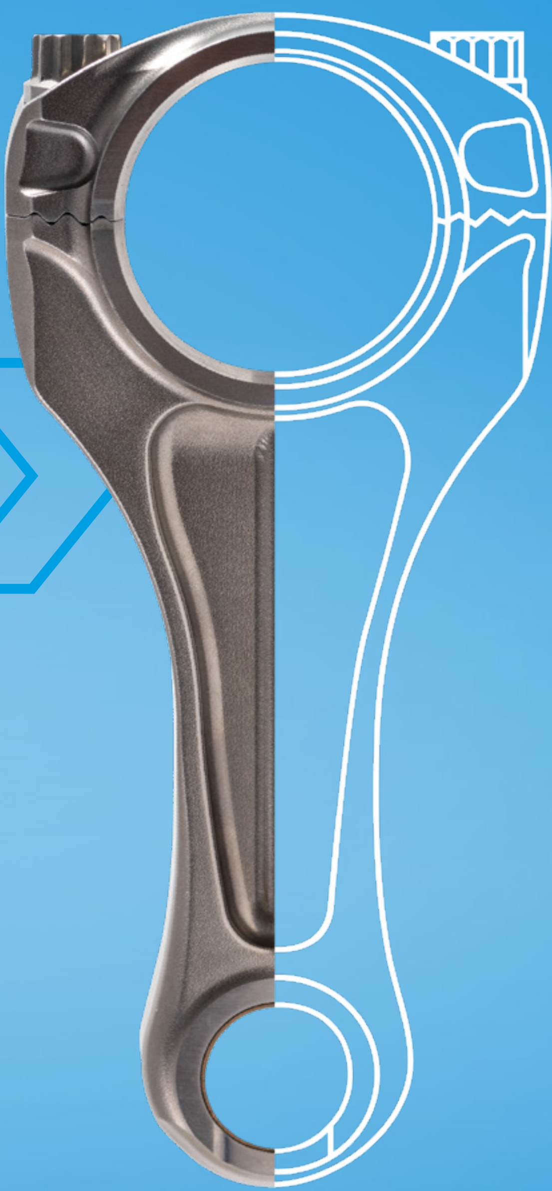
ANNUAL REPORT 2024



FROM A FAMILY BUSINESS TO AN ICONIC BRAND.

pankl
RACING SYSTEMS

PANKL KEY FIGURES

PROFITABILITY RATIOS		2022	2023	2024	CHG
Revenues	€k	369,303	409,474	379,523	-7.3%
Operating earnings before depreciation (EBITDA)	€k	46,962	54,864	45,973	-16.2%
Operating earnings (EBIT)	€k	19,013	24,915	15,148	-39.2%
Earnings before income taxes (EBT)	€k	15,708	17,574	9,387	-46.6%
Earnings after income taxes	€k	12,296	13,602	6,277	-53.9%
EBITDA margin		12.7%	13.4%	12.1%	-
EBIT margin		5.1%	6.1%	4.0%	-
BALANCE SHEET RATIOS					
Total assets	€k	360,956	370,422	374,814	1.2%
Working Capital Employed[2]	€k	131,463	133,069	127,574	-4.1%
Capital Employed[3]	€k	287,659	296,938	288,620	-2.8%
Shareholders' equity	€k	140,373	147,525	149,217	1.1%
Equity in % of total assets		39%	40%	40%	-
Net debt[4]	€k	141,198	137,515	127,131	-7.6%
Gearing[5]		101%	93%	85%	-
CASH FLOW AND CAPITAL EXPENDITURE					
Cash flow from operating activities	€k	5,547	47,321	39,613	-16.3%
Operating free cash flow	€k	-25,318	23,134	20,176	-12.8%
Capital expenditure in fixed assets	€k	32,766	38,956	24,856	-36.2%
EMPLOYEES					
Number of employees per 31.12. (excl, Leasing)		2,388	2,434	2,340	-3.9%
VALUE CREATION					
ROCE (Return on capital employed)[6]		7.1%	8.8%	5.2%	-

[2] Working Capital Employed = total inventory + trade accounts receivable and other receivables - trade accounts payable and other current liabilities
[3] Capital Employed = shareholders' equity including minorities + financial debt (short-term, long-term) – cash and cash equivalents
[4] Net debt = financial liabilities (short-term, long-term) – cash and cash equivalents
[5] Gearing = net debt / shareholders' equity including minorities
[6] ROCE = EBIT / average capital employed

PANKL
INNOVATION
SINCE 1985

pankl
RACING SYSTEMS

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AT A GLANCE **2024**

SHARE OF TOTAL REVENUES

REVENUES **380** EURM	**31%** RACING
EBIT **15** EURM	**58%** HIGH PERFORMANCE
EMPLOYEES **2,340** PER 31.12.2024	**11%** AEROSPACE

Segment share of revenues in the period 1.1.2024 until 31.12.2024

FASTER, LIGHTER, HIGHER!

WHEN YOU ENTER THE PANKL RACING SYSTEMS AG PREMISES, IT IS CLEAR THAT SOMETHING IS HAPPENING HERE.

And that's true in the literal sense, because Pankl Racing Systems AG has been a pioneer in the field of mobility since 1985. Whether on the road or high in the skies, with high-tech chassis, engine, and drivetrain components, Pankl Racing Systems AG moves the world faster, lighter, and higher.

Founded in 1985 out of a passion for racing, hardly anyone would have imagined that Pankl Racing Systems AG, with now over 2,300 employees worldwide, including around 1,600 in Austria, would not only make a name for itself as a global market leader in the niche markets of motorsports, high performance automotive, and aerospace, but would become indispensable!

Through continuous innovation, coupled with research and development and the expertise of its employees, the Upper Styrian company, headquartered in Kapfenberg, quickly found its recipe for success. Racing is company DNA at Pankl Racing Systems AG, and this is reflected in its global market leadership in titanium connecting rods and drive shafts for racing applications.

The aerospace division of Pankl Racing Systems AG is a leading manufacturer of main and tail rotor shafts and produces more than 45 aviation components relevant to flight safety with high precision.

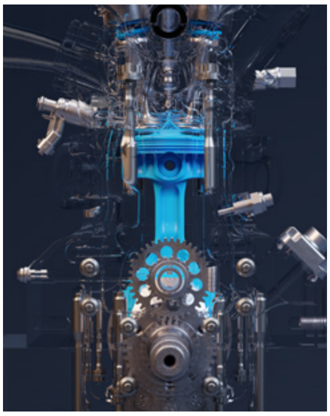
True to the company's motto "High Tech, High Speed, High Quality," Pankl Racing Systems AG has succeeded in establishing its position as a technology leader through continuous innovation. This innovative strength was increasingly utilized this year to achieve sustainable efficiency improvements within the company.

Internally implemented digitalization measures range from the automation of production and camera systems to support maintenance to the use of artificial intelligence in product quality control.





pankl
RACING SYSTEMS










LEGAL REPRESENTATIVES OF THE COMPANY

MANAGEMENT BOARD

WOLFGANG PLASSER
Chief Executive Officer (CEO)

Appointed until 31 May 2027

Other management board positions:
– Management board chairman of SHW AG
– Management board chairman of Pankl AG
– Management board member of Pierer Industrie AG (until 31.12.2024)

THOMAS KARAZMANN
Chief Financial Officer (CFO)

Appointed until 30 April 2025

Other management board positions:
– Management board member of SHW AG
– Management board member of Pankl AG

SUPERVISORY BOARD

STEFAN PIERER
Chairman

Elected until April 2027

JOSEF BLAZICEK
Deputy Chairman

Elected until April 2027

CHRISTOPH PRATTES
Chief Operating Officer (COO)

Appointed until 31 July 2030

Other management board positions:
– Management board member of Pankl AG

STEFAN SEIDEL
Chief Technical Officer (CTO)

Appointed until 31 July 2030

Other management board positions:
– Management board member of Pankl AG

FRIEDRICH ROITHNER
Member

Elected until April 2027

KLAUS RINNERBERGER
Member

Elected until April 2027

ALEX PIERER
Member

Elected until January 2025

RUDOLF WIESBECK
Member

Elected until January 2025

WITH PASSION TO VICTORY

The lives of the founding family members of Pankl Racing Systems AG have been closely linked to automobiles and racing for several generations. The company was founded out of a passion for victory. The motivation behind this decision was to develop faster and more efficient engine components than the market had previously offered.

This striving for improvement continues to guide Pankl Racing Systems AG to this day. The company accompanies customers in a wide variety of racing classes on their path to victory and successfully supports them as a partner. This has enabled the Pankl Group to establish itself as a major global player in the demanding motorsports market.

As a systems partner, Pankl Racing Systems AG continually strives to offer its racing segment customers the greatest possible flexibility in solutions and implements them with the utmost precision. Our employees embrace the challenges of this dynamic environment with enthusiasm and passion.

Pankl engine and drivetrain components are manufactured from the highest quality materials and designed to withstand the highest mechanical stress. To achieve this, a product undergoes various steps, from development to additive manufacturing, forming or machining techniques, from heat treatment to assembly, testing, and customer service.

Customers particularly value the company's outstanding expertise in design, development, and production. The company's strength lies in its ability to offer customers a holistic service package consisting of first-class products and comprehensive support, perhaps making that one small difference needed to leave the racetrack as a winner.


SCAN FOR **VIDEO**
RACING

CHIEF EXECUTIVE OFFICER'S **REPORT**

DEAR SHAREHOLDERS
LADIES AND GENTLEMEN

The fiscal year 2024 was especially challenging in many aspects. The post COVID party ended abruptly and was immediately followed by a recession.

Europe, especially Germany and Austria, are meanwhile in the longest recession since WWII. High energy and personnel expenses burden competitiveness and have a sustained adverse impact on European exports.

Central banks impose high interest rates to fight inflation globally. Companies reduce capital expenditure, weary consumers decrease spending, propensity to save and insolvencies increase. These factors do not allow an expectation of significant improvements of the general economic environment in 2025.

The automotive supply sector has suffered particularly from weak demand. Although Pankl operates in specific niche markets, with its primary focus on components for racing, luxury sports cars, and aerospace, we were unable to escape this development.

In addition to the general recession, we were also confronted with the particular difficulties of our sister company and largest customer, KTM AG, which culminated in a filing for insolvency in December.

Our revenues fell by €30m – or 7% – to €379.5m in 2024. This was primarily due to the significant sales declines at KTM AG (a reduction of €25m to €55m) and in the steel forging sector (a reduction of €17m). In contrast, we grew by €7m in the aerospace sector, and by €2m each in the racing and aluminium forging sectors.

Despite the negative circumstances mentioned above, Pankl Group was able to successfully close the 2024 financial year with significantly positive earnings figures and cash flow.

Operating profit (EBIT) declined from €24.9m to €15.1m, and the margin decreased by 2.1 percentage points from 6.1% to 4.0%. EBITDA declined from €54.9m to €45.9m, resulting in a 1 percentage point lower margin of 12% in 2024. Free cash flow of €20.1m was only slightly below the previous year's figure of €23.1m.

Despite the challenging conditions, we expect a stable sales development, positive earnings, and positive cash flow in 2025. Nevertheless, we will proceed with particular caution and restraint in both investments and expenditures in general.

We expect KTM AG to slowly ramp up production again in mid-March. However, sales to KTM AG are expected to decline by a further €20m to approximately €35m.

The racing business should be very positively impacted by the upcoming F1 rule change, new F1 engine manufacturers (Audi, Red Bull, Cadillac), and an additional Formula 1 team. We expect the positive development to continue in the business with premium high-performance components for luxury automobiles and in the aerospace business.

At this point, I would like to expressly thank our employees for their achievements and outstanding commitment during the past fiscal year. I would also like to thank our customers, business partners, and shareholders for the trust they have placed in us.

Kapfenberg, 5 March 2025

Wolfgang Plasser
CEO

PANKL RACING SYSTEMS AG

HIGH TECH, HIGH SPEED, HIGH QUALITY

We develop and manufacture market-leading technical systems. We strive to be the fastest in all aspects of our business. For us, quality means perfection down to the last detail.

HIGH TECH

Our actions are based on the latest findings. We are committed to implementing new ideas. We secure our technological lead through intensive research.

HIGH SPEED

We want to make a difference and are committed to continuous improvement. We recognize the opportunities in our specific business area and take appropriate action.

HIGH QUAILTY

We focus our energies on the needs of our customers. For us, quality also means striving for long-term, trusting relationships with our business partners and colleagues.

**Original text from the Pankl Racing Systems AG mission statement.*

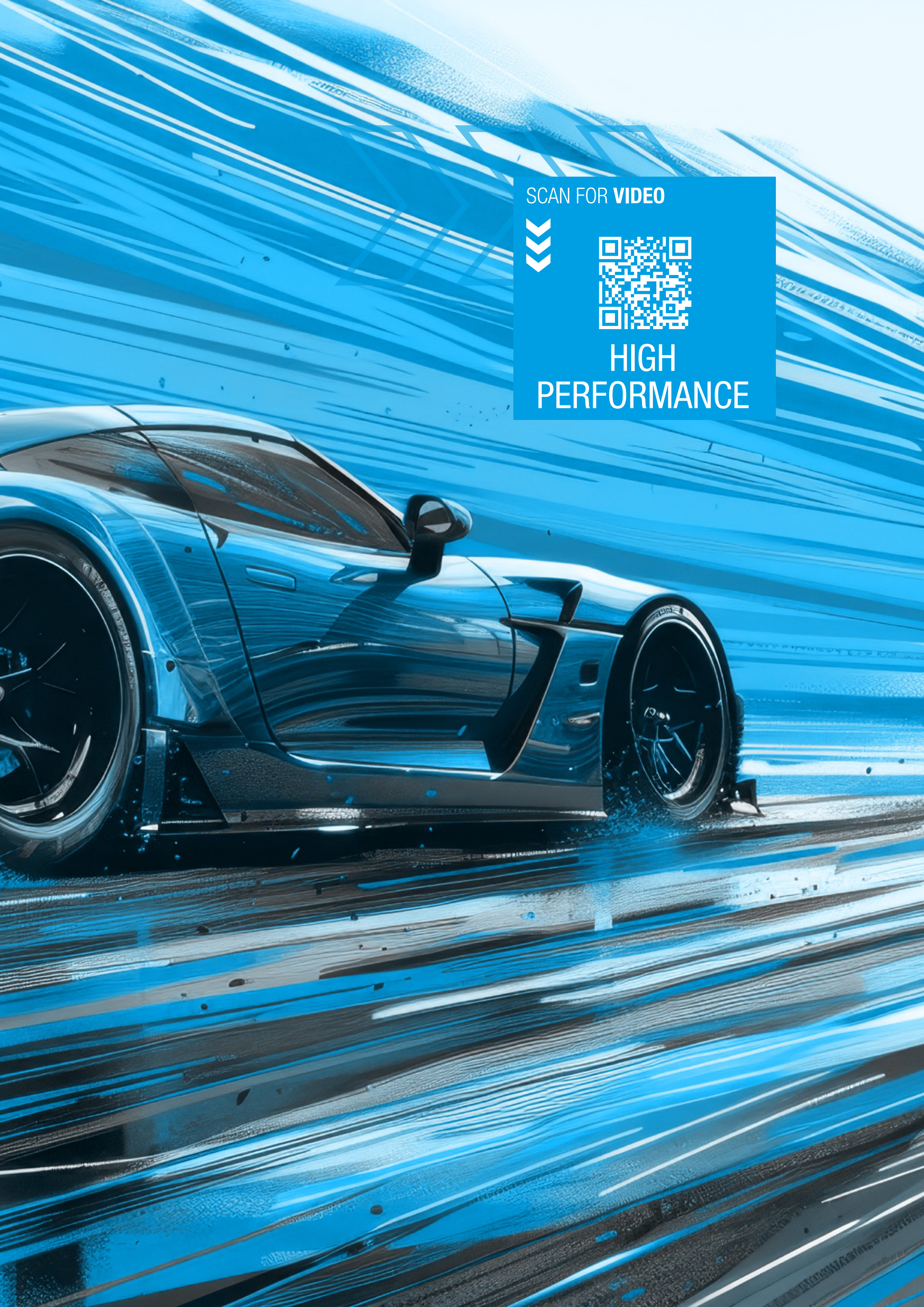
FROM TRACK TO ROAD

Driven by the dynamic nature and success achieved in motorsports, this enthusiasm is used as a driving force for innovation within the Pankl Group. Technologies developed for racing applications, which have had to prove their worth under the most challenging conditions and have been subjected to the highest levels of stress, are only then industrialized and brought to the road by Pankl Racing Systems AG.

Whether for luxury vehicles, small series, or special models – Pankl High Performance products uniquely combine technology, precision, performance, and design. The division's product range includes series connecting rods and pistons, forged steel and aluminium parts, transmissions, and oil and water coolers.

By utilizing state-of-the-art production facilities and the expertise of its race-proven engineers, Pankl Group can guarantee the highest quality standards. Continuous process development promotes constant product improvements, ensuring that the company's partners can always be offered customized and innovative solutions.

Optimized performance and reliability are achieved through the precise alignment of individual components. High-tech testing and manufacturing facilities ensure the highest quality for all products and systems – from the initial sketch to the design and finite element analysis (FEA) of the entire system. The combination of lightweight construction and the use of high-strength steel, titanium, or other high-performance alloys in our components meets the requirements of Pankl Group and its high-performance standards.


SCAN FOR **VIDEO**
HIGH
PERFORMANCE

PANKL WORLDWIDE

With production sites in Europe, the USA, and Asia, Pankl Racing Systems AG is a global partner in all strategically important markets.

