



FY 2022 RESULTS

2022 RESULTS IN LINE WITH GUIDANCE GROWTH IN BACKLOG AND CASH PROVIDE LONG-TERM VISIBILITY

Highlights

- Successful Vega C Maiden Flight
- Successful ground testing of the new M10 LOX-methane engine for Vega E
- Vega/Vega C return-to-flight plan defined (post VV22 anomaly)
- Net Order Backlog strongly increasing for both production and development activities
- Maiden Flight for Ariane 6 expected by end 2023
- Sharp increase in energy costs and inflation affecting profitability

Results

- Backlog: 1,014 M€ (+16% on December 31, 2021)
- Net Revenues: 357 M€ (+15% on 2021)
- Adjusted EBITDA: 28 M€ (-26% on 2021)
- Reported EBITDA: 21 M€ (-29% on 2021)
- Net Income: 1 M€
- Net Cash Position: 74 M€ (+30% on December 31, 2021)

Guidance 2023

- Net order backlog: 1,150-1,250 M€
- Revenues: 330-350 M€
- EBITDA Reported: 19-25 M€
- Net income: 2-6 M€

Rome, March 13th, 2023 – The Board of Directors of Avio S.p.A. today reviewed and approved the company and group consolidated financial statements of Avio S.p.A. as of December 31, 2022.

Avio, a leading aerospace enterprise listed on the STAR segment of the Italian Stock Exchange reports a record **Net Order Backlog of 1,014 M€ as of December 31, 2022, exceeding Guidance indications (870-920 M€)**, with an **increase of 16% compared to last year, thanks to a record order intake of circa 500 M€**. Order intake includes the contracts for the Vega C production, the Vega E development contract, the P120C production contract and tactical propulsion production and development contracts. Order intake does not yet incorporate the effects of ESA's November 2022 Ministerial Conference and the new projects from the Next Gen EU and PNRR program, which will now unfold in 2023 order intake.

In 2022 Avio reported net revenues of 357 M€, 15% higher than previous year, and **slightly higher than the 2022 Guidance of 330-350 M€**. Focus of 2022 has been the Vega C Maiden Flight, the development activities related to the M10 LOX-methane engine and the Space Rider programs, as well as to the activities related to the P120C.

Adjusted EBITDA reached 27.8 M€ excluding non-recurring costs, 26% lower than in 2021, and in line with the 2022 guidance (22-30 M€), significantly affected by the sharp increase in energy costs recorded in the course of 2022 (natural gas prices moved from a 2021 average of 45€/MWh to an average of 125€/MWh in 2022 with a peak to 230€/MWh in mid-2022), and inflation.

Reported EBITDA of 21.4 M€, in line with the 2022 Guidance provided in September 2022 of 17-25 M€ and decreasing 29% (8.6 M€) on the previous year. EBITDA Reported is also affected by non-recurring costs (6.4 M€), mainly driven by the extra costs incurred in the Maiden Flight of Vega C and including a 3.2 M€ one-off positive contribution resulting from the balance of other revenues from settlement of Law 808/85¹ payables with extraordinary provisions for risks for Vega C return to flight activities and for the execution of future programs.

Net income of 1.3 M€, in line with the 2022 Guidance (-2/+3 M€) and decreasing -7.8M€ on the previous year, primarily due to the factors mentioned above.

Net Cash Position substantially improved at 74.4 M€ (+30% with respect to the 57.2 €M as of December 31, 2021), thanks to the contribution of cash from the operating performance and cash advances from new orders despite the cash out incurred for dividend distribution, completion of the share buy-back program, TEMIS acquisition and industrial Capex for various programs.

During 2022 Avio performed **the successful Maiden Flight of the new Vega C launcher**. However, the second flight of Vega C, that took place in December 2022, suffered an unexpected flight anomaly leading to the loss of the mission. An Independent Enquiry Commission, chaired by ESA and Arianespace with also the support of Avio, has been set up immediately after the failure and on the 3rd of March 2023 has presented its conclusions, identifying the cause of failure in the over-erosion of the Z40 nozzle throat insert due to an unidentified material weakness. The Commission issued a series of recommendations to be implemented in order to ensure a prompt and safe return to flight, as well as to ensure the launch vehicles reliability in the long term. For this purpose, ESA has announced a dedicated support program for circa 30M€ (to be drawn from existing budgets already subscribed at ministerial Council of 2022) to cover the necessary costs of return to flight activities.

