

ANNUAL REPORT 2025



“

„The last car to be built will be a sports car.“

Ferry Porsche



“

„The last sports car to be built will be a supercar with components from Pankl.“

Wolfgang Plasser

PANKL KEY RATIOS

PROFITABILITY RATIOS		2023	2024	2025	CHG
Revenues	€k	409,474	379,523	357,619	-5.8%
Operating earnings before depreciation (EBITDA)	€k	54,864	45,973	37,428	-18.6%
Operating earnings (EBIT)	€k	24,915	15,149	8,274	-45.4%
Earnings before income taxes (EBT)	€k	17,574	9,387	70	-99.3%
Earnings after income taxes	€k	13,602	6,277	435	-93.1%
EBITDA margin		13.4%	12.1%	10.5%	-
EBIT margin		6.1%	4.0%	2.3%	-
BALANCE SHEET RATIOS					
Total assets	€k	370,422	374,814	345,688	-7.8%
Working Capital Employed ²	€k	133,069	127,574	119,063	-6.7%
Capital Employed ³	€k	296,938	288,620	269,731	-6.5%
Shareholders' equity	€k	147,525	149,217	142,863	-4.3%
Equity in % of total assets		40%	40%	41%	-
Net debt ⁴	€k	137,515	127,131	117,891	-7.3%
Gearing ⁵		93%	85%	83%	-
CASH FLOW AND CAPITAL EXPENDITURE					
Cashflow flow from operating activities	€k	47,321	39,613	38,372	-3.1%
Operating free cash flow	€k	23,134	20,176	21,814	8.1%
Capital expenditure	€k	38,956	24,856	21,545	-13.3%
EMPLOYEES					
Number of employees per 31 December (excluding leasing)		2,434	2,340	2,146	-8.3%
VALUE CREATION					
ROCE (Return on capital employed) ⁶		8.5%	5.2%	3.0%	-

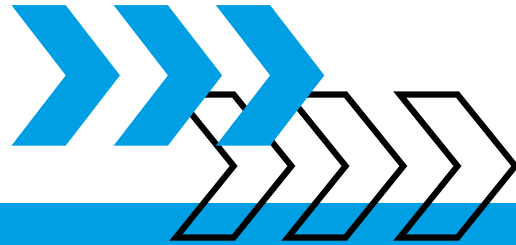
² Working Capital Employed = total inventory + trade accounts receivable and other receivables - trade accounts payable and other current liabilities

³ Capital Employed = tangible fixed assets + goodwill + intangible assets + working capital employed

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
PERFORMANCE
WITHOUT LIMITS

pankl
RACING SYSTEMS

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PANKL AT A GLANCE 2025



REVENUES

358

EURM

EBIT

8

EURM

EMPLOYEES

2,146

PER 31.12.2025



COMPANY PROFILE



Since its founding in 1985, Pankl Racing Systems AG has been among the technological pioneers in the mobility industry. The company develops and produces high-tech engine, drivetrain, and chassis components for motorsport, the high-end automotive industry, and aerospace. With approximately 2,150 employees worldwide, including around 1,500 in Austria, Pankl has established itself as a key supplier in its global niche markets.

CORE COMPETENCES AND MARKET POSITION

The company's origins in motorsport continue to shape it today. Pankl holds a leading international position in several product segments, including titanium connecting rods and drive shafts for demanding racing applications. The continuous development of its products is based on a high level of vertical integration, comprehensive research and development, and the expertise of its employees.

In the aerospace sector, Pankl is one of the key producers of main and tail rotor shafts and manufactures more than 45 flight safety-relevant components that meet the highest requirements for precision and quality.

FURTHER DEVELOPMENT AND EFFICIENCY IMPROVEMENTS

Guided by the motto "High Tech, High Speed, High Quality," Pankl Racing Systems AG is consistently pursuing its goal of further expanding its technological and quality leadership. During the reporting year, numerous initiatives for increasing efficiency and optimizing processes were implemented. These included, in particular:

- the expansion of automated manufacturing processes,
- the use of camera-based systems to support maintenance,
- the integration of artificial intelligence applications for quality control.

These measures contribute to increased production stability, reduced throughput time, and further improvements in product quality.



panki
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

CHRISTOPH PRATTES

Chief Operating Officer (COO)

Appointed until 31 July 2030

STEFAN SEIDEL

Chief Technical Officer (CTO)

Appointed until 31 July 2030

SUPERVISORY BOARD

STEFAN PIERER

Chairman

Elected until April 2027

JOSEF BLAZICEK

Deputy Chairman

Elected until April 2027

FRIEDRICH ROITHNER

Member

Elected until April 2027

KLAUS RINNERBERGER

Member

Elected until April 2027



The Management Board (from left to right): Wolfgang Plasser, Stefan Seidel, Christoph Prattes

CHIEF EXECUTIVE OFFICER'S REPORT

DEAR SHAREHOLDERS LADIES AND GENTLEMEN

The 2025 fiscal year continued to be characterized by a challenging macroeconomic environment. The ongoing economic slowdown in Europe, rising cost burdens, and geopolitical and regulatory uncertainties impacted the framework conditions of many industries. At the same time, competitive pressure intensified in the European automotive supply sector, particularly due to increasing imports and, above all, the growing uncertainty regarding the extent and speed of the transformation towards electromobility in different regions of the world. Pankl faced additional, particularly significant challenges with the insolvency filing of KTM AG in December 2024 and the complete lack of KTM sales in the first half of the year due to the factory shutdown in Mattighofen.

Despite these very challenging starting points, Pankl Group was able to conclude the 2025 financial year very satisfactorily overall. Revenue development, earnings, and especially cash flow performance were better than originally expected. This confirms both the effectiveness of the measures implemented and the Group's robust market position. The disciplined investment and expenditure policy consistently pursued during the reporting year was successfully implemented and will be continued in the coming year.

The positive momentum in the motorsport business anticipated last year materialized as predicted. Furthermore, the business with premium high-performance components for luxury automobiles and the aerospace business continued to develop very favorably and made a significant contribution to the overall positive performance.

As mentioned, particular attention was paid during the reporting year to the restructuring proceedings of our former sister company, KTM AG, one of Pankl Group's largest customers. These proceedings were successfully completed in June, ensuring that KTM remains a stable business partner. Nevertheless, developments will continue to be closely monitored, and established measures will be consistently implemented to identify potential risks early and mitigate them as effectively as possible.

Corresponding to the revenue reduction of €22m to €357.6m in the fiscal year 2025, EBITDA decreased from €46.0m to €37.4m, representing a margin reduction of 1.6 percentage points. These reductions come exclusively from the Racing/High Performance segment and, despite the successful completion of KTM AG's restructuring process, reflect KTM's delayed ramp-up. In contrast, the Aerospace segment saw both an increase in revenue to €56.0m and a 2.1 percentage point improvement in the EBIT margin from 1.6% to 3.7% (from €0.8m to €2.1m). Particularly encouraging is the fact that, despite the unplanned reductions, the implemented measures proved effective, and free cash flow, at €21.8m, exceeded the previous year's figure.

Alongside its operational successes, Pankl Group continues to pursue its goal of strategically broadening its business activities. In this context, its targeted positioning as a reliable partner in the defense sector is being consistently advanced and is seen as a complementary building block of the long-term growth and diversification strategy. This focus is supported by continuous investments in research and development, which sustainably strengthen our position as a technology leader.

Against the backdrop of its broad portfolio, stable demand in premium and niche markets, and consistent strategic development, Pankl Group anticipates being well-positioned in the fiscal year 2026 and able to continue to capitalize on emerging market opportunities.

Finally, I would like to express my sincere gratitude to our employees for their tremendous dedication and outstanding performance in the past fiscal year. I also thank our customers, business partners, and shareholders for their trust and constructive collaboration.