AUSTRIA: Kapfenberg, Bruck/Mur, Köflach

GERMANY: Mannheim

SLOVAKIA: Topoľčany

UNITED KINGDOM: Leicester

USA: Irvine, Cerritos

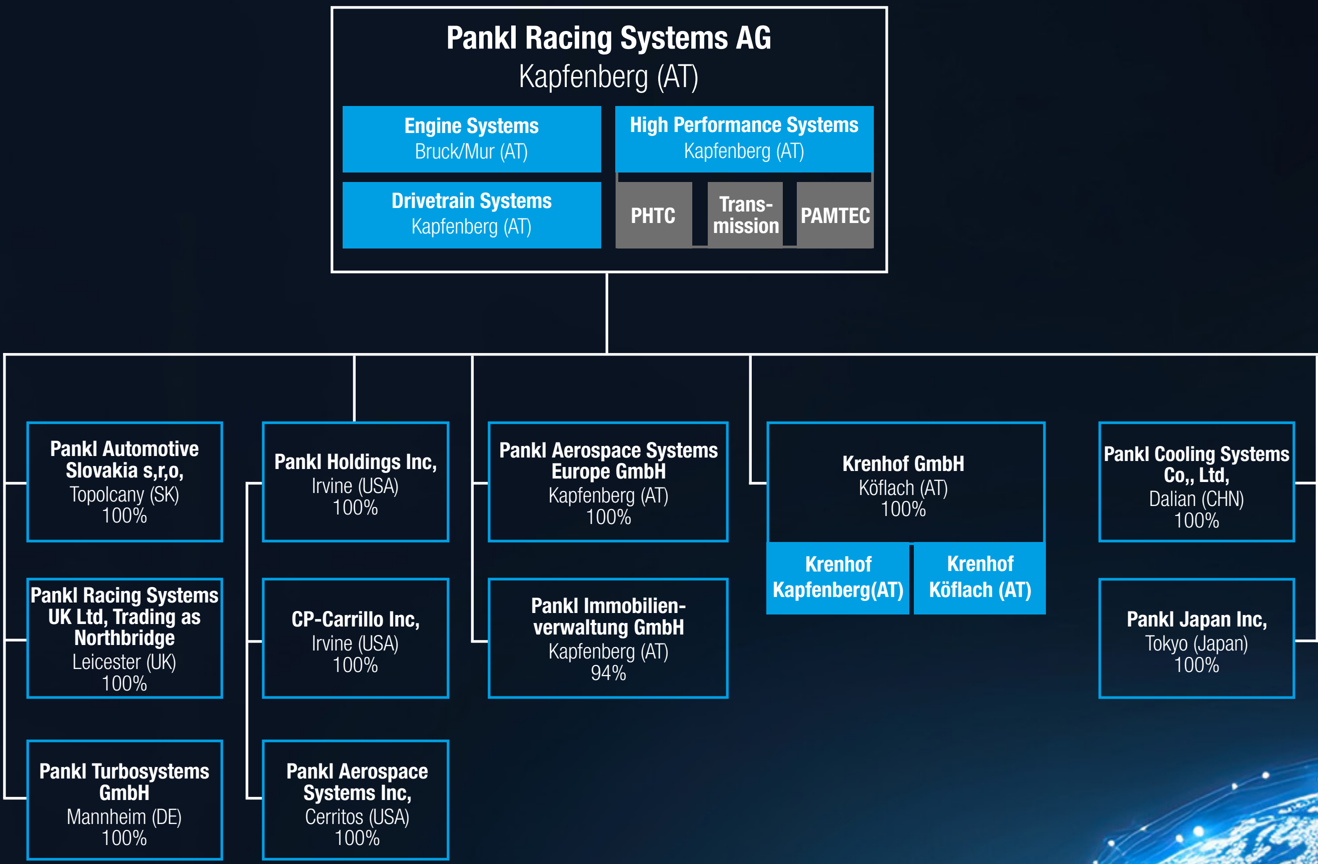
CHINA: Dalian

JAPAN: Tokio (sales office)

EMPLOYEES

EUROPE	**1,960**
USA	**260**
ASIA	**120**

GROUP STRUCTURE



SUPERVISORY BOARD CHAIRMAN'S **REPORT**

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2024

In the fiscal year 2024, the Supervisory Board carried out the tasks as required by law and the Articles of Association in its four formal meetings. In addition, the Management Board regularly briefed the Supervisory Board on business progress and the financial position of the Company and its subsidiaries. The Chairman of the Supervisory Board entertained regular contact to the Management Board discussing strategy, business developments and risk management also outside formal supervisory board meetings.

In March and December 2024, the Audit Committee held its meetings. On 6 December 2024, an audit committee meeting was held for the auditor to give an overview of the planned audit procedures and the main focus of the audit for the fiscal year 2024. On 28 February 2025, the dividend distribution proposal, the proposal for the election of the auditor and all accounting and financial reporting issues of the Group were discussed. The members of the Audit Committee were Josef Blazicek and Friedrich Roithner.

On 21 March 2025, the Audit Committee discussed with the auditor all documentation regarding the financial statements and the auditor's reports in detail (including the "additional report to the audit committee regarding the audit of the financial statements per 31 December 2024" according to Article 11 of the EU Directive 537/2014). These documents and reports were then presented to the Supervisory Board in the subsequent meeting together with the management reports.

KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, in accordance with the legal requirements, audited the unconsolidated financial statements and the management report of the Company and the consolidated financial statements and the management report of the Group. The audit did not raise any issues or complaints. The auditor issued unqualified audit opinions on the financial statements and the management report of the Company and the Group.

The auditor confirmed that the accounting systems and the financial statements per 31 December 2024 comply with all appropriate rules and regulations. The financial statements show a true and fair view of the financial situation of the Company in accordance with generally accepted accounting principles. The management report is consistent with the financial statements. The auditor also confirmed that the consolidated financial statements are in accordance with all appropriate rules and regulations and show a true and fair view of the financial situation of the Group as of 31 December 2024 and that the profitability and cash flow are shown in accordance with International Financial Reporting Standards (IFRS). The Group management report is consistent with the consolidated financial statements.

The Supervisory Board approved the financial statements as of 31 December 2024 and the management report for the fiscal year 2024. The financial statements of the Company for the fiscal year 2024 were hence formally concluded in accordance with Section 96, Paragraph 4 of the Austrian Companies Act (§96 Abs.4 AktG). The Supervisory Board acknowledges the consolidated financial statements and the Group management report for the fiscal year 2024 without objections and supports the Management Board proposal regarding the profit distribution. As Chairman of the Supervisory Board and on behalf of my colleagues of the Supervisory Board I would like to express my sincere gratitude to the management and all employees of the Pankl Group for their contribution to the good results in the past fiscal year.

Kapfenberg, 21 March 2025

DI Stefan Pierer
Chairman of the Supervisory Board

PARTS THAT MATTER

Pankl Racing Systems AG entered the aerospace market as early as 1994. The goal was to leverage the existing know-how and skills of its employees and further diversify the Pankl Group's product portfolio. The innovative strength and the ethos of Pankl Racing Systems AG also provided the necessary impetus for the aerospace division to take off.

With the usual utmost precision, the expertise acquired in racing in the production of torque-transmitting lightweight shafts was transferred and applied to main rotor and tail rotor shafts for helicopters. This bold approach proved successful, and the company's division now finds itself as the largest independent manufacturer of these shafts on the market.

In addition, many other products pass through the production halls, and as a Tier 1 supplier, Pankl Group's product portfolio also includes engine and transmission shafts as well as air refuelling pipes. Pankl Aerospace sets standards in the development and manufacture of complex, flight safety-relevant propulsion systems and components. Particularly in the engine sector, it offers its aerospace customers vertical integration of production, allowing all processes from component machining to coating to be handled in-house.

In close cooperation with customers, development projects are driven forward from conception to certification. Pankl Group now produces components for use in over 70 aircraft. These include not only classic aircraft, but also components for rockets and space applications. At Pankl Racing Systems AG, boundaries are not only explored but also exceeded.


SCAN FOR VIDEO
AEROSPACE

GROUP MANAGEMENT REPORT

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2024

1. ECONOMIC ENVIRONMENT

1.1. MARKET

Pankl Racing Systems AG (thereafter referred to as “Pankl” or “Pankl Group”) develops, produces, maintains, and markets high-tech mechanical systems for dynamic components in the global niche markets motor racing, luxury cars, and aerospace.

The history of our racing business goes back to the year 1985 when first connecting rods were produced for motor racing. Our racing division today is a world leading supplier of engine and drivetrain components.

Our aerospace know-how goes back to the year 1994, when we produced our first helicopter rear rotor driveshaft. Today, Pankl Aerospace Systems is a tier-one supplier in the global aerospace industry.

Our high performance division specialises in the production of engine and drivetrain components for luxury cars and expanded in the past years continually.

1.2. RACING/HIGH PERFORMANCE

In motor racing, Pankl develops and produces engine components such as connecting rods, pistons, piston pins, screws, crankshafts from high-strength steel and titanium alloys as well as turbo supercharger applications. In addition, Pankl provides complete solutions for drivetrain and suspension systems for all segments of motor racing.

Pankl will always aim at smart overall concepts with first-class technical support precisely adjusted to customer requirements. Pankl Group has become a pioneering, global motor racing supplier through a combination of competence, know-how and experience as well as creativity in R&D, design, and production. The core competences of the company are lightweight engine components and complete solutions for drivetrain and suspension systems designed for use in extreme conditions.

We guarantee highest quality for all our products and systems based on our in-house research and development, state-of-the-art engineering expertise, latest process and measurement technologies using newest software tools and high-tech testing and production facilities from the first design sketch to construction and Finite Element Analysis (FEA) of the complete system to the eventual tough test in motor racing itself.

The base for our high-tech products is our modern machine park with its innovative production machines. We guarantee highest precision based on our state-of-the-art testing facilities, both in the materials sector (e.g. scanning electron microscopes, stereomicroscopes, and tensile test machines) and in the test departments (e.g. component test benches such as high frequency pulsers and engine test benches).

In the high performance division, Pankl develops products in the areas engine / turbo supercharger systems, drivetrain / gearbox, forgings, industrial applications, and cooling systems. Pankl offers a broad spectrum of sophisticated vehicle components which must withstand the toughest operating conditions through the development, design and production of components, groups of components and complete systems.

Pankl meets the continuously increasing demands for high engine power versus low vehicle weight with custom-made lightweight designs of all its components together with the intelligent use of steel, titanium, and other high-strength alloys. High performance cars must further fulfil requirements in the areas of acceleration, handling, top speed, and comparably low fuel consumption respectively CO_2 emissions.

1.3. AEROSPACE

Pankl Aerospace is a tier-one supplier in the aerospace industry and offers custom-made services for dynamic drivetrain components, such as design and development, construction, production, in-house material testing, calculations to measure material performance, stress, and fatigue as well as complete safety and reliability analyses, prototype testing, qualification, and certification.

Pankl Aerospace is a global top supplier of highly reliable lightweight drivetrain components and systems for the aerospace industry. Each product is developed based on customer requirements. We arrive at precise solutions with maximum quality, functionality, and safety. Pankl Aerospace is a reliable partner with decades of practical experience in the industry, sound technology expertise and a global market presence – locations in Kapfenberg, Austria and Cerritos, California - taking existing proven solutions and developing them further to achieve optimum results.

The product portfolio contains lightweight drivetrain components and systems, jet engine driveshafts, main rotor driveshafts, gearboxes, inflight refuelling pipes and structural components for different types of engines, fixed wing aircraft and helicopters. Pankl products fulfil the strict requirements of the EU Aviation Safety Agency (EASA) to assure safe operation of aircraft equipped with these products. In addition, Pankl Aerospace is certified by major OEMs, which are the market leaders in the aerospace industry, as a supplier of Flight Safety Parts (safety critical components).

1.4. OTHER

Das Segment Sonstige umfasst die Geschäftstätigkeiten der Holdingbetriebe und der Immobilienverwaltung,

2. DEVELOPMENT OF PANKL GROUP

2.1. REVENUES AND EARNINGS

PROFITABILITY RATIOS

in t€	2022	2023	2024
Revenues	369,303	409,474	379,523
Operating earnings before depreciation (EBITDA)	46,962	54,864	45,973
Operating earnings (EBIT)	19,013	24,915	15,149
Earnings before income taxes (EBT)	15,708	17,574	9,387
Earnings after income taxes	12,296	13,602	6,277
EBITDA margin	12.7%	13.4%	12.1%
EBIT margin	5.1%	6.1%	4.0%

In the fiscal year 2024, revenues of Pankl Group decreased by 7.3% to €379.5m compared to 2023.

Based on total revenues, the USA were the largest geographical market and accounted for 28.3% of revenues. The largest European markets were Germany (20.9%) and Austria (18.9%). In 2024, EBIT declined to €15.1m or 4.0% of revenues (2023: €24.9m or 6.1% of revenues).

Adding back depreciation of €30.8m resulted in EBITDA of €46.0m or 12.1% of revenues versus €54.9m or 13.4% of revenues in the previous year.

The net financial results amounted to €-5.8m (2023: €-7.3m). Group net earnings after income taxes amounted to €6.3m versus €13.6m in the previous year. Consolidated net earnings after income taxes and minorities decreased from €13.6m in 2023 to €6.3m in 2024.

2.2. CAPITAL EXPENDITURE

In the fiscal year 2024, capital expenditure in tangible (including rights-of-use) and intangible assets amounted to €26.1m (2023: €39.3m) and was broken down in fixed assets categories as follows: tangible fixed assets €24.9m (2023: €39.0m) and intangible assets €1.2m (2023: €0.3m).

2.3. CASH FLOW

CASH FLOW AND CAPEX

€k	2022	2023	2024
Cash flow from operating activities	5,547	47,321	39,613
Operating free cash flow	-25,318	23,134	20,176
Capital expenditure	32,766	38,956	24,856

In the fiscal year 2024, cash flow from results amounted to €38.3m (2023: €43.3m). During the year, we managed to decrease working capital by 4.1% or €5.5m to €127.6m (2023: €133.1m). Accounting for other long-term assets and liabilities gives cash flow from operating activities of €39.6m (2023: €47.3m).

Cash flow from investing activities amounted to €-19.4m adjusted for non-cash investment transactions (2023: €-24.2m). Operating free cash flow decreased from €23.1m in 2023 to €20.2m in 2024.

Cash flow from financing activities amounted to €-10.0m (2023: €-17.5m). As of 31 December 2024, Pankl Group had cash and cash equivalents of €35.7m (31.12.2023: €23.9m).

2.4. BALANCE SHEET AND FINANCIAL POSITION

BALANCE SHEET RATIOS

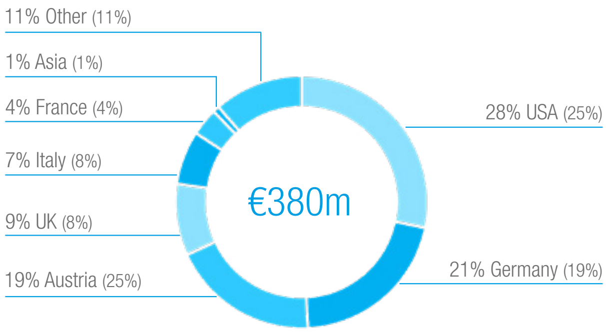
€k	2022	2023	2024
Total assets	360,956	370,422	374,814
Working Capital Employed[2]	131,463	133,069	127,574
Capital Employed[3]	287,659	296,938	288,620
Shareholders' equity	140,373	147,525	149,217
Equity in % of total assets	39%	40%	40%
Net debt[4]	141,198	137,515	127,131
Gearing[5]	101%	93%	85%

[2] Working Capital Employed =Total Inventory + Trade Accounts Receivable and other Receivables - Trade Accounts Payable and other current Liabilities
[3] Capital Employed = shareholders' equity including minorities + financial liabilities (short-term, long-term) – cash and cash equivalents
[4] Net debt = financial liabilities (short-term, long-term- cash and cash equivalents
[5] Gearing = net debt / shareholders' equity including minorities

As of 31 December 2024, total assets amounted to €374.8m and hence increased by €4.4m versus the previous year (31 December 2023: €370.4m).

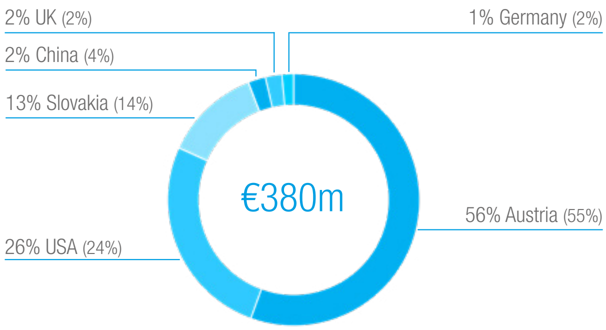
As of 31 December 2024, shareholders' equity in % of total assets remained unchanged compared to the previous year and amounted to 39.8%. (31.12.2023: 39.8%).

REVENUES BY COUNTRIES/REGIONS
31.12.2024



The number in brackets indicates the value of the previous year.

REVENUES BY PRODUCTION LOCATIONS
31.12.2024



Net debt of the Group amounted to €127.1m versus €137.5m at the end of the previous year. Gearing decreased from 93% in 2023 to 85% in 2024 due to the increase in shareholders' equity from €147.5m to €149.2m and the decrease in net debt.

2.5. ENVIRONMENT AND SUSTAINABILITY

Environmentally friendly action and sustainable business practices are top priorities for Pankl Group. In the 2024 financial year, targeted investments were made in renewable energies and efficient environmental measures. The previous focus on further reducing energy consumption was continued in 2024. Energy costs remained stable at 2% of revenue (2023: 2.0%). To further increase energy efficiency, Pankl Group invested in heat pumps and additional photovoltaic systems, thus continuing its course toward sustainable energy supply. Alongside, further e-charging stations were installed for the company's vehicle fleet. Another investment where environmental risks were considered in the investment decision and environmental aspects were taken into account during implementation is the flood protection currently under construction at the Köflach site.

This is being implemented in a particularly environmentally friendly manner, as a key element is the integration of a fish ladder to maintain natural waterway continuity. These measures exemplify Pankl Group's ongoing commitment to environmentally friendly practices and a sustainable future.

Further information can be found in the voluntarily prepared sustainability report of Pankl AG.

2.6. MAJOR EVENTS DURING THE FISCAL YEAR

On 25/11/2024, it was announced that Pierer Industrie AG had initiated European restructuring proceedings under the Restructuring Regulation (ReO). Pierer Industrie AG is the majority shareholder of Pankl AG, which in turn is the sole shareholder of Pankl Racing Systems AG. On 26/11/2024, Pierer Mobility AG announced that its wholly-owned subsidiary KTM AG would file for the initiation of judicial restructuring proceedings under self-administration. This application was submitted on 29/11/2024. Pierer Industrie AG holds an indirect stake in Pierer Mobility AG. Pankl Racing Systems AG and some of its subsidiaries maintain customer relationships with KTM AG.

3. SEGMENT REPORTING

3.1. RACING/HIGH PERFORMANCE

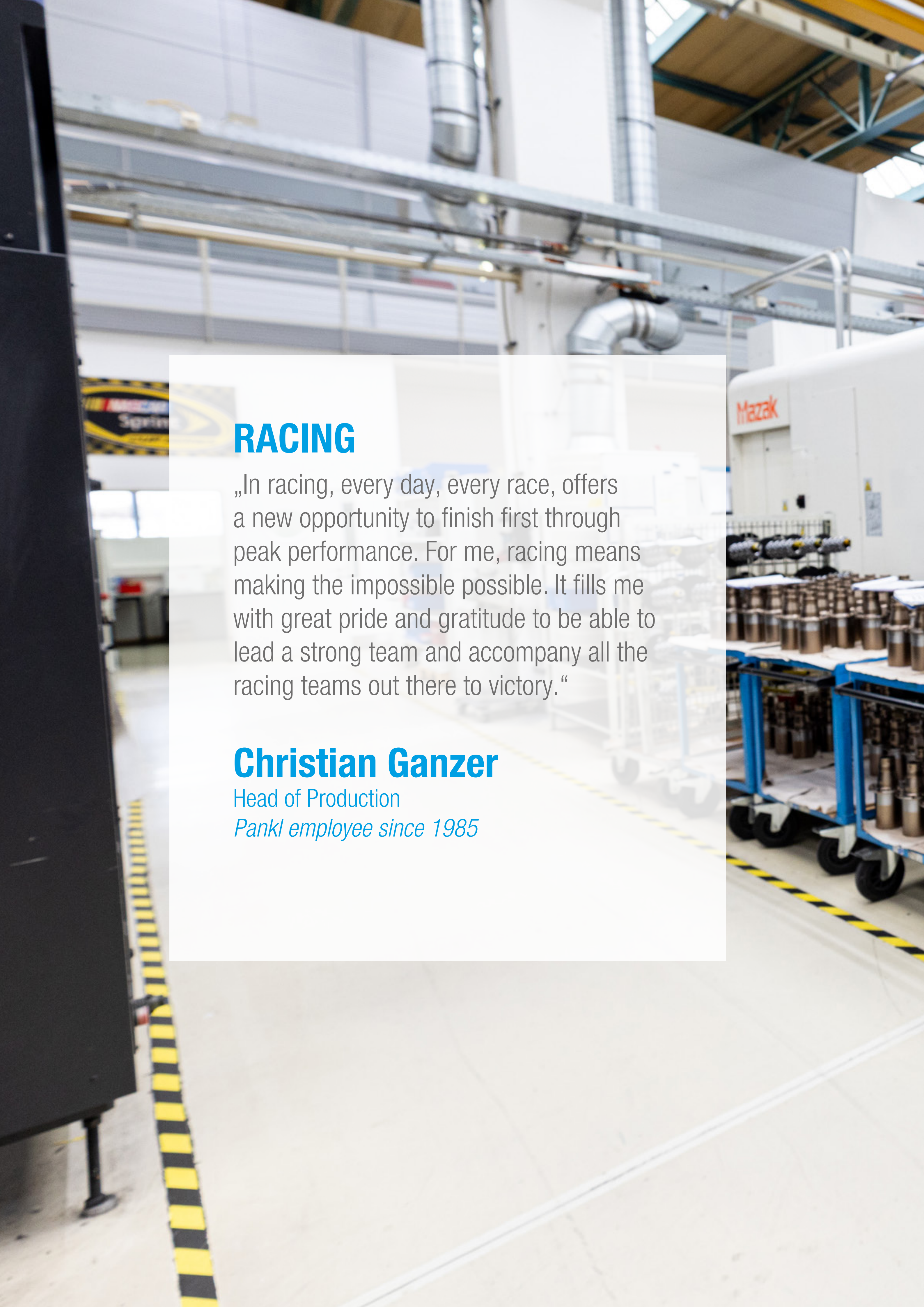
While the racing segment recorded growth in the 2024 fiscal year, sales in the high performance segment declined. Overall, the Racing / High Performance Segment generated sales of €333.9m, down from €371.4m in 2023. This represents a decrease in sales of €37.5m. Operating profit (EBIT) decreased by €8.4m, from €24.4m or 6.6% of revenues in 2023 to €16.0m or 4.8% of revenues in 2024.