During 2022 3 successful Ariane 5 missions have been performed. By 2023 Ariane 5 will perform its last 2 missions leading the way to Ariane 6.

In 2022 Avio successfully performed **24 static firing tests for the first prototype of the M10 LOX-methane engine, with a total of more of 1300 seconds of burn time** at Avio's Space Propulsion Test Facility (SPTF) in Sardinia. This is the first European LOX-methane engine to be successfully tested in Europe, paving the way for next generation launchers characterised by more efficiency and lower environmental impact. The lessons learned will

¹ Law of financial support for the development of projects in the aerospace and defense sector

be implemented on the second prototype, to be tested on ground in 2023, before being equipped on the new generation launcher Vega E, whose Maiden Flight is expected by 2026.

In 2022 Arianespace signed several new contracts, with, among other, **6 missions for the European Commission's Copernicus Program for Vega C**, for which Avio is prime contractor, and 18 launches for Amazon's Kuiper constellation for Ariane 6, for which Avio supplies the P120C engines.

In November 2022 the ESA Ministerial Council held in Paris voted for a **17% overall European space budget increase over the previous three-year period to €16.9 bn, the largest in ESA's history**. Italy has further strengthened its leading role in the sector, with a budget of € 3.1 Bn (+35% compared to the outcome of the 2019 Ministerial Council), accounting for 18% of the total funds subscribed by ESA member states (vs 16% at the 2019 Ministerial Council).

Programs dedicated to access to Space, such as Vega, Ariane, and Space Rider, in which Avio plays a leading role, have been fully confirmed and received a total budget allocation at European level of € 2.8 Bn, in line with the previous three-year period, confirming the strategic relevance of the European capacity for autonomous access to Space. Based on what the ESA Member States have agreed, **Avio expects to be awarded contracts for research, development and support for operational conditions for more than € 700 Mln starting in 2023**, up sharply from the nearly € 500 Mln allocated in the 2019 ESA Ministerial Council.

During 2022, the Italian Government has approved several projects in the **space sector for the National Recovery and Resilience Plan (PNRR)**, the Italian implementation of **Next Gen EU**, some of which specifically aiming at the evolution of propulsion technologies and launcher products. In this context, **two contracts have been signed today by Avio** in presence of the Italian Minister of Enterprises and Made in Italy, to start two key development programs: the first one, funded with € **181.6 Mln at completion**, devoted to the development by 2026 of an **in-flight demonstrator of new technologies and architectures for a two-stage-to-orbit liquid propulsion small launcher powered by green LOX-methane engines**. The second one, funded with € **103.7 Mln at completion**, devoted to the development of a **new LOX-methane green engine with High Thrust** to be tested on ground by 2026 for qualification.

Around the end of 2021 the tensions between Russia and Ukraine have become more and more intense, with an open conflict starting on the 24th of February 2022. These events brought to a **sharp increase in energy costs in 2022. At present, Vega operations are not impacted in the medium term**. In this context, ESA has recently decided to dedicate financial resources to initiate technical and industrial actions aimed at mitigating the supply risk in the long term through the development of complementary technological solutions.

The Board of Directors also approved the **Guidance for the FY 2023 results**, quantifying it as follows:

Net order backlog: 1,150-1,250 M€

Revenues: 330-350 M€

Reported EBITDA: 19-25 M€

Net income: 3-6 M€

On the basis of the FY 2022 results, the Board of Director has proposed to the Shareholders' Meeting **not to distribute a dividend**.

Following the purchases made so far, as of the 13th of March 2023, Avio holds 1,091,207 own shares, equal to 4.14% of the total number of shares.

"2022 marked the successful Maiden Flight of Vega C and the first set of static firing tests of our new M10 LOX-methane engine. It was also a record year in terms of order intake and growth in cash position" commented Giulio Ranzo, CEO of Avio. "From the operational point of view, we suffered from a surge in energy costs and from the unfortunate loss of the second Vega C mission.

In this context - Ranzo added - Avio has nevertheless met the targets defined in the guidance and increased the order backlog to the record level of over 1 billion euros, thus guaranteeing improved visibility on operational activities in the coming years. In addition, just today Avio signed two important development contracts for next generation launchers powered by liquid oxygen and methane. More Vega C orders are also expected to come in 2023".

The strong and further growing order backlog and cash position provide full visibility for the next few years, allowing Avio to look at the future with confidence" concludes Giulio Ranzo.