Kapfenberg, 17 February 2026



Wolfgang Plasser, CEO

PANKL RACING SYSTEMS AG

OUR MISSION

INNOVATION, QUALITY AND PASSION

We share our customers' passion for excellence. Our driving force: to always get the best out of ourselves and develop high-precision systems of the highest quality.



HIGH TECH, HIGH SPEED, HIGH QUALITY





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: Topolčany

UNITED KINGDOM: Leicester

USA: Irvine, Cerritos

CHINA: Dalian

JAPAN: Tokyo (sales office)

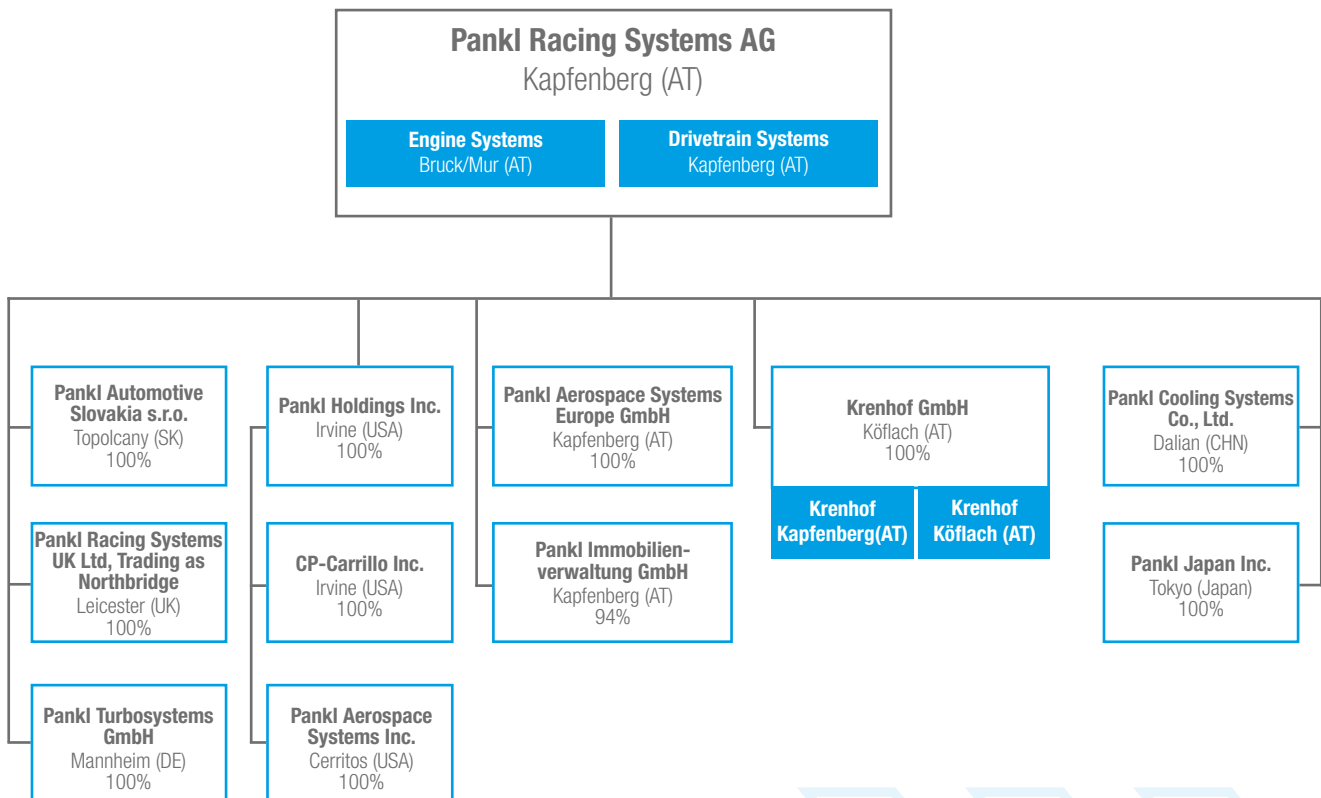


MITARBEITER

EUROPA	1,825
USA	244
ASIEN	81

Average employees throughout the year

GROUP STRUCTURE



SUPERVISORY BOARD CHAIRMAN'S **REPORT**

PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2025



In the fiscal year 2025, 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 2025, the Audit Committee held its meetings. On 5 December 2025, 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 2025. On 13 February 2026, 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 20 March 2026, 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 2025" 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 2025 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 2025 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 2025 and the management report for the fiscal year 2025. The financial statements of the Company for the fiscal year 2025 were hence formally concluded in accordance with Section 96, Paragraph 4 of the Austrian Companies Act (§96 Abs.4 AktG). The Supervisory Board acknowledged the consolidated financial statements and the Group management report for the fiscal year 2025 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 Pankl Group for their contribution to the good results in the past fiscal year.

Kapfenberg, 20 March 2026



Stefan Pierer

Chairman of the Supervisory Board

GROUP MANAGEMENT REPORT

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2025

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 chassis 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 chassis 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 CO₂ 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

The “Other” Segment includes the business activities of holding companies and real estate management.

2. DEVELOPMENT OF PANKL GROUP

2.1. REVENUES AND EARNINGS

PROFITABILITY RATIOS

€k	2023	2024	2025
Revenues	409,474	379,523	357,619
Operating Earnings before depreciation (EBITDA)	54,864	45,973	37,428
Operating earnings (EBIT)	24,915	15,149	8,274
Earnings before income taxes (EBT)	17,574	9,387	70
Earnings after income taxes	13,602	6,277	435
EBITDA margin	13.4%	12.1%	10.5%
EBIT margin	6.1%	4.0%	2.3%

In the fiscal year 2025, revenues of Pankl Group decreased by 5.8% to €357.6m compared to 2024.

Based on total revenues, the USA was the largest geographical market and accounted for 31.1% of revenues. The largest European markets were Germany (21.0%) and Austria (12.2%). In 2025, EBIT declined to €8.3m or 2.3% of revenues (2024: €15.1m or 4.0% of revenues).

Adding back depreciation of €29.1m resulted in EBITDA of €37.4m or 10.5% of revenues versus €46.0m or 12.1% of revenues in the previous year.

The net financial results amounted to €-8.2m (2024: €-5.8m). Group net earnings after income taxes amounted to €0.4m versus €6.3m in the previous year. Consolidated net earnings after income taxes and minorities decreased from €6.2m in 2024 to €0.4m in 2025.

2.2. CAPITAL EXPENDITURE

In the fiscal year 2025, capital expenditure in tangible (including rights-of-use) and intangible assets amounted to €22.3m (2024: €26.1m) and was broken down in fixed assets categories as follows: tangible fixed assets €21.6m (2024: €24.9m) and intangible assets €0.7m (2024: €1.2m).

2.3. CASH FLOW

CASH FLOW AND CAPITAL EXPENDITURE

€k	2023	2024	2025
Cash flow from operating activities	47,321	39,613	38,372
Operating free cash flow	23,134	20,176	21,814
Capital expenditure	38,956	24,856	21,545

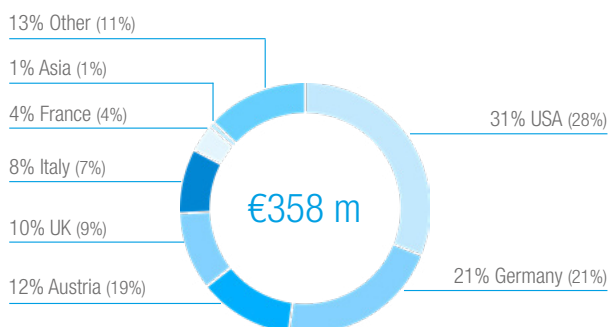
In the fiscal year 2025, cash flow from results amounted to €28.7m (2024: €38.3m). During the year, we managed to decrease working capital by €8.5m to €119.1m (2024: €127.6m). Accounting for other long-term assets and liabilities gives cash flow from operating activities of €38.4m (2024: €39.6m).