3.2. AEROSPACE

Revenues in the Aerospace Segment increased significantly, particularly at the aerospace plant in Austria, which was commissioned in 2023, rising from €40.5m in 2023 to €47.3m in 2024. Operating profit (EBIT) improved from €-1.0m or -2.6% of revenues in 2023 to €0.8m or 1.6% of revenues in 2024.

3.3. OTHER

Other Segment revenues amounted to €5.4m (2023: €6.4m), EBIT amounted to €-1.6m (2023: €1.6m).



RACING

„In racing, every day, every race, offers a new opportunity to finish first through peak performance. For me, racing means making the impossible possible. It fills me with great pride and gratitude to be able to lead a strong team and accompany all the racing teams out there to victory.“

Christian Ganzer
Head of Production
Pankl employee since 1985

4. RESEARCH, DEVELOPMENT, INNOVATION AND QUALITY

Technological leadership is one of the major success factors in the motor racing and high performance businesses as well as in aerospace. Hence, research and development activities are of major importance for the companies of Pankl Group. In 2024, expenses for intense research and development activities amounted to €27.4m (2023: €24.2m).

4.1. INTERNAL PROCESS OPTIMIZATION

The use of new and improved materials that lead to more efficient component operation is essential for successful further development. In 2024, the Centre of Competence for Materials Engineering and Surface Technology was further developed and established within the Group. As a result, new processes were anchored, workflows optimized, and Group-wide synergies were utilized more effectively. Cross-Group potential was also utilized in collaboration with external partners, such as the Montanuniversität Leoben and the Vienna University of Technology. The new position of the Centre of Competence for Materials Engineering and Surface Technology enabled a significant increase in the number of production-related analyses. The evaluations also demonstrate increased quality and depth of detail.

The material data management software used by the Pankl Group has also been continuously expanded by importing data from individual profit centres and conducting more practical trials. This year, the first licenses for day-to-day use of the system were issued to selected production sites. A subsequent rollout to all key users in the research and development departments is planned for the long term.

The group-wide synergies were also increasingly utilized in the simulation department, as the calculation expertise of the Pankl locations outside Austria was further integrated into the team.

To live up to the Pankl Group's mission statement, we continually strive to provide our research and development departments with state-of-the-art technology. For this reason, the Pankl Engine Systems testing department acquired a pulser – a fatigue strength test bench – last fiscal year, and the engine test bench was upgraded to the latest standards through modernization of the control and measurement technology.

In the drivetrain area, endurance validation on the chassis test bench was expanded to seven degrees of freedom. Furthermore, multi-body simulation was established for realistic component simulation under highly dynamic loads. These measures make it possible to get even closer to reality in both testing and simulation.

In addition, a hydraulic torsion test bench for ultimate torque tests and highly dynamic test cycles was put into operation, enabling the Pankl Group to serve a wider range of customer requests.

4.2. MATERIALS

As a result of external collaborations, a high-temperature aluminium alloy was successfully developed. This alloy is intended to enable future performance improvements by ensuring increased stability at higher temperatures. A titanium material, along with the relevant manufacturing steps for its use in MotoGP and Formula 1, was also developed internally. This material enables Pankl Group to offer customers in the racing segment a potential performance improvement compared to the titanium materials currently in use.

4.3. PRODUCT DEVELOPMENT

In the area of product development, lightweight construction continues to be a dominant development topic in the racing and high performance automotive sectors. With the characterization of lattice structures using a titanium material achieved this year, Pankl Group is able to offer its customers an expanded portfolio of diverse lightweight construction potentials.

In co-operation between the drivetrain and additive manufacturing divisions, the product portfolio was expanded, as new product groups with a cellular structure can now be offered.

The Connecting Rod and Piston Crankshaft Design Department has succeeded in developing a new connecting rod bearing cap for use in Formula 1. This offers customers advantages in terms of bearing functions and tolerances.

The greatest success in the engine sector was the commissioning of a test engine that achieved greater efficiency in both fuel consumption and performance. A patent has also been filed for this new combustion process.

4.4. QUALITY

High Tech, High Speed, and High Quality are key aspects of the Pankl Group's corporate philosophy. The development, manufacture, and distribution of technologically advanced products and assemblies for the automotive and aerospace industries require compliance with the highest quality standards in the Pankl management system.

Accordingly, Pankl Group holds high-level approvals and certifications in accordance with the requirements of the automotive and aerospace industries (e.g., IATF 16949, EN 9100, VDA 6.1, and ISO 14001). In the Aerospace Segment, it also holds approvals from the aviation authorities EASA and Austro Control (Part 21G POA and Part 21J DOA). Furthermore, Pankl Aerospace Systems Europe GmbH's special processes are accredited according to the industry standard Nadcap (non-destructive testing, chemical processing, and heat treatment). In the area of information security, the VDA ISA standard (TISAX Label AL 3) was recently successfully implemented at Pankl Racing Systems AG (engine and drivetrain divisions) and at Pankl Automotive Slovakia s.r.o..

HIGH PERFORMANCE

„For me, high performance means pushing boundaries – through precision, innovation, and a strong team that gives its best every day. My 36 years at Pankl have shown me: True peak performance comes when passion meets perfection.“

Ingrid Ebner
Quality Management
Pankl employee since 1989

5. PERSONNEL- AND SOCIAL REPORT

In the fiscal year 2024, Pankl Group employed 2,392 persons (2023: 2,419 persons) on average. 1,609 persons from the total were employed in Austria (2023: 1,597 persons) and 783 persons were employed in the international group companies (2023: 822 persons).

The average number of employees is broken down in the Segments as follows:

- Segment Racing/High Performance
  2,192 employees (2023: 2,242 employees)
- Segment Aerospace
  200 employees (2023: 177 employees)

For Pankl Group, employees represent an indispensable and crucial resource for the success and sustainable growth of the company.

At eleven locations worldwide, employees contribute significantly to achieving the company's goals with their specialist knowledge, commitment, and expertise. The Pankl Group's products are as diverse as the attractive jobs within the group. Great attention is paid to employee satisfaction. Individual training and development opportunities and respect for work-life balance are particularly important drivers of satisfaction.

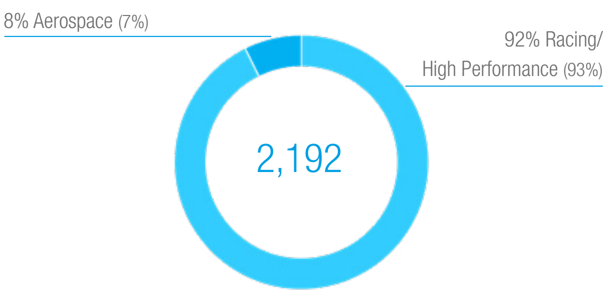
In addition to these points, health, equal opportunities, and fair pay are also key focuses of our human resources policy. For a company like Pankl, employees represent a key component of the company's success.

5.1. RECRUITMENT AND EMPLOYEE RETENTION

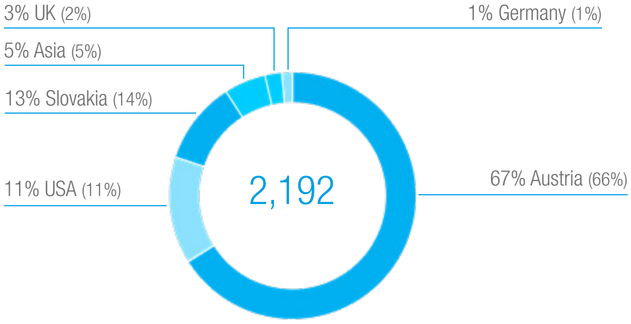
The primary goal is to attract and retain qualified employees worldwide.

The compatibility of work and family life has been an important part of Pankl's corporate policy for years. This principle is put into practice by creating high-quality industrial jobs combined with family-friendly benefits. Through open communication, customized solutions, and large-scale campaigns, Pankl strives to create a framework that works for all colleagues with caregiving responsibilities. Childcare subsidies, guaranteed nursery places, home office, flexible working hours, and individual parental leave models are just a few of the measures that represent a family-friendly corporate policy. The effectiveness of these measures is demonstrated by the state award "Friendliest Employer in Styria with 101 or more employees," which was awarded in January 2024 and is sponsored by, among others, the Province of Styria.

EMPLOYEES BY SEGMENT
01.01.2024 - 31.12.2024



EMPLOYEES BY COUNTRY / REGION
01.01.2024 - 31.12.2024



The number in brackets indicates the value of the previous year.

The employee referral program "Employees recruit employees" and "Employees recruit apprentices" continued in 2024. As a result, 15 employees and three apprentices were hired last year.

The Pankl Group participated in the "Long Night of Research" again in 2024. This event was held at the newly constructed aerospace facility in Kapfenberg. A record number of visitors were recorded, with more than 550 people taking advantage of the event to get a glimpse into the new aerospace facility.

To inspire young people to pursue apprenticeships within Pankl Group, the company relies on a variety of measures to introduce them to the world of metalworking. A special highlight in 2024 was the "Open Apprenticeship Workshop Day," which was successfully held twice. Young people and their parents had the opportunity to get to know the company, try out all the apprenticeships, and have direct discussions with the recruiting team and apprentice trainers.

5.2. TRAINING AND FURTHER EDUCATION

The promotion and continuous development of employees remains a central concern of Pankl Group. In 2024, the already successfully established Pankl Academy training catalogue was revised and expanded, offering employees in Austria the opportunity to take advantage of customized training in a wide variety of areas. A total of 15,435 training days were completed at the Austrian locations, representing an investment of €0.4m.

In addition to the annual training needs assessment conducted with managers, comprehensive employee interviews form the basis for the training and development plan. This enables Pankl Group to offer employees individualized consultations and training.

MANAGEMENT DEVELOPMENT

Management development continues to be a particular focus of training and further education for Pankl Group. Through individual development, employees are specifically supported and enabled to realize new opportunities and career advancements within the company in the long term. The already established SLP (Strategic Leadership Program) was successfully continued in 2024.

This year also saw the first launch of the International Leadership Program (ILP). Under the motto "Together we lead," 15 managers from the Pankl Group's various international locations spent an intensive week together, gaining valuable leadership insights. In addition to professional, theoretical input, the participants were guided and supported throughout their learning process, helping them internalize the insights gained and apply them in their work areas.

CAREER THROUGH APPRENTICESHIP

Apprentice training is an essential component of the company's human resources strategy. At the end of 2024, Pankl Group employed a total of 134 apprentices (2023: 135) in twelve different apprenticeships. To train these young people to become top-class specialists, there are regular subject-specific remedial classes in which the apprentices are prepared for vocational school and the final apprenticeship examination in addition to the training workshop lessons.

In addition, the Pankl Apprenticeship College offers various training courses designed to provide apprentices with valuable tips in addition to professional qualifications. In addition to regular apprentice sports sessions, where apprentices can engage in sporting activities under the guidance of a certified trainer, the "Golden Minds" project was also offered in 2024. In this project, apprentices could attend various training courses on personal development.

In 2024, Pankl Group made intensive use of existing synergies. This enabled apprentice exchanges with its sister company SHW AG. These exchanges allowed apprentices from Pankl Racing Systems AG to expand their skills and experience at SHW AG's German production sites.

The Pankl Academy, currently under construction, is scheduled for completion in the first quarter of 2025. It will offer state-of-the-art facilities for the training of junior employees. The Academy will serve as a training and further education centre for the entire group, with a focus on apprentice training. With a well-equipped training workshop at the heart of the building, future apprentices will enjoy not only state-of-the-art machinery and training rooms, but also comfortable break areas.

5.3. DIGITALIZATION IN HR-MANAGEMENT

In 2024, Pankl Group also increasingly focused on digitalization and technological advancements in the human resources area. The focus was on the data protection-compliant integration of AI within selected HR processes.

The newly integrated career bot on the company website enables potential applicants to search specifically for suitable open positions that match their qualifications or interests. The AI also answers questions about the application process or, especially for apprentices, provides tips for application documents.

Also, a digitalization measure within the Group has made work easier and more efficient for employees. In 2024, a "Virtual HR Assistant" was rolled out, which can be used to make internal inquiries about specific regulations or documents. This assistant consolidates all current guidelines and information of Pankl Group. It can retrieve them in seconds and present them in an understandable manner.

5.4. HEALTH AND OCCUPATIONAL SAFETY

Employee health and safety will continue to be a key aspect of the Pankl Group's human resources policy in 2024. Established offerings such as the "Health Corner" at the Kapfenberg and Bruck upon Mur locations will continue to be maintained and updated monthly with new recommendations and tips for personal health care. These recommendations and tips will also be published on the internal Share Point platform, making them accessible and easily retrievable for all employees.

Since healthy nutrition is an important component of individual health, the "Healthy Snack" initiative continues to provide fresh, regional fruit twice a week at our Austrian locations, as well as a free tea bar. The company's own Genussbox at the Kapfenberg location and the shared use of a company canteen for the Bruck upon Mur location also offer Pankl employees a healthy, balanced and regional lunch, which is subsidized by the company.

The successful co-operation with the occupational medicine company Medicon was continued in 2024 and includes an expanded health offering, including preventive examinations and vaccination campaigns, as well as mental health services.

As part of their apprenticeship training, apprentices are also offered the opportunity to participate in the so-called Apprentice College. Here, in addition to technical training, young people can also take part in further education in the areas of health. Topics such as healthy nutrition and addiction prevention are addressed intensively to raise awareness among young people.

Part of promoting occupational safety and health protection also includes providing employees with appropriate work equipment. A successful project for this has been in place since 2022.

During quarterly inspections of predefined workplaces, the "Safety Walk & Talk" program is held with selected managers to discuss topics such as personal protective equipment, cleanliness and order, ergonomics, and psychological stress in the workplace. If a need for work equipment arises, Pankl Group supports the acquisition of the necessary equipment, including computer glasses, insoles, and the like.

PANKL IN MOTION

As part of the "Pankl in Motion" health program, Pankl Group continues to promote relaxation, exercise, and a balanced diet. In addition to tried-and-tested offerings such as football training, full-body workouts, and yoga classes, group e-mountain bike rides were also organized. The sports program was supplemented by paddle tennis workshops, which attracted great interest.

Pankl Group also supports its employees in participating in externally organized sporting events during their free time and subsidizes part of the entry fees. In 2024, employees took advantage of this opportunity 270 times.

5.5. DIVERSITY AND EQUAL OPPORTUNITIES

As an internationally active and established company, Pankl Group employs employees from 52 nations and places particular emphasis on equal opportunities. Inclusion and the promotion of diversity play a key role. Equality and fair treatment are highly valued within the Pankl Group. To create a working environment of mutual trust and accommodate the diverse backgrounds, Pankl Group offers company documents in various languages, and employees can attend language courses within the company.

Pankl Group not only supports women and girls by creating a work-life balance but also strives to introduce women and girls to technical careers through participation in events such as "Girls' Day." On this day, girls in particular are encouraged to specifically explore a technical career and showcase their craftsmanship skills. In 2024, four girls visited Pankl and learned about the apprenticeships in machining technology and mechatronics.

6. RISK AND OPPORTUNITIES MANAGEMENT

6.1. MAJOR RISKS, OPPORTUNITIES, AND UNCERTAINTIES

Pankl Group is a technology business and is hence exposed to a very dynamic environment. Risks are part of daily business. We understand risk as the probability of deviations of actual developments from our corporate targets. Risk contains positive (opportunities) as well as negative (risks) deviations from our corporate targets. Risks should be identified early on and, if possible, dealt with proactively to limit or completely avoid their occurrence and possible negative effects.

This risk and opportunity report refers in particular to those opportunities and risks that result from an outside-in view. This refers to opportunities and risks that impact the company from outside.

In addition, sustainability issues and the associated opportunities and risks, which are assigned to the areas of energy, climate change, circular economy, employment matters, occupational safety and employee health, equal rights and the fight against corruption and bribery, are becoming increasingly important. While defining the material topics for the non-financial report, a corresponding materiality analysis was carried out in accordance with the ESRS standards, which, in addition to the outside-in view, also includes those risks and opportunities that arise from the company and can have an impact on the company environment (inside-out consideration). The results of this analysis are presented in the “Materiality Analysis” chapter of the non-financial report. The identification and assessment of climate-related opportunities and risks is also part of risk management.

6.2. RISK REPORT

The major risks of Pankl Group are outlined in the Notes in Chapter VII (“Risk Report”).

MARKET ENVIRONMENT AND SALES

As an international company, Pankl Group is exposed to macroeconomic risks that can influence supply and demand. These include, among other things, the development of the global economy, geopolitical conflicts, and the global political situation. In addition, impacts from climate policy, international trade restrictions and the introduction of tariffs should also be mentioned.

Pankl Group's business activities are faced with a multitude of challenges arising from the current economic situation in Europe and the situation in the markets relevant to the Group. The ongoing economic recession in Europe has placed a significant burden on many industries. Declining consumer spending, rising energy prices, rising personnel costs, and restrained lending have dampened economic momentum in numerous sectors. Despite the general uncertainties and negative developments, Pankl Group benefits from stable demand thanks to its strong positioning in niche market segments.

The general economic situation continues to be characterized by increasing uncertainty. The effects of global geopolitical tensions, volatile commodity prices, and climate policy and regulatory measures are complicating planning security. At the same time, rising financing costs and high inflation rates are leading to cost pressures, which are also noticeable in the Pankl Group.

The automotive supply industry in Europe is undergoing significant upheaval. The uncertainties of the structural shift toward electromobility, intense competitive pressures, and declining margins, especially in the supplier sector, are placing a significant strain on the industry. Pankl Group benefits from its specialization in the hypercar sector, operating in a premium segment where margin pressure is less pronounced. At the same time, demand for specialized high-performance components remains comparatively stable and is trending upward in the aerospace sector, enabling the company to maintain a solid position in this challenging environment.

Particular attention is being paid to the ongoing restructuring process of KTM AG, one of Pankl Group's largest customers. The situation is being closely monitored, and appropriate measures have been and are being taken. Nevertheless, from the current perspective, there is a residual risk of further defaults or a significant reduction in order volumes. Despite the customer's current challenges and the uncertainty surrounding the outcome of the process, Pankl Group is confident that its diversified customer base and low dependence on individual market participants limit the company's risk.

The European restructuring process initiated by Pierer Industrie AG entails little to no financial or operational risks, as there are no direct economic ties with Pierer Industrie AG that would directly impact the Pankl Group's business activities. Business operations therefore remain fully guaranteed.