The **presentation outlining the 2022 highlights** will be made available in the Investor Relations section of the website to assist the call with financial analysts and investors scheduled for **Tuesday, March 14 at 10.00 AM CET**. The Annual Financial Report will be made available in Italian and in English in accordance with the Law.

Non-Financial Report

The Board of Directors of Avio S.p.A. has approved the 2022 Financial Report integrated with the 2022 Non-Financial Report, in line with the requirements for listed companies under Legislative Decree 254/2016.

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Other motions

- Shareholders' meeting call

The Board of Directors of Avio Spa has called the **Shareholders' meeting for April 28, 2023**. The relative call notice shall be published and made available on the company website at <https://investors.avio.com/En/investors/> and on "eMarket STORAGE" storage mechanism (www.emarketstorage.com) where the illustrative report to the shareholders meeting on the proposals concerning the matters on the agenda shall also be made available in accordance with the legally established deadlines and means.

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The Executive Officer for Financial Reporting, Alessandro Agosti, declares in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Act that the accounting

information in the present press release corresponds to the underlying accounting documents, records and entries.

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Avio is a leading international group engaged in the construction and development of space launchers and solid and liquid propulsion systems for space travel. The experience and knowhow built up over more than 50 years puts Avio at the cutting edge of the space launcher sector, solid, liquid and cryogenic propulsion and tactical propulsion. Avio operates in Italy, France and France Guyana with 5 facilities, employing approx. 1,200 highly-qualified personnel, of which approx. 30% involved in research and development. Avio is a prime contractor for the Vega and Vega C programmes, and a sub-contractor for the Ariane programme, both financed by the European Space Agency ("ESA"), placing Italy among the limited number of countries capable of producing a complete spacecraft.

For further information

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CONSOLIDATED BALANCE SHEET	<i>Note</i>	December 31, 2022	December 31, 2021
<i>(in Euro)</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	<i>3.1</i>	137,573,354	123,171,430
Right-of-use	<i>3.2</i>	8,534,535	9,455,596
- of which related parties		<i>975,889</i>	<i>1,113,124</i>
Investment property	<i>3.3</i>	3,479,277	3,211,128
Intangible assets with definite life	<i>3.4</i>	119,813,995	129,351,638
Goodwill	<i>3.5</i>	64,149,492	61,005,397
Investments	<i>3.6</i>	15,604,979	11,594,981
Non-current financial assets	<i>3.7</i>	2,010,172	6,415,000
- of which related parties		<i>2,010,172</i>	<i>6,415,000</i>
Deferred tax assets	<i>3.8</i>	81,471,150	79,435,789
Other non-current assets	<i>3.9</i>	67,469,542	70,926,224
Total non-current assets		500,106,496	494,567,183
Current assets			
Inventories and advances to suppliers	<i>3.10</i>	202,573,023	154,732,163
- of which related parties		<i>49,828,384</i>	<i>28,876,340</i>
Contract work-in-progress	<i>3.11</i>	426,181,595	453,807,958
- of which related parties		<i>99,185,251</i>	<i>99,595,770</i>
Trade receivables	<i>3.12</i>	3,725,455	3,696,299
- of which related parties		<i>2,119,624</i>	<i>1,278,074</i>
Cash and cash equivalents	<i>3.13</i>	131,403,014	104,614,266
Tax receivables	<i>3.14</i>	13,009,300	17,655,714
Other current assets	<i>3.15</i>	8,357,546	7,376,377
- of which related parties		<i>2,208</i>	<i>4,093</i>
Total current assets		785,249,933	741,882,777
TOTAL ASSETS		1,285,356,429	1,236,449,960