Cash flow from investing activities amounted to €-16.6m adjusted for non-cash investment transactions (2024: €-19.4m). Operating free cash flow increased from €20.2m in 2024 to €21.8m in 2025.

Cash flow from financing activities amounted to €-32.0m (2024: €-10.0m). Per 31 December 2025, Pankl Group thus had cash and cash equivalents of €22.6m (31 December 2024: €35.7m).

REVENUES BY COUNTRIES/REGIONS

31 December 2025



The numbers in brackets indicate the value of the previous year.

2.4. BALANCE SHEET AND FINANCIAL POSITION

BALANCE SHEET RATIOS

€k	2023	2024	2025
Total assets	370,422	374,814	345,688
Working Capital Employed ²	133,069	127,574	119,063
Capital Employed ³	296,938	288,620	269,731
Shareholders' equity	147,525	149,217	142,863
Equity in % of total assets	40%	40%	41%
Net debt ⁴	137,515	127,131	117,891
Gearing ⁵	93%	85%	83%

² Working Capital Employed = total inventory + trade accounts receivable and other short-term receivables - trade accounts payable and other current liabilities

³ Capital Employed = Tangible fixed assets + goodwill + intangible assets + working capital employed

⁴ Net debt = financial liabilities (short-term, long-term) - cash and cash equivalents

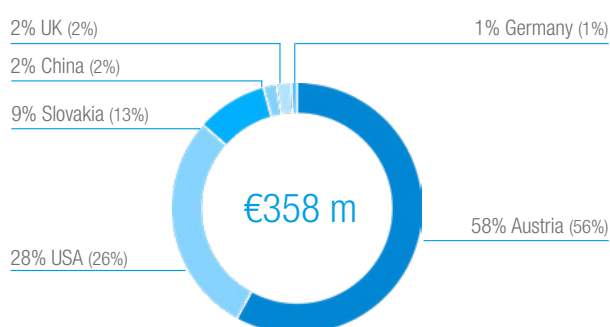
⁵ Gearing = net debt / shareholders' equity including minorities

As of 31 December 2025, total assets amounted to €345.7m and hence decreased by €29.1m versus the previous year (31 December 2024: €374.8m).

As of 31 December 2025, shareholders' equity in % of total assets increased slightly compared to the previous year and amounted to 41.3%. (31.12.2024: 39.8%).

REVENUES BY PRODUCTION LOCATIONS

31 December 2025



Net debt of the Group amounted to €117.9m versus €127.1m at the end of the previous year. Gearing decreased from 85% in 2024 to 83% in 2025 due to the decrease in net debt.

2.5. ENVIRONMENT AND SUSTAINABILITY

Pankl Group pursues a structured and long-term approach to reducing its environmental impact. In the fiscal year 2025, further reductions in energy consumption were achieved, for example, through the expansion of the energy management system, by minimizing idle losses in transformers and more targeted control of heat pumps and ventilation systems. The newly constructed Pankl Academy building does not use fossil fuels and generates some of its required energy through a rooftop photovoltaic system. A photovoltaic system was also commissioned for the first time at the Köflach site. Nevertheless, due to rising energy and grid costs, the share of energy costs in revenue increased from 2.0% in 2024 to 2.6% in fiscal year 2025. In the area of the company fleet, the refueling of diesel vehicles with HVO100 – an alternative fuel based on vegetable oils – was initiated, which directly contributes to reducing the fleet's emissions. These measures exemplify Pankl Group's ongoing commitment to environmentally friendly practices and a sustainable future.

All relevant investment decisions were made taking into account identified climate risks and the established transition plan and are anchored in Pankl Group's long-term budget.

Further information can be found in the Pankl AG Sustainability Report.

2.6. MAJOR EVENTS DURING THE FISCAL YEAR

On 20 February 2025, the creditors of Pierer Industrie AG affected by the restructuring proceedings initiated on 25 November 2024, approved the restructuring plan. Accordingly, the financial obligations covered by the restructuring plan will be fully repaid in two installments on 31 December 2026 and 31 December 2027 and the interest will be paid as agreed. On 25 February 2026, the restructuring plan of KTM AG, with which Pankl Racing Systems AG and some of its subsidiaries have customer relationships, was accepted. The creditors received a cash settlement amounting to 30% of their claims through a one-time payment. Following a production halt, KTM AG resumed production in the spring of 2025, and Pankl Group also restarted supplying KTM AG with its products.

3. SEGMENT REPORTING

3.1. RACING / HIGH PERFORMANCE

Against the background of the restructuring proceedings of KTM AG and the associated production stoppage, the revenue of the Racing / High Performance segment decreased in the fiscal year 2025 from €333.9m to €302.9m. Operating profit (EBIT) decreased by €8.5m, from €16.0m or 4.8% of revenues in 2024 to €7.5m or 2.5% of revenues in 2025.

3.2. AEROSPACE

Revenues in the Aerospace Segment increased further from €47.3m in 2024 to €56.0m in 2025. Operating profit (EBIT) improved by €1.3m from €0.8m or 1.6% of revenues in 2024 to €2.1m or 3.7% of revenues in 2025.

3.3. OTHER

Other Segment revenues amounted to €4.9m (2024: €5.4m), EBIT amounted to €-1.3m (2024: €-1.6m).

4. RESEARCH, DEVELOPMENT, INNOVATION, 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 2025, expenses for intense research and development activities amounted to €25.0m (2024: €27.4m).

4.1. INTERNAL PROCESS OPTIMIZATION

A key focus of internal process development activities in fiscal year 2025 was on the further development and optimization of manufacturing and process flows.

In the field of forming technology, novel deformation mechanisms were investigated and tested. The aim was to enable the production of more complex forged parts while simultaneously reducing material usage per component in a process-reliable manner. In addition, preliminary studies on alternative forming processes were conducted to serve as a basis for future investments. To improve tool life and reduce wear, trials were carried out with modern coating systems. Parallel to this, development work was undertaken to optimize the welding process, with the goal of reducing resource consumption of coating materials and simultaneously increasing tool life.

At the manufacturing level, the existing inline process monitoring was further developed to identify the causes of errors early and to systematically avoid them.

Furthermore, development processes were automated using AI-supported scripting. Artificial intelligence was also used for drawing verification and the selection of suitable calculation models. The use of machine learning methods also enabled the generation of initial calculation results within a very short time.

4.2. MATERIALS DEVELOPMENT

In the area of materials development, the focus was on titanium alloys with an increased modulus of elasticity for high-performance applications in motorsport, particularly for use in Formula 1 and MotoGP. Additionally, aluminum alloys for high-temperature applications were further developed. This work encompassed both material optimizations and potential process improvements and was implemented in close collaboration with Austrian research and industry partners.

Knowledge transfer was further enhanced through intensive professional exchange with the University of Leoben. This took place, among other things, within the framework of bachelor's and diploma theses in the fields of materials engineering, surface technology, and forming technology.

4.3. PRODUCT DEVELOPMENT

A key focus of product development was preparing for the new 2026 Formula 1 regulations, in which lightweight construction plays a crucial role. Accordingly, innovative concepts were developed in the engine, chassis, and drivetrain areas to meet customer requirements.

Another focus was the development of additively manufactured wheel carriers, wheel-changing systems, and drive shafts for motorsport applications.

In the field of turbocharger development, research was conducted on a micro gas turbine for range extender applications in battery electric vehicles, including a two-stage electrically driven turbocharger (EAT).