In addition to positioning Pankl Group, a clear strategy has naturally been developed to effectively respond to existing risks with measures, some of which have already been implemented. These measures include further diversification of the existing customer portfolio to reduce dependence on individual market participants. The Group is also promoting closer communication with customers and suppliers to counteract potential risks at an early stage. Furthermore, efficiency improvements in production and the design of lean processes enable the Group to remain competitive in a challenging environment. Nevertheless, Pankl Group continues to closely monitor the economic situation in order to address potential risks at an early stage.

6.3. INTERNAL CONTROL SYSTEM

Pankl Group's risk management and internal control systems are based on internationally recognized standards. The goal is to identify risks early and manage them effectively through responsible management.

The continuous expansion of the internal control system is being driven by the Executive Board's Internal Audit department and implemented in collaboration with the relevant specialist departments. The focus is on further developing and ensuring uniform standards across the Group. The internal controls regarding the quality of financial reporting and externally published financial statements, as well as the documentation of these controls, are continuously revised.

Compliance with internal policies and processes is monitored annually based on an audit plan prepared by the Internal Audit Department and approved by the Management Board. The audit results are presented to both the Management Board and the respective management. If necessary, operational units are supported in implementing necessary improvements through training or targeted continuing education measures. In addition, the Internal Audit Department conducts ad hoc audits initiated by the Management Board that focus on current or potential risks.

Uniform accounting and reporting guidelines ensure consistent financial reporting throughout the entire Pankl Group. These standards are implemented de-centrally by designated responsible persons within the respective organizational units. The respective subsidiaries are responsible for implementing internal controls, while the Internal Audit Department monitors their compliance with these processes.

The controlling departments of the subsidiaries prepare standardized monthly reports that analyse both current business performance and deviations from planned developments. This reporting is standardized across the Group and includes detailed financial data as well as non-financial key performance indicators. This process is supported by a Group-wide management information system that ensures timely transmission of information to the Management Board.

The preparation of the consolidated financial statements is the responsibility of Group Controlling. Both external and internal reports are based on the same data sources to ensure consistency and reliability. Regular reconciliations and checks between local accounting, controlling, and Group Controlling ensure the quality of the reported data.

6.4. FINANCIAL INSTRUMENTS

Financial instruments are outlined in the Notes in Chapter VIII (“Financial Instruments and Capital Management”).

AEROSPACE

„For me, the production of safety-relevant aerospace components means, on the one hand, constantly approaching physical limits with complete traceability and, on the other hand, a maximum level of safety for passengers and customer relationships that extend trustingly over several decades.“

Hannes Farcher

Programme Management

Pankl employee since 2004

7. SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

7.1. FUTURE DEVELOPMENT AND OUTLOOK

Despite the difficult general conditions, Pankl Group expects stable sales development, positive earnings, and positive cash flow in 2025. The Group will exercise particular caution and restraint, especially with regard to capital expenditure, but also with expenses in general.

Pankl Group expects KTM's production to slowly ramp up in mid-March, although a further decline in sales to KTM is expected, likely by a further €20m to approximately €35m in 2025.

The racing business is expected to develop very positively due to the upcoming F1 rule change, new F1 engine manufacturers (Audi, Red Bull, Cadillac), and an additional Formula 1 team. The Group's positive development is expected to continue in the business with premium high-performance components for luxury automobiles and in the aerospace business.

Kapfenberg, 05.03.2025

The Management Board of Pankl Racing Systems AG

WOLFGANG PLASSER
CEO

THOMAS KARAZMANN
CFO

CHRISTOPH PRATTES
COO

STEFAN SEIDEL
CTO

SCAN HERE FOR THE

ESG
REPORT
OF
PANKL AG

TRAINING WITH RACING-SPIRIT
IN UPPER STYRIA

KNOWLEDGE AS A DRIVE: PANKL ACADEMY AS A FLAGSHIP STORE OF KNOWLEDGE

The world of work is changing rapidly. New technologies, digital transformation, and fierce global competition will continue to pose challenges for companies in the future. To ensure long-term success, it is crucial that Pankl Racing Systems AG employees continuously develop, both professionally and personally. Group-wide training plays a key role in this, as it not only promotes individual development but also secures the company's innovative strength and competitiveness. For this reason, the groundbreaking ceremony for the construction of our own training and development academy took place in 2023.

Top Apprenticeship
Today's apprentices are tomorrow's skilled workers. Therefore, Pankl Group offers young people high-quality training in all apprenticeships. In particular, the company relies on state-of-the-art machinery and equipment for comprehensive training in the fields of machining technology and mechatronics.

In addition to professional qualifications, the curriculum includes personal development, project management, social skills, financial management, and health promotion. Apprenticeship training at Pankl Group not only prepares young people for the demands of the working world but also promotes their personal development.

Group-wide Training and Education Campus
The construction of the Pankl Academy is a clear commitment to training. For the first time, Pankl Group is constructing a building dedicated exclusively to training – a testament to the importance of this topic for the Group and the working world of tomorrow. This will take human resources development within Pankl Group to a new level. With modern, adaptable spatial concepts, the Academy offers not only modern classrooms but also quiet spaces for independent study and group work. Employees will also have access to an open library containing literature on various subject areas. Another highlight is the event room for up to 150 people. Equipped with high-quality presentation technology, lectures in co-operation with educational institutions will also be held here in the future.

Health Promotion
In addition to creating a healthy work environment, Pankl Group offers a holistic awareness-raising programme. From preventive medical checkups for early detection of diseases and vaccination campaigns to tips and tricks for a healthy lifestyle, Pankl Group strives to offer a wide range of services. The establishment of the Pankl Academy demonstrates that Pankl Group is not only a sustainable company, but also actively takes steps and makes ambitious visions a reality.

CONSOLIDATED FINANCIAL STATEMENTS

OF PANKL RACING SYSTEMS AG ACCORDING TO IFRS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2024

	Notes	2024 €k	2024 in %	2023 €k	2023 in %
SALES REVENUES	9	**379,523**	**100.0**	**409,474**	**100.0**
Cost of goods sold	10	-303,661	-80.0	-325,821	-79.6
Gross Profit		**75,862**	**20.0**	**83,653**	**20.4**
Distribution expenses	11	-20,290	-5.3	-19,997	-4.9
Administration expenses	13	-45,655	-12.0	-44,416	-10.8
Other operating income	15	6,689	1.8	6,197	1.5
Other operating expenses	14	-1,458	-0.4	-522	-0.1
Operating earnings (EBIT)		**15,148**	**4.0**	**24,915**	**6.1**
Financial income		1,160	0.3	196	0.0
Financial expenses		-6,921	-1.8	-7,537	-1.8
Financial results	16	-5,761	-1.5	-7,341	-1.8
Earnings before income taxes (EBT)		**9,387**	**2.5**	**17,574**	**4.3**
Income taxes	17	-3,110	-0.8	-3,972	-1.0
EARNINGS AFTER INCOME TAXES		**6,277**	**1.7**	**13,602**	**3.3**
Attributable to shareholders of parent company		*6,223*	*1.6*	*13,554*	*3.3*
Attributable to minorities		*55*	*0.0*	*48*	*0.0*
EARNINGS PER SHARE					
Undiluted = fully diluted earnings per share	18		2,02 €		4,40 €

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULTS

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2024

	Notes	2024 €k	2023 €k
Earnings after income taxes		**6,277**	**13,602**
Items which are not shown in the profit and loss account:			
Actuarial profits / losses from pension plans and similar schemes	32	-187	-271
Deferred taxes from actuarial profits / losses from pension plans and similar schemes	32	43	62
Cash flow hedging reserve		-326	-450
Items which were or may be shown in the profit and loss account:			
Foreign exchange differences from international subsidiaries		2,545	-1,415
Other results of the period		**2,075**	**-2,074**
TOTAL COMPREHENSIVE RESULTS		**8,352**	**11,528**
Attributable to shareholders of parent company		*8,297*	*11,480*
Attributable to minorities		*55*	*48*

CONSOLIDATED BALANCE SHEET

OF PANKL RACING SYSTEMS AG PER 31 DECEMBER 2024

ASSETS	Notes	31.12.2024 €k	31.12.2024 in %	31.12.2023 €k	31.12.2023 in %
LONG-TERM ASSETS					
Goodwill	21	12,809	3.4	12,438	3.4
Other intangible assets	22	2,318	0.6	1,632	0.4
Tangible fixed assets	23	122,492	32.7	123,895	33.4
Rights-of-use assets	23	23,427	6.2	25,904	6.9
Financial fixed assets	25	366	0.1	11	0.0
Deferred tax assets	24	6,233	1.7	5,262	1.4
Total long-term assets		**167,645**	**44.7**	**169,142**	**45.7**
SHORT-TERM ASSETS					
Inventories	26	115,398	30.8	109,812	29.6
Trade accounts receivable	27	34,836	9.3	44,738	12.1
Other short-term receivables and assets	28	21,226	5.7	22,759	6.1
Current tax assets		0	0.0	37	0.0
Cash and cash equivalents	29	35,710	9.5	23,933	6.5
Total short-term assets		**207,170**	**55.3**	**201,279**	**54.3**
TOTAL ASSETS		**374,814**	**100.0**	**370,422**	**100.0**

LIABILITIES	Notes	31.12.2024 €k	31.12.2024 in %	31.12.2023 €k	31.12.2023 in %
SHAREHOLDERS' EQUITY					
Share capital	30	3,080	0.8	3,080	0.8
Capital reserves	30	34,532	9.2	34,532	9.3
Perpetual bond	30	10,000	2.7	10,000	2.7
Retained earnings	30	100,836	26.9	99,199	26.8
Equity of parent's shareholders		**148,448**	**39.6**	**146,810**	**39.6**
Minorities	30	769	0.2	715	0.2
Total shareholders' equity		**149,217**	**39.8**	**147,525**	**39.8**
LONG-TERM DEBT					
Long-term loans*	31	63,546	17.0	81,511	26.8
Long-term finance lease liabilities	31	17,352	4.6	19,587	5.3
Personnel-related provisions	32	5,751	1.5	5,415	1.5
Long-term provisions	34	1,067	0.3	190	0.1
Other long-term debt	33	4,488	1.2	4,293	1.2
Deferred tax liabilities	25	592	0.2	588	0.2
Total long-term debt		**92,797**	**24.8**	**111,584**	**34.9**
SHORT-TERM DEBT					
Short-term loans and short-term portion of long-term loans*	31	75,272	20.1	54,171	9.8
Short-term finance lease liabilities	31	6,670	1.8	6,179	1.7
Other short-term debt	33	25,445	6.8	22,996	6.2
Trade accounts payable		22,064	5.9	24,087	6.5
Current tax liabilities		3,111	0.8	3,707	1.0
Other provisions	34	238	0.1	173	0.0
Total short-term debt		**132,801**	**35.4**	**111,313**	**25.3**
Total debt		**225,597**	**60.2**	**222,896**	**60.2**
TOTAL LIABILITIES		**374,814**	**100.0**	**370,422**	**100.0**

*Please compare the notes in Chapter 31.

CONSOLIDATED CASH FLOW STATEMENT

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2024

	Notes	01.01.2024 – 31.12.2024 €k	01.01.2023 – 31.12.2023 €k
EARNINGS AFTER INCOME TAXES		**6,277**	**13,602**
Cash flow from operating activities derived from earnings after income taxes:			
Depreciation		30,825	29,949
Profit / loss from the sale of fixed assets		-47	-126
Other non-cash items		8,738	8,413
Income taxes paid		-4,273	-3,444
Interest paid		-4,583	-4,945
Interest received		152	135
Change of long-term provisions	34	1,213	-272
CASH FLOW FROM RESULTS		**38,302**	**43,311**
Change of trade accounts receivable		9,902	-3,348
Change of other receivables and assets		1,569	4,130
Change of inventories	26	-5,586	3,078
Change of short-term assets		**5,886**	**3,860**
Change of trade accounts payable		-4,904	-1,310
Change of provisions		-4,794	-404
Change of other debt and income tax liabilities		6,707	2,591
Change of short-term debt		**-2,990**	**877**
Change of deferred taxes	25	-967	-866
Change of foreign exchange differences		-813	-240
Change of other long-term assets / debt		195	380
Change of long-term assets / debt		**-1,585**	**-726**
CASH FLOW FROM OPERATING ACTIVITIES		**39,613**	**47,321**
Capital expenditure in tangible fixed assets	23	-18,107	-24,626
Proceeds from the sale of fixed assets		186	832
Capital expenditure in intangible fixed assets	22	**-1,158**	**-393**
CASH FLOW FROM INVESTMENT ACTIVITIES		**-19,437**	**-24,188**

	Notes	01.01.2024 – 31.12.2024 €k	01.01,2023 – 31.12.2023 €k
Loan increases	VI	15,408	15,315
Loan repayments	VI	-25,449	-15,852
Change of current account balances	VI	13,140	-7,702
Dividend payments		-6,660	-4,196
Repayments of finance lease liabilities		-6,418	-5,214
Other financing activities		0	194
CASH FLOW FROM FINANCING ACTIVITIES		**-9,980**	**-17,455**
CHANGE IN CASH AND CASH EQUIVALENTS		**10,196**	**5,679**
Cash and cash equivalents at the beginning of the period	29	23,933	19,449
Cash impact of foreign exchange differences		1,581	-1,194
Change of cash and cash equivalents		10,196	5,679
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**35,710**	**23,933**

The consolidated cash flow statement of Pankl Group shows how the cash position of Pankl Group is impacted by the in- and outflows of cash during the reporting period. The consolidated cash flow statement is derived from the consolidated financial statements using the indirect method. Cash is considered cash and bank deposits and corresponds to the balance sheet position „Cash and Cash Equivalents“. This position does not contain short-term securities and short-term bank debt.

At the balance sheet date, there were no major restrictions regarding the free availability of cash and cash equivalents.

SCHEDULE OF CONSOLIDATED SHAREHOLDERS‘ EQUITY

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2024

€k	Share capital	Capital reserves	Cash flow hedging reserve	Perpetual Bond
31.12.2023	3,080	34,532	525	10,000
Earnings after income taxes	0	0	0	0
Results directly shown in equity	0	0	-326	0
Total results	**0**	**0**	**-326**	**0**
Transactions with equity holders				
Transactions with minority interest companies	0	0	0	0
Dividend payments	0	0	0	0
31.12.2024	**3,080**	**34,532**	**199**	**10,000**
31.12.2022	3,080	34,532	975	10,000
Earnings after income taxes	0	0	0	0
Results directly shown in equity	0	0	-450	0
Total results	**0**	**0**	**-450**	**0**
Transactions with equity holders				
Capital contributions	0	0	0	0
Dividend payments	0	0	0	0
31.12.2023	**3,080**	**34,532**	**525**	**10,000**

Reserves from forex differences	IAS 19 reserve for actuarial profits / losses	Other retained earnings	Equity attributable to shareholders of parent company	Share of minorities	Total
-4,078	-486	103,237	146,810	715	147,525
0	0	6,223	6,223	55	6,277
2,545	-144	0	2,075	0	2,075
2,545	**-144**	**6,223**	**8,298**	**55**	**8,352**
0	0	0	0	0	0
0	0	-6,660	-6,660	0	-6,660
-1,533	**-630**	**102,800**	**148,448**	**770**	**149,217**
-2,663	-277	94,417	140,064	309	140,373
0	0	13,554	13,554	48	13,602
-1,415	-209	0	-2,074	0	-2,074
-1,415	**-209**	**107,971**	**11,480**	**48**	**11,528**
0	0	-538	-538	358	-180
0	0	-4,196	-4,196	0	-4,196
-4,078	**-486**	**103,237**	**146,810**	**715**	**147,525**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR 2024

I. GENERAL NOTES

1. THE COMPANY

Pankl Racing Systems AG and its subsidiaries (hereinafter referred to as „ Pankl Group“) are an international technology group based in A-8605 Kapfenberg, 4 Industriestrasse West, Austria. Pankl Racing Systems AG is registered in the commercial register (Firmenbuch) of the Leoben district court under the number FN 540009g. The business activities of Pankl Group are broken down in three segments: Racing / High-Performance (corresponds to Racing / Automotive), Aerospace and Other. Pankl Group is part of the group of companies of Pierer Konzerngesellschaft mbH in Wels, Austria, which is the top parent company. Pankl Racing Systems AG is fully consolidated in the group financial statements of Pierer Konzerngesellschaft mbH. The consolidated financial statements of the Pierer Konzerngesellschaft mbH are filed with the commercial register of the Wels district court under the number FN 134766k and represent the financial statements with the largest consolidation scope within this group of companies.

The consolidated financial statements of Pankl AG in Kapfenberg, Austria are filed with the commercial register of the Leoben district court under the number FN 395143v and represent the financial statements with the smallest consolidation scope within this group of companies, of which the group financial statements of Pankl Racing Systems AG are part of.

2. REPORTING RULES

The consolidated financial statements for the time from 1 January until 31 December 2024 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with interpretations of the International Reporting Interpretations Committee (IFRIC) to the extent used in the EU. The consolidated financial statements per 31.12.2024 also fulfil the additional requirements of Section 245a, Paragraph 1 of the Austrian Companies Act (§245a Abs1 UGB).

The financial statements of the companies which are included in the consolidated financial statements are based on the same reporting rules. All companies which are part of the consolidated financial statements applied these rules. Except for Pankl Japan Inc, all companies which are included in the consolidated financial statements have their balance sheet date on the 31st of December. The balance sheet date of Pankl Japan Inc. is the 30th of September.

The consolidated financial statements are prepared using the Euro as functional currency. All amounts are rounded to Euro thousands (€k) except if pointed out otherwise. Differences may occur due to rounding.

3. NEW STANDARDS AND INTERPRETATIONS TO BE APPLIED

- IASB issued the following amendments for existing IFRS and some new IFRS, which were adopted by the EU Commission and are hence obligatory to be applied from 1 January 2024:
- Amendment to IAS 1: Criteria to classify debt as current or non-current.
- Amendment to IFRS 16: Clarification how a seller-lessee subsequently measures sale and leaseback transactions.
- Amendment to IAS 1: Disclosure requirements to classify debt as current or non-current.
- Amendment to IAS 7 / IFRS 7: Disclosure requirements regarding supplier finance arrangements.

There were no significant changes due to the first application of the new standards or interpretations.

4. NEW STANDARDS AND INTERPRETATIONS TO BE APPLIED IN THE FUTURE

4.1. APPLICATIONS OF NEW STANDARDS AND INTERPRETATIONS FROM 2024

The following table shows standards and interpretations which have been adopted by the EU-Commission but did not have to be applied at the balance sheet date and were not applied early:

Standard / Amendment	To be applied from IASB	Endorsement by EU	To be applied from EU
Amendment to IAS 21: Guidance to specify when a currency is exchangeable and how to determine the forex rate when it is not.	01.01.2025	Yes	01.01.2025

IASB and IFRIC issued further standards and interpretations, which do not yet have to be applied in the fiscal year 2025 or which have not yet been adopted by the EU-Commission. These are the following standards and interpretations:

Standard / Amendment	To be applied from IASB	Endorsement by EU	To be applied from EU
Amendment to IFRS 9 / IFRS 7: Classification and measurement of financial instruments	01.01.2026	No	
Amendment to IFRS 9 / IFRS 7: Contracts referencing nature-dependent electricity	01.01.2026	No	
AIP volume 11: Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	01.01.2026	No	
IFRS 18: Presentation and disclosure	01.01.2027	No	
IFRS 19: Subsidiaries without public accountability	01.01.2027	No	

We do not expect any major impacts on the consolidated financial statements from the future changes. IFRS 18 impacts regarding presentation and disclosure are being examined. We do not expect to apply any of the new standards and interpretations early.

