INFORMATION MEMORANDUM

for the inclusion of the shares of

Steyr Motors AG
Steyr, Republic of Austria

in the segment direct market plus of the Vienna MTF
of the Vienna Stock Exchange (*Wiener Börse*)

International Securities Identification Number (ISIN): AT0000A3FW25

29 January 2025

This document is not an approved prospectus pursuant to the Capital Market Act in conjunction with Regulation (EU) 2017/1129 or otherwise pursuant to Regulation (EU) 2017/1129. The information memorandum has been prepared for the purpose of inclusion in trading on Vienna MTF, which is a multilateral trading system and not a regulated market. It is not permitted to use the information memorandum for a public offering; it is not updated, amended or supplemented after the time of inclusion. The information included in this document has been made available by the applicant for inclusion on Vienna MTF. The applicant is responsible for this document and hereby declares that it has exercised the due care and diligence required to ensure that to the best of its knowledge the information given in the document is correct and no facts have been left out that in all likelihood would cause the statements in the document to change. The Vienna Stock Exchange has not checked the information memorandum as to its accuracy.

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I. INTRODUCTION AND WARNING NOTICES

1. Introduction

Company	Steyr Motors AG
Registered office of the Company	Steyr, Republic of Austria ("**Austria**")
Address of the Company	Im Stadtgut B1 A-4407 Steyr Austria
Name of securities	Ordinary bearer shares with no par value
ISIN	AT0000A3FW25
Names and functions of the persons responsible for the Information Memorandum on the part of the Company	Julian Cassutti, sole member of the Company's management board (*Vorstand*)
Applying Capital Market Partner	Hauck Aufhäuser Lampe Privatbank AG
Registered office of the Applying Capital Market Partner	Frankfurt am Main, Federal Republic of Germany ("**Germany**")
Address of the Applying Capital Market Partner	Kaiserstraße 24 60311 Frankfurt am Main Germany
Date on which the Information Memorandum was reviewed by the Applying Capital Market Partner for completeness, coherence and comprehensibility (but not for factual accuracy)	29 January 2025

2. Warning notices

This information memorandum ("**Information Memorandum**") does not constitute a prospectus pursuant to the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC ("**Prospectus Regulation**").

The Information Memorandum has been created and may be published for the purpose of inclusion of the shares of Steyr Motors AG ("**Company**" or "**Steyr Motors**") in the segment direct market plus of the Vienna MTF of the Vienna Stock Exchange (*Wiener Börse*) ("**Inclusion**"), whereby the direct market plus of the Vienna MTF constitutes a market segment of a multilateral trading facility and not of a regulated market. The Information Memorandum may not be used for a public offering, and it will not be updated, modified or supplemented after the time of Inclusion.

The Information Memorandum has been drawn up under the Company's responsibility and the Company is responsible for its content.

The Information Memorandum has been reviewed by Hauck Aufhäuser Lampe Privatbank AG, Frankfurt am Main, Germany ("**Applying Capital Market Partner**"), which is requesting the inclusion of in trading with approval of the Company within the meaning of the Rulebook Vienna MTF of Wiener Börse AG for the Vienna MTF (*Regelwerk Vienna MTF*– "**AGB**"). However, neither Wiener Börse AG nor the Applying Capital Market Partner have verified the factual correctness of the Information Memorandum.

II. ESSENTIAL INFORMATION ABOUT THE COMPANY

1. Short description of the Company

The Company's legal and commercial name is Steyr Motors AG. It is a stock company (*Aktiengesellschaft*) incorporated and operating under the laws of Austria. The Company with its legal seat in Steyr, Austria, is registered with the Austrian corporate register (*Firmenbuch*) under the registration number FN 583243 k and has its registered address at Im Stadtgut B1, A-4407 Steyr, Austria. The Company's legal entity identifier (LEI) is 529900I7M6Z1HG0L8440. The telephone number of the Company is: +43 7252 222 0.

As of the date of the Information Memorandum, the Company's share capital amounts to EUR 5,200,000.00 and is divided into 5,200,000 ordinary bearer shares with no par value, with a nominal value in the Company's share capital of EUR 1.00 each (the "**Shares**").

The Company's major shareholder is Mutares Holding-91 GmbH, a 100% subsidiary of Mutares SE & Co. KgaA, Munich, Germany ("**Mutares**") with a shareholding in the Company of around 70.9% as of the date of the Information Memorandum. B&C Holding Österreich GmbH, Vienna, Austria, holds a shareholding in the Company of around 9.9%.

The key individuals responsible for the Company's management are the members of the Company's management board (*Vorstand* – "**Management Board**"). As of the date of the Information Memorandum, Julian Cassutti is the sole member of the Management Board (for further information see Section II.4 below).

The Company's statutory auditor for the fiscal year 2024 is Grant Thornton ALPEN-ADRIA Wirtschaftsprüfung GmbH, August-Jaksch-Straße 2, 9020 Klagenfurt am Wörthersee, Austria.

2. Short description of the Company's business activities and prospects

(a) History and development

Steyr Motors GmbH was established as an independent company in 2001. However, the roots of the Company's brand and know-how go back to the business "Firma Josef u. Franz Wendl" founded in 1864, which was later transformed into Steyr-Daimler-Puch Aktiengesellschaft to become one of Austria's largest industrial enterprises by the 1980s.

In 2019, Thales group acquired the business of Steyr Motors GmbH by way of an asset deal through Steyr Motors Betriebs GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) founded under Austrian law in 2018, with registered office in Steyr, Austria, and registered with the Austrian corporate register (*Firmenbuch*) under the registration number FN 497037 m ("**Steyr Motors Betriebs GmbH**").

In November 2022, Steyr Motors Betriebs GmbH was acquired by the Company, a subsidiary of Mutares, which was originally incorporated as a limited liability company

(*Gesellschaft mit beschränkter Haftung (GmbH)*) under Austrian law on 15 June 2022 with the corporate name "AE BG GammaEta Holding GmbH" with registered office in Vienna, Austria, and registered with the Austrian corporate register (*Firmenbuch*) under the registration number FN 583243 k.

On 23 February 2023, the Company's name was changed to "Mutares Austria Holding-01 GmbH".

On 15 October 2024, Steyr Motors Betriebs GmbH was merged into the Company.

With effect as of 19 October 2024, the Company changed its legal form from an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) into an Austrian stock corporation (*Aktiengesellschaft*) with the corporate name "Steyr Motors AG" with registered office in Steyr, Austria, and registered with the Austrian corporate register (*Firmenbuch*) under the registration number FN 583243 k.

Important operative and technical milestones in the history of Steyr Motors include:

2004	Start of production of the STEYR 256 (High Power Marine Diesel)
2005	Start of production for the RG32M of BAE OMC
2006	ORC boats of the Royal Navy are equipped with STEYR engines
2009	– The Sequential Charged Intercooled (SCI) is introduced – KNDS and Thales choose STEYR engines
2012	Launch of the new SE 6-cylinder engine range
2015	Due to major sales contracts, facilities are expanded to its current size of around 15,000 m²
2017/18	Launch of 4- & 6-cylinder engine series for vehicle and marine

(b) Current operations and principal activities

Corporate purpose

Pursuant to Article 2.1 of the Company's articles of association (*Satzung* – "**Articles of Association**"), the Company's corporate purpose is

- the development and manufacture of drive units, and
- trading in goods of any kind.

Further, pursuant to Article 2.2 of the Articles of Association the Company is entitled to acquire, hold and manage participations in enterprises and companies of any kinds (including as a shareholder with unlimited liability) in Austria and abroad as well as to manage enterprises and companies in Austria and abroad and to manage its own assets. Pursuant to Article 2.3 of the Articles of Association, the Company shall be entitled to conduct any business and to take all measures which are expedient or necessary to achieve the company objects. The Company shall be entitled to establish branches in Austria and abroad. Transactions subject to the Austrian Banking Act or the Securities Supervision Act are excluded.

Main products and services

The Company develops and produces high-performance customised diesel engines with high power density and durability. The Company's engines are primarily used for military special vehicles, boats (both military and civilian) and as auxiliary power units ("**APU**") for main battle tanks and locomotives. Steyr Motors' products are characterised by compact and lightweight design, creating an excellent power-to-weight ratio, as well as robustness and durability. Furthermore, the Company develops and produces engine-optimised software solutions with digital networking.

In addition to the sale and customisation of its products, the Company supports its customers throughout the entire product life cycle with long-lasting original components and service know-how directly derived from development and production.

Solutions for land vehicles

The Company produces the following engines for land vehicles:

- The **M14 series** consisting of 4-cylinder models with a power range from 36 to 120 kW.

- The **M16 series** consisting of four 6-cylinder models with a power range from 135 to 200 kW.

  These engines are used as primary power for military vehicles such as light tactical vehicles, light armoured vehicles, light utility vehicles and armoured personal carriers. The M16 engine can also be transformed for the use as an APU for locomotives.

- The **M12 series** consisting of a 2-cylinder model with a power range up to 40 kW electrical output typically used as APUs for main battle tanks. An improved version of this APU with up to 30 kW electrical output is currently in development, serial production is expected to commence in the second half of 2025.

Solutions for boats

The Company produces the following engines for boats:

- The **SE4 series**, consisting of two 4-cylinder models with a power range from 106 to 118 kW.

- The **SE6 series**, consisting of nine 6-cylinder models with a power range from 88 to 215 kW.

The Company's marine engines are used in rigid inflatable boats, rescue boats, military boats and work boats.

Integrated solutions

The service spectrum of the Company focuses on customer-specific projects regardless of whether the customer is the manufacturer, original equipment manufacturer ("**OEM**") or end user of a product. The Company's modular systems allow for the customisation to the operational profile of an application and customer's requirements.

Each customer and project have their own specifically assembled team of the Company based on the know-how required for the individual assignment. An exclusively selected project manager accompanies and advises the customer during the entire project phases to ensure solutions that meet the customer's demands. From concept studies to mass production, the Company's research and development ("**R&D**") team aims to ensure that the agreed features and definitions are turned into high-quality products and services.

After-sales and services

In addition to the offering of spare parts for its products, the Company is ramping up its newly established maintenance, repair and overhaul (incl. training) ("**MRO**") services. In doing so, the Company fosters customer loyalty by providing end-to-end support throughout the product lifecycle, from tailored engineering (integrated solutions) to production and after-sales service. This includes enhancing the skills of key account technicians and engineers through specialised training as well as implementing an incentive-based training program for distributors' technicians, equipping them to handle MRO services for the Company's product range.

Principal markets in which the Company competes

The Company is active in the global market for diesel engines. The Company engages in three sub-segments of the diesel engine market: The market for primary power engines for special vehicles, the market for APUs and the market for primary propulsion power and electricity engines for boats.

The Company's products are widely used in the defence industry. The Company's core customers include manufacturers of military vehicles and military boat builders. In the civil sector, the Company's customers include various boat builders.

The end users of the Company's products include several armies around the globe. In the civil sector, end users of the Company's products are transport service providers.

In the engine market for military special vehicles, the main competitors of the Company are Cummins, CAT and Detroit Diesel. In the boat engine market, the main competitors of the Company are Volvo Penta and Yanmar. In the APU market, the main competitors of the Company are Cummins, and Perkins.

Competitive strengths of the Company

The Company believes to have the following competitive strengths:

- **Leading market player for customised diesel engines due to highly specialised product portfolio.** The Company believes to be a leading independent engine manufacturer in an oligopoly market. Utilizing its highly developed prototyping and test-bench infrastructure, Steyr Motors strives to deliver high-quality products with a low failure rate. With their exceptional power-to-weight ratio, Steyr engines are an integral part of widely used platforms. This ensures a steady flow of income and fosters customer loyalty due to a lock-in effect, which is reflected in a strong order book and a further steady growing sales pipeline.

- **Outstanding life cycle services.** The Company has the potential to further boost growth by increasing sales of its engineering and newly established MRO services to external customers. As a highly profitable add-on service to its product portfolio, the Company has the capacity and know-how for detailed Product/Service/Overhaul trainings and dedicated Train the Trainer educations on Product level. The Company estimates that MRO activities can generate up to 90% of the original sales value per engine as additional revenue, yielding a significantly higher profit margin.

- **Optimised organisational structure and modern facilities as foundation to deliver excellence.** Steyr Motors' organisational rebuild set up an efficient structure with a highly educated and experienced engineering team and strong middle management as foundation. Its modern, state-of-the-art facility in the heart of Europe provides the necessary infrastructure to deliver its products in the highest quality and provides enough space and capacity to support future growth.

- **Pioneering enhancements.** Steyr Motors implemented a range of enhancement initiatives and refined its strategy to become a future-proof organisation, focused on operational excellence. These enhancements span from significant sales initiatives and a realignment of engineering projects to organisational optimisations, positioning the Company to reap the benefits in the foreseeable future. These initiatives already led to positive EBITDA effects, with first topline effects also beginning to show.

- **Highly profitable in a high-growth market.** The Company expects to profit from a highly favourable market environment due to rising global defence spending due to political initiatives, particularly in the European market, offering significant growth opportunities. With major global armoured vehicle upside potential ahead, the Company considers itself to be well-positioned to exploit their sales potential with major pipeline on the horizon supporting the business plan growth trajectory.

Strategy

The Company's business strategy focuses on transforming from an Austrian diesel engine manufacturer into a global, customer-centric organisation that offers a comprehensive value chain. Leveraging its position as a leading independent player in a highly concentrated market, the Company intends to capitalise on a robust customer forecast, a competitive product range, especially the exceptional power-to-weight ratio for its diesel engines, and a comprehensive lifecycle management to achieve significant future growth, supported by the current favourable market conditions. A robust order book also secures a substantial share of the forecasted business for the next three years.

The core of the Company's value proposition lies in providing fully customised, high-performance engines coupled with end-to-end lifecycle support, including research & development ("**R&D**"), engineering, and after-sales services. This customer-oriented approach ensures strong brand differentiation and long-term client relationships.