In the reporting year, the EU-funded project H₂UpScale was launched, which aims to develop an electric fuel cell compressor for applications in the commercial vehicle, marine and aviation sectors.

4.4. QUALITY

In the area of quality, the focus was on the validation of innovative product and process solutions as well as the integration of digital tools.

4.5. AEROSPACE DEVELOPMENTS

In 2025, numerous development projects were initiated or continued in close collaboration with leading aerospace customers. The focus was on the design of complex components, the development of corresponding manufacturing processes, and the execution of tests and verifications. These projects included tail rotor drive shafts for new helicopter models, engine shafts for fixed-wing aircraft, and applications in the field of unmanned aerial vehicles.

In the general aviation segment, a new compressor stage for turbochargers has been developed, specifically designed for use at high altitudes above 25,000 feet.

4.6. KNOWLEDGE TRANSFER AND CO-OPERATIONS

Quintus Care held its 2025 Annual Technical Seminar in co-operation with Pankl Group at the Pankl

Academy for the first time. This event provided an opportunity to showcase the group's technological expertise to international participants and to offer insights into selected production areas, particularly in 3D printing and heat treatment.

In the field of surface technology, close collaborations existed with industrial partners, including in the development of low-emission brake discs and in the area of tooling and wear-resistant coatings. Furthermore, the ASMET technical committee "Thermal Spraying" visited Pankl in May 2025.

The group-wide knowledge building was supported by increased laboratory services and development co-operations between group companies, as well as by targeted training in the field of materials and surface technology at the Pankl Academy.

5. PERSONNEL AND SOCIAL REPORT

In the fiscal year 2025, Pankl Group employed 2,150 persons (2024: 2,392 persons) on average. 1,526 persons from the total were employed in Austria (2024: 1,609 persons) and 624 persons were employed in the international group companies (2024: 783 persons).

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

- Racing / High Performance Segment
1,938 employees (2024: 2,192 employees)
- Aerospace Segment
212 employees (2024: 200 employees)

For Pankl Group, employees represent an indispensable and crucial resource for the success and sustainable growth of the company. At ten locations worldwide, employees contribute significantly to achieving the company's goals with their specialist knowledge, commitment, and expertise.

The diverse product areas of Pankl Group necessitate a wide range of jobs with specific professional requirements. The Group aims to contribute to job stability and long-term employee retention by providing suitable framework conditions. Key elements include structured training and professional development programs as well as initiatives to promote work-life balance.

In the fiscal year 2025, a key focus was on the further development of apprenticeship training. In spring 2025, a new training and development campus was opened in the Kapfenberg High-Tech Park, which will serve as the central organizational unit for personnel development within Pankl Group. Flexible room layouts and state-of-the-art infrastructure are available on a total area of 3,575 m² for training and professional development purposes. The campus includes, among other things, a library, quiet rooms, and an auditorium for larger training events.

In addition, office and seminar rooms as well as a newly designed training workshop were integrated. In spring 2025, the training workshop was relocated from the Bruck upon Mur site to the Pankl Academy in Kapfenberg. There, training capacity for up to 150 apprentices is available on approximately 1,000 m². Apprenticeships are offered primarily in technical trades, including mechatronics and machining technology.

In September 2025, a total of 35 new apprentices began their training at the Pankl Academy. In addition to their technical training, the first few weeks included workshops and presentations on interdisciplinary topics. These sessions covered areas such as financial fundamentals, understanding payroll accounting, different learning methods, and aspects of occupational health and safety. The goal is to complement technical training with structured personal development opportunities.

In addition to the measures in the areas of training and personnel development, the company health promotion program "Pankl in Motion" was further expanded in fiscal year 2025. The program's content was broadened by expanding the range of sports courses offered and adding further medical services. The aim is to strengthen preventive health measures and further promote employee awareness of health-related issues.

In 2025, Pankl Academy held its first open day at its training workshop. The event was aimed at interested individuals and offered insights into the apprenticeship program of Pankl Group. Information was also provided on potential career paths and the apprenticeships offered.

Also in the 2025 fiscal year, the Pankl Repair Shop began operations in the training workshop. As part of this project, mechatronics apprentices repair employees' household appliances. The revenue generated is used to finance apprentice excursions, which are designed as part of a practical learning and training project.

As part of the company-wide expat program "Your Year in the USA," a former apprentice from the machining technology department completed a year-long stay in the United States for the first time. The program aims to expand professional and intercultural skills through international work experience. Pankl Group supported the participant with the application process as well as with the organizational and professional preparation for his stay abroad.

Furthermore, Pankl Group has developed its own onboarding program for new managers. This support program facilitates their transition into leadership roles through a combination of external coaching and internal mentoring. In addition, new managers are supported in the initial phase by experienced managers and an HR Business Partner. The program focuses particularly on understanding the role and imparting key leadership skills.

TRAINING AND FURTHER EDUCATION

Pankl Group has a company-wide program for the systematic development of its managers. Within the framework of the "Together We Lead" program, the focus is on reflecting on one's own leadership style and on the exchange of experiences among managers. In addition, practical methods are taught, which are specifically geared towards managers with several years of experience.

The Strategic Leadership Program was established to specifically prepare (junior) managers. This program combines individual coaching with regular group meetings. The goal is to further develop professional and personal skills and prepare managers for future tasks. The program concludes with practical presentations in which participants present the content they have developed.

Another focus is on the targeted promotion of women in leadership positions. The six-month Female Leadership Program develops an authentic leadership style and strengthens the visibility and effectiveness of female leaders.

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.

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 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 a globally active company, Pankl Group is exposed to an increasingly challenging macroeconomic and industry-specific environment that can influence supply, demand, and competitive intensity. Innovation competition is a key factor in this context. Technological leaps, shortened development cycles, and rising customer demands for efficiency, sustainability, and performance characterize the dynamics of the industry. Pankl has always been positioned as a technology leader and meets these demands through continuous and targeted investments in research and development, thereby sustainably strengthening its competitiveness.

At the same time, the economic environment is characterized by increased uncertainty. The strained economic situation in Europe is leading to an increase in corporate insolvencies, reduced investment activity, and overall volatile market conditions. This can indirectly result in disruptions to value chains and supply structures, longer response times, and increased costs.

In addition, global economic fluctuations, geopolitical tensions, climate policy and regulatory measures, trade restrictions, tariffs, as well as volatile raw material and energy prices, rising financing costs and wages are having a negative impact and are reducing planning and forecasting certainty in many industries. Furthermore, the European automotive supply industry is undergoing a profound structural transformation towards electromobility, which is associated with considerable investment needs. At the same time, the industry faces an increasingly competitive environment, dominated by Asian producers who operate with high economies of scale, aggressive pricing strategies, and strong integration along the value chain. This intensified competition further increases margin pressure and requires European suppliers to achieve clear technological differentiation, a high rate of innovation, and a consistent focus on high-quality, specialized products to secure their long-term competitiveness.

However, due to its clear strategic focus on the hypercar segment and on specialized high-performance components, particularly for the aerospace industry, Pankl Group operates primarily in premium and niche markets. Demand in these segments has proven stable, while margin pressure is lower compared to the industry average, enabling Pankl to maintain a robust market and competitive position even in a generally challenging environment.

During the reporting year, particular attention was paid to the restructuring proceedings of KTM AG, one of Pankl Group's largest customers. These proceedings were successfully completed, and KTM AG continues to be a stable business partner of Pankl Group. Nevertheless, developments at the customer company are being closely monitored, and established measures are being consistently continued. From today's perspective, there are no acute risks arising from the completed proceedings. However, a cautious risk assessment regarding potential fluctuations in order volumes remains part of ongoing monitoring. Pankl Group remains confident that its diversified customer base and low dependence on individual market participants will help to clearly limit and effectively manage potential risks.