5. ESTIMATES AND UNCERTAINTIES IN DISCRETIONARY DECISIONS AND AS SUMPTIONS

In setting up the consolidated financial statements, estimates and assumptions are necessary to a certain degree, which influence assets and liabilities and other obligations shown at the balance sheet date as well as expenses and income during the fiscal year. Empirical values are used, which the Management Board considers to be reasonable. Actual future amounts may deviate from these estimates if assumed parameters do not develop as expected. Such parameters are adjusted as soon as new developments are observed.

- Assumptions are used to value goodwill and intangible assets without defined useful life. At the balance sheet date, goodwill amounted to €12,809k (2023: €12,438k). Item 21 (Goodwill) contains further information on impairment tests.

- Deferred tax assets are stated to the extent to which it is likely that they will be used. The assessment of such future usability is based on factors like past profitability, operating plans, expiry period of tax losses carried forward and tax planning strategies. If actual results come in below estimates, write-offs of deferred tax assets may be required affecting the profit and loss account. Per 31.12.2024, deferred tax assets from tax loss carryforwards amounted to €5,531k (2023: €5,090k). Item 25 (Deferred Tax Assets) contains further details on deferred tax assets.

- Valuation of inventories is influenced by estimates regarding future sales potential and probability that available stock can be used in production processes. Per 31.12.2024, inventories amounted to €115,398k (2023: €109,821k).

- There are uncertainties regarding estimates for the valuation of personnel-related obligations. Assumptions are used for the following factors: demographics such as pension age and employee fluctuation, financial estimates such as actuarial interest rate and future development of wages and salaries. At the balance sheet date, personnel-related obligations amounted to €5,751k (2023: €5,415k). Item 32 (Liabilities for Employee Benefits) contains further information.

- For accounts receivable there are uncertainties regarding estimates for impairments according to IFRS 9 as well as for the Fair Value to be used. Per 31.12.2024, trade accounts receivable amounted to €34,836k (2023: €44,738k).

6. CLIMATE CHANGE RELATED NOTES

Environmentally sound action and sustainable business practices are at the heart of the corporate strategy. In this context, the Group considers climate change in the development of new products and continues to invest in solutions for local renewable energy generation. Current developments and measures regarding climate change and sustainability do not lead to fundamental changes in accounting assumptions and estimates. This is also consistent with the Management Board's assessment that climate change is not expected to have a material impact on the going concern assessment in the preparation of the financial statements. The Management Board assesses the potential impact of climate-related opportunities and risks on the IFRS consolidated financial statements as follows:

- Useful lives of assets: The Group evaluated the extent to which the useful lives of property, plant and equipment could be affected by climate-related risks. In particular, an assessment was made regarding whether, based on existing and announced legal and regulatory requirements, the pollution potential of individual industrial facilities (e.g., by exceeding emission limits) poses a risk to the granting of operating licenses. No influence on useful lives could be derived from external or internal obligations.
- Impairment of assets: The Group's sustainability-oriented strategy underlies the short- and medium-term financial planning and thus the impairment tests. In the short- and medium-term financial planning of the individual CGUs, assumptions regarding climate-related factors are appropriately taken into account in capital expenditure programs (CAPEX), technologies, and production processes to achieve the Group's internal climate targets, as well as in the resulting ecologically sustainable product mix.
- Provisions and contingent liabilities: In the 2024 fiscal year, the Group did not incur any obligations arising from climate protection laws and / or climate regulations that would have required the recognition of a provision or the disclosure of a contingent liability. There are no obligations to reclaim existing land.

II. SCOPE OF CONSOLIDATION

7. CONSOLIDATION PRINCIPLES AND METHODS

In the consolidated financial statements of Pankl Racing Systems AG all its subsidiaries are included via full consolidation. Subsidiaries are companies which are controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the point in time when control starts until the point in time when it ends.

In accordance with IFRS 3, first consolidation is carried out using the Acquisition Method. Under this method at the time of obtaining control, the newly valued identifiable assets and liabilities of the acquired operation are compared with the purchase price and, if applicable, the amount paid for a minority stake and the time value of a stake already held at the time of the acquisition. A remaining positive value is capitalised as goodwill, a remaining negative value is shown as income in the profit and loss account under the item “Acquisition at Prices Below Market Value”. Any acquisition costs are accounted for as expenses. The amount for minorities is, if not stated otherwise, shown as the pro-rata share of net assets of the company without goodwill.

The reporting currency of Pankl Group is the Euro. Subsidiaries prepare their financial statements in their functional currencies. Assets and liabilities which are included in the consolidated financial statements are translated into Euros using the mid exchange rate at the balance sheet date. Items of the profit and loss account are translated into Euros using the average exchange rate for the fiscal year. Resulting foreign exchange profits and losses are shown in the Other Results. Foreign exchange differences from long-term financial receivables which represent net investments in foreign businesses are shown in the Other Results.

The table below shows the foreign exchange rates which are important for Pankl Group, and which were used for the currency translation into the reporting currency:

	Year-end rate		Average rate	
in €	31.12.2024	31.12.2023	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
US-Dollar	1,0389	1,1050	1,0808	1,0829
British Pound	0,8292	0,8691	0,8450	0,8688
Japanese Yen	163,0600	156,3300	164,0558	153,1758
Chinese Renminbi Yuan	7,5833	7,8509	7,7733	7,6839

8. CHANGES IN THE SCOPE OF CONSOLIDATION

In the year 2024, the number of consolidated companies developed as follows:

	Fully consolidated companies
31.12.2023	12
Additions in the scope of consolidation	0
Deductions	0
31.12.2024	**12**
of which foreign companies	*8*

III. SEGMENT REPORTING

The business activities of the company are managed in the business segments Racing / High-Performance (mainly engine and drivetrain components for motor racing and the luxury automotive industry), Aerospace (mainly drivetrain systems for the helicopter market) and Other (investment and financing companies). The breakdown in business segments and the presentation of segment results follows the Management Approach according to IFRS 8 and the internal reporting of the management information system to the Management Board as the chief operating decision maker

Racing/High Performance

In the Racing / High Performance Segment, Pankl focuses on the development, design and production of engine and drivetrain systems for motor racing and the high performance automotive market. Production facilities are in Austria, Germany, the UK, China, Slovakia, and the USA. The major geographic markets are Germany, the USA, Austria, Italy, and the UK.

Aerospace

In the Aerospace Segment, Pankl serves the markets for helicopters and fixed wing aircraft with the development, design and production of drivetrain components, jet engine shafts, inflight refuelling pipes and suspension components. The production facilities of the segment are in Austria and the USA.

Sonstige

The “Other” Segment includes the business activities of holding companies.

Segment EBIT is defined as operating earnings for the period before deduction of financial results and income taxes. Apart from depreciation there were no other material non-cash expenses in the respective segments. The segment results refer to earnings before deducting minority interests.

Segment expenses and earnings refer either directly to the relevant segment or can reliably be allocated using an appropriate formula. Segment expenses and income derive either from external sources or from appropriate other segments. In principle, services rendered between segments are invoiced at market prices. Amounts, which are not directly related to a segment, mainly refer to administration, research and development costs as well as other expenses.

Segment assets refer either directly to the segment or are allocated using an appropriate formula. Write-offs are directly deducted from the appropriate assets.

Segment assets include that part of short- and long-term assets which are required for the operations of the segment. They particularly comprise intangible assets (including goodwill from acquisitions), tangible fixed assets, inventories, trade accounts receivable as well as the portion of other receivables and assets required for operations. Segment assets do not account for any deferred or other taxes.

Segment liabilities include that part of short- and long-term liabilities required for the operations of the segment. They particularly comprise provisions for personnel and other expenses, trade accounts payable as well as the portion of provisions and liabilities required for operations. Both segment assets as well as segment liabilities do not carry any interest.

Segment capital expenditure includes all historic and production costs resulting from the purchase or production of segment assets during the reporting period as well as investments in long-term financial assets.

Revenues within a segment are consolidated.

In the fiscal year 2024, segment information for the described segments was as follows:

€k	Racing/High Performance	Aerospace	Others	Total	Reconciliation	Group
01.01.2024 - 31.12.2024						
Segment revenues	333,872	47,262	5,439	386,573	-7,049	379,523
thereof intra-group sales	*1,315*	*153*	*5,581*			
thereof external sales	*332,557*	*47,108*	*-142*			
Operating earnings (EBIT)	16,000	758	-1,610	15,148		15,148
EBIT in % of segment revenues	4.8%	1.6%	-29.6%	3.9%		4.0%
Interest expenses	-6,355	-1,877	-1,257	-9,489	3,948	-5,541
Interest income	3,554	3	648	4,205	-3,948	257
Segment assets	243,720	44,713	45,250	333,684	41,131	374,814
Segment liabilities	66,238	10,425	12,602	89,265	136,332	225,597
Segment capital expenditure	20,150	998	5,269	26,417		26,417
Segment depreciation	-24,805	-1,159	-4,860	-30,825		-30,825
thereof impairments				*0*		*0*

€k	Racing/High Performance	Aerospace	Others	Total	Reconciliation	Group
01.01.2023 - 31.12.2023						
Segment revenues	371,400	40,483	6,385	418,268	-8,794	409,474
thereof intra-group sales	*1,355*	*72*	*7,366*			
Thereof external sales	*370,045*	*40,410*	*-982*			
Operating earnings (EBIT)	24,390	-1,031	1,556	24,915		24,915
EBIT in % of segment revenues	6.6%	-2.6%	24.4%	6.0%		6.1%
Interest expenses	-6,152	-1,235	-1,077	-8,464	3,142	-5,322
Interest income	2,651	2	685	3,338	-3,142	196
Segment assets	255,576	40,790	46,261	342,627	27,794	370,422
Segment liabilities	65,683	11,135	12,864	89,682	133,214	222,896
Segment capital expenditure	27,966	1,614	9,749	39,329		39,329
Segment depreciation	-24,919	-1,109	-3,921	-29,949		-29,949
thereof impairments				*0*		*0*

IV. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the consolidated profit and loss account the Cost of Sales Method was used. Revenues in connection with the sale of goods are recognised in accordance with IFRS 15 as soon as the customer can dispose of the goods. With regards to services which are provided in more than one reporting period based on a single agreement, revenues are realized depending on the degree of completion.

9. SALES REVENUES

The geographic breakdown of external revenues is based on customer domicile and was as follows:

	01.01.2024 - 31.12.2024		01.01.2022 - 31.12.2023	
€k	Revenues	Share	Revenues	Share
USA	107,351	28.3%	103,750	25.3%
Germany	79,419	20.9%	76,231	18.6%
Austria	71,831	18.9%	103,744	25.3%
United Kingdom	34,908	9.2%	32,647	8.0%
Italy	26,010	6.9%	31,139	7.6%
France	13,404	3.5%	15,114	3.7%
Asia	3,149	0.8%	2,801	0.7%
Others	43,452	11.4%	44,048	10.8%
Total	**379,523**	**100.0%**	**409,474**	**100.0%**

Expected revenues from customer contracts, which were concluded as an obligation in 2024 or earlier periods and which were not or only partly completed amounted to €0k for the fiscal year 2024 (2023: €0k). Pankl Group applies the exception of IFRS 15.121 which allows not to show expected revenues from customer contracts if these contracts have a maturity of up to one year. Most revenues are realized at a point in time, with time-related realization only being of minor importance.

10. COST OF GOODS SOLD

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Material expenses and expenses for external services	140,044	160,308
Personnel expenses	113,486	112,560
Depreciation of intangible assets and tangible fixed assets	24,177	23,501
Other operating expenses	25,954	29,453
Total	**303,661**	**325,821**

11. DISTRIBUTION EXPENSES

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Personnel expenses	14,013	13,519
Depreciation of intangible assets and tangible fixed assets	782	753
Other operating expenses	5,495	5,726
Total	**20,290**	**19,997**

12. RESEARCH AND DEVELOPMENT EXPENSES

In 2024, the research and development expenses shown in the profit and loss account amounted to €27,441k (2023: €24,187k). These expenses were not capitalized because the future economic benefits cannot be assessed with sufficient certainty.

13. ADMINISTRATION EXPENSES

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Personnel expenses	26,158	25,250
Depreciation of intangible assets and tangible fixed assets	5,865	5,694
Other operating expenses	13,632	13,472
Total	**45,655**	**44,416**

14. OTHER OPERATING EXPENSES

Other operating expenses amounted to €1,458k (2023: €522k) and contained primarily customer receivables write-offs in the amount of €1,371k.

15. OTHER OPERATING INCOME

Other operating income amounted to €6,689k (2023: €6,197k) and contained primarily subsidies and other contributions amounting to €4,805k (2023: subsidies and other contributions €4,373k), which referred primarily to R&D grants for Austrian companies.

16. FINANCIAL RESULTS AND INCOME FROM EQUITY INVESTMENTS

The financial results and income from equity investments amounted to as follows:

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Interest and similar income	257	196
Foreign exchange differences	903	0
Financial income	**1,160**	**196**
Interest and similar expenses	-5,541	-5,322
Foreign exchange differences	0	-829
Other financial expenses	-1,380	-1,386
Financial expenses	**-6,921**	**-7,537**
Financial results	**-5,761**	**-7,341**

The other financial expenses contained primarily bank charges and expenses from adding on interest to personnel provisions.

17. INCOME TAXES

Income tax expenses are broken down in current and deferred taxes as follows:

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Current tax expenses	-3,879	-4,675
Deferred tax expenses	769	704
Income taxes	**-3,110**	**-3,972**

The companies of Pankl Group were included in the Pierer Konzerngesellschaft mbH Group from the 2014 tax assessment onwards. The appropriate tax rate according to Austrian law is 23% (2023: 24%). The corporation tax rates of foreign subsidiaries range from 21% to 30%.

The reconciliation between the expected income tax expense using the Austrian corporation tax rate of 23% on earnings before tax and the actual income tax expense as shown in the consolidated financial statements is as follows:

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Earnings before income taxes	9,387	17,574
Implied 23% income taxes thereof	*2,159*	*4,218*
Impacts of foreign tax rates	119	37
Permanent differences and tax calculation adjustments	-1,111	-703
Tax loss carryforwards not accounted for in previous years	-1,203	0
Taxes from previous years	131	-23
Not capitalized tax loss carryforwards of foreign subsidiaries	1,388	662
Other impacts	1,626	-219
Effective tax expenses	**3,110**	**3,972**

Other impacts mainly refer to the write-off of recorded tax subsidies in Slovakia.

18. EARNINGS PER SHARE AND DIVIDEND PROPOSAL

The number of shares of Pankl Racing Systems AG in issue amounts to 3,080,000. As of 31.12.2024, the company did not hold any own shares. In the fiscal year 2024, earnings per share amounted to €2.02.

		01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Earnings after income taxes	€k	6,277	13,602
Earnings after taxes attributable to the parent's shareholders	€k	6,223	13,554
Average number of shares in issue	Shares	3,080,000	3,080,000
Undiluted = fully diluted earnings per share	€ per share	2,02	4,40

Austrian Companies Law requires the unconsolidated financial statements of Pankl Racing Systems AG as of 31.12.2024 prepared in accordance with the Austrian accounting regulations to be the basis of the dividend distribution.

It is proposed for the fiscal year 2024, that Pankl Racing Systems AG pays out of a balance sheet profit of €30,446k a dividend of €0.36 per share (amounts to €1,100k in total) and to carry the remainder forward for new account.

The Minimum Taxation Act ("MinBestG"), which entered into force in Austria on 31.12.2023, implemented the OECD Model Tax Regulations and the corresponding EU Directive on ensuring a global minimum taxation of corporate groups ("Pillar Two") into Austrian law. The MinBestG is applicable for fiscal years beginning on or after 31.12.2023. Since the company belongs to the consolidation group of Pierer Konzerngesellschaft mbH, Wels, which exceeds the relevant revenue thresholds according to the MinBestG, the company has been subject to the corresponding legal provisions since 01.01.2024.

In the current fiscal year, no tax expense was recorded under the MinBestG or comparable foreign tax laws. Based on current knowledge, no significant additional tax burden resulting from the MinBestG or comparable foreign tax laws is expected in subsequent years.

19. AUDIT EXPENSES

In the reporting period, the expenses incurred by the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft amounted to €249k (2023: €229k) for the annual and group audit and €9k (2023: €5k) for advisory and other services.

20. EMPLOYEES

The average number of employees developed in the year as follows:

Average headcount for the year	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Employees by segments		
Racing / High Performance Segment	2,192	2,242
Aerospace Segment	200	177
Employees by geographic region		
Austria	1,609	1,597
Slovakia	301	340
USA	266	263
United Kingdom	59	53
Germany	33	34
Asia	124	132
Employees by type of employment		
Blue-collar workers	1,523	1,567
White collar employees	869	852
Total	**2,392**	**2,419**

In the fiscal year 2024, personnel expenses amounted to €153,657k (2023: €151,329k).

V. NOTES TO THE CONSOLIDATED BALANCE SHEET

21. GOODWILL

Goodwill is not amortised on a straight-line basis but is subject to an impairment test every year. If required, impairments are recorded in the profit and loss account. Goodwill is allocated to cash generating units (CGUs) to carry out impairment tests. Impairment charges are defined by the difference between the book value carried forward (including the allocated goodwill) and the utilisation value, which is the present value of future estimated cash flows before tax. If this utilisation value is lower than the book value carried forward, an impairment charge for the difference shall be applied. Any additional required amortisations shall be allocated to the remaining assets of the CGU proportionally to the book values.

Cash flows used for impairment tests are based on the current five-year medium-term plan (2023: five-year plan). After the detailed planning period, the cash flow planned for the last year of the planning period is used as the basis for the calculation of a perpetual annuity. The discount rate is derived from external capital markets data and represents the weighted average cost of capital (WACC). The mid-term plan is based on internal assumptions regarding future revenues, prices and expenses, future access to new markets and product mix. Such assumptions are based on long-term experience and management expectations.

The discount rate before taxes amounted to 11.0% (2023: 11.6%). A growth factor of 1% was assumed for the perpetual annuity.

As in the previous year, no goodwill was written off in the 2024 fiscal year.