To drive growth, the company aims to expand its sales in both engineering and newly established MRO services, targeting external customers. Its strategy includes tapping into new markets, particularly in North America and Asia, which the Company believes to have strong growth potential. With respect to governmental contracts, the Company plans expansions through new projects driven by significantly increased defence spending as well as enlargement of scope in special governmental applications. In this respect, the Company sees North America, China and Poland as regions with high potential. In the marine sector, the Company intends to strengthen its distributor network to penetrate new markets or where current market presence is limited and to gain a stronger footprint driving after-sales development. Furthermore, the Company’s significant sales initiatives in the APAC region are aiming at sustainable, profitable growth. New distributors are under discussion, e.g. in Sri Lanka and Turkey. The next target markets are Thailand and Vietnam. This worldwide focus on diversification and service expansion is key to its future success.

(c) Trends

The regional markets in which the Company operates are characterised by a steep increase in defence budgets, offering substantial upside potential for the Company's. World military expenditure, driven by Russia's full-scale invasion of Ukraine ("**Russia-Ukraine Conflict**") and heightened geopolitical tensions, rose by 6.8% in real terms (i.e. when adjusted for inflation) to USD 2,443 billion in 2023, the highest level ever recorded by the Stockholm International Peace Research Institute (SIPRI). In 2023, military spending increased in all five geographical regions for the first time since 2009. Total military expenditure accounted for 2.3 per cent of the global gross domestic product (GDP) in 2023 (*source: SIPRI Fact Sheet April 2024 – Trends in world military expenditure, 2023*).

In close consultation with its customers, the Company is not currently planning any significant changes to its product portfolio. However, the Company is currently working on a 230V/400VAC 50Hz generator as a potential new product that could boost sales. The Company believes that this class of classic emergency power generators has the best utilisation of power density, resulting in possible synergies in different applications. Furthermore, the Company has prepared concepts for the further development of its engines into hybrid engines, which could be implemented if demand develops.

(d) Dependence on intellectual property, licenses, contracts or new manufacturing processes

The Company is not dependent on any specific intellectual property, licenses, contracts or new manufacturing processes. However, the Company is a licensee under a trademark licence agreement, under which it is permitted to use the word mark "STEYR" and the image licence mark "Zielscheibe" in certain countries and for certain products. The licence agreement can only be terminated for good cause (*aus wichtigem Grund*).

With respect to potential export control measures in connection with Company's products, reference is made to Section "*III.1.1(c) Export controls, tariffs and other laws and regulations may adversely affect the Company's ability to produce, market and sell its products as well as its supply chains.*" below.

(e) Legal disputes

From time to time, the Company may become involved in litigation, disputes and other legal proceedings arising during its business. Neither the Company nor any of its former subsidiaries, is, nor has been, during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

(f) Significant changes in financial position since publication of the last financial statements

Since 31 December 2023, there have been no other material changes in the financial position of the Company, except as follows:

- shareholder resolution of the Company (in the former legal form of an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) regarding a dividend distribution to Mutares amounting to EUR 810,000.00 dated 24 May 2024;

- shareholder resolution of the Company (in the former legal form of an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) regarding a dividend distribution to Mutares amounting to EUR 1,000,000.00 dated 20 June 2024;

- shareholder resolution of the Company (in the former legal form of an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) regarding a dividend distribution to Mutares amounting to EUR 965,000.00 dated 7 August 2024;

- shareholder resolution of the Company (in the former legal form of an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) regarding a dividend distribution to Mutares amounting to EUR 870,000.00 dated 12 September 2024;

- shareholder resolution of the Company (in the former legal form of an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) regarding a share capital increase from EUR 35,000.00 by EUR 4,965,000.00 to EUR 5,000,000.00 against contribution in cash in the total amount of EUR 4,965,000.00 dated 27 September 2024; and

- a resolution of the Company's shareholders' meeting (*Hauptversammlung*) regarding a share capital increase from EUR 5,000,000.00 by up to EUR 200,000.00 to up to EUR 5,200,000.00 by issuing up to 200,000 new ordinary bearer shares with no par value of the Company dated 23 October 2024.

(g) Publication of financial statements

The financial statements submitted pursuant to § 6 para. 4 lit. c) of the AGB have been published and can be accessed on the Company's website at https://ir.steyr-motors.com/en/publications/.

3. Working capital statement

The Company is of the opinion that its working capital is sufficient for the Company's present requirements.

4. Corporate bodies

(a) Management Board

Pursuant to Article 6.1 of the Articles of Association, the Management Board consists of one, two, three or four persons. As of date of the Information Memorandum, Julian Cassutti is the sole member of the Management Board.

Julian Cassutti is a seasoned professional with over 15 years of experience in M&A, restructuring, management consulting, and operational management. He holds a degree in Business Administration from the University of Mannheim, Germany. His career includes roles in M&A advisory at Lazard and Lincoln International, as well as expertise in restructuring and performance improvement gained at Roland Berger. Julian Cassutti has held multiple CFO and CEO positions in medium-sized portfolio companies across various industries, including his role as CFO of Foncia Deutschland, a portfolio company of Bridgepoint and later Partners Group. Additionally, he is a lecturer at the Frankfurt School of Finance, where he teaches "Distressed M&A.".

Alongside his office as sole member of the Management Board, Julian Cassutti is managing director of Callisto Management und Beteiligungs GmbH. Other than that, he is not a member of any other administrative, management or supervisory body of and/or a partner in companies or partnerships.

Julian Cassutti holds a shareholding in the Company of around 1.1% as of the date of the Inclusion Date.

(b) Compensation of the sole member of the Management Board

The compensation of Julian Cassutti as member of the Management Board consists of a non-performance-related (fixed) and performance-related (variable) portion. The fixed annual compensation and the fringe benefits are the fixed components. The variable component is a short-term variable compensation, which depends on the achievement of financial performance criteria.

Julian Cassutti receives a fixed annual compensation of EUR 300,000.00 (gross) for the fiscal year 2025. The fixed annual compensation will increase to EUR 312,000.00 (gross) in the fiscal year 2026 and to EUR 324,000.00 (gross) in the fiscal year 2027. The amount of the fixed annual compensation is payable in 14 equal monthly instalments.

In addition to the fixed annual compensation Julian Cassutti also receives a variable performance-related compensation in the form of an annual bonus ("**Annual Bonus**"). The target payment of the Annual Bonus in consideration for a 100% achievement of the financial targets is EUR 100,000.00 (gross). The calculation of the Annual Bonus depends on the achievement of two financial targets, the revenue and the net profit of the Company (as reported in the annual financial statements of the Company). At the beginning of each fiscal year, the Supervisory Board of the Company sets ambitious goals for Julian Cassutti in accordance with the business plan of the Company. If Julian Cassutti overperforms the set financial targets, the Annual Bonus increases in a linear fashion to up to EUR 200,000.00 (gross) max. In case of underperformance, the Annual Bonus decreases in a linear fashion and can drop down to EUR 0. For the fiscal year 2024, Julian Cassutti will receive a one-off fixed Annual Bonus of EUR 17,000.00.

The Company does not maintain share incentive schemes or any other bonus agreements, other than described in the foregoing.

(c) Supervisory Board

Pursuant to Article 7.1 of the Articles of Association, the supervisory board of the Company (*Aufsichtsrat* – “**Supervisory Board**") consists of at least three and at most seven members elected by the General Meeting or delegated by the shareholders (capital representatives).

As of date of the Information Memorandum, the Supervisory Board is composed of the following five members, comprising three shareholder representatives and two employee representatives:

- Dr. Christian Klingler (shareholder representative and chairperson);
- Fabian Schlegel (shareholder representative and deputy chairperson); and
- Philipp Berghofer (shareholder representative);

- Martin Brandner (employees representative); and
- Stefan Fraundorfer (employees representative).

The chairperson of the Supervisory Board receives a fixed annual compensation of EUR 15,000.00 and the other members of the Supervisory Board receive a fixed annual compensation of EUR 10,000.00.

Dr. Christian Klingler has over 20 years of experience in restructuring, M&A, finance, and audit. At Mutares, he has held various leadership roles including chairman, CEO, CFO, CRO, supervisory board member, and consultant, with extensive expertise in restructuring and performance improvement across companies such as Efacec Group, Frigoscandia Group, BEXity GmbH, Gemini Group, Balcke-Dürr Group, and Donges SteelTec GmbH. Previously, Dr. Christian Klingler worked in restructuring advisory at Alvarez & Marsal, and M&A advisory at EY and Eight Advisory in Vienna, London, Paris, and Munich. He holds a PhD in Law from the University of Vienna and is a certified auditor (ACCA) in the United Kingdom.

Alongside his office as member of the Supervisory Board, Dr. Christian Klingler is a member of the following administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Company:

- Efacec Electric Mobility, S.A. (chairman of the board);
- Efacec Energia - Máquinas e Equipamentos Eléctricos, S.A. (chairman of the board);
- Efacec Engenharia e Sistemas, S.A. (chairman of the board);
- Efacec Marketing Internacional, S.A. (chairman of the board);
- Efacec Power Solutions, SGPS, S.A. (Chairman);
- Efacec Serviços Corporativos, S.A. (Chairman); and
- Mutares Austria GmbH (managing director).

Dr. Christian Klingler does not hold any shareholding in the Company.

Fabian Schlegel serves as an Associate Finance Director at Mutares. His responsibilities include the compilation of (group) financial statements, reporting processes (including ESG reporting), and portfolio and risk management. Prior to this, Fabian Schlegel was Manager at Deloitte, where he audited financial statements under German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*) and the International Financial Reporting Standards IFRS and internal controls and risk management systems. He is a certified German Tax advisor (*Syndikus-Steuerberater*) and passed the CPA (*Wirtschaftsprüfer*) exam in 2021.

Alongside his office as member of the Supervisory Board, Fabian Schlegel is member of the supervisory board of mutares Holding-03 AG. Other than that, he is not a member of any other administrative, management or supervisory body of and/or a partner in companies or partnerships.

Fabian Schlegel does not hold any shareholding in the Company.

Philipp Berghofer serves as Investment Manager at Mutares. His responsibilities include M&A activities of Mutares in Austria and Eastern Europe. Prior to this, Philipp Berghofer was Senior Consultant at Deloitte Austria as well as Analyst at Erste Group Bank AG in Austria. He is a Certified Valuation Analyst.

Alongside his office as member of the Supervisory Board, Philipp Berghofer is not a member of any other administrative, management or supervisory bodies of and/or a partner in companies or partnerships.

Philipp Berghofer does not hold any shareholding in the Company.

Martin Brandner completed his apprenticeship in electrical engineering in 1997. In 2019, he attended the master school for electrical engineering, and in 2021, he obtained his high school diploma. Since 2010, he has been working as a building maintenance technician and team leader at Steyr. In this role, he is responsible for the installation, maintenance and upkeep of electrical systems in buildings. In addition, he serves as the fire safety officer and chairperson of the works council.

Alongside his office as member of the Supervisory Board, Martin Brandner is not a member of any other administrative, management or supervisory bodies of and/or a partner in companies or partnerships.

Martin Brandner does not hold any shareholding in the Company.

Stefan Fraundorfer is a trained electrical engineer with a master's degree and expanded his knowledge in the field of emissions measurement technology at BMW Steyr. Since 2014, he has been working as an expert and measurement technician in engine development with over ten years of experience at Steyr. In addition, he has been active on the works council since 2020.

Alongside his office as member of the Supervisory Board, Stefan Fraundorfer is not a member of any other administrative, management or supervisory bodies of and/or a partner in companies or partnerships.

Stefan Fraundorfer does not hold any shareholding in the Company.

(d) Certain information regarding the members of the Management Board and the Supervisory Board

Neither the sole member of the Management Board nor the members of the Supervisory Board has had (i) convictions in relation to fraudulent offences, (ii) any bankruptcies, receiverships or liquidations, (iii) any official public incrimination and/or sanctions by statutory or regulatory authorities (including professional bodies) for the previous five years.

III. MAIN RISK FACTORS

An investment in the Shares is subject to risks. In addition to the other information contained in the Information Memorandum, investors should carefully consider the following risks when deciding whether to invest in the Shares. The investment in the Shares presents the elements of risks typical of an investment in shares of companies admitted to trading on a market.

To make a correct appreciation of the investment in the Shares, investors are invited to assess the specific risk factors relating to the Company, the market in which it operates and the issued financial instruments, together with all the information contained in the Information Memorandum.

The risks and uncertainties described in this section are the principal known risks and uncertainties faced by the Company as at the date hereof that the Company believes are the material risks. The absence of a negative experience associated with a given risk factor does not mean that the risks and uncertainties described herein may not materialise in the future. If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Company, the Company and/or its business, financial condition, results of operations, equity, cash flow and/or prospects. The risks and uncertainties described below are not the only risks the Company may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow and/or prospects. Investors could lose all or part of their investment.

The risk factors described in this section are sorted into a limited number of categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.

An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment.

1. Risk factors specific to the Company

1.1 Risks related to the industry and the market

(a) The Company is exposed to market trends and technological developments, and it may not be able to adapt sufficiently or in a timely manner.

The Company's success depends on its ability to recognise and predict market trends and technological changes and to develop and bring new and improved products to the market in a timely manner. The Company's business requires a high level of technical expertise for the design, development, and manufacture of its products. Although the Company invests in technology, new materials, and innovation, there can be no assurance that its predictions as to market trends and technological changes will later prove to have been accurate or that its investments will prove successful within the expected time schedule or at all.

The Company's products also require extensive and costly development and manufacturing processes. Due to the complex and advanced nature of its technology and products, the Company faces technological challenges that arise in the development and manufacture of new products, which may lead to, for example, cost increases, quality issues, or delivery delays.

The industrial markets in which the Company is active are characterised by trends, such as electrification, power efficiency, automation, renewable energies in the context of the ongoing global shift from fossil-based systems of energy production and consumption to renewable energy sources, including hybridisation, and more broadly green economy (the

"**Energy and Green Transition**"). Specifically, the term "green warfare" describes an evolving concept in military strategies focused on reducing the environmental footprint of defence operations. This includes both operational changes and new technologies that lower emissions, waste, and resource use in warfare while maintaining military effectiveness. With respect to emission reduction, initiatives aim to decarbonize military activities by using renewable energy and/or cleaner fuels. These trends are, and will likely in the future be, reinforced by stricter laws and regulations. As a result, the Company may face additional costs and challenges in developing new products or adapting its current products to respond to the additional demands and regulatory requirements that its customers and regulators impose on the Company, in connection with the Energy and Green Transition. More stringent emission requirements in the future, in particular with respect to the marine or the defence sector, may result in significant investing pressure on the Company. In the worst-case scenario, such regulatory changes could lead to the loss of the entire business segment. Furthermore, the Company may be confronted with new competitors who seek to penetrate the new Energy and Green Transition markets by leveraging their expertise with respect to Energy and Green Transition technology or by achieving an incumbent position in the same markets that the Company is targeting.

