and five meetings of the Sustainability Committee.

During the year, the Board of Statutory Auditors also met the Supervisory Board as per Legs. Decree No. 231 of 2001 to reciprocally exchange information.

As part of its participation in the meetings of corporate boards, and in general as part of its activities, the Board of Statutory Auditors monitored compliance with the law and By-Laws.

### *1.2 Oversight upon compliance with the principles of correct administration and on the adequacy of the organisational structure*

The Board of Statutory Auditors obtained information and verified the adequacy of the organisational structure, compliance with correct administrative principles, the adequacy of the Company's instructions to its subsidiaries in accordance with Article 114, paragraph 2 of the CFA, through the obtaining of information from the Boards of Statutory Auditors and/or the Board of

Directors of the Italian subsidiaries, from the persons responsible for the various departments and meetings with the auditing firm for the reciprocal exchange of data and relevant information.

From the information received from the Boards of Statutory Auditors of the main subsidiaries, including through the acquisition of special questionnaires filled out and signed by the control bodies, no critical profiles emerged.

In addition, the transactions potentially presenting a conflict of interests were approved in compliance with law, the regulatory provisions and the By-Laws.

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. Among others, it verified the progressive implementation of the recommendations of the Corporate Governance Committee of January 25, 2023.

The main events in the year, which the Board of Statutory Auditors highlight in view of their significance, were as follows:

- the Independent Commission of Inquiry set up by the ESA to examine the anomaly that occurred during Vega-C's Zefiro 40 motor test in June 2023 completed its work in early October 2023;
- the Commission concluded that, in the current nozzle design, the combination of the geometry of the throat insert and the different thermomechanical properties of the new Carbon-Carbon material used for this test caused progressive damage to other parts adjacent to the nozzle and progressive degradation leading to the nozzle failure;
- this phenomenon is not related to those observed on the VV22 mission with the other Carbon-Carbon material, previously utilised;
- a task force led by the ESA and AVIO has begun the required activities to implement the Commission's proposed recommendations including modifying the nozzle design to make it more robust and particularly suitable to accommodate the French-sourced throat material;
- this effort led to the successful completion in December 2023 of the Critical Design Review of the new project and to the fabrication of the nozzles that will be bench tested during 2024;
- return to flight is expected in the fourth quarter of 2024;
- on October 9, 2023, the Vega launcher resumed flights by taking off from the French Guyana Space Center and successfully completed the V23 mission, placing two satellites plus ten auxiliary payloads into sun-synchronous orbit;

- during the summer, the second test campaign of the M10 methane motor (DM2) designed to equip the third stage of the Vega E launcher was successfully completed;
- in November 2023, the qualification phase of the new ASTER 30 Booster MLU was successfully completed;
- achieving the milestone allows the MLU Booster to move from the development phase to the production phase, replacing the current configuration;
- existing production contracts provide for continued production until 2032 with more than 1,200 motors to be produced;
- Avio has begun exploring the U.S. market for medium-term expansion opportunities, which, so far, has resulted in:
  - the establishment of Avio USA, a wholly-owned subsidiary of Avio;
  - the selection of a U.S. team with relevant industry expertise and experience;
  - the launch by Avio USA's team of the mapping of the market;
  - the allocation to Avio USA of USD 3 million in start-up capital;
  - on September 4, 2023 a capital increase of Euro 2,5 million was completed in T4i S.p.A., a spin-off company of the University of Padua based in Monselice (PD), specialising in innovative propulsion systems for aerospace applications; the capital increase resulted in the attainment of an approx. 17% stake in T4i by Avio.

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 13, 2024, "Main risks and uncertainties to which the Group is exposed - Risks relating to the war in Ukraine", Avio, among other matters, highlights that:

- due to the skills and know-how developed as well as the qualification processes that have certified their compliance with the specific requirements, the Group's strategic suppliers which are difficult to replace or, in any case, whose replacement could require a lengthy period of time and significant costs, still include two Ukrainian suppliers who currently supply the main engine for the fourth stage of the Vega and Vega-C launchers (the "MEA engine");
- currently, also in view of the recommendations of the commission of inquiry following the VV22 flight anomaly, procurement of carbon-carbon inserts from Ukrainian suppliers has been ruled out by ESA;

- against this backdrop, and again with the goal of strengthening business continuity in the medium to long term, as outlined in the half-year financial report, at the end of 2023 the contract was finalised with the two aforementioned Ukrainian suppliers of the fourth stage main engine for the Vega and Vega-C launchers. Delivery is 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 and Vega-C programmes;
- based on the above, the risks from impacts from dependence on such Ukrainian strategic suppliers are qualified as possible;
- ArianeGroup-manufactured carbon-carbon inserts will be used whose supply timelines ensure the continuity of Vega-C production;
- with regard to replacement of the MEA, with the help of the Italian Space Agency, an alternate solution has been identified that is currently being tested (contract signed with the ASI in April 2023);
- currently, there is no direct procurement from Russian suppliers.