The capital cost rate and the future planned free cash flows are used to analyse the sensitivity of the planning parameters. The following increases of WACC before tax or the following decreases of future planned free cash flows can be absorbed and the results for the cash flow generating units still equal their book value:

	2024		2023	
Cash flow generating unit	**WACC**	**Free cash flow**	**WACC**	**Free cash flow**
Racing - Drivetrain	7,9%	-49,0%	8,5%	-50,9%
Racing - Engine Europa	8,6%	-51,6%	9,0%	-55,1%
Racing - Engine USA	5,0%	-34,5%	3,1%	-25,5%
High Performance	3,3%	-31,0%	3,3%	-25,1%
Aerospace	1,3%	-15,0%	0,4%	-4,8%

Goodwill, its development, and its breakdown in CGUs was as follows:

€k	31.12.2024	31.12.2023
Racing - Engine Europe	4,632	4,500
Racing - Engine USA	4,691	4,454
High Performance	1,463	1,463
Aerospace	2,023	2,022
Total	**12,809**	**12,438**

Goodwill €k	**01.01.2024 - 31.12.2024**	**01.01.2023 - 31.12.2023**
Historic cost per 01.01.	15,682	15,765
Foreign exchange differences	362	-83
Changes in scope of consolidation	0	0
Additions	0	0
Deductions	0	0
Reclassifications	0	0
Historic cost per 31.12.	**16,044**	**15,682**
Cumulated depreciation per 01.01.	-3,244	-3,239
Foreign exchange differences	9	-5
Changes in scope of consolidation	0	0
Additions	0	0
Appreciations	0	0
Deductions	0	0
Reclassifications	0	0
Cumulated depreciation per 31.12.	**-3,235**	**-3,244**
Book value per 31.12.	**12,809**	**12,438**

22. OTHER INTANGIBLE ASSETS

Intangible assets are valued at historic or production cost minus depreciation in the same way as fixed tangible assets. Scheduled depreciation is calculated using the straight-line method and the following useful lives:

Depreciation	Useful lives
Intangible assets	2 - 4 years

The breakdown of intangible assets and their development during the fiscal years 2024 and 2023 is shown in the tables below:

€k	Customer base	Other intangible assets	Total
01.01.2024 - 31.12.2024			
Historic cost per 01.01.	1,804	10,534	12,338
Foreign exchange differences	18	98	116
Changes in scope of consolidation	0	0	0
Additions	0	1,204	1,204
Deductions	0	-504	-504
Reclassifications	0	49	49
Historic cost per 31.12.	**1,822**	**11,381**	**13,204**
Cumulated depreciation per 01.01.	-1,804	-8,902	-10,706
Foreign exchange differences	-18	-53	-71
Changes in scope of consolidation	0	0	0
Additions	0	-612	-612
Appreciations	0	0	0
Deductions	0	504	504
Reclassifications	0	0	0
Cumulated depreciation per 31.12.	**-1,822**	**-9,063**	**-10,886**
Book value per 31.12.	**0**	**2,318**	**2,318**
01.01.2023 - 31.12.2023			
Historic cost per 01.01.	1,796	11,215	13,011
Foreign exchange differences	8	-80	-72
Changes in scope of consolidation	0	0	0
Additions	0	374	374
Deductions	0	-984	-984
Reclassifications	0	9	9
Historic cost per 31.12.	**1,804**	**10,534**	**12,338**
Cumulated depreciation per 01.01.	-1,796	-9,410	-11,206
Foreign exchange differences	-8	56	49
Changes in scope of consolidation	0	0	0
Additions	0	-532	-532
Appreciations	0	0	0
Deductions	0	984	984
Reclassifications	0	0	0
Cumulated depreciation per 31.12.	**-1,804**	**-8,902**	**-10,706**
Book value per 31.12.	**0**	**1,632**	**1,632**

Additions to intangible assets include capital expenditure of €45k (2023: €0k) with no cash impact yet on the balance sheet date. In the cash flow statement, there is a positive impact of €45k in the cash flow from investment activities because of capital expenditure with no cash impact yet on the balance sheet date.

There are future payment obligations amounting to €25k (2023: €3k) for the purchase of intangible fixed assets.

23. FIXED ASSETS

Fixed assets are valued at historic or production cost minus depreciation. Scheduled depreciation is calculated using the straight-line method and the following useful lives. Investment grants for property, plant and equipment are recognized over the expected useful life of the property, plant and equipment in accordance with IAS 20. The net presentation according to IAS 20 is applied, i.e., grants for non-current assets are deducted from the carrying amount of the asset in the consolidated balance sheet.

Depreciation	Useful lives
Buildings	10 - 50 years
Plants and machinery	2 - 10 years
Forging press	5 - 25 years
Other fixed assets	3 - 5 years

Rights-of-use assets are accounted for using their fair value or the lower net present value of expected future leasing payments. These assets are amortised evenly over their economic life or, if shorter, over the term of the leasing contract. Leasing payments are broken down in an interest and a repayment component. Such assets are shown under fixed assets, the appropriate payment obligations under financial liabilities. The interest component of the leasing payment is shown directly in the consolidated profit and loss account.

The breakdown of fixed assets and their development during the fiscal years 2024 and 2023 is shown in the tables below:

€k	Land and buildings	Plants and machinery	Other fixed assets and prepayments	Rights-of-use	Total
01.01.2024 - 31.12.2024					
Historic cost per 01.01.	78,974	241,819	45,003	44,683	410,479
Foreign exchange differences	165	2,540	531	1,026	4,262
Changes in scope of consolidation	0	0	0	0	0
Additions	1,072	4,984	14,891	3,909	24,856
Deductions	-60	-3,284	-3,515	-898	-7,757
Reclassifications	1,404	4,311	-4,123	-1,642	-49
Historic cost per 31.12.	**81,554**	**250,370**	**52,787**	**47,078**	**431,789**
Cumulated depreciation per 01.01.	-40,848	-169,478	-31,575	-18,778	-260,680
Foreign exchange differences	-138	-1,763	-388	-542	-2,831
Changes in scope of consolidation	0	0	0	0	0
Additions	-2,712	-17,221	-3,838	-6,440	-30,212
Appreciations	0	0	0	0	0
Deductions	60	3,258	3,409	1,126	7,853
Reclassifications	0	-984	0	984	0
Impairments	0	0	0	0	0
Cumulated depreciation per 31.12.	**-43,638**	**-186,188**	**-32,393**	**-23,651**	**-285,870**
Book value per 31.12.	**37,916**	**64,181**	**20,394**	**23,427**	**145,919**
01.01.2023 - 31.12.2023					
Historic cost per 01.01.	78,211	227,815	50,776	33,768	390,569
Foreign exchange differences	-73	-1,269	379	-600	-2,321
Changes in scope of consolidation	0	0	0	0	0
Additions	496	13,390	10,893	14,176	38,956
Deductions	-347	-9,271	-6,180	-915	-16,714
Reclassifications	687	11,153	-10,106	-1,746	-11
Historic cost per 31.12.	**78,974**	**241,819**	**45,003**	**44,683**	**410,479**
Cumulated depreciation per 01.01.	-38,307	-161,179	-33,238	-15,980	-248,704
Foreign exchange differences	62	847	259	252	1,420
Changes in scope of consolidation	0	0	0	0	0
Additions	-2,950	-17,096	-4,157	-5,213	-29,416
Appreciations	0	0	0	0	0
Deductions	347	9,183	5,566	922	16,018
Reclassifications	0	-1,233	-6	1,241	2
Impairments	0	0	0	0	0
Cumulated depreciation per 31.12.	**-40,848**	**-169,478**	**-31,575**	**-18,778**	**-260,680**
Book value per 31.12.	**38,126**	**72,341**	**13,428**	**25,904**	**149,799**

In the fiscal year 2024, additions to rights-of-use assets contained an amount of €3,909k (2023: €14,176k) which had no cash impact on the balance sheet date. Item 44 (lessee in leasing contracts) contains further details.

Additions to other fixed assets include capital expenditure of €4,200k (2023: €1,364k) with no cash impact yet on the balance sheet date. In the cash flow statement, there is a positive impact of €2,836k in the cash flow from investment activities because of capital expenditure with no cash impact yet on the balance sheet date.

At the balance sheet date, fixed assets amounting to €27,250k (2023: €30,038k) are recorded in land registries or are used as collateral or for deposited pledge certificates primarily for liabilities against banks and leasing companies.

In the fiscal year 2024, public subsidies for capital expenditure in the amount of €335k (2023: €327k) were recorded in the profit and loss account as a reduction in depreciation.

There are future payment obligations amounting to €13,490k (2023: €13,463k) for the purchase of fixed assets.

24. OTHER LONG-TERM ASSETS (FINANCIAL ASSETS)

The other long-term assets developed as follows:

€k	Granted loans	Total
01.01.2024 - 31.12.2024		
Historic cost per 01.01.	11	11
Foreign exchange differences	3	3
Changes in the scope of consolidation	0	0
Additions	358	358
Deductions	-6	-6
Reclassifications	0	0
Historic cost per 31.12.	**366**	**366**
Book value per 31.12.	**366**	**366**
01.01.2023 - 31.12.2023		
Historic cost per 01.01.	15	15
Foreign exchange differences	-1	-1
Changes in the scope of consolidation	0	0
Additions	0	0
Deductions	-3	-3
Reclassifications	0	0
Historic cost per 31.12.	**11**	**11**
Book value per 31.12.	**11**	**11**

25. DEFERRED TAX ASSETS

For business transactions which are already recorded in the consolidated financial statements or in the financial statements drawn up for taxation purposes, deferrals and accruals for deferred taxes shall be formed regarding expected future tax impacts (temporary differences). Deferred taxes for tax losses carried forward shall be formed depending on timely realizability. Deferred tax assets and liabilities within one tax regime shall be netted. Differences referring to valuations of subsidiaries and at-equity consolidated participations versus group equity are only accounted for if their reversal is probable during a defined time-period. The calculation is based on the common corporation tax rate in the respective country at the time of the expected reversal of the value.

Deferred tax assets and liabilities are shown for the following balance sheet positions:

€k	31.12.2024	31.12.2023
Deferred tax assets		
Short-term assets	3,261	2,542
Long-term assets		
Plants	97	29
Tax loss carryforwards	5,531	5,090
Short-term debt	262	273
Long-term debt	3,764	3,821
Total	**12,915**	**11,755**
Netting due to same tax regime	-6,682	-6,493
Deferred taxes according to the balance sheet	**6,233**	**5,262**
Deferred tax liabilities		
Short-term assets	-3,149	-2,894
Long-term assets		
Plants	-4,125	-4,187
Short-term debt	0	0
Long-term debt	0	0
Total	**-7,274**	**-7,081**
Netting due to same tax regime	6,682	6,493
Deferred taxes according to the balance sheet	**-592**	**-588**

As of 31.12.2024, there was a deferred tax receivable of €1,314k (2023: deferred tax liability €169k) in connection with shares held in subsidiaries. This liability was not recognised because the Group is able to define dividend policies of subsidiaries. The Group hence controls when such temporary differences are reversed. The Management Board does not expect any reversals in the foreseeable future.

In the fiscal year 2024, deferred taxes developed as follows:

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Net deferred taxes per 01.01.	4,674	3,808
Deferred taxes recorded in the profit and loss account	769	704
Deferred taxes not recorded in the profit and loss account	141	196
thereof from foreign exchange differences	*57*	*-34*
Net deferred taxes per 31.12.	**5,641**	**4,674**

In the fiscal year 2024, Pankl Group had the following capitalised tax losses carried forward:

	31.12.2024			31.12.2023		
€k	Tax loss carryforward	Potential deferred tax assets	Booked deferred tax assets	Tax loss carryforward	Potential deferred tax assets	Booked deferred tax assets
Tax group Austria	20,041	4,609	2,759	14,552	3,347	2,804
Tax group USA	12,618	3,120	2,406	13,074	3,141	1,086
Total	**32,659**	**7,729**	**5,166**	**27,626**	**6,488**	**3,890**

Deferred tax assets were recognised where utilisation is expected within the current planning period 2025 until 2029 for parts of the Austrian and the US tax losses carried forward.

The deferred taxes on the tax incentive granted in Slovakia as an investment incentive were fully written down in 2024. As of 31.12.2024, the following deferred taxes were taken into account for loss carryforwards:

	31.12.2024			31.12.2023		
€k	Tax subsidy	Potential deferred tax assets	Booked deferred tax assets	Tax subsidy	Potential deferred tax assets	Booked deferred tax assets
Slovakia	1,521	365	365	5,715	1,200	1,200

Recorded deferred tax assets from tax losses carried forward or granted public subsidies are calculated based on the current five-year plan. This plan is presented to and acknowledged by the Supervisory Board. Impairments shall be required in the future if there are deviations from the plan and part of the tax losses carried forward or public subsidies cannot be utilised.

Apart from the positions mentioned, there are no uncertainties regarding income taxes. Per 31.12.2024, there are no contingent assets or liabilities with regards to taxes.

26. INVENTORIES

On the balance sheet date, inventories are valued at the lower of historic or production cost or net selling price (Lower of Cost or Net Realizable Value). Net selling price is the expected selling price minus expected distribution expenses. Inventories are valued using the Weighted Average Pricing Procedure, which uses a days-of-inventory analysis where impairments are carried out for restricted usability, and the Identity Price Method. On a case-by-case basis, inventories are also analysed regarding their economic usefulness and additional impairments are applied for long storage periods or limited sales prospects.

Historic costs include all expenses, which are necessary to put the good in the required order and location to be used. Historic and production costs include direct material and production expenses based on normal capacity utilization as well as appropriate fixed and variable indirect material and production overheads. Indirect administration and distribution expenses are not part of the historic production expenses. Cost for debt capital is not capitalised because inventories are not qualified assets in accordance with IAS 23.

Inventories developed as follows:

€k	31.12.2024	31.12.2023	Change
Raw and process materials	57,006	54,037	5,5%
Semi-finished products	35,581	36,160	-1,6%
Finished products	22,811	19,615	16,3%
Total	**115,398**	**109,812**	**5,1%**

In the fiscal year 2024, inventory write-offs of €10,398k (2023: €7,299k) were recorded for products where the net selling value was lower than historic or production cost. As of 31.12.2024, the book value of inventories valued at net selling price amounted to €3,354k (2023: €2,548k).

At the balance sheet date, inventories in the amount of €0k (2023: €0k) were pledged or restricted in their availability.

27. TRADE ACCOUNTS RECEIVABLE

As of 31.12.2024, trade accounts receivable amounted to, as follows:

€k	31.12.2024	31.12.2023
Trade accounts receivable	34,836	44,738
Thereof against associated companies	*0*	*0*
Total	**34,836**	**44,738**

General and specific value adjustments to receivables developed as follows:

€k	Trade accounts receivable incl. contract assets
Balance per 01.01.2023	**1,194**
Foreign exchange differences	-12
Additions	286
Utilisations	0
Reversals	-122
Balance per 31.12.2023	**1,346**
Foreign exchange differences	37
Additions	1,450
Utilisations	0
Reversals	-401
Balance per 31.12.2024	**2,432**

As of 31.12.2024, there were specific value adjustments for trade accounts receivable of €2,250k (31.12.2023: €1,168k).

28. SHORT-TERM RECEIVABLES AND OTHER ASSETS

Short-term receivables and other assets developed as follows:

€k	31.12.2024	31.12.2023
Receivables from derivatives	255	679
Other receivables and assets	6,223	9,685
Deferred assets	2,886	2,025
Contract assets	11,863	10,370
Total	**21,226**	**22,759**

Contract assets can be reconciled as follows:

€k	Contract assets
Balance per 01.01.2023	**10,523**
Reclassifications to trade accounts receivable	-10,376
Contract assets additions	10,473
Additions due to changes in the assessment of the degree of completion	0
Impairment changes	-22
Foreign exchange differences	-228
Balance per 31.12.2023	**10,370**

€k	Contract assets
Balance per 31.12.2023	**10,370**
Reclassifications to trade accounts receivable	-10,413
Contract assets additions	11,893
Additions due to changes in the assessment of the degree of completion	0
Impairment changes	-31
Foreign exchange differences	45
Balance per 31.12.2024	**11,863**

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at hand, cash in banks, cheques and are valued at fair value at the balance sheet date. They also include fixed deposits with a maturity of not more than 3 months from the date of acquisition.

In the Cash Flow Statement and in Chapter VI of the Notes to the Consolidated Financial Statements, there are further details regarding the development of cash and cash equivalents.

30. CONSOLIDATED SHAREHOLDERS' EQUITY

The development of consolidated shareholders‘ equity is shown in detail under the item „Schedule of Consolidated Shareholders‘ Equity".

Capital reserves consist primarily of share premiums which were generated when Pankl shares were issued and from capital decreases when own shares were cancelled. Retained earnings show the net profit of the period, results carried forward from previous years, actuarial results, and results from foreign exchange translations.

In October 2017, Pankl Racing Systems AG issued a subordinated perpetual bond with a nominal value of €10,000k and a coupon of 5.00% p.a. to strengthen its capital position and to finance acquisitions in its core holdings which were carried out in 2017. This bond is shown as shareholders' equity because its proceeds are available to Pankl Racing Systems AG without restrictions and there are no termination rights for the bond holders. In accordance with IAS 32.20 there is no effective repayment obligation.

The perpetual bond is characterised as a partial debenture without collateral which ranks behind all existing and future unsecured unsubordinated liabilities of Pankl Racing Systems AG. The Company shall only pay interest, if a dividend or other distribution to shareholders is resolved, other subordinated liabilities or shareholder loans are redeemed or interest on shareholder loans is paid.

Reserves from foreign exchange differences are all exchange differences which result from the translation of the financial statements of foreign subsidiaries from the foreign currency to the Euro.

The IAS 19 reserve contains actuarial losses from provisions for severance payments. As of 31.12.2024, the IAS 19 reserve amounted to €-628k (2023: €-483k) including the share of minorities.

Minorities contain the shares of third parties in the equity of consolidated subsidiaries. These refer to a minority stake in Pankl Immobilienverwaltungs GmbH.

31. FINANCIAL LIABILITIES

€k	31.12.2024	31.12.2023
Long-term loans	63,546	81,511
Long-term finance lease liabilities	17,352	19,587
Short-term loans and short-term portion of long-term loans	75,272	54,171
Short-term finance lease liabilities	6,670	6,179
Financial liabilities	**162,840**	**161,448**

Long-term loans as well as short-term loans and short-term portion of long-term loans are against financial institutions and the Austrian research promotion agency.

During the fiscal year, liabilities to banks amounting to €17,700k were reclassified from long-term to short-term. The reclassification primarily relates to export promotion loans, which are generally available for the long term but provide for a possible contractual right of termination under certain circumstances.

32. LIABILITIES FOR EMPLOYEE BENEFITS

The valuation of employee benefits with regards to severance payments is carried out in accordance with IAS 19 (Employee Benefits) using the Projected Unit Credit Method based on an actuarial procedure. This present value calculation considers the known entitlements at the balance sheet date and future expected salary increases. The net present value of the benefit entitlement (Defined Benefit Obligation or DBO) is calculated and compared with the fair value of the plan assets at the balance sheet date.

Austrian law requires companies to pay employees that started employment before 1 January 2003 a one-off severance payment in the case of redundancy or retirement. The amount of such payment depends on the number of years served in the company and the appropriate salary. For all employees who entered service after 31.12.2002, the Company pays a monthly amount of 1.53% of the salary into a retirement fund. These amounts are invested in an account belonging to the respective employee. When the employment ends, the amount is paid to the employee, or the entitlement is passed on. The Company is only required to pay the monthly amounts which are shown as expenses in the profit and loss account in the year to which the payments refer (Defined Contribution Obligation). For employees of the Austrian Group companies, who started service from 01.01.2003 defined contributions amounting to 1.53% of wages and salaries are paid into a state approved employee pension fund. In the past fiscal year an amount of €1,216k (2023: €1,096k) was paid.

Year-end differences (actuarial profits or losses) net of deferred taxes between the fair value of severance pay obligations and the actual net present values of the entitlements are shown directly in the Other Results.

The provision for severance payments as shown in the balance sheet developed as follows:

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Net present value of obligation (DBO) = provision for severance payments	**5,415**	**5,691**
+ Current service cost	117	139
+ Interest expense	214	235
- Actual severance payments in the fiscal year	-182	-778
- Profit / loss DBO for past service expenses	0	-49
+/- Transfers	0	-94
+/- Actuarial profits and losses	187	271
= **Provision for severance payments per 31.12.**	**5,751**	**5,415**

As of 31.12.2024, the provision for severance payments contains a voluntary portion in the amount of €1,046k. (2023: €855k).

As of 31.12.2024, duration amounted to 11.88 years (2023: 12.32 years). Actuarial profits / losses consisted of the following:

€k	2024	2023
Change of expected values	25	765
Change of demographic assumptions	2	-20
Change of financial assumptions	159	-474
= **Actuarial profit / loss**	**186**	**271**

The valuation of the obligation is based on the following assumptions:

	2024	2023
Actuarial interest rate	3.50%	4.48%
Increases in wages / salaries	2.75%	3.50%
Pension age (years) for women / men	60-65 years with transitional rules	60-65 years with transitional rules

The actuarial interest rate is defined based on the very long average maturities and the high average remaining life expectancy. The discount rate represents market yields of prime-rated corporate bonds with fixed coupons at the balance sheet date.