In addition to Pankl Group's strategic positioning, the defined overall strategy for active risk management is consistently pursued. This includes, in particular, the continued diversification of the customer base with the aim of sustainably reducing existing dependencies on individual market participants. Furthermore, the intensified and close exchange with customers and suppliers will continue to identify potential risks early and address them proactively.

Furthermore, continuous efficiency improvements in production and a consistent focus on lean and efficient processes contribute to ensuring Pankl Group's competitiveness even in a challenging market environment. Against the backdrop of current geopolitical developments, the emerging defense trend in Europe is also viewed as a strategic opportunity.

Thanks to its existing manufacturing technologies, high level of materials and process expertise, and many years of know-how, Pankl Group is very well positioned in this sector to benefit from the increasing demand for high-quality and technologically advanced components. Nevertheless, Pankl Group continues to closely monitor overall economic developments to identify potential risks early on and, if necessary, to take appropriate measures.

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 analyze 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”).

7. SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

7.1. FUTURE DEVELOPMENT AND OUTLOOK

Despite the continuing very difficult macroeconomic environment and the specific challenges Pankl faced due to the restructuring proceedings of KTM AG, one of our group's largest customers, we were able to conclude the 2025 financial year very successfully overall. Revenue development, earnings, and especially cash flows performed better than initially expected, confirming the effectiveness of the implemented measures and the company's robust position. The prudent and disciplined investment and expenditure policy pursued during the reporting year was consistently implemented and will be continued.

The anticipated boost in the motorsport business last year materialized as predicted. The business with high-quality, high-performance components for luxury cars and the aerospace business also showed continued positive development and made a significant contribution to the successful business performance in 2025.

Despite these positive developments, Pankl Group continues to pursue its goal of strategically broadening its business activities. In this context, the targeted positioning as a reliable partner in the defense sector is being consistently advanced and is seen as a complementary component of the long-term growth and diversification strategy.

Against the backdrop of the positive business development, the broad positioning of Pankl Group and consistent further development of our strategy, the company expects to be well positioned in the fiscal year 2026 and to be able to continue to make targeted use of the market opportunities that arise.

Kapfenberg, 17 February 2026

The Management Board of Pankl Racing Systems AG



WOLFGANG PLASSER
CEO



CHRISTOPH PRATTES
COO



STEFAN SEIDEL
CTO



SUSTAINABILITY »»» REPORT 2025



Transparency is more than just a promise for us. On our website, you'll find our latest sustainability report in the sustainability section – clearly structured, comprehensible, and openly communicated. Learn more about our goals, measures, and progress in the areas of Environment, Social, and Governance.



CONSOLIDATED FINANCIAL STATEMENTS

OF PANKL RACING SYSTEMS AG ACCORDING TO IFRS

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2025

	Notes	01.01.2025 – 31.12.2025		01.01.2024 – 31.12.2024	
		€k	in %	€k	in %
SALES REVENUES	8	357,619	100.0	379,523	100.0
Cost of goods sold	9	-288,833	-80.0	-303,661	-80.0
Gross profit		68,785	19.2	75,862	20.0
Distribution expenses	10	-19,616	-5.5	-20,290	-5.3
Administration expenses	12	-44,902	-12.6	-45,655	-12.0
Other operating income	14	5,070	1.4	6,689	1.8
Other operating expenses	13	-1,063	-0.3	-1,458	-0.4
Operating earnings (EBIT)		8,274	2.3	15,148	4.0
Financial income		134	0.0	1,160	0.3
Financial expenses		-8,339	-2.3	-6,921	-1.8
Financial results	15	-8,204	-2.3	-5,761	-1.5
Earnings before income taxes (EBT)		70	0.0	9,387	2.5
Income taxes	16	365	0.1	-3,110	-0.8
EARNINGS AFTER INCOME TAXES		435	0.1	6,277	1.7
<i>Attributable to shareholders of parent company</i>		<i>389</i>	<i>0.1</i>	<i>6,223</i>	<i>1.6</i>
<i>Attributable to minorities</i>		<i>47</i>	<i>0.0</i>	<i>55</i>	<i>0.0</i>



CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULTS

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2025

	Notes	2025 €k	2024 €k
Earnings after income taxes		435	6,277
Items which are not shown in the profit and loss account:			
Actuarial profits / losses from pension plans and similar schemes	31	852	-187
Deferred taxes from actuarial profits / losses from pension plans and similar schemes	31	-137	141
Cash flow hedging reserve		-258	-424
Items which are or may be shown in the profit and loss account			
Foreign exchange differences from international subsidiaries		-5,638	2,545
Other results of the period		-5,181	2,075
TOTAL COMPREHENSIVE RESULTS		-4,745	8,352
<i>Attributable to shareholders of parent company</i>		<i>-4,792</i>	<i>8,297</i>
<i>Attributable to minorities</i>		<i>47</i>	<i>55</i>

CONSOLIDATED BALANCE SHEET

OF PANKL RACING SYSTEMS AG PER 31 DECEMBER 2025

ASSETS	Notes	31.12.2025		31.12.2024	
		€k	in %	€k	in %
LONG-TERM ASSETS					
Goodwill	20	12,197	3.5	12,809	3.4
Other intangible assets	21	2,116	0.6	2,318	0.6
Tangible fixed assets	22	112,303	32.5	122,492	32.7
Rights-of-use assets	22	24,052	6.9	23,427	6.2
Financial fixed assets	25	220	0.1	366	0.1
Deferred tax assets	24	8,356	2.4	6,233	1.7
Total long-term assets		159,244	46.1	167,645	44.7
SHORT-TERM ASSETS					
Inventories	25	108,355	31.3	115,398	30.8
Trade accounts receivable	26	34,988	10.1	34,836	9.3
Other short-term receivables and financial assets	27	20,473	5.9	21,226	5.7
Cash and cash equivalents	28	22,629	6.5	35,710	9.5
Total short-term assets		186,444	53.9	207,170	55.3
TOTAL ASSETS		345,688	100.0	374,814	100.0
LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital	29	3,080	0.9	3,080	0.8
Capital reserves	29	34,532	10.0	34,532	9.2
Perpetual bond	29	10,000	2.9	10,000	2.7
Retained earnings	29	94,435	27.3	100,836	26.9
Equity of parent's shareholders		142,047	41.1	148,448	39.6
Minorities	29	816	0.2	769	0.2
Total shareholders' equity		142,863	41.3	149,217	39.8
LONG-TERM DEBT					
Long-term loans*	30	54,561	15.8	63,546	17.0
Long-term finance lease liabilities	30	16,626	4.8	17,352	4.6
Personnel related provisions	31	4,928	1.4	5,751	1.5
Long-term provisions	33	493	0.1	1,067	0.3
Other long-term debt	32	4,070	1.2	4,488	1.2
Deferred tax liabilities	24	475	0.1	592	0.2
Total long-term debt		81,153	23.5	92,797	24.8
SHORT-TERM DEBT					
Short-term loans and short-term portion of long-term loans*	30	61,418	17.8	75,272	20.1
Short-term finance lease liabilities	30	7,915	2.3	6,670	1.8
Other short-term debt	32	26,510	7.7	25,445	6.8
Trade accounts payable		22,888	6.6	22,064	5.9
Current tax liabilities		2,208	0.6	3,111	0.8
Other provisions	33	733	0.2	238	0.1
Total short-term debt		121,672	35.2	132,801	35.4
Total debt		202,825	58.7	225,597	60.2
TOTAL LIABILITIES		345,688	100.0	374,814	100.0