In addition, digitalisation is progressing rapidly and has already transformed certain sectors. The pace at which the Company implements digital technologies and adapt to these trends represents an important success factor. If the Company is unable to keep pace with these trends, this might pose a risk to its market position.

There can be no assurance that the Company will be successful in developing new products or systems or in bringing them to market in a timely manner, including due to an inability to effectively implement its business strategy. Furthermore, products or technologies developed by others may render the Company's offerings obsolete or non-competitive or its customers may substitute the Company's products by competing products or adopt alternative technologies to the Company's. There can be no assurance that the market will accept the Company's innovations, or that its competitors will not be able to produce its non-patented products more inexpensively from other sources. The Company may not be able to anticipate its customers' needs and provide products to meet those needs and may not be able to adjust its cost structure in the event of contraction of demand. Should the Company fail to develop appropriate strategies as a response to these or similar market trends or fail to enhance existing products, develop new products, or keep pace with developing technology, growth opportunities or existing customers could be lost. Furthermore, if the Company devotes resources to the pursuit of new technologies and products that fail to be accepted in the market or that fail to be commercially viable, all or part of the associated costs may be lost, and the Company's business may suffer.

(b) The Company is exposed to the performance of the global economy in the markets in which the Company is active, macroeconomic trends and political uncertainty.

As a developer and producer of high-performance diesel engines, the Company is exposed to the fluctuations in the global economy. Demand for engines, particularly in the marine sector, is influenced by economic cycles. In economic downturns, demand for new boats and engines could fall, which would lead to a decline in sales. Any slowdown in the global economy and elevated levels of private and public debt in various countries may cause demand to decline in many of the Company's key markets. The situation may be exacerbated by protectionist tendencies, geopolitical and geoeconomic changes, uncertainties regarding future monetary policy, armed conflicts that remain unresolved and related migration trends as well as the spread of infectious diseases (such as the recent pandemic caused by the coronavirus SARS-CoV-2 ("**COVID-19**")).

In the fiscal year ended 31 December 2023, 61.8% of the Company's revenue were attributable to customers from the defence sector. Therefore, the Company's business strongly depends on defence spending by governments and public authorities and, therefore, on the financial stability and budgetary constraints of those organisations, which may be impacted by macroeconomic or political developments adverse to defence spending. The Company is also exposed to fluctuations in the overall investment climate given that its industrial products are part of the capital goods industry. Fluctuations in growth rates or forecasts, or alterations in government investment subsidies, could result in significant changes in demand for capital goods in the Company's markets, cancellations of orders already booked or the reorganisation of longer-term business relationships. Therefore, the Company's revenue and results of operations have been influenced, and will continue to be influenced, by macroeconomic trends and the general state and performance of the global economy and global politics.

In addition, existing macroeconomic trends may be amplified by certain new macroeconomic developments. As a producer of diesel engines, the Company could be strongly affected by the Energy and Green Transition. The Energy and Green Transition has been intensified by the Russia-Ukraine Conflict. The outlook for the world economy remains subject to uncertainty, particularly considering developments in the last few years, which have had a significant impact on global macroeconomic conditions, including the COVID-19 pandemic, the Russia-Ukraine Conflict, persistently high inflation and interest rates as well as interruptions in supply chains. The COVID-19 pandemic led to significant adverse economic consequences in 2020 and subsequent years, including declining economic growth, severe disruptions of commercial activity and material market distortions due to comprehensive fiscal and monetary intervention and stimulus, ultimately resulting in elevated public indebtedness and central bank countermeasures intended to normalise economies and markets. At the same time, the geopolitical environment has created additional challenges for global economies and global private enterprises such as the Company. The Russia-Ukraine Conflict and the sanctions and export-control measures instituted by the European Union ("**EU**"), the United Kingdom, the United States of America ("**United States**" or "**US**"), Canada and Japan, among others, against Russian and Belarusian persons and entities in response have contributed and may continue to contribute to increased inflationary pressures (including elevated prices for oil and natural gas), energy supply shortages, supply chain disruptions, market volatility and economic uncertainty, particularly in Europe. In addition, on 7 October 2023, an armed conflict between Israel and the Hamas terrorist organisation commenced and has since escalated, leading to a series of extended hostilities in, and along the Israeli border with the Gaza Strip (the "**Israel-Hamas Conflict**"). Many multinational companies have research and manufacturing facilities situated in Israel. The intensity, duration and outcome of the ongoing Israel-Hamas Conflict are uncertain, and its continuation or further escalation may have a material adverse effect on the Company's customers and ultimately on the Company's business and operations.

The occurrence of a risk described above could have a material adverse effect on the Company's business, financial condition, and results of operations.

(c) Export controls, tariffs and other laws and regulations may adversely affect the Company's ability to produce, market and sell its products as well as its supply chains.

As a developer and producer of high-performance diesel engines located in Austria, the Company sources its production inputs from across the world, occasionally relying on global supply chains, and pursues sales activities in many markets globally. This requires an established and efficiently connected infrastructure to allow for the cross-border transport of supplies, parts, and products. At the same time, its customers are active across the globe, making it necessary for the Company to transport its products or parts of its products into different countries. As of the date of the Information Memorandum, 99% of the Company's business is derived from exports. In addition, the Company seeks to further internationalise its operations.

Both the Company's supply chain (certain subcomponents) as well as certain products sold by the Company are affected by laws and regulations regarding export controls. These laws may originate nationally, bilaterally, from the EU or even multilaterally between or among participating countries with a differing reach as to national or even extraterritorial application and relevance. Typically, export controls will apply to the transfer of pre-identified, listed items or categories of sensitive items through the requirements of permits or licenses, limitations, or prohibitions of sale. For example, within the EU both the Company and certain of its suppliers may need to seek export control authorisations applicable to defence-related products (that correspond to the Common Military List of the EU) on the EU and national level. The Company's supplies of certain products are, amongst others, subject to the Austrian Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*) and the Austrian Foreign Trade and Payments Ordinances (*Außenwirtschaftsverordnungen*). Supplies may also be subject to restrictions promulgated by third countries, such as the US government's International Traffic in Arms Regulations ("**ITAR**"). In addition, economic and trade sanctions regimes, including, without limitation, those administered by the United Nations, the EU, and United States (including without limitation by the Office of Foreign Asset Control) (collectively, "**Sanctions Laws**") apply to certain states, individuals and entities, and/or the supply of certain goods and services.

Due to the broad scope of application, compliance with these export control regulations and Sanction Laws might in some cases affect access to certain subcomponents, markets, end-customers or in some instances certain of the Company's operating decisions more generally. Export control regulations and Sanctions Laws cause an increasing need for compliance measures, including the identification of critical items, geographical sensitivities, and contractual protections, as well as the adaptation of existing agreements and local sales practices and the ability to take short-term measures should events, trends or restrictions arise or increase in a way that affect the Company's business practices. Consequently, the Company faces potential further increases in costs associated with preparing for adverse developments of this type and for ongoing compliance with export controls and Sanctions Laws relating to its business.

Further, the refusal of licenses or the tightening of export regulations and Sanctions Laws, e.g. due to geopolitical tensions, could have a material adverse effect on the Company's business. Any such developments could restrict access to important markets or crucial raw materials, especially if the Company's sourcing from China continues to increase. The Company's business requires that the Company maintains the resources and means necessary to assume compliance obligations. Failure to comply with laws and regulations may expose the Company to reputational harm as well as significant penalties, including criminal fines, civil fines, disgorgement of profits, denial of export privileges, injunctions, and debarment from government contracts, as well as other remedial measures. Investigations of alleged violations can be expensive and disruptive. Despite the Company's compliance efforts and activities, the Company cannot assure compliance by its employees or representatives with respect to export control laws and Sanctions Laws for which the Company may be held responsible, and any such violation could materially adversely affect the Company's reputation, business, financial condition, and results of operations. Export controls and license requirements, may result in delays or cost increases for cross-border deliveries of subcomponents by the Company's suppliers.

The markets for products in the defence and government environment are dependent on political decision-making. The Company is therefore constrained by public policies on export control and sanctions, the stipulations made by supplier countries such as Germany, France, the United Kingdom and the United States and the respective political environment in target countries. In recent years, political distress, warfare, terrorist attacks, changing attitudes regarding globalisation and other economic and geopolitical developments have led to the introduction or tightening of export control laws or Sanctions Laws in or with regard to several jurisdictions around the world and to a stricter application of export control rules and Sanctions Laws. Export controls and Sanctions Laws may change, be newly introduced on short notice, be difficult to interpret from a legal or technical perspective or be applied in an unexpected manner. There can be no assurances that the Company's internal controls and compliance systems are adequate to address all applicable risks.

Furthermore, there is the risk that individual countries might take increasingly protectionist measures to improve their competitiveness in the global market, and other countries may institute corresponding countermeasures. As a result, the Company may have to restructure certain aspects of its business, to comply with such protectionist measures. These actions may require the Company to incur additional costs and may not be adequate or even possible. In addition, protectionist trends might result in market access barriers, such as higher import duties or more complicated certification processes to reduce imports, up to an international trade war.

In the United States, a recent reorientation to a more protectionist policy resulted in the introduction of, and may result in the introduction of further, regional or international trade barriers, including anti-dumping customs duties such as those imposed by the previous US administration for imported steel and aluminium, changes in taxation which have similar effects, or withdrawal from or renegotiation of multilateral trade agreements by the former administration. Regional or global trading partners, including the EU and China, may adopt similar measures. Such actions could adversely impact the Company's business operations and results of operations through less favourable conditions for the import of the Company's products, and could, more generally, slow down global economic growth and have an adverse impact on the export of the Company's prospects.

Current or new export controls, tariffs and other laws and regulations could therefore affect the Company's ability to produce, market and sell its products across global markets and affect its supply chains, which could have a material adverse effect on the Company's business, financial condition and results of operations.

(d) Diplomatic tensions in countries or major regions in which the Company or its customers operate could have a material adverse impact on the Company's business and results of operations.

Diplomatic tensions between countries, such as the conflicts between China and Taiwan as well as armed conflicts such as the Russia-Ukraine Conflict and the Israel-Hamas Conflict, could lead to volatile financial markets as well as unfavourable developments for global trade and industry. In addition, if diplomatic tensions or military conflicts were to escalate further, or new tensions and conflicts were to emerge it cannot be ruled out that the Company would be directly and adversely impacted. Limitations impacting international trade or the decoupling or de-risking of international trade relations or supply chains in anticipation of future limitations or conflicts may have a negative impact on the export economy in general, and the Company's revenue and results of operations in particular.

There are also uncertainties due to budgetary constraints of public sectors in many countries and resulting demands for local content and technology transfer. Especially in volatile times, countries are seeking to localise their spending (across the value chain) in sectors such as defence to support their own economies and reduce reliance on imports and manufacturers. This trend can especially be observed in the aftermarket services business. Such trends can impact the decision-making and spending of potential new and existing customers and in turn impact the Company's order intake as well as its revenue. Furthermore, such trends may impact the Company's compliance and export control processes and increase the burden and cost for complying with the relevant laws and regulations. The Company may need to engage and cooperate with third-party contractors or establish subsidiaries in other countries to address such localisation requirements, to win contracts and remain competitive. The establishment of reliable partnerships and/or subsidiaries may incur additional expenses that cannot be passed on to customers and the setup of this may take an extended period and/or result in additional complexity. Also, such measures may not be successful to counteract localisation trends.

Diplomatic tensions in countries or major regions in which the Company or its customers operate could therefore have a material adverse effect on its business, financial condition, and results of operations.

(e) The Company is subject to intense competition.

Some of the markets in which the Company operates are competitive and characterised by changes in market penetration, price competition, and the development and introduction of new products, product designs and technologies. In the engine market for military special vehicles, the main competitors of the Company are Cummins, CAT and Detroit Diesel. In the boat engine market, the main competitors of the Company are Volvo Penta and Yanmar. In the APU market, the main competitors of the Company are Cummins, and Perkins.

Should the Company fail to secure the quality and reliability of its products as well as the reliability of its supply chain in the future, the Company's customers may decide to procure products from its competitors. Further, competitors may seek to increase their market share by offering customers highly competitive prices. This could increase the pressure faced by the Company to make production more cost efficient so that it can remain competitive without the erosion of its margins and can continue to secure customer orders in the future.

The Company faces substantial competitive pressure, including with respect to localisation requirements and export controls in many markets. For example, in the defence sector, the market accessible to the Company with respect to military vehicles is characterised by relatively few, large procurement projects, which require long implementation periods and frequently feature only a limited number of product units. Governments increasingly require localised production and servicing capabilities before awarding contracts or favor local competitors to help ensure continuous supply. Furthermore, export controls increasingly affect the decision-making of potential customers. Lengthy processes at the responsible authorities may result in permits not being granted for deliveries of spare parts in a timely manner, which may result in customers seeking alternative suppliers (see also "*III.1.1(d) Diplomatic tensions in countries or major regions in which the Company or its customers operate could have a material adverse impact on the Company's business and results of operations.*").

New or existing competitors with new innovative products may enter the markets or expand their market position. Further, new customers may bring new, specific requirements and demands to which the Company may be unable to adapt, for example with respect to the Energy Transition. Expansion of existing competitors, consolidation among competitors and entry of new players in any of the Company's markets may make it difficult for the Company to increase its market share, retain existing competitive positions or access new markets at all. Regulatory frameworks in different geographic markets are often still evolving and uncertain and may lead to various innovation requirements at different paces in these markets. Increasing pricing-pressure in a more competitive market environment, combined with increased requirements concerning product performance and enhanced functionalities, may create a challenge for the Company to offset effects from a pricing and cost perspective. If the Company is unable to offset price reductions through improved operating efficiencies and the realisation of synergies, such price reductions could negatively impact its profit margins.