Employee fluctuation is calculated in a company specific manner and considers employee ages and number of service years. Actuarial valuations are based on country-specific mortality tables. Pension age is defined by the legal pension ages of the respective countries.

As of 31.12.2024, a change (+/- 0.5 percentage points) of the actuarial interest rate and the wages / salaries increases has the following impacts on the net present value of the future payments:

	Net present value of obligation	
Parameter	**-0.5 %-points**	**+0.5 %-points**
Actuarial interest rate	6.2%	-5.8%
Expected wages / salaries increases	-5.8%	6.2%

For the fiscal year 2025, we expect current service cost of €135k. The expected duration will be 10.92 years.

33. OTHER SHORT- AND LONG-TERM DEBT

Other short-term debt amounted to €4,632k (2023: €4,293k) and contains provisions for anniversary bonuses in the amount of €4,488k (2023: €4,185k) which can be reconciled as follows:

€k	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Net present value of obligation (DBO) = provision for anniversary bonuses	**4,185**	**3,794**
+ Current service cost	256	270
+ Interest expenses	167	162
- Actual bonus payments for the fiscal year	-176	-105
- Profit / Loss DBO for past service expenses	0	0
+/- Adjustments due to changes in the assessment parameters	56	64
= **Provision for anniversary bonuses per 31.12.**	**4,488**	**4,185**

The valuation of the provision for anniversary bonuses is based on the following assumptions:

	2024	2023
Actuarial interest rate	3.50%	4.48%
Expected wages / salaries increases	2.75%	3.50%
Pension age (years) for women / men	60-65 years with transitional rules	60-65 years with transitional rules

The other short-term liabilities consisted of the following:

€k	31.12.2024	31.12.2023
Liabilities from unconsumed holiday entitlements	3,182	3,275
Liabilities from the accrual of outstanding invoices	4,179	6,200
Liabilities for payments to employees	2,867	5,528
Contract liabilities	8,096	1,293
Other	6,978	6,700
Total	**25,302**	**22,996**

The position „Other“ contains, in particular, liabilities from outstanding salaries and social security contributions.

Contract liabilities contain primarily prepayments from customers and provisions for customer bonuses and can be reconciled as follows:

€k	Contract Liabilities
Balance per 01.01.2024	**1,293**
Realised revenues included in the balance of contract liabilities at the start of the period	-1,109
Deductions through payment of customer bonuses	-183
Additions through received customer prepayments	8,069
Additions through accrued expected bonus payments to customers	84
Other impacts	-60
Foreign exchange differences	1
Balance per 31.12.2024	**8,096**

34. PROVISIONS

The Group forms provisions for warranties and guarantees with regards to known or expected individual cases.

Provisions are formed if Pankl Group has a probable legal or actual obligation towards third parties that may result in a future payment. The provision amount is estimated based on the expected future cash flow.

Estimates for future expenses are inevitably subject to several uncertainties, which may lead to an adjustment of a formed provision. Actual expenses for such measures may exceed the amount provided for in an unexpectable manner.

In the fiscal year 2024, provisions developed as follows:

€k	31.12.2023	Additions	Reversals / utilisations	Currency translation	31.12.2024
Short-term warranties and guarantees	173	867	-824	22	238
Long-term warranties and guarantees	190	860	0	7	868
Obligations for remedial actions	190	0	1	9	199
Total	**363**	**1,727**	**-824**	**38**	**1,304**

€k	31.12.2022	Additions	Reversals / utilisations	Currency translation	31.12.2023
Warranties and guarantees	249	-38	-38	0	173
Obligations for remedial actions	186	0	0	4	190
Total	**435**	**-38**	**-38**	**4**	**363**

VI. NOTES TO THE CASH FLOW STATEMENT

Changes of balance sheet items which are shown in the cash flow statement cannot be directly derived from the balance sheet because non-cash impacts are neutralised.

The changes of financial liabilities as shown in the balance sheet can be reconciled with the values in the cash flow statement as follows:

€k	Long-term loans	Short-term loans	Loans	Lease liabilities
Balance per 01.01.2024	**81,511**	**54,171**	**135,682**	**25,767**
Changes with cash impact				
+ Increases	15,408	0	15,408	0
- Repayments	-24,854	-600	-25,454	-6,418
+/- Reclassifications	-8,552	8,552	0	9
+/- Changes of current account balances	0	13,140	13,140	0
+/- Other	5	0	5	-4
Changes without cash impact				
+ Increases	0	0	0	4,151
+/- Valuation	30	9	39	517
Balance per 31.12.2024	**63,546**	**75,272**	**138,819**	**24,022**

VII. RISK REPORT

35. RISK MANAGEMENT

Pankl Group acts globally and is hence confronted with many macroeconomic risks. These include market risks, sector-specific risks, information technology, and financial risks. Management Board and Supervisory Board are regularly informed about risks which may have a material impact on business development. Management takes timely measures to avoid and minimise risks and to protect from risks.

Accounting processes contain a company specific internal control system which includes basic principles such as separation of functions and the four-eyes principle. Internal and external audits make sure that processes are continuously improved and optimized.

Economic uncertainty in Europe led to the Pankl Group's failure to record growth last year. In particular, rising costs and weaker demand posed challenges. However, the company has taken measures to adapt to the changing market conditions and mitigate potential risks at an early stage. Through forward-looking management, a flexible corporate strategy, and continuous optimization of internal processes, Pankl ensures that future growth opportunities can be exploited.

36. MARKET RISKS

36.1. ECONOMIC RISKS

Pankl Group is significantly affected by rule changes in the motor racing market in the respective racing series. These ongoing rule changes mean that there are intense research and development activities of the motor racing teams. There is the risk that Pankl may not meet the resulting challenges in a sufficient manner, but there is also the chance that Pankl may further increase market shares or strengthen a leading market position through innovations. Seasonal revenue patterns may be influenced in the various racing series by the rescheduling of test dates or season starts.

Pankl Group faces both risks and chances around electromobility. The requirement for extended ranges of electric cars means more demand for lightweight components primarily in the chassis area opening new addressable markets for Pankl. There is, however, currently uncertainty about whether and when the complete phase-out of the combustion engine will actually occur. These uncertainties present an opportunity for the Pankl Group, as demand for combustion engines and their core components could continue. However, the risk remains that research activities in the field of electromobility will not achieve the desired success if the transition to e-mobility proceeds more slowly than expected. Despite current trends, the company continues to further develop and optimize combustion engine components to secure market shares primarily in the areas of innovative engine concepts and the sports car segment and to benefit from existing demand.

The aerospace market is experiencing a period of strong demand in the commercial aircraft sector, characterized primarily by the replacement of obsolete types and secondarily by increasing demand for transport capacity. Over the next few decades, the world's commercial fleets will need to be equipped with aircraft that can run on sustainable fuels.

In the helicopter sector, a good order situation from the major US and European manufacturers can be seen in almost all segments. Stable, albeit smaller, growth rates can be seen both in the offshore sector, where specially designed twin engines are used, and in the single-engine sector.

Military budgets have been increased massively in recent years due to the changed geopolitical situation and procurement programs are in various stages of implementation. Since the requirements for military platforms are usually very specific and special developments are often required, the implementation time can be considerably longer. This leads to delays in the placing of orders to the supplier industry.

36.2. COMPETITION AND PRICE PRESSURES

The European market is currently in recession, which is significantly complicating the economic environment. The sharp rise in energy and personnel costs, in particular, is burdening the industry and impacting the competitiveness of many companies. Furthermore, volatile raw material prices and an increase in insolvencies along the supply chain are leading to increased risks and uncertainties. These factors significantly impair medium- and long-term planning. Despite necessary price adjustments by Pankl Group, delays and declines in orders cannot be ruled out. The company is therefore increasingly focusing on efficiency improvements and cost control to adapt to the challenging market conditions.

Pankl has the advantage to have a broad customer portfolio. The general trend for OEMs to develop hyper cars is very positive as Pankl can benefit from its motor sports experience in this niche market. There is high demand for development projects which utilize motor racing technology.

Through active planning and consistent portfolio policy, Pankl Group continues to be seen as a reliable supplier in the industry.

37. SECTOR-SPECIFIC RISKS

37.1. CHANGES IN THE SUPPLY CHAIN

Pankl requires premium raw materials such as stainless steel, titanium and aluminium alloys for the production of its products. We obtain most of our raw materials internationally and are hence subject to many risks, including economic or political disturbances, and geopolitical conflicts. Any such issues may adversely impact our supply chains and the availability of raw materials.

Precise planning of raw material requirements remains essential to maintain a good reputation as a reliable supplier to the automotive and aerospace industries. The direct impacts of the war in Ukraine on supply chains have largely been overcome, but new challenges are now emerging. In particular, rising energy and labour costs are putting a strain on supply chains and increasing material costs. Furthermore, potential supplier insolvencies could lead to new supply bottlenecks in the future. These factors complicate medium- and long-term planning and entail the risk of production and delivery delays, as well as negative impacts on Pankl Group's business operations and operating results.

37.2. RESEARCH AND DEVELOPMENT

Due to Pankl Group's type of business, research and development activities are of major importance. In this area there are always risks that projects may not bring the desired results or that customers may not honour the effort with appropriate orders. Pankl Group aims to minimise these risks through ongoing market observation and continuously close co-ordination of development activities with customers.

38. INFORMATION TECHNOLOGY RISKS

The increasing threat to information security also poses risks for Pankl Group regarding the security of information systems and networks as well as the confidentiality of data. Ongoing further developments in IT security measures and the use of the latest IT security technologies are intended to counteract these risks. Cyber-attacks are averted using a multi-level technical concept using current security features such as an intrusion prevention system. In addition, behaviour-based security solutions are used to detect security failures. Incidents are identified and handled using an incident response process. At the same time, regular external and internal vulnerability analyses are carried out and weaknesses are countered with an established patch and update management system. Risk management measures document, evaluate, prioritize and solve issues which arise from regular external and internal security audits.

Regular global IT-security awareness campaigns are carried out to make sure that all users of IT-systems have the required knowledge and appreciation for the safe operation of their systems. For the areas data security and protection, we apply the same high-quality standards as for our products.

39. FINANCIAL RISKS

The assets, liabilities and planned transactions of Pankl Group are subject to credit, market and liquidity risks. Financial risk management aims at controlling and limiting these risks. The Management Board and the Supervisory Board are periodically informed about risks which may significantly impact business development.

The principles of financial risk management are defined by the Management Board, which also monitors compliance. Implementation is carried out by the Group Treasury and the decentralised treasury departments.

39.1. CURRENCY RISKS

The Group faces currency risks if financial assets and debt are denominated in other currencies than the local currency of the respective company. Group companies invoice primarily in their local currency and provide for funding in their local currency (EUR, USD, GBP, JPY, CNY). Foreign exchange fluctuations may lead to foreign exchange losses in the consolidated financial statements.

Foreign currency risks were assessed by a sensitivity analysis which shows the consequences of hypothetical changes in currency exchange rates on the net result (after taxes) and the equity. The calculations were based on the balance sheet positions at the balance sheet date, assuming that the risk at the balance sheet date was basically the same as during the fiscal year. The tax rate applied was the group tax rate of 23%. Furthermore, the analysis assumed that all other factors, especially interest rates, would remain constant. The analysis included the foreign currency risks of all financial instruments that are denominated in a currency other than the functional currency. Currency risks from Euro positions of subsidiaries with a functional currency other than the Euro were included in the foreign currency risk of the functional currency of the respective subsidiary. Risks from foreign non-Euro currency positions were aggregated at group level. Exchange rate-related differences from conversion of financial statements into the group currency were not taken into consideration.

Based on the assumptions mentioned above, an increase (decrease) in the value of the Euro by 10% compared to all other currencies would have resulted in a decrease (increase) in net income (after taxes) and equity in the amount of €-951k or €+951k respectively (2023: €-1,218k or €+1,218k respectively). In this analysis, the sensitivity of equity was only influenced by the sensitivity of the net income (after taxes).

39.2. INTEREST RATE RISKS

Both financial assets and financial liabilities are partly based on contracts with variable interest rates. Interest rate risks, therefore, arise from rising interest rates for interest expenses and decreasing interest rates for interest income due to a disadvantageous change in the interest rates in the debt markets.

Interest rate risks mainly derive from financial instruments with variable interest payments (cash flow risk). Interest risks of these instruments were assessed by a sensitivity analysis. This analysis shows the effect of hypothetical changes in market interest rates on the net profit (after tax) and on equity. The calculations were based on the balance sheet values at the balance sheet date. It was assumed that the risk at the balance sheet date is basically the same as during the fiscal year. The tax rate applied was the group tax rate of 23%. Furthermore, the analysis assumed that all other factors, especially exchange rates, remain constant.

Based on the assumptions mentioned above, an increase (decrease) in market interest rates by 50 basis points at the balance sheet date would have resulted in a decrease (increase) of the net income (after taxes) and equity by €-146k or €+146k respectively (2023: €-173k or €+173k respectively). The sensitivity of equity was only influenced by the sensitivity of the net income (after taxes).

39.3. CREDIT RISKS

Credit risks of trade receivables can be regarded as small as the creditworthiness of all new and existing customers is monitored continuously. Credit risks of other financial instruments shown on the assets side of the balance sheet are also regarded as small since the debtors are of highest creditworthiness. Internal guidelines define credit risks which are monitored.

The values shown on the assets side of the balance sheet represent the maximum potential loss from credit risks because there were no netting arrangements.

For the required value adjustment in accordance with IFRS 9, Pankl Group collected external ratings complemented by geographical criteria for its major customers in the Racing / High-Performance and Aerospace Segments.

The resulting credit loss probability, which was applied for the total accounts receivable balance of the respective segment developed as follows:

	31.12.2024	31.12.2023
Racing / High Performance Segment	0.30%	0.20%
Aerospace Segment	0.90%	1.10%

Applying these parameters for trade accounts receivable and contract assets resulted in the following general value adjustments for the fiscal year 2024:

	Racing / High Performance	Aerospace	Total
Balance per 01.01.2024	90	88	178
Changes	3	1	4
Balance per 31.12.2024	**93**	**89**	**182**

39.4. LIQUIDITY RISKS

A key objective of financial risk management within the Pankl Group is to ensure solvency and financial flexibility at all times. Liquidity is managed, among other things, through quarterly liquidity planning. This involves examining each subsidiary individually to ensure that it has sufficient liquidity reserves in the form of unused credit lines or cash balances at high-quality banks. These unused credit lines usually have a term of up to twelve months and are continuously extended. A rolling liquidity forecast ensures that deviations from the plan are identified early.

The maturities of financial liabilities were as follows:

€k	Valuation category to IFRS 9	Book value	Maturities: Up to 1 year	Maturities: From 1 to 5 years	Maturities: More than 5 years
31.12.2024					
Short-term loans and short-term portion of long-term loans	Financial Liabilities at Amortised Cost	75,272	75,272	0	0
Trade accounts payable	Financial Liabilities at Amortised Cost	22,064	22,064	0	0
Other short-term financial debt - finance lease liabilities	Not applicable	6,670	6,670	0	0
Other short-term financial liabilities	Financial Liabilities at Amortised Cost	7,099	7,099	0	0
Long-term finance lease liabilities	Not applicable	17,352	0	17,312	40
Long-term loans	Financial Liabilities at Amortised Cost	63,546	0	53,936	9,610
Total		**192,003**	**111,105**	**71,248**	**9,650**
31.12.2023					
Short-term loans and short-term portion of long-term loans	Financial Liabilities at Amortised Cost	54,171	54,171	0	0
Trade accounts payable	Financial Liabilities at Amortised Cost	24,087	24,087	0	0
Other short-term financial debt - finance lease liabilities	Not applicable	6,179	6,179	0	0
Other short-term financial liabilities	Financial Liabilities at Amortised Cost	11,749	11,749	0	0
Long-term finance lease liabilities	Not applicable	19,587	0	19,526	61
Other long-term debt	Financial Liabilities at Amortised Cost	108	0	108	0
Long-term loans	Financial Liabilities at Amortised Cost	81,511	0	71,185	10,326
Total		**197,392**	**96,186**	**90,819**	**10,387**

The contractually agreed (not discounted) cash flow (interest and repayments) of financial liabilities will be as follows:

		Cash flow 2025			Cash flow 2026 until 2029			Cash flow from 2030		
€k	Book value	Interest fixed	Interest variable	Repay-ment	Zinsen fix	Interest variable	Repay-ment	Zinsen fix	Interest variable	Repay-ment
31.12.2024										
Short-term loans and short-term portion of long-term loans	75,272	-534	-1,037	-75,272	0	0	0	0	0	0
Long-term loans	63,546	-1,254	-6	0	-2,919	0	-53,936	-392	0	-9,610
Trade accounts payable	22,064	0	0	-22,064	0	0	0	0	0	0
Short-term finance lease liabilities	6,670	-166	-593	-6,670	0	0	0	0	0	0
Long-term Finance Lease liabilities	17,352	-190	-45	0	-24	-797	-17,312	0	-1	-40
Other long-term debt	0	0	0	0	0	0	0	0	0	0
Other short-term financial debt	7,099	0	0	-7,099	0	0	0	0	0	0
Total	**192,003**	**-2,144**	**-1,681**	**-111,105**	**-2,943**	**-797**	**-71,248**	**-392**	**-1**	**-9,650**

		Cash flow 2023			Cash flow 2024 until 2027			Cash flow from 2028		
€k	Book value	Interest fixed	Interest variable	Repay-ment	Interest fixed	Interest variable	Repay-ment	Interest fixed	Interest variable	Repay-ment
31.12.2023										
Short-term loans and short-term portion of long-term loans	54,171	-373	-860	-54,171	0	0	0	0	0	0
Long-term loans	81,511	-1,313	-617	0	-4,558	-1,699	-71,185	-1,215	0	-10,326
Trade accounts payable	24,087	0	0	-24,087	0	0	0	0	0	0
Short-term finance lease liabilities	6,179	-369	-382	-6,179	0	0	0	0	0	0
Long-term Finance Lease liabilities	19,587	-18	-68	0	-670	-607	-19,526	0	-3	-61
Other long-term debt	108	0	0	0	0	0	-108	0	0	0
Other short-term financial debt	11,749	0	0	-11,749	0	0	0	0	0	0
Total	**197,392**	**-2,073**	**-1,927**	**-96,186**	**-5,228**	**-2,306**	**-90,819**	**-1,215**	**-3**	**-10,387**

All financial instruments that were held at the balance sheet date and where payments have already been agreed upon on a contractual basis are included. Budgeted figures for any additional future financial liabilities are not included. Working capital loans are assumed to have a 12-months term. These loans are regularly renewed and are therefore, in economic terms, available to the company for a longer period. Foreign exchange balances are converted using the exchange rate at the balance sheet date. Variable interest payments are estimated based on the most recent interest rate fixing before the balance sheet date. Financial liabilities repayable at any time are allocated to the group with the shortest maturity.

40. OTHER RISKS

40.1. LEGAL RISKS

Pankl Group distributes its products in many countries and is hence exposed to risks regarding changes of national rules, license regulations, taxes, trade restrictions, prices, income, and foreign exchange restrictions. In addition, the Group is exposed to risks with regards to political, social, and economic instabilities, inflation, and interest rate changes. To manage these risks, Pankl Group reviews respective national rules ahead of any market entry and monitors them continuously to be able to react to changes in a timely manner.

In addition, the new regulatory requirements increasingly placed on companies pose a risk. The continuously increasing number of regulations and compliance requirements require considerable additional effort from corporate management. Uncertainties often arise due to delays in the implementation of regulations or subsequent changes to existing rules. This not only leads to higher operating costs but can also create additional administrative burdens that impair efficiency and complicate long-term planning.

40.2. OPERATIONAL AND ENVIRONMENTAL RISKS

As it is not possible to eliminate all risks deriving from the force of nature, Pankl Group companies aim to minimise such risks via emergency planning and insurance cover to avoid adverse impacts on production processes.