* Please compare the notes in Chapter 30

CONSOLIDATED CASH FLOW STATEMENT

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2025

Notes	01.01.2025 – 31.12.2025 €k	01.01.2024 – 31.12.2024 €k
EARNINGS AFTER INCOME TAXES	435	6,277
Cash flow from operating activities derived from earnings after income taxes:		
Depreciation	29,154	30,825
Profit / loss from sale of fixed assets	458	-47
Other non-cash items	7,114	8,738
Income taxes paid	-3,008	-4,273
Interest paid	-4,152	-4,583
Interest received	110	152
Change of long-term provisions 33	-1,397	1,213
CASH FLOW FROM RESULTS	28,714	38,302
Change of trade accounts receivable	-152	9,902
Change of other receivables and assets	753	1,569
Change of inventories 25	7,044	-5,586
Change of short-term assets	7,645	5,886
Change of trade accounts payable	4,167	-4,904
Change of provisions	4,254	-4,794
Change of other debt and income tax liabilities	-3,631	6,707
Change of short-term debt	4,790	-2,990
Change of deferred taxes 24	-2,240	-967
Change of foreign exchange differences	-119	-813
Change of other long-term liabilities	-418	195
Change of long-term debt	-2,777	-1,585
CASH FLOW FROM OPERATING ACTIVITIES	38,372	39,613
Capital expenditure in tangible fixed assets 22	-16,224	-18,107
Proceeds from the sale of fixed assets	325	186
Capital expenditure in intangible assets 21	-659	-1,158
CASH FLOW FROM INVESTING ACTIVITIES	-16,558	-19,437

CONSOLIDATED CASH FLOW STATEMENT

Notes	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
	€k	€k
Loan increases	1,400	15,408
Loan repayments	-18,046	-25,449
Change of current account balances	-6,107	13,140
Dividend payments	-1,609	-6,660
Repayments of finance lease liabilities	-7,650	-6,418
Other financing activities	0	0
CASH FLOW FROM FINANCING ACTIVITIES	-32,012	-9,980
CHANGE OF CASH AND CASH EQUIVALENTS	-10,198	10,196
Cash and cash equivalents at the beginning of the period	35,710	23,933
Cash impact of foreign exchange differences	-2,883	1,581
Change of cash and cash equivalents	-10,198	10,196
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	22,629	35,710

¹ 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.

*Cash and cash equivalents include overdraft facilities that are due at any time and are an integral part of cash management.

SCHEDULE OF CONSOLIDATED SHAREHOLDERS' EQUITY

OF PANKL RACING SYSTEMS AG FOR THE FISCAL YEAR 2025

€k	Share capital	Capital reserves	Cash flow hedging reserve	Perpetual bond
31 December 2024	3,080	34,532	199	10,000
Earnings after income taxes	0	0	0	0
Other results	0	0	-198	0
Total results	0	0	-198	0
Transactions with equity holders				
Dividend payments	0	0	0	0
31 December 2025	3,080	34,532	0	10,000
31 December 2023	3,080	34,532	525	10,000
Earnings after income taxes	0	0	0	0
Other results	0	0	-326	0
Total results	0	0	-326	0
Transactions with equity holders				
Dividend payments	0	0	0	0
31 December 2024	3,080	34,532	199	10,000

SCHEDULE OF CONSOLIDATED SHAREHOLDERS' EQUITY

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
-1,533	-630	102,800	148,448	770	149,217
0	0	389	389	47	435
-5,639	656	0	-5,181	0	-5,181
-5,639	656	389	-4,793	47	-4,746
0	0	-1,609	-1,609	0	-1,609
-7,172	26	101,581	142,047	816	142,863
-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	-6,660	-6,660	0	-6,660
-1,533	-630	102,800	148,448	770	149,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR 2025

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 2025 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 Commercial Code (§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 2025:

- Amendment to IAS 21: Lack of Exchangeability

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. APPLICATION OF NEW STANDARDS AND INTERPRETATIONS FROM 2025

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
Amendments to IFRS 9 / IFRS 7: Classification and measurement of financial instruments	01.01.2026	Yes	27.05.2025
Amendments to IFRS 9 / IFRS 7: Updates for nature-dependent electricity contracts	01.01.2026	Yes	09.07.2025
AIP Volume 11: Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	01.01.2026	Yes	30.06.2025

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
IFRS 18: Presentation and disclosure in financial statements	01.01.2027	No	
IFRS 19: Subsidiaries without public accountability	01.01.2027	No	
IFRS 21: Translation to a hyperinflationary presentation currency	01.01.2027	No	

No material impact on the consolidated financial statements is expected from the aforementioned future changes. An initial analysis of the impact on IFRS 18 regarding the presentation of reports has been conducted. A change will occur in the cash flow statement due to the beginning value of Earnings Before Interest and Taxes, while the ending value will remain unchanged. The income statement will be presented with new subtotals and categories, in accordance with the standard. Early application of the new standards and interpretations is not planned.

5. ESTIMATES AND UNCERTAINTIES IN DISCRETIONARY DECISIONS AND ASSUMPTIONS

In preparing the consolidated financial statements, management makes judgments, estimates, and assumptions that affect the assets and liabilities recognized, the disclosure of contingent liabilities at the balance sheet date, and the presentation of expenses and income during the fiscal year (IAS 1.122). Actual amounts may differ from estimates if assumed parameters develop contrary to expectations. When new circumstances become known, these are taken into account, and previous assumptions are adjusted accordingly.

- Assumptions are used to value goodwill and intangible assets without defined useful life. At the balance sheet date, goodwill amounted to €12,197k (2024: €12,809k). Item 20 (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 December 2025, deferred tax assets from tax loss carryforwards amounted to €8,015k (2024: €5,531k). Item 24 (Deferred Tax Assets) contains further information.
- Valuation of inventories is influenced by estimates regarding future sales potential and probability that available stock can be used in production processes. Per 31 December 2025, inventories amounted to €108,355k (2024: €115,398k). Item 25 (Inventories) contains further information.
- 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 €4,928k (2024: €5,751k). Item 31 (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 December 2025, trade accounts receivable amounted to €34,988k (2024: €34,836k). Item 26 (Trade Accounts Receivable) contains further information.
- Assessments regarding lease terms can be found in Item 43, “Leasing Contracts as Lessee”.

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 2025 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	
	31.12.2025	31.12.2024	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
US-Dollar	1,1750	1,0389	1,1314	1,0808
British Pound	0,8726	0,8292	0,8567	0,8450
Japanese Yen	184,0900	163,0600	169,5133	164,0558
Chinese Renminbi Yuan	8,2262	7,5833	8,1099	7,7733

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 chassis components. The production facilities of the segment are in Austria and the USA.

Other

The "Other" Segment includes the business activities of holding companies and real estate management.

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.

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.

Revenues within a segment are consolidated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025
PANKL RACING SYSTEMS AG

In the fiscal year 2025, segment information for the described segments was as follows:

€k	Racing/High Performance	Aerospace	Other	Total	Reconciliation	Group
01.01.2025 - 31.12.2025						
Segment revenues	302,916	55,989	4,943	363,848	-6,229	357,619
<i>thereof intra-group sales</i>	1,163	134	4,931			
<i>thereof external sales</i>	301,753	55,854	12			
Operating earnings (EBIT)	7,495	2,053	-1,274	8,274		8,274
EBIT in % of segment revenues	2,5%	3,7%	-25,8%	2,3%		2,3%
Interest expenses	-5,590	-1,667	-1,456	-8,713	3,434	-5,279
Interest income	2,980	13	575	3,568	-3,434	134
Segment assets	225,363	42,496	47,632	315,491	30,197	345,688
Segment liabilities	60,804	9,917	15,650	86,371	116,454	202,825
Segment capital expenditure	14,370	172	7,687	22,228		22,228
Segment depreciation <i>thereof impairments</i>	-22,368	-1,111	-5,674	-29,154		-29,154
				0		0

€k	Racing/High Performance	Aerospace	Other	Total	Reconciliation	Group
01.01.2024 - 31.12.2024						
Segment revenues	333,872	47,262	5,439	386,573	-7,049	379,523
<i>thereof intra-group sales</i>	1,315	153	5,581			
<i>thereof external sales</i>	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 <i>thereof impairments</i>	-24,805	-1,159	-4,860	-30,825		-30,825
				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.