Some of the Company's competitors have greater financial resources than the Company and may have more extensive or more specialised engineering, manufacturing, and marketing capabilities. The Company seeks to differentiate itself through cutting edge technology and quality, which results in high costs. The Company may not be able to continue to win competitively awarded contracts or to obtain orders under multi-award contracts.

The Company is faced with international competitors who are exerting pressure on market prices. In the past years, the Company has observed a rise in competitive and price pressure, including from new Asian players. The Company's customers continue to be faced with competitive pressures, which are often passed on to their suppliers, including the Company. This has led and may in the future lead some competitors to shift their production to lower-cost countries. Competitive pressure may require the Company to apply stringent design-to-cost principles on existing and new products.

If the Company is unable to offer its products and services on favourable terms as compared to its competitors, this could have a material adverse effect on the Company's business, financial condition, and results of operations.

1.2 Risks related to the Company's business and products

(a) A disruption in its supply or delivery chain may cause the Company or one or more of its suppliers or customers to halt production.

The logistics processes in the Company's industries and end-markets are exposed to potential disruption in supply and delivery chains. From time to time, the Company experiences supply chain disruptions. Such disruptions could significantly delay the Company's production due to the tight production schedule or force the Company to maintain inventory at levels that are higher than the optimal level of inventory. Such disruptions may occur for various reasons, which, both individually and in the aggregate, can increase pressure on the supply and delivery chain and lead to production delays as well as delayed acceptance by Company's customers. Reasons for such disruptions include the closure of supplier facilities or critical manufacturing facilities due to strikes, insolvencies or other financial instability, mechanical breakdowns, electrical outages, fire, explosions and public health crises such as during the COVID-19 pandemic. The Company may also face interruptions in supply and delivery chains if the quality of the subcomponents or raw materials delivered to the Company by its suppliers does not meet its requirements. Disruptions may further result from a lack of qualified labor or shortages of raw materials, subcomponents or energy. In turn, closure or disruptions along the supply chain may lead to additional pressure on other suppliers and the transportation infrastructure due to higher-than-expected order volumes, which suppliers or logistics companies may be unable to process due to e.g., an unavailability of skilled labor or production facilities. Furthermore, extreme weather conditions, in particular periods of drought and heat, have repeatedly impeded business and industrial activity during the last years, resulting in regional shortages of water and power as well as difficult transport conditions and scarcity of certain goods and resources. Additional relevant factors may be logistical complications resulting from other natural disasters, mechanical failures, and delayed customs processing as well as the ongoing Russia-Ukraine Conflict and the Israel-Hamas Conflict.

The lack of subcomponents, also due to long delivery times, or raw materials necessary to manufacture one of its products could require the Company to prolong its production period. Missing subcomponents or raw materials have caused the Company to experience from time to time and may further cause the Company to experience a backlog in its production, assembly and testing operations as well as assembly interruptions. In such cases the Company may not always be able to identify supply and delivery alternatives in a timely manner or at all. Due to supply chain disruptions, inventory levels have increased in the past, which has had and continues to have a negative effect on its working capital and therefore its cash flow.

Risks may also arise during significant projects. These may include problems in contract design, the miscalculation of orders or costs, changes in economic and technical conditions, flaws in project management or inadequate performance by subcontractors. Even when products are ready to be shipped, or have been shipped, delays may arise before they reach the Company's customer. When the Company ceases timely deliveries, it must absorb its own costs for identifying and solving the cause of the problem, as well as expeditiously producing and shipping replacement products. In addition, any such disruption in the Company's supply and delivery chains may result in a delay and trigger penalty payments under its existing customer contracts.

Any disruption in the Company's supply and delivery chains could have a material adverse effect on its business, financial condition, and results of operations.

(b) Many of the Company's customers depend on government spending. Reductions in government spending could adversely affect its business, results of operations and financial condition.

The Company designs, develops and produces diesel engines for the military vehicle (tactical vehicles and tanks) and the rail and marine (military rib craft boats and rescue boats) industries. 61.8% of the Company's revenue in the fiscal year ended 31 December 2023, was generated in defence markets. The Company's customers include companies that rely on government spending to purchase its products and services. The Company expects revenue from such customers will continue to make up a significant part of its business in the future. However, government programs may be cancelled, delayed, or amended based on many factors over which the Company has no control, including socio-political considerations, general macroeconomic conditions or changes in government or administrative policy. Accordingly, the Company may face uncertainties in planning and managing its resources. In addition, government spending programs, even if previously approved, are typically subject to anti-deficiency rules and annual reviews and adjustments and may, therefore, be cancelled at any time. Further, the scope and amount of government spending programs is oftentimes heavily influenced by the current general political climate and administration as well as changes in political or public support for security and defence programs and is subject to change based on public opinion. Especially in the context of elections, government spending on defence may be subject to scrutiny. Budget and appropriations decisions made by governments are outside of its control and have long-term consequences for its business. Spending priorities and levels remain uncertain and difficult to predict and are affected by numerous factors, including sequestration in the US, government shutdowns, political developments, and potential alternative funding arrangements. A change in governmental spending priorities or an increase in non-procurement spending at the expense of programs relevant to the Company, could have material adverse consequences on the Company's current or future business.

Moreover, the budgetary decision-making processes of governments tend to be time-consuming, and depending on policies, defence-related appropriations may rank lower than other areas in terms of priority. Even when a budgetary decision regarding a certain defence program or project has been made, it may take substantial time (sometimes exceeding a year) until specific contracts are awarded. Additionally, changes in governments' compositions, elections, financial, economic, or diplomatic crises or court decisions may lead to policy overturns and defence budget cuts which might reduce the funding of current or future projects in which the Company participates or might participate or may delay or terminate such projects altogether. In addition, the prioritisation and allocation of existing defence budgets, whether in connection with budget cuts or independently from such, might not favor the Company's product offering, for example, because budgets might be spent on personnel rather than equipment, or because governments might decide to purchase existing or future platforms developed and produced without its involvement, rather than to invest in platforms in which the Company might have participated.

In addition, any significant disruption or deterioration of the Company's relationship with governments, government agencies or international organisations would significantly reduce its revenue and have an adverse impact on the Company's business, financial condition, and results of operations. The Company operates in competitive markets, and governments, government agencies or international organisations may choose to use contractors other than the Company, for example as part of competitive bidding processes, or otherwise due to its competitors' ongoing efforts to expand their business relationships with these customers.

Lower government spending could have a material adverse effect on the Company's business, financial condition, and results of operations.

(c) The Company's future business success depends on its ability to maintain the high quality of its products and processes and the punctual delivery of ordered goods.

The Company produces technologically complex products which must meet high quality standards and low tolerance ranges on account of their applications and the markets in which they are used. Products that have already been introduced in the market are subject to risks related to the product quality expected by customers. A decline in the actual or perceived quality of the Company's products and processes could damage its image and reputation, including due to an inability to effectively implement its business strategy. This can occur due to a variety of factors including problems in contract design, faulty integration of the Company's products in platforms, the miscalculation of orders, changes in economic and technical conditions, flaws in project management or inadequate performance by subcontractors. In addition, defective products could result in loss of sales, compensation claims, loss of customers and loss of market acceptance or could damage the Company's reputation and market perception (especially in the defence sector), which, in turn, could have an adverse effect on its sales and results of operations. Moreover, product or design defects or quality issues could result in costs to remedy or repair such defects or issues, which are typically not covered by the Company's insurance policies and may require the Company to establish provisions. These costs may increase if any defects in or issues with its products are only detected after they have been installed in a platform and may therefore require complex re-works. Furthermore, the Company's customers could potentially bring claims for damages, even if the cause of the defect is remedied at a later point in time. As a manufacturer, the Company is currently and may, in the future, also be subject to regulatory inquiries and consequent proceedings, if necessary, specifications and quality assurances in respect of its products are not met.

In some countries, certain product certifications regarding specifications and quality standards are necessary or preferred for these products to be accepted by customers and markets. As such, the Company needs to be able to obtain and maintain the relevant certifications so that the Company's customers can sell products which include components that are manufactured by the Company in such countries. In addition, some customers also require the Company to maintain certain standards and conduct inspections at regular intervals to ensure the Company maintains these standards. Any failure to meet or maintain the requirements needed to secure or renew such certifications could result in a material adverse effect on the Company's business, financial condition, and results of operations.

In addition, delivery capabilities and delivery performance represent a key competitive factor. The Company's products usually have a long implementation period. The Company's production capacities in its facilities in Steyr are limited and production can only be scaled to a limited extent. Furthermore, the Company is subject to planning and management risks, resulting from a lack of (automated and/or electronic) synchronisation between business divisions, faulty forecasting or bottlenecks in logistics. A failure by the Company to meet contractual delivery dates could result in contractual penalties, expose the Company to damage claims from its clients, lead to a loss of customers or negatively impact its reputation.

If the Company is not able to maintain the high quality of its products and processes and the punctual delivery of ordered goods, this could have a material adverse effect on its reputation as well as its business, financial condition, and results of operations.

(d) The Company is active in niche markets and generates a significant amount of its revenue from a limited number of large customers.

The Company operates in highly specialised markets for marine and other special applications, which represent niche markets. In these markets, a relatively small volume is divided between a limited number of customers. In the nine months ended 31 September 2024, the Company's top five customers accounted for 68.3% of the Company's revenue and the Company's top customer alone accounted for 30.4% of the Company's revenue. The loss of all or a substantial portion of its sales to any of its large customers would result in business lost and unused capacities and could have a material adverse impact on the Company's business, financial condition, and results of operations. The Company may make fewer sales to these customers for several reasons, including, but not limited to:

- reduced demand for its or its customers’ products, including, in the event of changes in decision-making individuals and, in particular, as a result of cyclical downturns that disproportionately affect its customers’ industries;
- loss of awarded business;
- failure to deliver products to end users in a timely and cost-efficient manner or at satisfactory quality levels;
- strikes or other work stoppages affecting production by its customers;
- reduced or delayed customer requirements; or
- bankruptcy or insolvency of a customer.

Furthermore, the Company's customers may consolidate or merge from time to time. Consolidation among its customers, or mergers of its customers with entities that are not customers, could result in an increasingly concentrated client base of large customers which could, among others, increase the bargaining power of the Company's current and future customers. In case of a consolidation or merger with one of the Company's competitors, customers may no longer demand the Company's products. Any significant changes in the ownership or operation of its customers, because of consolidation, merger or otherwise, could have a material adverse effect on the Company's business, financial condition and results of operations.

(e) The Company depends on third parties for its supply with high quality components, and suppliers and component producers may not be willing or able to supply the Company with certain components.

As an assembling company, Steyr Motors purchases the components for its products from third-party suppliers. To maintain its high quality standard and to meet its customers' expectations and agreed deadlines, the Company is dependent on the timely delivery of high quality components and services by third-party suppliers and component producers. Some of these supplies and services are available only from a limited number of suppliers, and in certain cases the Companies relies on single-source suppliers.

The Company's suppliers could become temporarily or permanently unable to produce or deliver their products due to, for example, economic or technical problems or capacity bottlenecks, fail to produce the products in compliance with the Company's prescribed quality standards or deliver their products with delay or could otherwise fail to meet their contractual obligations. Also, the supply of subcomponents could be restricted, delayed or become more expensive due to export control regulations, because required approvals or licenses could not be obtained in time or at all. Manufacturing quality problems, late deliveries or other problems caused by the Company's third-party suppliers may, to the extent that the delivery of the Company's products is therefore delayed, its products are of lower quality or even defective, result in the Company being unable to fulfil its contractual obligations to its customers, give rise to product liability claims and also damage its reputation.

Furthermore, particularly for such customer contracts for which the Company is unable to pass on increasing prices, as is the case for most of its contracts, the Company may need to re-negotiate prices with third-party suppliers or switch suppliers. For certain products, the Company depends on a limited number of suppliers, or in some cases a single supplier and may thus be dependent on these suppliers for the required components and supplies.

Usually, the Company does not enter contracts which would guarantee minimum quantities available. In addition, the Company cannot assure that its suppliers are able or willing to continue providing the Company with an adequate quantity of components of the required quality in a timely manner or at all. The Company may have difficulties to find other suppliers with an adequate quantity and appropriate quality supply of components in a timely and economic manner, if at all. In particular, the Company's focus on custom engines means that it requires custom components, the production of which requires lead time and investment from suppliers. This makes it much more difficult to switch suppliers when existing relationships end. As the Company manufactures highly specialised products in comparatively moderate quantities, large suppliers generally have greater negotiating power, which may lead to unfavourable conditions for the Company. Due to the long lifetime of its products, the Company faces risks regarding obsolescence. Some suppliers may decide to no longer produce certain subcomponents, such as electronic components, and the Company may be required to enter into special agreements with them that may be more costly or stock up its inventories if the Company is not able to identify alternatives in a timely manner or at all. In addition, some suppliers may be affected by scarcity of materials or energy, for example due to increased prices or less availability of natural gas and other energy sources, for example due to geopolitical issues due to the Russia-Ukraine Conflict and the Israel-Hamas Conflict.

The Company's inability to obtain suitable sources of supply for necessary components used in its manufacturing and assembly processes, or to obtain these supplies on favorable price terms, could have a material adverse effect on its financial condition and results of operations.

(f) The Company depends on its ability to attract and retain qualified executives, key employees and skilled and qualified personnel.

The Company's success and growth ambition depend on attracting and retaining directors, executive officers, senior management, key employees (especially highly skilled engineers and technicians) and other skilled and unskilled personnel. The Company relies on its skilled and unskilled personnel to perform its contractual and anticipated future obligations. The loss of executives, key employees and other personnel or the failure to hire the additional skilled personnel that the Company requires could have a material adverse effect on its market and financial position. Due to intense competition within the industry, there is a risk of losing qualified employees to competitors or being unable to find enough appropriate new employees. Considerable expertise could be lost, or access thereto gained by competitors.

There is no assurance that the Company will be successful in retaining its executives and the employees in key positions or in attracting new employees with corresponding qualifications, for example through performance-based remuneration systems. There is a risk that any such individuals will leave the Company.

The success of the Company's operations and growth strategy will also depend on attracting and retaining skilled personnel (including the need to identify, recruit, train and integrate additional employees) while also maintaining its high-quality standards and implementing its standardised processes and quality management globally. The labor markets for production staff in Austria is active, resulting in intense competition for qualified personnel and an increased turnover-rate.