CONSOLIDATED BALANCE SHEET	<i>Note</i>	December 31, 2022	December 31, 2021
<i>(in Euro)</i>			
EQUITY			
Share capital	<i>3.16</i>	90,964,212	90,964,212
Share premium reserve	<i>3.17</i>	130,686,924	135,175,614
Other reserves	<i>3.18</i>	14,196,872	13,596,835
Retained earnings		58,249,082	54,263,653
Group net profit		(434,767)	8,479,652
Total Group Equity		293,662,323	302,479,966
Equity attributable to non-controlling interests	<i>3.20</i>	9,598,904	7,847,258
TOTAL NET EQUITY		303,261,227	310,327,224
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	<i>3.21</i>	12,076,229	22,000,000
Non-current financial liabilities for leasing	<i>3.22</i>	4,937,099	4,750,980
- of which related parties		<i>836,508</i>	<i>974,000</i>
Employee provisions	<i>3.23</i>	9,524,486	10,343,919
Provisions for risks and charges	<i>3.24</i>	29,921,216	17,364,250
Other non-current liabilities	<i>3.25</i>	76,471,119	119,830,433
Total non-current liabilities		132,930,149	174,289,582
Current liabilities			
Current financial liabilities	<i>3.26</i>	28,028,069	7,749,245
- of which related parties		<i>27,768,866</i>	<i>7,749,245</i>
Current financial liabilities for leasing	<i>3.27</i>	1,878,679	2,905,817
- of which related parties		<i>152,433</i>	<i>146,000</i>
Current portion of non-current financial payables	<i>3.28</i>	10,033,000	10,048,000
Provisions for risks and charges	<i>3.24</i>	23,458,025	10,864,556
Trade payables	<i>3.29</i>	89,825,718	76,926,918
- of which related parties		<i>17,586,964</i>	<i>11,009,133</i>
Advances from clients for contract work-in-progress	<i>3.11</i>	667,442,685	609,633,812
- of which related parties		<i>146,219,587</i>	<i>100,988,173</i>
Current income tax payables	<i>3.30</i>	4,227,923	7,321,796
Other current liabilities	<i>3.31</i>	24,270,954	26,383,010
- of which related parties		<i>318,264</i>	<i>283,264</i>
Total current liabilities		849,165,053	751,833,154
TOTAL LIABILITIES		982,095,202	926,122,736
TOTAL LIABILITIES AND EQUITY		1,285,356,429	1,236,449,960

CONSOLIDATED INCOME STATEMENT	Note	FY 2022	FY 2021
<i>(in Euro)</i>			
Revenues	3.32	371,377,130	320,094,424
- of which related parties		80,023,198	83,634,735
Change in inventory of finished products, in progress and semi-finished		1,322,572	166,454
Other operating income	3.33	39,376,006	7,460,529
- of which related parties		629,140	
Consumption of raw materials	3.34	(117,208,246)	(83,768,771)
Service costs	3.35	(190,531,122)	(154,069,676)
- of which related parties		(60,335,609)	(50,052,881)
Personnel expenses	3.36	(80,340,198)	(72,396,383)
Amortisation & Depreciation	3.37	(19,186,631)	(21,151,470)
Other operating costs	3.38	(8,261,569)	(4,177,876)
Effect valuation of investments under equity method - operating income/(charges)	3.39	(1,748,588)	2,482,454
Costs capitalised for internal works	3.40	7,443,280	14,219,204
EBIT		2,242,634	8,858,889
Financial income	3.41	860,004	685,348
- of which related parties		-	156,000
Financial charges	3.42	(1,716,537)	(922,102)
- of which related parties		(635,354)	(14,601)
NET FINANCIAL INCOME/(CHARGES)		(856,533)	(236,754)
Other investment income/(charges)			
INVESTMENT INCOME/(CHARGES)		-	-
PROFIT/(LOSS) BEFORE TAXES		1,386,101	8,622,135
Income taxes	3.43	(72,425)	510,378
NET PROFIT/(LOSS)		1,313,676	9,132,513
-- of which: Owners of the parent		(434,767)	8,479,652
Minority interests		1,748,443	652,861
Basic earnings/(losses) per share	3.44	(0.02)	0.33
Diluted earnings/(losses) per share	3.44	(0.02)	0.32