8. SALES REVENUES

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

€k	01.01.2025 - 31.12.2025		01.01.2024 - 31.12.2024	
	Revenues	Share	Revenues	Share
USA	111,344	31.1%	107,351	28.3%
Germany	74,936	21.0%	79,419	20.9%
Austria	43,773	12.2%	71,831	18.9%
United Kingdom	35,958	10.1%	34,908	9.2%
Italy	29,674	8.3%	26,010	6.9%
France	12,875	3.6%	13,404	3.5%
Asia	2,609	0.7%	3,149	0.8%
Other	46,450	13.0%	43,452	11.4%
Total	357,619	100.0%	379,523	100.0%

Expected revenues from customer contracts, which were concluded as an obligation in 2025 or earlier periods and which were not or only partly completed amounted to €0k for the fiscal year 2025 (2024: €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. A detailed breakdown of the IFRS 15 standard on contract assets can be found in Item 27, and on contract liabilities in Item 32.

9. COST OF GOODS SOLD

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Material expenses and expenses for external services	129,915	140,044
Personnel expenses	109,678	113,486
Depreciation of intangible assets and tangible fixed assets	22,952	24,177
Other operating expenses	26,288	25,954
Total	288,833	303,661

Other operating expenses mainly include repair costs and energy costs.

10. DISTRIBUTION EXPENSES

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Personnel expenses	13,950	14,013
Depreciation of intangible assets and tangible fixed assets	686	782
Other operating expenses	4,980	5,495
Total	19,616	20,290

Other operating expenses mainly include freight costs and travel expenses.

11. RESEARCH AND DEVELOPMENT EXPENSES

In 2025, the research and development expenses shown in the profit and loss account amounted to €25,026k (2024: €27,441k). These expenses were not capitalized because the future economic benefits cannot be assessed with sufficient certainty.

12. ADMINISTRATION EXPENSES

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Personnel expenses	26,126	26,158
Depreciation of intangible assets and tangible fixed assets	5,517	5,865
Other operating expenses	13,259	13,632
Total	44,902	45,655

Other operating expenses primarily include repair costs, building maintenance costs, energy costs, and consulting services.

13. OTHER OPERATING EXPENSES

Other operating expenses amounting to €-1,063k (2024: €-1,458k) mainly include customer receivables write-offs, damage claims, and complaints.

14. OTHER OPERATING INCOME

Other operating income of €5,070k (2024: €6,689k) includes, in particular, subsidies and other contributions of €4,027k (2024: €4,805k), which largely result from R&D grants in the Austrian companies. Subsidies in accordance with IAS 20 are recognized at fair value when there is reasonable certainty that all conditions for receiving the grant have been met.

15. FINANCIAL RESULTS

The financial results amounted to as follows:

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Interest and similar income	134	257
Foreign exchange differences	0	903
Financial income	134	1,160
Interest and similar expenses	-5,279	-5,541
Foreign exchange differences	-1,616	0
Other financial expenses	-1,444	-1,380
Financial expenses	-8,339	-6,921
Financial results	-8,204	-5,761

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

16. INCOME TAXES

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

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Current tax expenses	-2,287	-3,879
Deferred tax results	2,652	769
Income taxes	365	-3,110

Starting with the 2014 tax assessment, the Austrian companies of the Pankl Group were incorporated into the Pierer Konzerngesellschaft mbH. The tax allocation agreement stipulates a corresponding allocation of 23% for profits and losses. The tax rates of the foreign companies are based on the laws in force or enacted in the respective countries and range between 23% and 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	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Earnings before income taxes	70	9,387
Implied 23% income taxes thereof	-16	2,159
Impacts of foreign tax rates	-17	119
Permanent differences and tax calculation adjustments	588	-1,111
Tax loss carryforwards not accounted for in previous years	533	-1,203
Taxes from previous years	-1	131
Not capitalized tax loss carryforwards of foreign subsidiaries	-764	1,388
Other impacts	41	1,626
Effective tax expenses	365	3,110

The Minimum Taxation Act (“MinBestG”), which entered into force in Austria on 31 December 2023, transposed the OECD Model Tax Convention and the corresponding EU Directive on ensuring a global minimum tax for corporate groups (“Pillar Two”) into Austrian law. The MinBestG applies to fiscal years beginning on or after 31 December 2023. Since the company is part of 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 1 January 2024.

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

17. DIVIDEND PROPOSAL

Austrian Companies Law requires the unconsolidated financial statements of Pankl Racing Systems AG as of 31 December 2025 prepared in accordance with the Austrian accounting regulations to be the basis of the dividend distribution.

The net profit for 2025 of Pankl Racing Systems AG amounting to €3,759k will be carried forward in full to the next fiscal year.

18. AUDIT EXPENSES

In the reporting period, the expenses incurred by the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft amounted to €295k (2024: €249k) for the annual and group audit and €7k (2024: €9k) for advisory and other services.

19. EMPLOYEES

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

Average headcount for the year	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Employees by segment		
Racing / High Performance Segment	1,938	2,192
Aerospace Segment	212	200
Employees by geographic region		
Austria	1,526	1,609
Slovakia	216	301
USA	244	266
United Kingdom	54	59
Germany	29	33
Asia	81	124
Employees by type of employment		
Blue-collar workers	1,353	1,523
White-collar employees	797	869
Total	2,150	2,392

In the fiscal year 2025, personnel expenses amounted to €149,755k (2024: €153,657k).

V. NOTES TO THE CONSOLIDATED BALANCE SHEET

20. 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 of CGUs are calculated by comparing the book value carried forward (including allocated goodwill) with the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. If this utilisation value is lower than the book value carried forward, an impairment charge for the difference shall be applied. Any additional required amortizations 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. 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 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 10.7% (2024: 11.0%). A growth factor of 1% was assumed for the perpetual annuity.

As in the previous year, no goodwill was written off in the 2025 fiscal year.

The capital cost rate and the future planned free cash flows are used to analyze 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:

Cash flow generating unit	2025		2024	
	WACC	Free cash flow	WACC	Free cash flow
Racing - Drivetrain	9.0%	-51.7%	7.9%	-49.0%
Racing - Engine Europa	15.1%	-66.8%	8.6%	-51.6%
Racing - Engine USA	8.1%	-49.5%	5.0%	-34.5%
High Performance	6.6%	-46.6%	3.3%	-31.0%
Aerospace	10.5%	-65.2%	1.3%	-15.0%

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

€k	31.12.2025	31.12.2024
Racing - Engine Europe	4,482	4,632
Racing - Engine USA	4,230	4,691
High Performance	1,463	1,463
Aerospace	2,023	2,023
Total	12,197	12,809

The development of goodwill was as follows:

Goodwill €k	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Historic cost per 1 January	16,044	15,682
Foreign exchange differences	-595	362
Changes in scope of consolidation	0	0
Additions	0	0
Deductions	0	0
Reclassifications	0	0
Historic cost per 31 December	15,449	16,044
Cumulated depreciation per 1 January	-3,235	-3,244
Foreign exchange differences	-17	9
Changes in scope of consolidation	0	0
Additions	0	0
Appreciations	0	0
Deductions	0	0
Reclassifications	0	0
Cumulated depreciation per 31 December	-3,252	-3,235
Book value per 31 December	12,197	12,809