If the Company is not able to attract and retain executives, key employees, and qualified personnel, this could hinder its growth, undermine its competitive position and have a material and adverse effect on its business, financial condition, and results of operations.

(g) The Company's operations rely on complex IT systems and networks, which may be breached, attacked, or impaired.

The Company relies on centralised, standardised information technology ("**IT**") systems and networks to support business processes, as well as internal and external communications. Any failure in the operation or breach of these IT systems could result in material adverse consequences, including disruption of operations, loss of information or an unanticipated increase in costs.

Moreover, there is the risk of unauthorised access, theft and destruction or misuse of business data and information. As a business that is predominantly active in the defence industry, the Company is a target of interest for governmental and non-governmental individuals and organisations. The Company may experience, attempts to compromise its IT systems with a view to accessing its data or otherwise interfering with its operations, including using malware, ransomware and social engineering. While the Company has not suffered any material loss of data or significant interruptions to its business operations to this date, such failure of its IT systems or failure by the Company to prevent the compromising of its IT systems could cause economic loss for which the Company could be liable and may expose the Company to governmental investigations, disciplinary actions, and fines. A malfunction of its data security measures, or a cyber-attack could enable unauthorised persons access to sensitive business or personal data, including information to its intellectual property or business strategy or those of its customers. This is an evolving risk due to increasing global cyber-crime activity. At the same time, increasing dependence on digital sales and customer care increases its exposure and susceptibility to cyber-attacks. The risk of cyber-attacks may also be heightened because of the ongoing Russia-Ukraine Conflict and the Israel-Hamas Conflict. The Company cannot assure that its security measures will continue to successfully defend the Company against these attacks.

Further, the Company's ability to keep its business operating depends on the proper and efficient operating and functioning of various IT systems, which are susceptible to malfunctions and interruptions. Parts of the Company's IT infrastructure could malfunction because of accidents, disasters, technical disruption, human error, internet attacks, sabotage and a range of other hardware, software or network problems, thereby impairing or completely shutting down business processes. The measures the Company applies and regularly reviews to mitigate digital threats may be insufficient to prevent certain types of security vulnerabilities. Future actual or perceived security vulnerabilities could cause the Company to incur significant additional costs to alleviate problems caused by any such vulnerabilities. A failure of the Company's IT systems could also cause damage to its reputation which could harm its business.

In addition, from time to time, the Company may be required to make investments to maintain and/or upgrade its IT systems and networks and such investments may be significant, take longer than expected or cause interruptions to its existing systems.

Any breach of the Company's IT system or network disruptions could have a material adverse effect on its business, financial condition, and results of operations.

(h) Environmental, social and governance matters may impact the Company's business and reputation.

There has been an increased focus by customers, investors, employees, and other stakeholders, as well as by governmental and non-governmental organisations, on environmental, social and governance ("**ESG**") matters. A rising number of the Company's customers, business partners, including financing banks, may put an increased focus on ESG factors in awarding business, or through sustainability-linked financing conditions. In addition, a variety of organisations measure the performance of companies on ESG topics, including in the form of ratings, and the results of these assessments are often widely published. Furthermore, investment funds that invest in companies that perform well in such assessments are increasingly popular and major institutional investors have publicly emphasised the importance of ESG measures to their investment decisions. The adoption or further refinement of ESG investment principles by investors (for example, so-called green funds) might also lead to a divestment of shares of companies in the defence industry, including the Company. Topics considered in such assessments include, among other factors, a company's efforts and impact on climate change, the transition to green energy, social issues, occupational health and safety, diversity and inclusion, human rights, ethics, compliance with law and the role of a company's management in supervising various sustainability issues.

Furthermore, the passing of legislation or regulations for the finance sector could cause institutional investors to restructure their portfolios and reduce or eliminate their exposures in companies that operate in industries classified as inadequate. Possible sector exclusions (e.g., for the weapons and defence industry) could also limit the Company's options to raise capital. Changes to the qualification criteria for being admitted to or remaining included in certain stock indices could also harbour risks.

There can be no certainty that the Company will manage such issues successfully, or that the Company will meet society's or investors' ESG expectations or any future ESG reporting requirements such as the new requirements under the EU Directive (EU) 2022/2464 as regards corporate sustainability reporting ("**EU Corporate Sustainability Reporting Directive**"), which could apply to the Company in the future. If, among other aspects, the Company fails to meet its core ESG targets or those of other ESG performance categories, becomes the subject of negative public perception or adverse publicity, loses credibility, or is unable to meet expectations on the part of its customers, investors, employees, business partners, and other stakeholders relating to its ESG strategy, this could negatively impact its reputation and brands, relationships, employee engagement and retention and the demand for its solutions. These impacts could be difficult and costly to overcome, if possible, at all. If the Company were unable to meet its targets or investors' expectations related to ESG, it could become subject to claims or allegations by such investors.

In addition, trying to achieve the Company's ESG goals may result in increased costs. Standards regarding ESG could change and become more onerous and costly for the Company to meet. Evolving data, methods, research and reporting requirements, including science-based assessments, could undermine or refute claims and beliefs that the Company has made in reliance on current data, research and reporting requirements, for example, relating to its corporate carbon footprint, which could result in additional costs or negative market perception.

If the Company is not able to address the ESG matters successfully, this could have a material adverse effect on its reputation, business, financial condition, and results of operation.

(i) The Company's business, financial condition and results of operations may be adversely affected by government contracting risks.

While the Company does not directly supply governments, government agencies or international organisations, it is nevertheless subject to various laws and regulations applicable to parties' doing business with governments and government agencies and entities, including laws and regulations governing the performance of German, US and other government contracts and security clearance of its facilities and employees. The laws and regulations to which the Company is subject differ materially depending on the contracting government and conflicting rules or blocking statutes in such laws and regulations may prevent the Company from taking on contracts with other governments.

In Austria, for example, the Company may be subject to the Security Police Act (*Sicherheitspolizeigesetz*) and the Military Authority Act (*Militärbefugnisgesetz*) for security clearances. In addition, certain customers of the Company must adhere to specific public pricing law for procurement processes of public institutions in addition to public procurement regulations in Germany, which can involve particularly lengthy and complex processes. Similarly, in the United States, federal government contracts are subject to, for example, the Competition in Contracting Act, the Procurement Integrity Act, the False Claims Act, the National Industrial Security Program, the Federal Acquisition Regulation and agency supplemental regulations, in addition to a myriad of other procurement-related laws, rules and regulations. The Company may be indirectly affected by these laws and regulations.

If the Company is found to have violated such laws or regulations, the Company may be subject to civil or criminal proceedings and penalties as well as administrative sanctions or fines. In addition, the Company could suffer serious reputational harm if allegations of impropriety were made against the Company. As a result of the need to comply with these laws and regulations, the Company is subject to increased risks of governmental investigations, civil fraud actions, criminal prosecutions, whistleblower lawsuits and other enforcement actions. Moreover, responding to investigations of alleged violations can be expensive and disruptive regardless of the merit of any allegations.

Requirements under agreements with customers supplying governments or any violation of applicable laws or regulations could have a material adverse effect on the Company's business, financial condition, and results of operation.

(j) The Company's business, financial condition and results of operations may be adversely affected by increased costs, particularly under fixed price contracts without price adjustment clauses.

The Company requires various raw materials, subcomponents and components as well as energy in its production processes and is exposed to the risk of increased costs for such raw materials, subcomponents or components or energy. This risk is particularly relevant in relation to fixed price contracts without price adjustment clauses where the consideration for the goods or services delivered or provided are fixed at the time of contract award. The Company is therefore exposed to the risk that the actual costs incurred in connection with performing its obligations under such firm fixed price contracts are higher than assumed at the time of the contract. This could be due to inflation or supply chain disruptions or other reasons, and such higher actual costs could adversely impact the Company's margins. Although new contracts in the defence sector tend to include price adjustment clauses in some countries, such as Germany, there can be no assurance that such clauses will be included in all Company's contracts or that such clauses will prove to be sufficient to allow the Company to pass on additional incurred expenses. The Company may miscalculate prices for fixed price contracts or the costs of meeting its obligations may rise after the date of the relevant contract, including for reasons that are beyond its control, such as increases in material costs, unexpected technical difficulties, or delays. In particular, the inflationary environment in recent years and related intensified general price increases (rising energy costs) may lead to greater than anticipated costs. In 2022 for example, due largely to the Russia-Ukraine Conflict and disruptions in supply from Russian gas producers, natural gas prices increased for non-household consumers in Europe by 104% compared to 2021, to an average of EUR 0.0732 per kWh, amid extreme volatility in some cases, while electricity prices for non-household consumers increased by 43% compared to 2021 (*source: Eurostat, European Commission, Natural gas prices statistics, April 2023 and Eurostat, European Commission, Electricity prices statistics, April 2023*). Although such costs have since normalised to some extent, such spikes may occur again in the future. While the Company has in the past and further expect to address a part of increased energy costs by the electricity, gas and heating price caps introduced by the German government, there can be no assurance that these measures will continue to be available and be sufficient to cover the Company's increased energy costs. The Company's suppliers may also try to pass on increased energy costs. Any failure by the Company to correctly estimate or control the costs incurred by the Company in connection with fixed price contracts without price adjustment clauses may have a material adverse effect on its profitability. In addition, where the Company's contracts include price adjustment clauses and such clauses are inadequate to reflect the actual increase in expenses, the Company's profitability could also be materially adversely impacted.

An increase of the Company's costs, under its fixed price contracts without price adjustment clauses, could therefore have a material adverse effect on its business, financial condition, and results of operations.

(k) The Company is exposed to fluctuations in currency exchange rates.

The Company sells its products to customers in different countries and is therefore exposed to financial risks that arise from fluctuations in currency exchange rates. The Company is exposed to foreign currency risks if it performs transactions and incurs future cash flows in a currency other than euro. The Company's primary foreign currency exchange exposure is to the US dollar. Fluctuations in foreign exchange rates could increase or reduce the euro-equivalent value of the Company's income, costs, assets and/or liabilities, if denominated in foreign currency. As a result of these factors, fluctuations in exchange rates and, a significant appreciation of the euro against other major currencies such as the US dollar, could affect the Company's results of operations.

Fluctuations in currency exchange rates could have a material adverse effect on the Company's business, financial condition, and results of operations.

(l) If the Company fails to maintain an effective system of internal controls, it may be unable to accurately report financial results or prevent fraud.

The Company's international operations require complex administrative, financial, and operational processes. The Company's management periodically evaluates the effectiveness of the design and operation of the Company's internal controls. Based on these evaluations, the Company may conclude that enhancements, modifications, or changes to internal controls are necessary or desirable. However, these controls and measures may not always be effective. There are inherent limitations on the effectiveness of internal controls, including fraud, collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate business risks and are generally oriented to detect systemic issues, rather than individual misbehaviour. If the Company fails to maintain an effective system of internal controls, it may be subject to sanctions or investigation by regulatory authorities.

(m) The Company is routinely subject to audits by its customers on government contracts and the results of such audits could have an adverse effect on its business, reputation, and results of operations.

The Company is subject to routine audits by government agencies and contractors. As the case may be, these agencies review a contractor's performance under the Company's contracts, its cost structure, business systems and compliance with applicable laws, regulations, and standards with a special focus on applicable pricing laws. Government agencies can decrease or withhold certain payments if they deem systems subject to their review to be inadequate or not in compliance with the governmental contract. Additionally, any costs found to be misclassified may be subject to repayment.

If an audit were to identify improper or illegal activities, the Company may be subject to civil or criminal proceedings and penalties as well as administrative sanctions or fines, including reductions in the value of contracts, contract modifications or terminations, forfeiture of profits, suspension of payments, contractual penalties, suspension, or prohibition from doing business with the respective government (e.g., prohibited from participating in future public procurement procedures). In addition, the Company could suffer serious reputational harm if allegations of impropriety were made against the Company.

(n) The Company could be adversely affected by property loss and unforeseen business interruption.

Damage and loss caused by fire, accidents, natural disasters, terrorism, political unrest, enhanced national security measures, conflicts, strained international relations, severe weather, or other disruptions of its production process at its manufacturing facilities or within its supply chain, with respect to customers and with suppliers, can be severe. For example, activists may oppose the use of the Company's products for the defence business and demonstrate or take other actions against the Company. In particular, the Company sees an increased risk of such demonstrations or sabotage, revenge and espionage actions arising from the Company's products being used by platforms that are involved in combat, such as in the Israel-Hamas Conflict.

Such risks arising from business interruption and loss of production are insured at levels considered economically reasonable by the Company, but the Company's insurance coverage for its facilities could prove insufficient in individual cases. Furthermore, such events could injure or result in the death of individuals or damage or destroy third party property or the environment, which could, among other things, lead to considerable financial costs for the Company. In addition, the Company's manufacturing processes are dependent on critical pieces of manufacturing equipment that may, on occasion, be out of service because of unanticipated failures, which may result in production bottlenecks and breakdowns.

The Company's inability to predict or protect against property loss and unforeseen business interruption could have a material adverse effect on its business, financial condition, and results of operations.

(o) The Company's R&D activities may not lead to the development of commercially successful products.

Developing new and improved products requires a substantial amount of capital funding and entails considerable uncertainty. Due to the complexities and uncertainties associated with research and development, products that the Company is currently developing may not complete the development process or the Company may take longer than expected to develop or market these products. If the Company devotes resources to the pursuit of new technologies and products that fail to be accepted in the market or that fail to become commercially viable, all or part of these R&D costs may be lost. Furthermore, should the Company be unable to secure sufficient funding to finance its R&D activities, it could lose its competitive position in several important and rapidly growing sub-markets. In addition, the Company conduct similar R&D activities on an order-specific basis depending on the Company's customers' demands and needs.

An inability to obtain funding for R&D activities, develop new products and offer newly developed products on commercially reasonable terms could have a material adverse effect on the Company's business, financial condition and results of operations.

(p) Any investment or acquisitions may disrupt and materially harm the Company's business, and the Company may not be able to successfully integrate or realise expected benefits from such acquisitions or investments.