40.3. PERSONNEL RISKS

Especially in economically uncertain times, the loss of key employees can pose a significant risk to the company. To counteract this risk, Pankl relies on efficient human resources management and the continuous implementation of personnel development programs to minimize the loss of managers and specialists. The risk of a shortage of skilled workers is minimized through a comprehensive apprenticeship program in its own training workshop. The goal is to recruit employees from the region and ensure long-term commitment to the company.

40.4. INFORMATION SECURITY AND DATA PROTECTION

Pankl considers it its duty to secure and protect the availability, confidentiality, integrity, and legal security of information. For this purpose, Pankl operates an information security management system and a data protection management system with the aim to identify and mitigate company relevant risks in the areas information security and data protection.

Pankl further provides and documents evidence for the correctness and compliance with duty of care principles when it uses or handles information. This happens for customers, suppliers, the Management Board and the managing directors of associated companies. The company identifies risks and minimises them to acceptable risk tolerance levels. The company secures protection of personal data by complying with EU General Data Protection Regulation and any national data protection rules.

VIII. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

41. BASIC PRINCIPLES

Pankl Group holds exclusively primary financial instruments apart from an interest rate swap to hedge the interest rate risk of a loan with variable interest. Primary financial instruments mainly include other financial assets, trade accounts receivable, cash in banks, financial liabilities, and trade account payables. The level of primary financial instruments held by the Group is shown in the Balance Sheet and in the Notes.

All purchases and sales of financial instruments are recorded at the completion day.

Financial instruments are initially generally valued at fair value, except for trade accounts receivable which are valued at cost. Financial instruments are removed from the balance sheet as soon as all rights to payments from the investment have ceased to exist or have been transferred and the Group has generally transferred all risks and chances connected with the instrument's ownership.

The book and fair values of derivative financial instruments can be reconciled as follows:

Type and major terms	31.12.2024			31.12.2023		
€k	**Nominal value**	**Book value**	**Fair value**	**Nominal value**	**Book value**	**Fair value**
Derivates (for hedging)						
Interest Rate Swap Maturity until 31.12.2025	10,000	0	211	10,000	0	505
Interest Rate Swap Maturity until 31.12.2025	2,000	0	44	4,000	0	171
Loan linked floor Maturity until 31.12.2025	10,000	0	0	10,000	0	2
Loan linked floor Maturity until 31.12.2025	2,000	0	0	4,000	0	1

Derivatives are valued at Fair Value through OCI.

42. CLASSIFICATION AND FAIR VALUES

The table below shows book values and fair values of financial assets (financial instruments booked as assets in the balance sheet) broken down in categories respectively business cases in accordance with IFRS 9. If the book value is a reasonable approximation of the fair value or for equity capital instruments valued at fair value, the table does not show information on the fair value or the valuation step for financial assets which are not valued at fair value.

Trade accounts receivable valued at Fair Value Through Profit and Loss contain primarily receivables which were sold to financial institutions via reverse factoring agreements.

Trade accounts receivable are generally recorded in accordance with IFRS 9 5.5.15 without application of valuation steps. Write-offs are recorded in the amount of the expected losses over the term of the receivable.

€k	Valuation category according to IFRS 9	Book value	Fair Value	Valuation according to IFRS 9 Amortised historic cost	FVTPL	FVOCI (with reclassification)	FVOCI (without reclassification)
31.12.2024							
Cash and cash equivalents	Halten	35,710	35,710	35,710	0	0	0
Trade accounts receivable	Halten (Verkaufen)	34,836	34,836	34,836	0	0	0
Financial fixed assets - long-term loans granted	Halten	366	366	366	0	0	0
Other short-term financial debt derivatives with positive market value	FVOCI	255	255	0	0	0	255
Total		**71,166**	**71,166**	**70,911**	**0**	**0**	**255**
31.12.2023							
Cash and cash equivalents	Halten	23,933	23,933	23,933	0	0	0
Trade accounts receivable	Halten (Verkaufen)	44,738	44,738	44,734	4	0	0
Financial fixed assets - long-term loans granted	Halten	11	11	11	0	0	0
Other short-term financial debt derivatives with positive market value	FVOCI	679	679	0	0	0	679
Total		**69,362**	**69,362**	**68,679**	**4**	**0**	**679**

The table below shows the book values and fair values of financial debt (financial instruments booked as liabilities in the balance sheet) according to the valuation categories of IFRS 9 broken down in categories. If the book value is a reasonable approximation of the fair value, the table does not show information on the fair value of financial debt which is not valued at fair value.

€k	Valuation category according to IFRS 9	Book value	Financial	Non-financial	Fair Value	Valuation according to IFRS 9: Amortised historic cost	FVTPL	FVOCI (with reclass-ification)	FVOCI (with-out reclas-sification)	Valuation according to IFRS 16
31.12.2024										
Short-term loans and short-term portion of long-term loans	Financial Liabilities at Amortised Cost	75,272	75,272	0	75,272	75,272	0	0	0	0
Trade accounts payable	Financial Liabilities at Amortised Cost	22,064	22,064	0	22,064	22,064	0	0	0	0
Other short-term financial debt - finance lease liabilities	Not applicable	6,670	6,670	0	6,670	0	0	0	0	6,670
Other short-term debt	Financial Liabilities at Amortised Cost	28,557	7,099	21,458	7,099	7,099	0	0	0	0
Long-term finance lease liabilities	Not applicable	17,352	17,352	0	17,352	0	0	0	0	17,352
Other long-term debt	Financial Liabilities at Amortised Cost	4,488	0	4,488	0	0	0	0	0	0
Long-term loans	Financial Liabilities at Amortised Cost	63,546	63,546	0	60,544	60,544	0	0	0	0
Total		**217,949**	**192,003**	**25,946**	**189,001**	**164,979**	**0**	**0**	**0**	**24,022**

€k	Valuation category according to IFRS 9	Book value	Financial	Non-financial	Fair Value	Valuation according to IFRS 9: Amortised historic cost	FVTPL	FVOCI (with reclass-ification)	FVOCI (with-out reclas-sification)	Valuation according to IFRS 16
31.12.2023										
Short-term loans and short-term portion of long-term loans	Financial Liabilities at Amortised Cost	54,171	54,171	0	54,171	54,171	0	0	0	0
Trade accounts payable	Financial Liabilities at Amortised Cost	24,087	24,087	0	24,087	24,087	0	0	0	0
Other short-term financial debt - finance lease liabilities	Not applicable	6,179	6,179	0	6,179	0	0	0	0	6,179
Other short-term debt	Financial Liabilities at Amortised Cost	26,703	11,749	14,954	11,749	11,749	0	0	0	0
Long-term finance lease liabilities	Not applicable	19,587	19,587	0	19,587	0	0	0	0	19,587
Other long-term debt	Financial Liabilities at Amortised Cost	4,293	108	4,185	108	108	0	0	0	0
Long-term loans	Financial Liabilities at Amortised Cost	81,511	81,511	0	75,769	75,769	0	0	0	0
Total		**216,531**	**197,392**	**19,139**	**191,650**	**165,883**	**0**	**0**	**0**	**25,767**

In accordance with IFRS 9, net results from financial instruments broken down in categories contain net profit / losses, total interest income / expenses and write-offs and amounted to as follows:

€k	From interest	From fair value valuation	From write-offs	From results of disposals	Net results
01.01.2024 - 31.12.2024					
Loans and receivables					
At amortized cost	155	0	-1,666	0	-1,511
At Fair Value through Profit or Loss (Designated)	-343	0	0	0	-343
At Fair Value through Profit or Loss (Trading)	35	0	0	0	35
Financial Liabilities					
At Amortised Cost	-4,126	0	0	0	-4,126
Total	**-4,278**	**0**	**-1,666**	**0**	**-5,944**
01.01.2023 - 31.12.2023					
Loans and receivables					
At amortized cost	106	0	**-249**	0	-143
At Fair Value through Profit or Loss (Designated)	-334	0	0	0	-334
At Fair Value through Profit or Loss (Trading)	0	0	0	0	0
Financial Liabilities					
At Amortised Cost	-4,230	0	0	0	-4,230
Total	**-4,458**	**0**	**-249**	**0**	**-4,707**

43. CAPITAL MANAGEMENT

The Group aims to maintain a solid capital structure to secure the trust of investors, creditors and markets and a sustainable development of the company. The Management Board regularly monitors capital yields, and the amounts of dividends paid to the shareholders.

The Pankl Group strategy aims at making sure that Pankl Racing Systems AG and all other group companies have an equity base in accordance with local requirements. Capital management is mainly carried out using the parameters shareholders equity in percent of total assets, net debt, gearing and dynamic gearing.

Shareholder's equity in percent of total assets amounted to as follows:

€k	31.12.2024	31.12.2023
Shareholders' equity	149,217	147,525
Total assets	374,814	370,422
Shareholders' equity in % of total assets	39.8%	39.8%

Net debt is defined as short- and long-term financial liabilities (bonds, loans, finance lease liabilities and other interest-bearing liabilities) minus cash and cash equivalents. The aim is to secure long-term liquidity, to use debt financing facilities in an efficient manner and to limit financial risk while optimising returns.

	31.12.2024	31.12.2023
Financial liabilities	162,840	161,448
Cash and cash equivalents	-35,710	-23,933
Net debt	127,131	137,515

The gearing ratio (net debt divided by shareholders' equity) and the dynamic gearing ratio (net debt divided by EBITDA) are used to monitor the capital structure and were as follows:

	31.12.2024	31.12.2023
Shareholders' equity	149,217	147,525
Net debt	127,131	137,515
Gearing	85,2%	-93,2%

	31.12.2024	31.12.2023
Net debt	127,131	137,515
EBITDA	45,973	54,864
Dynamic gearing	2,8	2,5

The equity ratio and dynamic gearing are key components of the covenant agreements in Pankl Group's financing agreements. The key figures as of 31.12.2024, do not indicate any deterioration in the covenant rating compared to the previous year.

44. LEASING CONTRACTS AS LESSEE

Per 31.12.2024, leasing contracts as lessee were as follows:

	Present value	Interest	Repayment value
Up to 1 year	7,486	816	6,670
From 1 to 5 years	18,306	994	17,312
More than 5 years	41	1	40
Total	**25,833**	**1,811**	**24,022**

From 01.01.2024 lease liabilities developed as follows:

Lease liabilities per 01.01.2024	25,767
+ Additions	4,151
- Repayments	-6,418
+ Changes in the scope of consolidation / others	-11
+/- Foreign exchange differences	533
Lease liabilities per 31.12.2024	**24,022**

In the fiscal year 2024, interest expenses from lease liabilities amounted to €1,008k (2023: €670k), expenses for short-term leasing contracts amounted to €0k (2023: €97k) and expenses for leasing contracts with low values amounted to €0k (2023: €12k).

Per 31.12.2024, there were no potential future leasing payments, which are not shown in the balance sheet due to uncertainties regarding the exercise of renewal or termination options (2023: €0k).

The average incremental borrowing rate of interest for leasing relationships amounted to 4.08% (2023: 3.87%). In 2024, income from the sub-renting of rights-of-use amounted to €25k (2023: €65k).

45. LEASING CONTRACTS AS LESSOR

In the fiscal year 2024, there were no leasing contracts as lessor.

IX. NOTES TO RELATED PARTIES AND LEGAL REPRESENTATIVES

46. BUSINESS RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

Pierer Konzerngesellschaft mbH is the ultimate parent of Pankl Racing Systems AG, which is fully consolidated in the consolidated financial statements of Pierer Konzerngesellschaft mbH. All companies which are included in the consolidated financial statements of Pierer Konzerngesellschaft mbH and which are controlled by or there is significant influence by Pierer Konzerngesellschaft mbH are shown as related companies in the category “Companies Related to Shareholder”.

In the fiscal years 2024 and 2023, there were no transactions with related persons (except for management board and supervisory board remuneration, please see Item 48). Business transactions with related companies can be summarized as follows:

€k	Revenues	Expenses	Receivables	Payables	Other Income
31.12.2024					
KTM Group	55,099	103	859	142	558
SHW Group	2,154	-257	408	929	30
Pankl AG	0	1,174	0	37	0
Pierer Group companies	0	5,213	1,683	13,187	0
Pierer Mobility Group	0	7	0	2	0
Total	**57,254**	**6,239**	**2,951**	**14,297**	**589**

€k	Revenues	Expenses	Receivables	Payables	Other Income
31.12.2023					
KTM Group	79,850	973	2,835	0	109
SHW Group	1,470	-239	327	404	0
Pankl AG	0	1,083	1,656	0	0
Pierer Group companies	0	5,811	1,081	14,538	0
Pierer Mobility Group	0	13	0	0	0
Total	**81,320**	**7,642**	**5,899**	**14,942**	**109**

All transactions with related companies were at arm’s length basis.

47. LEGAL REPRESENTATIVES OF PANKL RACING SYSTEMS AG

In the fiscal year 2024 and up until the preparation of these consolidated financial statements, the Management Board of Pankl Racing Systems AG consisted of the following persons:

- Mr Wolfgang Plasser
- Mr Thomas Karazmann
- Mr Christoph Prattes
- Mr Stefan Seidel

In the fiscal year 2024 and up until the preparation of these consolidated financial statements, the Supervisory Board of Pankl Racing Systems AG consisted of the following persons:

- Mr Stefan Pierer (Vorsitzender)
- Mr Josef Blazicek (Stellvertreter des Vorsitzenden)
- Mr Friedrich Roithner
- Mr Klaus Rinnerberger
- Mr Alex Pierer (bis 25.01.2025)
- Mr Rudolf Wiesbeck (bis 25.01.2025)

48. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

In the fiscal year 2024, the Management Board remuneration consisted of salaries, benefits, bonuses, and payments into the employee pension fund and amounted in total to €2,616k (2023: €2,268k).

In the period from 1.1.2024 until 31.12.2024, the Supervisory Board remuneration amounted to €26k (2023: €26k).

At the balance sheet date there were no loans or advances outstanding against the members of the Supervisory Board of Pankl Racing Systems AG.

X. EVENTS AFTER THE BALANCE SHEET DATE

On 20.2.2025, the creditors of Pierer Industrie AG affected by the restructuring proceedings initiated on 25.11.2024, approved the restructuring plan. Accordingly, the financing covered by the restructuring plan will be fully repaid in two instalments on 31.12.2026, and 31.12.2027, and the interest will be serviced as agreed. On 25.2.2025, the KTM AG restructuring plan was accepted. The creditors will receive a cash quota of 30% of the claims through a one-time payment by 23.5.2025. For the gradual restart of production starting in mid-March, KTM AG received €50m in financial resources from the expanded shareholder base.

Pankl Racing Systems AG and some of its subsidiaries maintain customer relationships with KTM AG. The production stoppage announced by KTM in connection with the 2024 insolvency filing has already been taken into account in the budgets for the 2025 fiscal year and the medium-term planning. Furthermore, measures have been taken to mitigate the impact of the associated loss of revenue.

XI. GROUP COMPANIES (LIST OF EQUITY HOLDINGS)

The List of Equity Holdings contains all companies which are included in the consolidated financial statements of the parent company.

		Stake		
Company	Location	2024	2023	Acquired on
Pankl Racing Systems UK Ltd,	Leicester (UK)	100%	100%	07.03.1998
Pankl Holdings, Inc,	Irvine (US)	100%	100%	07.03.1998
Pankl Japan, Inc,	Tokio (JP)	100%	100%	09.04.1998
CP-CARRILLO, Inc,	Irvine (US)	100%	100%	03.08.1998
Pankl Aerospace Systems, Inc,	Cerritos (US)	100%	100%	25.04.2000
Krenhof GmbH	Kapfenberg (AT)	100%	100%	04.08.2020
Pankl Immobilienverwaltung GmbH	Kapfenberg (AT)	94%	94%	13.01.2005
Pankl Aerospace Systems Europe GmbH	Kapfenberg (AT)	100%	100%	29.09.2006
Pankl Automotive Slovakia s,r,o,	Topolcany (SK)	100%	100%	24.11.2006
Pankl Turbosystems GmbH	Mannheim (DE)	100%	100%	28.09.2012
Pankl Cooling Systems (Dalian) Co, Ltd,	Dalian (CN)	100%	100%	01.07.2019

XII. DECLARATION OF LEGAL REPRESENTATIVES

The Management Board approved the consolidated financial statements on 5.3.2025 (2023: 23.2.2024) to be reviewed by the Supervisory Board, to be presented to the Annual General Meeting and thereafter to be published. The review of the Supervisory Board may lead to amendments of the consolidated financial statements.

Kapfenberg, 5.3.2025

The Management Board of Pankl Racing Systems AG

WOLFGANG PLASSER
CEO

THOMAS KARAZMANN
CFO

CHRISTOPH PRATTES
COO

STEFAN SEIDEL
CTO

AUDIT OPINION
REPORT ON THE CONSOLIDATE FINANCIAL STATEMENTS

AUDIT REPORT

We have audited the consolidated financial statements of

Pankl Racing Systems AG,
Kapfenberg,

and its subsidiaries (the Group) which comprise the consolidated profit and loss account, the consolidated statement of comprehensive results, the consolidated balance sheet per 31 December 2024, the consolidated cash flow statement, and the schedule of consolidated shareholders' equity for the fiscal year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material aspects, the consolidated financial position of the Group as of 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements pursuant to Section 245a of the Austrian Commercial Code (UGB).

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with the Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Section 275 of the Austrian Commercial Code (UGB) shall apply for our responsibilities and liabilities as auditor versus the Company and third parties.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information includes all information in the annual report, except for the consolidated financial statements, the group management report and the auditor's report. The annual report is expected to be made available to us after the date of the auditor's report.

Our audit opinion on the consolidated financial statements does not cover this other information and we provide no assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read this other information as it becomes available and to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be misstated.

RESPONSIBILITIES OF LEGAL REPRESENTATIVES AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as the additional requirements pursuant to Section 245a of the Austrian Commercial Code (UGB) and for such internal control as they determine as necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The legal representatives are also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting processes.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance but provides no guarantee that an audit conducted in accordance with the Austrian Standards on Auditing and therefore ISA, will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with the Austrian Standards on Auditing and therefore ISA, we exercise professional judgement and maintain professional scepticism throughout the audit.

In addition:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

- We obtain an understanding of the internal control system relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the legal representatives.

- We conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure, and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and carry out the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in the internal control system that we identify during our audit.

OPINION ON THE GROUP MANAGEMENT REPORT

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

The legal representatives are responsible for the preparation of the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion
In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements.

Declaration
Based on our knowledge gained during the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The auditor responsible for the engagement is Mr Alexander Gall.

Linz
5 March 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Alexander Gall
Auditor

The consolidated financial statements with our auditor's report may only be published or passed on in the version confirmed by us. This auditor's report refers exclusively to the German-language and complete consolidated financial statements including the group management report. For different versions the provisions of Section 281 Paragraph 2 of the Austrian Commercial Code (§281 Abs 2 UGB) must be observed.

IMPRINT

OWNER, EDITOR, AND PUBLISHER

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Lucas Kundigraber

We prepared this report with the greatest possible care and checked the correctness of data. Nevertheless, it cannot be ruled out that minor rounding differences occur when adding up rounded amounts and percentages. Further we cannot rule out sentence mistakes and printing errors.

References to persons such as „employees“ or „staff members“ are intended to be gender-neutral and insofar as the contrary appears this is solely for purposes of legibility.

This report was prepared, and all forward-looking statements contained in it made using all data and information available to us at the time of drafting. Please note that actual results may deviate from forward-looking statements made in this report due to several factors. This report is published in the German and the English languages. When in doubt, the German version shall be relevant.


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RACING SYSTEMS

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