In the Annual Financial Report, among the Subsequent events, the company points out that:

- in early 2024, fabrication of Vega-C's Z40 motor with the new nozzle design began in accordance with the recommendations of the Commission of Inquiry (IEB);
- qualifying trials of the new Zefiro 40 will take place in the coming months;
- in parallel, the finalisation of the production of components for the return to flight to date expected in Q4 2024 is underway;
- components for the first launch of the Ariane 6 launcher have been shipped to French Guyana;
- the Maiden Flight of the Ariane 6 launcher is now scheduled for mid-2024.

The Directors' Report, the information received during the meetings of the Board of Directors and that 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.

Finally, 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 Chief Executive Officer and of the Senior Executives.

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, as well as in meetings with the Boards of Statutory Auditors of subsidiaries.

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 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, also attending the meetings of the Control and Risks Committee and of the Sustainability Committee undertaking 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 periodic meetings, attending the meetings of the Control and Risks Committee, 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, also in coordination with the Control and Risks Committee, of the reports of 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 of the Company;
- 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 Annual Report of the Internal Audit Manager;
- the review of the Reports of the Supervisory Board as per Legislative Decree No. 231 of 2001;
- the review of the Annual 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 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.

In general, although particularly for these analyses, the Board of Statutory Auditors coordinates its activities through ongoing liaising with the Control and Risks Committee, the Internal Audit and Risk Management functions, and the top operations sector managers.

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 criticalities, although highlighting areas for improvement, carefully monitored, to be implemented however in the current year.

Finally, 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 Board of Directors, the Board of Statutory Auditors considers that no criticalities exist which may affect the 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 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 also reviewed the declaration of the Chief Executive Officer and the Executive Officer for Financial Reporting, prepared on March 13, 2024, 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 Board of Directors on March 8, 2024 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 13, 2024 approved the results of applying the same procedure, also with the support of an independent advisor, to the relative items of the 2023 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 did not highlight any deficiencies which may affect the opinion of adequacy and effective application of the administrative-accounting procedures.

The Board of Statutory Auditors met periodically, for the legally required exchanges of information, with the heads of the independent audit firm Deloitte & Touche S.p.A., receiving updates on the audit activities and the results of the audits conducted. These meetings did not reveal any critical issues or anomalies regarding the correct maintenance of the company's accounts, as well as the correct recording of operating events in the accounting records.

The Board of Statutory Auditors monitored compliance with the procedural rules within the financial disclosure process related to the separate financial statements and the consolidated financial statements.

### *1.5 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 and its adjustment to the relative rules, contributing also to the adoption of amendments to the Policy, in support of aligning the latter with best practices.

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 investee companies.

## **2. INTERNAL CONTROL AND AUDIT COMMITTEE**

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 2023 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 Auditors.

The Board of Statutory Auditors has (i) analysed the work carried out by the Independent Auditors, 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 Auditors the issues related to corporate risks, thus being able to appreciate the adequacy of the response planned 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, 2023, 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 13, 2024 and simultaneously made available to the Board of Statutory Auditors in view of the Shareholders' Meeting called for April 23, 2024.

On the same date of March 13, 2024, Avio's Board of Directors also took note of 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 financial statements report a net profit of Euro 5,708 thousand.

The Directors' Report highlights that:

- EBIT was Euro 5,228 thousand, increasing Euro 2,985 thousand on 2022;
- this increase is also attributable to the lower depreciation and amortisation, of Euro 1,839 thousand, relating to Plant and machinery, compared with that of the previous year, due to the revised useful life of some production assets in correlation with the phase-out of the

Ariane 5 launcher and the phase-in of the new Ariane 6 launcher, as well as the phase-out of the Vega launcher and the phase-in of the new Vega-C launcher;

- revenues include, pursuant to IFRS 15, with an incidence of approximately 17%, variable fees to the extent in which it is probable that these can be recognized by the clients.