The Company may make investments or acquisitions in the future that it believes present opportunities for growth and strengthening of its business, including by adding technological capabilities, improving operational efficiencies, including through the reorganisation of the Company, entering into joint venture or similar agreements, increasing the extent of the Company's vertical integration, or enhancing its geographical presence or customer relationships. Such investments and acquisitions may be costly and time consuming and could divert the attention of the Company's management from other business concerns. Acquisitions as well as the integration of a business involves several challenges and may result in unforeseen operating difficulties in assimilating or integrating the technologies, products, personnel or operations of the acquired business. Moreover, although the Company would perform a due diligence review of an acquisition target, this review may fail to adequately uncover all contingent, undisclosed, or previously unknown risks or liabilities.

The Company cannot ensure that it will be able to successfully integrate acquisitions that it undertakes or that such acquisitions will perform as planned or prove to be beneficial to its business and results of operations. This could cause the Company to not realise the benefits anticipated from an acquisition and could have a material adverse effect on the Company's business, financial condition, and results of operations.

(q) The Company works and may work in the future with sales agents and could therefore be exposed to commercial agents' compensation payments.

The Company works and may work in the future with sales agent, who are tasked with maintaining the Company's local market presence or the local dealer network. These sales agents usually have a written contract with the Company. If these sales agents are deemed commercial representatives (*Handelsvertreter*) under Section 1 of the Austrian Federal Law Concerning the Legal Relations of Self Employed Commercial Representatives (*Handelsvertretergesetz* – "**HVertrG 1993**") or similar regulations in other jurisdictions, the Company may be obligated to pay commercial agent's compensation pursuant to Section 24 HVertrG 1993 or similar regulations in other jurisdictions upon the end of the contractual relationship, in particular if it were to terminate the relationship. The amount of these payments depends on applicable law, jurisprudence and/or case law, which consider a multitude of factors to determine whether commercial agent's compensation should be paid, including the length of and terms of the relationships, as well as the revenue earned by the commercial agent. As a result, it is difficult to predict whether the Company will be liable to make such payments, the amount of which could be substantial. If a commercial agent were to successfully claim such compensation, this could have a material adverse effect on the Company's business, results of operations and financial condition.

1.3 Risks related to laws, regulation and taxation

(a) The Company may be adversely affected by changes to the general regulatory environment.

The Company is subject to a wide variety of laws and regulations, including regulations on data protection, environmental protection, competition, tax, and employment matters, export control and Sanctions Laws. In addition, it is subject to the issuance of new laws and regulations or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official in each of the jurisdictions in which the Company operates or may operate in the future. The implementation of these changes may prove time-consuming and may cause the Company to adjust internal procedures, which could also affect its business operations.

EU Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment ("**EU Taxonomy Regulation**"), which entered into force on 12 July 2020, has been fully applicable since 1 January 2023. The EU Taxonomy Regulation requires that companies which are subject to non-financial reporting under Directive (EU) 2014/95 amending Directive (EU) 2013/34 on non-financial and diversity information ("**Non-Financial Reporting Directive**") include information in their non-financial statements on how and to what extent the company's activities are environmentally sustainable. Depending on its economic development, the Company may become subject to the EU Taxonomy Regulation in the future. The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Implementing internal reporting system and complying with these regulations may incur additional cost and bind management attention. Realisation of this risk could have a material adverse effect on the Company's business and operations.

The Company may also be confronted with stricter environmental laws on the production process itself or the marketing of products (e.g., as regards CO2-emissions), also in the wider context of further measures to combat climate change. In addition, macroeconomic and geopolitical trends may result in further legal barriers to international trade.

(b) The Company may fail to comply with applicable laws and regulations, or changes in such laws and regulations.

The Company manufactures its products in Austria and distributes them in various countries worldwide. Therefore, it is subject to various laws and regulations in the different jurisdictions in which it is active. Due to the market in which the Company operates, these laws and regulations impose comprehensive compliance obligations on the Company and restrict its offering and operating activities. These obligations and restrictions, in turn, can be difficult to administer because of their scope, dynamic nature and varied requirements, interpretational difficulties (from a legal or technical perspective) and application by public authorities in an unexpected manner. These laws and regulations for the manufacture, sale and distribution of the Company's products may become even more restrictive in the future and may be more rigid than those applicable to its competitors. This could result in a competitive disadvantage and negative effects on the Company's business, results of operations, financial conditions and prospects.

As manufacturer of diesel engines for land vehicles and boats, the Company may, inter alia, need to seek export control authorisations applicable to defence-related products (that correspond to the Common Military List of the EU) on the EU and national level. The Company's supplies of certain products are, amongst others, subject to the Austrian Foreign Trade and Payments Acts (*Außenwirtschaftsgesetz*) and the Austrian Foreign Trade and Payments Ordinances (*Außenwirtschaftsverordnungen*). Supplies may also be subject to restrictions promulgated by third countries. For example, the ITAR apply extraterritorially and therefore apply to the use of US technology or the trade in US goods outside the US.

The Company's products may require specific certificates, type approvals or other product authorisations to lawfully market them in the various jurisdictions. Depending on the circumstances, these product authorisations may only relate to a specific field of use (e.g., diesel engines for boats that are only used for private, non-commercial purposes). In such instances the business partners are informed accordingly, but it is outside the control of the Company whether the business partners observe these field-of-use restrictions. In addition, the Company at times sells products to certain purchasers who agree to seek product authorisations in the specific jurisdiction (typically for the assembled final product). In both instances, the Company may face a risk of being involved in potential proceedings between its business partners and their customers.

Sales and export restrictions as well as Sanctions Laws pose challenges (such as additional cost and compliance risks) and may limit or affect the Company's access to certain subcomponents, markets, end-customers and/or its operating decisions more generally. This may also result in a competitive disadvantage vis-à-vis competitors located in other regions of the world.

The Company is subject to environmental and product-specific laws and regulations, for example, related to emissions into the environment, discharge of waters, handling of chemicals and hazardous substances (see also Section "*III.1.3(i) The Company's operations are subject to stringent environmental laws and regulations, which are subject to change."*).

While the Company is not itself subject to mandatory corporate sustainability due diligence requirements under Austrian laws or under Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence, it is and will continue to be indirectly affected as business partner of large companies, or as stakeholder managing its own supply chains.

In addition, changes in the legislative environment or in the interpretation and application of the laws by governments may lead to a risk of inadvertently violating specific countries' export control, import control, product or other regulations and laws. The Company's failure or alleged failure to comply with these laws and regulations may expose it to reputational harm as well as significant penalties. Furthermore, in certain cases, the Company requires certifications and approvals in the course of its business operations that may not be granted (timely and in full) or be revoked in case of non-compliance. The Company handles sensitive customer data and is subject to increasingly stringent data protection and privacy requirements, such as the Regulation (EU) 2016/679 on the protection of natural persons regarding the processing of personal data and on the free movement of such data

("**GDPR**"), which became effective in all EU member states on 25 May 2018. The GDPR imposed stricter conditions and limitations in relation to the processing, use and transmission of personal data.

The GDPR introduced extensive documentation obligations and considerably higher transparency requirements, which affect not only initial data collection but also the monitoring and investigation once personal data has been collected. The Company may not have prepared for these changes to the extent necessary and its preparations may not yield the expected results. Additionally, it is possible that applicable laws, regulations, and other obligations relating to data usage and data protection may be interpreted and applied in a manner that is inconsistent with the Company's practices. Furthermore, there can be no assurance that the Company's practices have complied, comply, or will comply fully with all such laws, regulations, and other legal obligations. For example, the Company may have saved data from its customers that it should not have saved pursuant to applicable data protection laws. The Company's process of developing and advancing its data protection standards and procedures may take longer and require more resources than originally planned. Furthermore, measures taken to prevent incidents of data loss might prove insufficient, and the Company may be vulnerable because of human error and misbehaviour. Any non-compliance by the Company with the applicable regulations could lead to fines and other sanctions. For example, the GDPR provides that violations can be fined, depending on the circumstances, by up to the higher of EUR 20 million and 4% of the annual global turnover of the non-compliant company.

Should the Company be in violation of existing laws and regulation or fail to comply with changing laws and regulations, this could have a material adverse effect on the Company's business, financial condition, or operations.

(c) The Company may not be able to successfully protect its intellectual property and technical expertise.

The Company's products and services are highly dependent upon the Company's technological know-how and the scope and limitations of its proprietary rights therein. The Company regularly applies for and has been granted intellectual property rights with respect to its innovations. The process of seeking patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide the Company with meaningful protection or a commercial advantage. In addition, while there is a presumption that patents are valid, the granting of a patent does not necessarily imply that it is effective or that possible patent claims can be enforced to the degree necessary or desired. Certain of the Company's existing patents convey a narrow scope of protection. Additionally, the Company's patents might have lapsed or expired. Further, the Company's competitors, suppliers, customers and other third parties also submit many intellectual property protection applications. Such other parties could hold effective and enforceable intellectual property rights to certain processes, methods or applications and consequently could assert infringement claims (including illegitimate ones) against the Company.

A part of the Company's know-how and industrial secrets is not patented and cannot be protected through intellectual property rights. Consequently, there is a risk that third parties, in particular competitors, will copy its know-how without incurring any expenses of their own.

If the Company is unable to protect its intellectual property and technical expertise, this could have a material and adverse effect on its business, financial condition, and results of operations.

(d) The Company is exposed to warranty and product liability claims.

As a manufacturer, the Company may be subject to product liability lawsuits and other proceedings alleging violations of due care, violation of warranty obligations (implied or expressed), treatment errors, safety provisions and claims arising from breaches of contract, recall actions or fines imposed by government or regulatory authorities. Any such lawsuits, proceedings and other claims could result in increased costs for the Company. In addition, defective products could result in loss of revenue, loss of customers, and could lead to cost of repair and replacement. Defective products could also result in loss of market acceptance and cause damage to the reputation of the Company's products or its customers' end-products. While the Company maintains insurance covering the risks arising from such product liability lawsuits, proceedings and other claims, the obtained insurance coverage proves insufficient.

In addition, vehicle and boat manufacturers increasingly require a contribution from their suppliers for potential product liability, warranty and recall claims, and the Company may become subject to efforts by its customers to change contract terms and conditions concerning warranty and recall participation.

Furthermore, the Company's customers could potentially bring claims for damages based on breach of contract, even if the cause of the defect is remedied at a later point in time. In addition, failure to perform with respect to quality requirements could negatively affect the market acceptance of the Company's other products and its market reputation in various market segments.

(e) The Company is subject to risks from legal, administrative and arbitration proceedings.

The Company is involved in legal, administrative and arbitration proceedings from time to time, and may become involved in such proceedings in the future. These proceedings or potential proceedings could involve, in the United States, substantial claims for damages or other payments. The materiality of any future proceedings as well as the outcome of individual proceedings cannot be predicted due to the uncertainties that are always associated with legal disputes.

In the event of adverse judgments or settlement agreements, the Company could be subject to injunctive relief and removal and be obliged to make substantial payments and damages, including payment of the opponent’s litigation costs, which could also be significant. The Company's litigation costs and those of third parties could also be significant. Any adverse legal, administrative or arbitration proceedings could have a material adverse effect on the Company's business, financial condition, and results of operations. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management and may result in significant monetary damages or other penalties, any of which could have a material adverse effect on the Company's business, financial condition, or results of operations.

(f) The Company may face risks relating to climate change that could have an adverse impact on its business.

Greenhouse gas emissions have increasingly become the subject of substantial international, national, regional, state, and local attention. Greenhouse gas emission laws and regulations have been promulgated in certain of the jurisdictions in which the Company operates, and additional greenhouse gas requirements are in various stages of development.

Such laws and regulations are complex to implement and may lead to additional costs for the Company.

More generally, laws and regulations on a national, EU and international level to promote a green economy and to fight climate change may be further tightened which in turn could affect the Company's production and sourcing process, its business, financial condition, and results of operation. In addition, this could also have an impact on the Company's supply chain (suppliers, customers and end markets).

(g) The Company may fail to prevent or detect corruption, fraud, other criminal or unauthorised behaviour or violation of the law.

The Company intends to set up compliance measures that are aimed at, among other things, preventing corruption, fraud and other criminal or unauthorised behaviour by its managers, employees, consultants, agents, and business partners. However, even sophisticated compliance measures may fail to prevent or detect wilful or illegal, collusive, behaviour circumventing existing safeguards and controls. Similarly, the Company's compliance measures may fail to identify, mitigate, or manage relevant risk exposures. Furthermore, it is possible that violations of existing law occur or have occurred despite careful observance of such legal requirements.

As the Company grows, it could also see an increased need for qualified personnel to support its growth and fulfil increased compliance requirements, such as pre-employment screening and monitoring of compliance of its existing employees.

If its managers, employees, consultants, agents, or business partners engage in corruption, fraud or other criminal or unauthorised behaviour, the Company could be subject to administrative, civil, or criminal fines or other sanctions, such as the loss of business licenses or permits or other restrictions. Potential wrongdoing by the Company's managers, employees, consultants, agents, or business partners could also damage its reputation and have an adverse impact on its ability to compete for business.

There is a risk that changes in requirements relating to materials are not identified in time, that products are distributed in the market in violation of the applicable laws or that products are delivered to customers that do not meet the customers' specifications. In the case of violations of laws and regulations, the Company could be subject to administrative or criminal fines or other sanctions. The Company could also be exposed to civil damage claims from direct or indirect purchasers of the affected products. Finally, potential violations could also damage the Company's reputation or negatively impact the perception of the Company's products. The materialisation of any of these risks could have a material adverse effect on the Company's business, financial condition, and results of operations.

A failure of its compliance measures could have a material adverse effect on the Company's business, financial condition, and results of operations.

(h) The Company is exposed to risks in relation to compliance with anti-corruption laws and regulations and economic and trade sanction programs.

The Company must comply with the laws and regulations of various jurisdictions. The Company's international operations are subject to applicable anti-corruption laws, such as the anti-bribery provisions in the Austrian Criminal Act (*Strafgesetzbuch*), the US Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act 2010. Also, Sanctions Laws may restrict the Company's business dealings with certain countries, territories, governments, and persons. As a result of doing business in a variety of jurisdictions, the Company is exposed to a risk of violating anti-corruption laws and Sanctions Laws applicable in those countries where the Company, its partners or agents operate. The Company's business with customers supplying governments increases the risk of violations of anti-corruption laws, Sanctions Laws, or similar laws. Some of the countries in which the Company's pursues sales activities lack a legal system that is as developed as those of other locations and are thus perceived to have higher levels of corruption.