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	2022	2021
OPERATING ACTIVITIES		
Net income/(loss) for the year	1,314	9,133
Adjustments for:		
- Income taxes	72	(510)
- (Income)/charges from measurement at equity of investment in Europropulsion S.A.	1,749	(2,482)
- Financial (Income)/Charges		
- Amortisation & Depreciation	19,187	21,151
Net change provisions for risks and charges	25,150	(3,505)
Net change employee provisions	(248)	(1,170)
Changes in:		
- Inventories and Advances to suppliers	(47,841)	(14,423)
- <i>of which related parties</i>	(20,952)	9,356
- Contract work-in-progress & advances from clients	85,435	12,815
- <i>of which related parties</i>	45,642	14,669
- Trade receivables	(29)	(1,521)
- <i>of which related parties</i>	(842)	356
- Trade payables	12,899	10,473
- <i>of which related parties</i>	6,578	752
- Other current & non-current assets	5,087	18,675
- <i>of which related parties</i>	2	(0)
- Other current & non-current liabilities	(35,323)	(6,677)
- <i>of which related parties</i>	35	35
Income taxes paid	(1,495)	(409)
Interest paid	(218)	(293)
Net liquidity generated/(employed) in operating activities	(A) 65,739	41,257
INVESTING ACTIVITIES		
Investments in:		
- Tangible assets and investment property	(21,545)	(18,319)
- Intangible assets with definite life	(10,970)	(15,395)
- Equity Investments	(1,720)	-
Disposal price of tangible, intangible & financial assets	-	-
Liquidity generated (employed) in investing activities	(B) (34,235)	(33,714)
FINANCING ACTIVITIES		
EIB loan	(10,000)	(10,000)
Centralised treasury effect with Europropulsion S.A. joint control company	20,020	(5,000)
- <i>of which related parties</i>	20,020	(5,000)
Dividends paid by the parent Avio S.p.A.	(4,500)	(7,321)
Dividends attributable to minorities of subsidiaries	(3,132)	(3,132)
Acquisition of treasury shares	(5,739)	-
Other changes to financial assets and liabilities	(1,365)	(2,141)
- <i>of which related parties</i>	4,411	(137)
Liquidity generated (employed) in financing activities	(C) (4,716)	(27,594)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C) 26,788	(20,051)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	104,615	124,666
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	131,403	104,615

RECLASSIFIED STATEMENTS GROUP RESULTS AND FINANCIAL AND EQUITY POSITION

Operating Results

The table below presents the Group operating performance for 2022 and 2021 (in Euro thousands):

	FY 2022	FY 2021	Change
Revenues	371,377	320,094	51,283
of which: Pass-through revenues	14,063	8,515	5,548
Revenues, net of pass-through revenues	357,314	311,579	45,735
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	40,699	7,627	33,072
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(374,835)	(291,678)	(83,157)
Effect valuation of investments under equity method - operating income/(charges)	(1,749)	2,482	(4,231)
EBITDA	21,429	30,010	(8,581)
Amortisation, depreciation & write-downs	(19,187)	(21,151)	1,965
EBIT	2,243	8,859	(6,616)
Interest and other financial income (charges)	(857)	(237)	(620)
Net financial charges	(857)	(237)	(620)
Investment income/(charges)	-	-	-
Profit/(loss) before taxes	1,386	8,622	(7,236)
Current and deferred taxes	(72)	510	(583)
Net profit for the year	1,314	9,133	(7,819)

Balance Sheet

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

	December 31, 2022	December 31, 2021	Change
Tangible assets and investment property	141,053	126,383	14,670
Right-of-use	8,535	9,456	(921)
Goodwill	64,149	61,005	3,144
Intangible assets with definite life	119,814	129,352	(9,538)
Investments	15,605	11,595	4,010
Total fixed assets	349,156	337,790	11,365
Net working capital	(131,920)	(82,997)	(48,923)
Other non-current assets	67,470	70,926	(3,457)
Other non-current liabilities	(76,471)	(119,830)	43,359
Net deferred tax assets	81,471	79,436	2,035
Provisions for risks and charges	(53,379)	(28,229)	(25,150)
Employee benefits	(9,524)	(10,344)	819
Net Capital Employed	226,801	246,752	(19,951)
Non-current financial assets	2,010	6,415	(4,405)
Net capital employed & Non-current financial assets	228,811	253,167	(24,356)
Net financial position	74,450	57,160	17,290
Equity	(303,261)	(310,327)	7,066
Source of funds	(228,811)	(253,167)	24,356

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, 2022	December 31, 2021	Change
A Cash and cash equivalents	(131,403)	(104,614)	(26,789)
B Other liquidity	-	-	-
C Other current financial assets	-	-	-
D Liquidity (A+B+C)	(131,403)	(104,614)	(26,789)
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	29,907	10,655	19,252
F Current portion of non-current bank payables	10,033	10,048	(15)
G Current financial debt (E+F)	39,940	20,703	19,237
H Net current financial debt (G-D)	(91,463)	(83,911)	(7,552)
I Non-current financial debt (excluding current portion and debt instruments)	17,013	26,751	(9,738)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I + J + K)	17,013	26,751	(9,738)
M Total financial debt (H + L)	(74,450)	(57,160)	(17,290)