The Directors' Report, through the reconciliation of EBIT, Adjusted EBIT and Adjusted EBITDA, highlights that the Adjusted EBIT and Adjusted EBITDA included non-recurring costs of Euro 7.5 million, mainly comprising:

- settlement agreements/incentives/other personnel costs of Euro 926 thousand;
- corporate, legal and financial consultancy of Euro 2,166 thousand;
- extraordinary COVID-19 charges of Euro 312 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 programs (mainly included in provisions for risks and charges) of Euro 1,863 thousand;
- additional Vega C costs of Euro 297 thousand;
- exploratory activities of potential new business of Euro 1,887 thousand.

On March 29, 2024, 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, 2023, 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, 2023, 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, 2023 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 of conformity of the financial statements, prepared in XHTML format, with the provisions of Delegated Regulation (EU) 2019/815;
- issued an opinion of conformity of the consolidated financial statements, prepared in XHTML format, 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;
- verified the approval by the Directors of the Non-Financial Report.

On March 29, 2024, 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 No. 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 2023, the independent audit firm performed the tasks described in § 9 of the notes to the consolidated financial statements and § 8 of the notes to the annual financial statements, as required by Article 149-duodecies of the Issuers' 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 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 13, 2024.

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 8, 2024 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 Chief Executive Officer and of the Senior Executives providing, where required by law, their opinion.

The Board of Directors on March 22, 2024, on the proposal 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 2023, 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 Non-financial information report*

The Board of Statutory Auditors, in undertaking its duties, oversaw compliance with the provisions of Legislative Decree No. 254 of December 30, 2016 and of the Consob Regulation implementing the Decree adopted with motion No. 20267 of January 18, 2018, with particular regard to the preparation processing content of the Non-Financial Report ("NFR") prepared by Avio.

The Board of Statutory Auditors has obtained periodic updates on the conduct of preparatory activities for the preparation of the NFS by attending meetings of the Sustainability Committee and meetings with the independent audit firm Deloitte & Touche S.p.A., which has dedicated a work team to the NFS composed of personnel specializing in ESG matters.

The Board of Statutory Auditors, within its activities, is not aware of any violations of the relative regulatory provisions.

The company has supplemented the "Procedure for the preparation of the Non-Financial Statement integrated into the Annual Financial Report".

This Policy includes a calendar of activities to be carried out for the correct integration of the NFD into the Annual Financial Report, which the Board of Statutory Auditors has utilised in order to verify the timely completion of the relative steps.

The NFD, approved at the March 13, 2024 Board of Directors meeting, is therefore integrated into the Annual Financial Report for the second year as a separate section of the Directors' Report at December 31, 2023.



The independent audit firm appointed to carry out a review of the NFR in accordance with Article 3, paragraph 10 of Legislative Decree No. 254 of 2016, in its report issued on March 29, 2024, did not indicate any matters suggesting that the NFR of the Avio Group for the year ended December 31, 2023 had not been prepared, with regards to all significant aspects, in compliance with Articles 3 and 4 of Legislative Decree 254 of 2016 and by the Global Reporting Initiative Sustainability Reporting Standards.

### *3.5 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 at its meetings and presented to the Board of Directors at its meeting on March 8, 2024, and are described in the "Corporate Governance and Ownership Structure Report".

## **4. CONCLUSIONS**

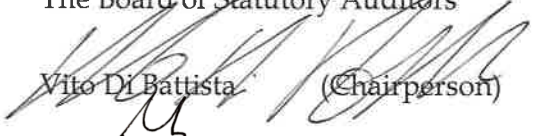
Taking account of that outlined above, the Board of Statutory Auditors, considering the content of the reports prepared by the independent audit firm, noting the statements issued jointly by the Chief Executive Officer and by the Executive Officer, expresses a favourable opinion on the approval of the statutory financial statements of Avio at December 31, 2023 and on the proposal to allocate the net profit for the year of Euro 5,708 thousand, drawn up by the Board of Directors, as follows:


- Euro 3,750 thousand as dividend;
- Euro 1,958 thousand to retained earnings.

Finally, the Board of Statutory Auditors expresses a favourable opinion on the Board of Directors' proposal to approve the distribution of an extraordinary dividend of Euro 2,250 thousand from available equity reserves.

Rome, March 29, 2024

The Board of Statutory Auditors

  
Vito Di Battista (Chairperson)

  
Mario M. Busso (Statutory Auditor)

  
Michela Zeme (Statutory Auditor)