Furthermore, if a public sector entity were to violate applicable procurement laws or regulations in connection with contracts entered (also indirectly) with the Company or its marketing activities, the relevant authorities or a competitor could seek enforcement action against the Company. Violations of anti-corruption laws and Sanctions Laws are punishable by civil penalties, including fines, disgorgement of profits or gains, denial of export privileges, injunctions, asset seizures, suspension, or debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant material adverse impact on the Company's reputation and consequently on its ability to win future business and on the Company's business, financial condition, or results of operations.

There can be no assurance that policies and procedures to promote compliance with applicable anti-corruption laws and Sanctions Laws will be always followed or effectively detect and prevent violations of the applicable laws by one or more of its employees, consultants, agents or partners. Given the increasingly strict legal landscape, the Company is also facing a higher risk that some of its customers or other third parties seek to circumvent Sanctions Laws by selling and delivering the Company's products to end-customers that are subject to Sanctions Laws. Certain employees or intermediaries (such as consultants or sales agents) as well as suppliers or customers and other third parties may still engage in illegal practices or corruption to win business or conspire to circumvent the Company's compliance controls. A key anti-corruption risk in the Company's industry results from dealings with sales agents and other third parties providing sales and marketing support services to the Company or on its behalf or are otherwise involved in such activities. Such violation of ethical business practices or laws could attract negative publicity, diminish the Company's brand image and reduce demand for its products.

If the Company fails to succeed in managing the above risks, it could become subject to penalties including civil and criminal fines, injunctions, asset seizures as well as suspension or debarment from government contracts and face material adverse consequences on its business, financial condition or results of operations.

(i) The Company's operations are subject to stringent environmental laws and regulations, which are subject to change.

The nature of the Company's business subjects it to significant government regulation, including, but not limited to, increasingly stringent environmental laws and regulations, chemicals, and hazardous materials, as well as health and safety regulations. This applies also to, amongst others, air, water, and soil pollution regulations and to waste legislation and regulation, all of which have recently become more stringent through new laws but not limited to, in the EU and other jurisdictions. Such laws and regulations also require permits, licenses and/or authorisations to be obtained and reports and forms to be completed and delivered, among others, to the competent authorities in connection with the operations of the Company's business. For example, for its manufacturing facility and operations, the Company requires various permits and must comply with the requirements specified therein. This regulatory framework imposes significant day-to-day compliance burdens, costs, and risks on the Company. Adjusting to new requirements may require significant investments.

For instance, the Company is subject to Regulation (EC) No. 1907/2006 (Registration, Evaluation, Authorization and Restriction of Chemicals) ("**REACH Regulation**") and similar regulations under other applicable law which govern the production and use of chemicals and other products (e.g., volatile organic compounds).. Several of the chemicals and other products the Company uses are or may be classified as substances of very high concern and are or could become subject to restrictions on use or become prohibited. Should the Company have to replace these substances, this may have a financial impact on its business operations.

Many of the Company's products are subject to comprehensive and constantly changing regulatory requirements that are not always homogeneous worldwide. These national and international regulations can impact the design, manufacture, marketing and sale of the Company's products and services and are subject to increasing governmental scrutiny and enforcement. Violation of such laws and regulations (including, but not limited to, failure to timely renew licenses or comply with the conditions imposed by environmental authorities for the licenses to be valid and effective) may give rise to significant liability, including, but not limited to, fines and penalties, monetary and reputational damages, third party liabilities and limitations on the Company's business operations and site closures. There can be no assurance that the Company has previously been and will continue to be in material compliance with all applicable laws and regulations governing the protection of the environment and human health, including but not limited to laws and regulations concerning occupational and employee health and safety.

If the Company violates environmental laws and regulation or fails to comply with changing laws and regulations, this could have a material adverse effect on its business, financial condition, and results of operations

(j) The Company's operations are subject to the risk of health and safety liabilities.

The nature of the Company's operations, on its production sites, subjects it to various statutory and regulatory compliance and litigation risks under health, safety, and employment ("**HSE**") laws. There can be no assurance that there will be no accidents, even fatal accidents, or incidents suffered by the Company's employees, contractors or other third parties on the Company's sites. If any accidents or incidents occur, the Company could be subject to prosecution and litigation, which could result in fines, penalties and other sanctions imposed on the Company and could damage its reputation. The realisation of any of this could have a material adverse effect on the Company's business, financial condition, and results of operations.

(k) Pending and future tax audits and changes in fiscal regulations could lead to additional tax liabilities.

The Company is subject to routine tax audits by local tax authorities in Austria. Since its establishment in 2018, the Company has not been subject to a tax audit yet. Consequently, subsequent tax assessment periods are generally open for reassessments by the competent tax authorities. While the Company believes that it has paid all material tax liabilities and filed all material tax returns as of the date of the Information Memorandum, and made provisions that it believes to be adequate with respect to material tax risks resulting from current or past tax audits, there can be no assurance that tax deficiencies will not be asserted against the Company or that the taxes assessed by the competent authorities pursuant to such tax audits will not exceed such provisions. A future tax audit could result in an interpretation of the tax laws or relevant facts in a manner that deviates from the Company's interpretation. While the Company attempts to assess in advance the likelihood of any adverse judgments or outcomes to tax proceedings or claims, it is difficult to predict final outcomes with any degree of certainty. All the tax assessments issued for periods which were not yet finally audited may be subject to review and future tax audits may result in additional tax and interest payments, which would negatively affect the Company's financial condition and results of operation.

Future tax audits may result in additional tax and interest payments, which would negatively affect the Company's financial condition and results of operation.

(l) The Company may inadvertently infringe the intellectual property rights of third parties.

The Company's competitors, suppliers and customers submit many inventions for intellectual property protection. It is not always possible to determine with certainty whether there are effective and enforceable third-party intellectual property rights to certain processes, methods, or applications. In addition, where the Company incorporates an individual customer’s input to create a product that responds to a particular need, it faces the risk that such customer will claim ownership rights in the associated intellectual property.

Therefore, third parties could assert infringement claims (including illegitimate ones) against the Company. As a result, the Company could be required to cease manufacturing, using, or marketing the relevant technologies or products in certain countries or be forced to make changes to manufacturing processes or products. In addition, the Company could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties. This could have a material adverse effect on the Company's business, financial condition, and results of operations.

(m) The Company could be held liable for soil, surface water or groundwater contamination or for risks related to hazardous wastes, substances and/or materials, including clean up obligations and third-party claims (e.g., for bodily injury or property damage).

The Company's manufacturing site has been used for industrial purposes for many years. While the Company is not aware of any site contaminations resulting from past or current operations, risks of contamination and resulting site restoration obligations for the Company exist. Risks also exist given that chemicals and other substances are used, stored and need to be disposed of in the context of the manufacturing process. In addition, under federal and state environmental laws and regulations (including state property transfer laws), the Company could be held responsible for the remediation of offsite areas impacted by the Company's sites and operations, natural resource damages, and/or third-party claims (e.g., for bodily injury or property damage). Regulatory authorities could assert claims against the Company, as the current or former owner or tenant (operator) of the affected sites or as the party that caused or contributed to the contamination, for the investigation or remediation or containment of such soil or groundwater contamination or other environmental media (e.g., surface waters), including related to the Company's use of non-owned treatment, storage and disposal sites or order the Company to dispose of or treat contaminated soil excavated or water encountered in the course of construction. The Company could also be liable to the owners or occupants of sites leased by it, sites it sells, or other impacted properties. Costs typically incurred in connection with such claims are generally difficult to predict.

If the Company was confronted with (e.g., in public discussion), and/or held liable for and had to remedy, soil, surface water or groundwater contaminations this could have a material adverse effect on the Company's business, financial condition, results of operations, reputation and relations with its customers.

1.4 Financing risks

(a) The Company requires a significant amount of cash to fund its operations, and the Company's ability to generate sufficient cash depends on factors that may be beyond its control.

The Company's operations are characterised by a capital-intensive production with high fixed costs. The Company's ability to fund future operations and capital expenditure is highly dependent on its future operating performance and ability to generate sufficient cash flows. To a significant degree, the Company's future operating performance and ability to generate cash flows is, in turn, dependent on various general economic, financial, competitive, market, legislative, regulatory, and other factors that are outside its control. Due to any of these factors, the Company may be unable to generate sufficient cash flows from its operating activities, anticipated sales growth, cost savings or operational efficiency improvements, and any future debt or equity financing may not be available to the Company in the required amounts. In addition, the Company plans to ramp up production, which could lead to cost overruns. This ramp up may also be delayed or subject to operational problems, resulting in cashflow shortfalls.

To the extent that its cash flows from operating activities are insufficient to meet its liquidity needs, the Company would have to seek debt or equity financing. If its future cash flows from operating activities and other capital resources are insufficient to pay its various obligations as they mature or to fund its ongoing liquidity needs, the Company may be forced, among other things, to reduce or delay business activities and capital expenditure, sell assets, or forego opportunities such as acquisitions of other businesses. There can be no assurance that any of these alternative means of financing can be accomplished on a timely basis or on satisfactory terms, if at all.

The occurrence of any event described above may have a materially adverse effect on the Company's margins and results of operations and financial condition.

(b) The Company, its suppliers, or its customers may be unable to obtain or maintain sufficient financing, including working capital financing, and credit insurance.

The Company's working capital requirements can vary, depending in part on the level, variability and timing of its customers' production, and the payment terms with its customers and suppliers. The Company's liquidity could be adversely impacted if its suppliers were to suspend normal trade credit terms and require payment in advance or on delivery. If its available cash flows from operating activities is not sufficient to fund its ongoing cash needs, the Company would be required to look to its cash balances and availability for borrowings to satisfy those needs, as well as potential additional sources of capital, which may not be available on satisfactory terms, in sufficient amount or at all. Interest rates have already increased significantly and may increase further, thereby increasing the Company's interest expenses associated with such borrowing and reducing future cash flow available for other purposes. There can be no assurance that the Company, its suppliers, or its customers will continue to have the ability to obtain financing on acceptable terms when required. This may increase the risk that the Company cannot produce its products or will have to pay higher prices for its inputs. These higher prices may not be recovered in selling prices.

Any significant change in the Company's needs for or the availability of working capital financing or credit insurance may have a material adverse effect on its liquidity, which could in turn materially adversely affect the Company's business, financial condition, and results of operations.

2. Risk factors specific to the Shares

2.1 Risk factors relating to the Company's major shareholder

(a) The Company has a major shareholder with significant influence over its corporate affairs, and its individual interests may deviate from the Company’s interests or the Company’s other shareholders’ interests.

The Company’s major shareholder is Mutares Holding-91 GmbH, a 100% subsidiary of Mutares SE & Co. KgaA, Munich, Germany (“**Mutares**”) with a shareholding in the Company of around 70.9%. As a result of its voting rights, Mutares can exert control at the Company's shareholders' meeting and will be able to adopt shareholders' resolutions at the Company that require only a simple majority. Among other things, this means that it will be able to determine the use of distributable profit (*Bilanzgewinn*), resolve certain material capital measures, and set the Company's dividend policy. It could also control the election of Supervisory Board members which in turn appoints the Management Board members. In addition, Mutares could, depending on the shareholder presence at the Company's shareholders' meeting adopt and effectively implement resolutions that require the consent of at least three quarters of the share capital represented at the vote (for example, the creation of authorised or contingent capital, amendments to the corporate purpose, mergers, divestures and changes in corporate structure including, but not limited to, the conclusion of a domination agreement). Furthermore, it could prevent a shareholders' meeting from adopting any resolutions.

Thus, conflicts of interest and differences of opinion could arise between Mutares, on one hand, and the other shareholders, on the other hand, regarding the exercise of voting rights at the Company's shareholders' meetings. If this were to happen, Mutares would be able to assert its interests against the will of the other shareholders in the shareholders' meeting because of the substantial voting rights it controls. Even if Mutares did not in fact use its controlling stake to influence the Company, the possibility of exercising control could have material adverse effects on the Company's share price and, for example, make it more difficult for the Company to raise capital.

Furthermore, Mutares may have economic or business interests or goals that are not aligned, or that would turn out to be inconsistent with the Company's interests or goals. It may engage, participate, or hold a right or interest in or render services to a business which competes with the Company, or invest in companies that are the Company's partners, including suppliers. To the extent that major shareholders (including indirect shareholders) engage in the same or similar business activities or lines of business as the Company or engage in business with any of the Company's suppliers or other partners, the Company's ability to successfully operate and expand its business may be hampered, which could have a material adverse effect on the Company's business, and prospects.

(b) In addition to the shareholding in the Company, the Company has a business relationship with its major shareholder regarding restructuring and development services.

The Company as service recipient and the Company's major shareholder, Mutares, as service provider are parties of restructuring and development services agreement. Under this agreement, Mutares provides consulting services including on sales & marketing, project management, purchasing, manufacturing excellence, supply chain, operational excellence, human resources, finance, IT and M&A.

It is possible that in the future there may be disagreements or changes in relation to the nature of the agreement between the Company and Mutares. Such disagreements or decisions may have an impact on the anticipated benefits of the partnership or result in conflicts between Mutares in its function as the Company's major shareholder and the Company. Additionally, if this partnership were to be terminated and the Company needs further consulting services, the Company may experience difficulty in obtaining a new consultant that can guarantee the continuity of service or may require multiple alternative consultants to fulfil the requirements of the Company on similar terms.

In addition, it is possible that the restructuring and development services agreement may contain terms and conditions that are not favourable to the Company or not competitive with alternatives in the market. Furthermore, failure by Mutares to perform the services provided for under the service arrangements and agreements may result in operational problems and increased costs to the Company.

Any of the foregoing could have a material adverse effect on the Company's business, assets, results of operations, financial condition and prospects.

(c) Membership of the same individuals on the Supervisory Board and on governing bodies of, or other relationships with, the major shareholder or its affiliates may result in conflicts of interests.

As of the date of the Information Memorandum, members of the Supervisory Board, namely Dr. Christian Klingler, Fabian Schlegel and Philipp Berghofer, hold functions at Mutares and/or at certain affiliates of Mutares. Currently, no person independent of Mutares are shareholder representatives in the Supervisory Board. As the interests of Mutares and its affiliates as well as their other investments or holdings and those of the Company will not necessarily always coincide or be aligned, the mentioned dual mandates and relationships and any other relationships of the Company's board members with the Company's shareholders or any of their other investments or holdings not belonging to the Company may result in conflicts of interest for these persons. Any such conflict of interest, if not appropriately dealt with, could have a material adverse effect on the Company's reputation, business and prospects.

(d) Future sales by the Company's major shareholder, or the perception that such sales might occur, could depress the Company's share price.

Sales of a substantial number of the Shares by Mutares as the Company's major shareholder in the public market following the Inclusion, or the perception that such sales might occur, could depress the market price of the Shares. In addition, any such sale would reduce the shareholding of Mutares in the Company, may therefore have a material impact on the Company's shareholding structure and could impair the Company's ability to raise further capital through the sale of additional equity securities.

2.2 Risk factors relating to the Shares

(a) The Shares have not previously been publicly traded, and there can be no assurance that a liquid trading market will develop. The price and trading volume of the Shares could fluctuate significantly, and investors could lose all or part of their investment.

The Shares have never been publicly traded and there is no guarantee that an active and liquid market or the Shares will develop and persist. Consequently, investors may not be able to sell their Shares quickly or at the market price if there is no active trading in the Shares. If an active market for the Shares does not develop after the Inclusion, the liquidity and market price of the Shares may be adversely affected.

The trading volume and price of the Shares may be volatile and could fluctuate widely in response to factors beyond the Company's control, including general market conditions of the securities and other markets in Germany and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies that have listed their securities on the Frankfurt Stock Exchange may affect the volatility in the price of and trading volumes for the Shares. In addition, the Company's share price may be affected by general stock market plunges, such as in 2023 as a reaction of the insolvency of Silicon Valley Bank or in 2020 as a reaction to new developments in relation to the COVID-19 pandemic, and other factors. These broad market and industry factors may significantly affect the market price and volatility of the Shares, regardless of Company's actual operating performance, and could cause the price of the Shares to fall, in which case investors could lose some or all their investment.

(b) Future offerings of debt or equity securities may adversely affect the market price of the Shares, and future capital measures could lead to a dilution of existing shareholdings.

The Company may require further capital in the future to finance its business operations and planned growth. Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities) or additional equity securities of the Company. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, could adversely affect, or increase the volatility of, the market price of the Shares, in particular if liquidity in the Shares is low or other factors, such as fluctuations in actual or projected results of operations, changes in projected earnings, a failure to meet securities analysts' earnings expectations, or insufficient analyst coverage of the Shares coincide with the issuance, and would dilute the economic and voting interests of existing shareholders if made without granting them corresponding subscription rights.

Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing, or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by the Company's employees in the context of possible future stock option programs or the issuance of shares to employees in the context of possible future employee stock participation programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the shareholders' meeting to take any of the abovementioned measures with dilutive effects on the existing shareholdings, or any other announcement thereof, could adversely affect, or increase the volatility of, the market price of the Shares.

(c) The Company's ability to pay dividends depends upon, among other factors, its results of operations, financial investment needs, the availability of distributable reserves, and its overall financial position.

The Company's shareholders' meeting will decide matters relating to the payment of future dividends. These decisions will be based about the Company at the time. The Company's ability to pay dividends depends upon, among other factors, the Company's results of operations, financing, and investment requirements, as well as the availability of distributable profit (*Bilanzgewinn*). Certain reserves must be established by law and must be deducted when calculating distributable profit (*Bilanzgewinn*). In addition, the Company's future debt financing arrangements may contain, covenants which impose restrictions on the Company's business, and future debt financing arrangements may also contain covenants which limit the Company's ability to pay dividends under certain circumstances.

Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends. There can be no certainty that future dividends can be distributed in line with the Company's dividend policy applicable at the given time or at all. Further, given that the Shares are, and any dividends to be paid in respect of them will be, denominated in Euro, an investment in the Shares by an investor whose principal currency is not the Euro exposes the investor to an additional foreign currency exchange rate risk.

(d) The ability of shareholders to bring actions or enforce judgments against the Company or members of the Management Board or Supervisory Board may be limited.

The ability of shareholders to bring an action against the Company may be limited. The Company is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Austria. The rights of shareholders are governed by Austrian law and by the Articles of Association. These rights differ from the rights of shareholders in other jurisdictions. It may be difficult for a shareholder to prevail in a claim against the Company or to enforce liabilities predicated upon the laws of jurisdictions other than Austria.

A shareholder may not be able to enforce a judgment against some or all members of the Management Board or Supervisory Board. It may not be possible for a shareholder to effect service of process upon members of the Management Board or Supervisory Board within such shareholder's country of residence, or to enforce against members of the Management Board or Supervisory Board judgments of courts of such shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a shareholder will be able to enforce any judgment in civil and commercial matters or any judgments against the members of the Management Board or Supervisory Board who are residents of countries other than those in which the judgment is made. In addition, Austrian and other courts may not impose civil liability on members of the Management Board or Supervisory Board in any original action based solely on foreign securities laws brought against the Company or members of the Management Board or Supervisory Board in a court of competent jurisdiction in Austria or other countries.

All members of the Management Board or the Supervisory Board are non-residents of the United States, and substantially all or a significant portion of the assets of the Company and of the Company's directors and executive officers are located outside the United States. As a result, a shareholder may be unable to enforce judgments obtained in U.S. courts against them. The Company has also been informed that it is questionable whether certain non-U.S. courts (including the courts of Austria) would accept jurisdiction and impose civil liability if proceedings were commenced in such non-U.S. jurisdictions (including the courts of Austria) predicated solely upon U.S. securities law.

(e) Shareholders of the Company in jurisdictions outside Austria may not be able to participate in future issues of Company's shares unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions.

In the case of certain increases in the Company's issued share capital, the Company's existing shareholders are generally entitled to subscribe to the new shares issued unless such subscription rights are specifically excluded. Shareholders outside Austria may not be able to exercise their subscription rights unless the Company decides to comply with applicable local laws and regulations. The Company cannot assure any shareholders outside Austria that steps will be taken to enable them to exercise their subscription rights, or to permit them to receive any proceeds or other amounts relating to their subscription rights.

(f) Future sales of Shares by Mutares or a capital increase carried out by the Company in which Mutares does not participate could trigger change of control provisions in the Company's agreements.

Certain agreements to which the Company is a party specify legal consequences in case of a change of control, i.e. if the Company ceases to be controlled by or a shareholder other than Mutares or certain of its affiliates obtains a significant shareholding in the Company Mutares. Depending on the respective agreements, the Company is subject to various legal consequences in the event of a change of control, such as obligations to termination rights of other parties to the agreement. The Company generally has no ability to influence the actions of Mutares in respect of the disposal of its Shares or nonparticipation in a capital increase by the Company which could result in Mutares holding a smaller stake in the Company, possibly triggering change of control provisions in the Company's agreement.

IV. ESSENTIAL INFORMATION ABOUT THE SHARES AND THE INCLUSION

1. Main characteristics of the Shares

As of the date of the Information Memorandum, the Company's registered share capital amounts to EUR 5,200,000.00 and is divided into 5,200,000 Shares.

The ISIN of the Shares is AT0000A3FW25.

The Shares have been registered with the Austrian corporate register (*Firmenbuch*), issued under the laws of Austria, validly issued and fully paid.

The Company is established for an indefinite period. The Company does not hold any treasury shares.

The Company has one class of shares and there are no differences in the voting rights among the Shares. The Shares are freely transferable, meaning that a transfer of Shares is neither subject to the consent nor rights of first refusal.

The Shares are intended to be invested in by institutional and retail investors as well as appropriate counterparties pursuing general asset accrual or optimisation goals and having a mid-term or long-term investment horizon and basic knowledge or experience with investing in securities. Potential investors may lose some or all their investment.

The Shares are denominated in Euro.

The Company does not have any share participation programme at this time but may introduce one in the future.

The Shares will participate in any liquidation proceeds in proportion to the outstanding share capital. Each Share grants its holder one vote at the Company's shareholders' meeting (*Hauptversammlung*). Within the capital structure of the Company, the Shares count as equity capital; thus, in the event of insolvency, claims arising from the Shares will only be settled after all other claims of other debtors have been settled in full.

No public offering of Shares has occurred or will occur in connection with the Inclusion.

(a) Form and representation of the Shares

All Shares are ordinary bearer shares with no par value and have been issued in accordance with Austrian Law. The settlement agent is UniCredit Bank Austria AG.

(b) Dividend policy

The Shares carry full dividend rights. The Company intends to continue to pay dividends for the fiscal year ending December 31, 2024. Subject to the availability of distributable profit and distributable funds under Austrian GAAP, the Company aims to distribute a dividend in the range between 50% and 75% of the profit in accordance with Austrian GAAP assuming that the payment of such dividends is consistent with the long-term and sustainable business development.

(c) Share capital history

The Company was first incorporated as an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung*) with an initial corporate capital of EUR 35,000.

On 27 September 2024, the shareholders' meeting (*Generalversammlung*) of the Company (in the former legal form of an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) resolved to increase the Company's share capital (*Stammkapital*) against contribution in cash from EUR 35,000.00 by EUR 4,965,000.00 to EUR 5,000,000.00. The capital increase has been registered with the Austrian corporate register (*Firmenbuch*) on 15 October 2024.

On 23 October 2024, the Company's shareholders' meeting (*Hauptversammlung*) resolved to increase the Company's share capital against contribution in cash from EUR 5,000,000.00 by up to EUR 200,000.00 to up to EUR 5,200,000.00 by issuing up to 200,000 new ordinary bearer shares with no par value of the Company. The capital increase was registered with the Austrian corporate register (*Firmenbuch*) on 1 November 2024. No further capital increase is currently planned.

2. Lock-up agreements

2.1 Company

The Company agreed with the Applying Capital Market Partner that, for a period of 90 days after the inclusion in the Scale Segment of the Frankfurter Stock Exchange, which occurred on 29 October 2024, and, without the prior written consent of the Applying Capital Market

Partner (which consent may not be unreasonably withheld or delayed) for a further period of 90 days thereafter, the Company will neither directly nor indirectly:

(i) announce or effect an increase of the share capital of the Company from authorized or contingent capital, if any; or

(ii) submit a proposal to its shareholders' meeting for an increase of the share capital; or

(iii) announce, effect or propose the issue of securities with conversion or option rights on shares of the Company; or

(iv) offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or in-directly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to an-other, in whole or in part, the economic risk of ownership of shares in its capital; or

(v) enter into a transaction or perform any action economically similar to those described in (i) through (iv) above;

The Company may, however, (i) issue or sell any shares or other securities, including actual or virtual options, under management participation plans to former and future employees, supporters, former, cur-rent and future members of executive bodies, service providers and business partners of the Company, and (ii) issue shares against contributions in kind in connection with any acquisition, equity investment or joint venture directly to the partner in any such acquisition, equity investment or joint venture, provided that in the case of (ii) the parties to the joint venture or acquiring entity to which such Shares are issued, agree towards the Applying Capital Market Partner to be bound by the same lock-up undertaking as the Company.

2.2 Mutares

Mutares agreed with the Applying Capital Market Partner that, for a period of 90 days after the inclusion in the Scale Segment of the Frankfurter Stock Exchange, which occurred on 29 October 2024, and, without the prior written consent of the Applying Capital Market Partner (which consent may not be unreasonably withheld or delayed) for a further period of 90 days thereafter, Mutares will neither directly nor indirectly:

(i) offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of (including, but not limited to, the issuance or sale of any securities exchangeable into shares of the Company) any shares or any other securities of the Company; or

(ii) enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of shares of the Company, whether any such transaction described in (i) above and this no. (ii) is to be settled by delivery of shares of the Company, in cash or otherwise; or

(iii) make any demand for, or exercise any right with respect to, the registration under U.S. securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company; or

(iv) cause or approve the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company; or

(v) propose any increase in the share capital of the Company, convene a shareholders' meeting or otherwise vote in favor of any proposed increase of the share capital or otherwise make, support or vote in favor of any proposal for the issuance of any securities convertible into Shares, with option rights for shares of the Company; or

(vi) enter into a transaction or perform any action economically similar to those described in (i) through (v) above.

The lock-up undertaking of Mutares does not apply to (i) the tender, sale and transfer of shares of the Company in a public offer to the Company's shareholders, (ii) the sale of shares of the Company in the context of share-buybacks by the Company, (iii) a disposal in accordance with a court order or as required by law or regulation, (iv) transfers of shares of the Company to affiliates of Mutares, (v) future pledges, charges or any other security interest granted to the Applying Capital Market Partner or its affiliates and (vi) any transfers of shares of the Company to the Applying Capital Market Partner or its affiliates pursuant to enforcement of any security interest entered into in accordance with (v), and (vii) to any transfers of shares received by the Applying Capital Market Partner or its affiliates in accordance with (vi) and (vii), provided in each case that such transferee(s) agree(s) towards the Applying Capital Market Partner to be bound by the same lock-up undertaking.

3. Reasons for the Inclusion

The Company wishes to utilise the Inclusion to enhance its visibility for investors and to attract experienced senior management. Through the higher level of transparency in the Scale segment, the Inclusion shall enhance trust of the investors in the share price. The Company will not receive any proceeds in connection with the subject matter of the Information Memorandum.

4. Conflict of interest

Because no new shares of the Company are being issued as part of the Inclusion, neither the Company nor the Applying Capital Market Partner will receive any securities sales proceeds because of the Inclusion.

The Applying Capital Market Partner will receive a commission in respect of the Inclusion. As a result of this contractual relationship, the Applying Capital Market Partner has a financial interest in the subject matter of the Information Memorandum.

Julia Cassutti, the sole member of the Management Board, is directly invested in the Company. He and the other shareholders of the Company also have an interest in the subject matter of the Information Memorandum. Finally, the Company itself has an interest in the subject matter of the Information Memorandum insofar as it seeks to enhance the liquidity of its Shares, increase transparency towards its shareholders and retain their trust, broaden the scope of available financing opportunities and improve the name recognition of the Company.

The Company has not granted any loans to members of the Management Board or Supervisory Board, nor has it assumed any guarantees or warranties on their behalf. The Company has not entered any consulting, licensing or other agreements with the members of the Management Board or Supervisory Board.