21. 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 year 2025 is shown in the tables below:

€k	Customer base	Other intangible assets	Total
01.01.2025 - 31.12.2025			
Historic cost per 1 January	1,822	11,381	13,204
Foreign exchange differences	-20	-196	-216
Changes in scope of consolidation	0	0	0
Additions	0	683	683
Deductions	0	-262	-262
Reclassifications	0	4	4
Historic cost per 31 December	1,802	11,610	13,412
Cumulated depreciation per 1 January	-1,822	-9,063	-10,886
Foreign exchange differences	-18	110	130
Changes in scope of consolidation	0	0	0
Additions	0	-794	-794
Appreciations	0	0	0
Deductions	0	254	254
Reclassifications	0	0	0
Cumulated depreciation per 31 December	-1,802	-9,494	-11,296
Book value per 31 December	0	2,116	2,116
01.01.2024 - 31.12.2024			
Historic cost per 1 January	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 December	1,822	11,381	13,204
Cumulated depreciation per 1 January	-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 December	-1,822	-9,063	-10,886
Book value per 31 December	0	2,318	2,318

Additions to intangible assets include capital expenditure of €70k (2024: €45k) with no cash impact yet on the balance sheet date. In the cash flow statement, there is a positive impact of €24k 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 €38k (2024: €25k) for the purchase of intangible fixed assets.

22. 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 - 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 2025 and 2024 is shown in the tables below:

€k	Land and buildings	Plants and machinery	Other fixed assets and prepayments	Rights-of-use	Total
01.01.2025 - 31.12.2025					
Historic cost per 1 January	81,554	250,370	52,787	47,078	431,789
Foreign exchange differences	-349	-4,821	-992	-1,985	-8,146
Changes in scope of consolidation	0	0	0	0	0
Additions	1,764	3,579	7,746	8,456	21,545
Deductions	-41	-2,013	-1,679	-2,203	-5,936
Reclassifications	1,807	3,524	-5,436	102	-4
Historic cost per 31 December	84,736	250,639	52,426	51,448	439,248
Cumulated depreciation per 1 January	-43,638	-186,188	-32,393	-23,651	-285,870
Foreign exchange differences	271	3,532	703	1,206	5,712
Changes in scope of consolidation	0	0	0	0	0
Additions	-2,709	-14,497	-3,744	-7,409	-28,360
Appreciations	0	0	0	0	0
Deductions	41	1,757	1,266	2,561	5,625
Reclassifications	0	-287	389	-102	0
Impairments	0	0	0	0	0
Cumulated depreciation per 31 December	-46,035	-195,684	-33,779	-27,396	-302,893
Book value 31 December	38,701	54,955	18,647	24,052	136,355
01.01.2024 - 31.12.2024					
Historic cost per 1 January	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 December	81,554	250,370	52,787	47,078	431,789
Cumulated depreciation per 1 January	-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 December	-43,638	-186,188	-32,393	-23,651	-285,870
Book value per 31 December	37,916	64,181	20,394	23,427	145,919

In the fiscal year 2025, additions to rights-of-use assets contained an amount of €8,456k (2024: €3,909k) which had no cash impact on the balance sheet date. Item 43 (lessee in leasing contracts) contains further details.

Additions to other fixed assets include capital expenditure of €834k (2024: €4,200k) with no cash impact yet on the balance sheet date. In the cash flow statement, there is a negative impact of €-3,367k 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 €34,750k (2024: €27,250k) 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 2025, public subsidies for capital expenditure in the amount of €275k (2024: €335k) were recorded in the profit and loss account as a reduction in depreciation.

There are future payment obligations amounting to €6,473k (2024: €13,490k) for the purchase of fixed assets.

23. OTHER LONG-TERM FINANCIAL ASSETS

The other long-term financial assets developed as follows:

€k	Granted loans	Total
01.01.2025 - 31.12.2025		
Historic cost per 1 January	366	366
Foreign exchange differences	-39	-39
Changes in scope of consolidation	0	0
Additions	0	0
Deductions	-106	-106
Reclassifications	0	0
Historic cost per 31 December	220	220
Book value per 31 December	220	220
01.01.2024 - 31.12.2024		
Historic cost per 1 January	11	11
Foreign exchange differences	3	3
Changes in scope of consolidation	0	0
Additions	358	358
Deductions	-6	-6
Reclassifications	0	0
Historic cost per 31 December	366	366
Book value per 31 December	366	366

24. 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	31.12.2025	31.12.2024
Deferred tax assets		
Short-term assets	2,733	3,261
Long-term assets		
Plants	80	97
Tax loss carryforwards	8,015	5,531
Short-term debt	278	262
Long-term debt	4,262	3,764
Total	15,368	12,915
Netting due to same tax regime	-7,012	-6,682
Deferred taxes according to the balance sheet	8,356	6,233
Deferred tax liabilities		
Short-term assets	-2,816	-3,149
Long-term assets		
Plants	-4,597	-4,125
Short-term debt	0	0
Long-term debt	-75	0
Total	-7,488	-7,274
Netting due to same tax regime	7,012	6,682
Deferred taxes according to the balance sheet	-475	-592

As of 31 December 2025, there were taxable temporary differences of €2,758k (2024: €6,713k) related to investments in fully consolidated subsidiaries and equity-accounted investments, for which no deferred tax liability was recognized. The exception criteria under IAS 12.39 for the non-recognition of these deferred tax liabilities are considered to be met, as the Group is able to control or influence the relevant decisions regarding the timing of the reversal and it is not probable that the temporary differences will reverse in the foreseeable future.

In the fiscal year 2025, deferred taxes developed as follows:

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Net deferred taxes per 1 January	5,641	4,674
Deferred taxes recorded in the profit and loss account	2,652	769
Deferred taxes not recorded in the profit and loss account	-137	141
<i>thereof from foreign exchange differences</i>	-276	57
Net deferred taxes per 31 December	7,881	5,641

In the fiscal year 2025, Pankl Group had the following capitalized tax losses carried forward:

€k	31.12.2025			31.12.2024		
	Tax loss carry forward	Potential deferred tax assets	Booked deferred tax assets	Tax loss carry forward	Potential deferred tax assets	Booked deferred tax assets
Tax group Austria	26,891	6,185	4,868	20,041	4,609	2,759
Tax group USA	9,801	2,529	2,128	12,618	3,120	2,406
Slovakia	4,235	1,016	677	1,521	365	365
China	1,369	342	342	0	0	0
Total	42,296	10,072	8,015	34,180	8,095	5,531

For portions of the loss carryforwards within the Austrian tax group, the US tax group, Slovakia, and China, deferred tax assets were recognized in the amount expected to be utilized within the current budget period from 2026 to 2030. For companies that incurred a loss in the previous year or in current periods, a net deferred tax asset of €6,300k (2024: €3,987k) was recognized. Tax forecasts indicate that sufficiently positive tax results can be expected again in the coming years. These forecasts are presented to the Supervisory Board and acknowledged by it. Deviations from these forecasts pose a risk that portions of the loss carryforwards may not be utilized and will have to be written off in the future.

Of the loss carryforwards of €8,692k (2024: €10,930k) for which no deferred tax asset has been recognized, €7,279k (2024: €10,930k) can be carried forward indefinitely, and €1,413k (2024: €0k) will expire within the next five years.

Apart from the positions mentioned, there are no uncertainties regarding income taxes. Per 31 December 2025, there are no contingent assets or liabilities with regards to taxes.

25. 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	31.12.2025	31.12.2024	Change
Raw and process materials	51,469	57,006	-9.9%
Semi-finished products	35,499	35,581	0.0%
Finished products	21,386	22,811	-6.2%
Total	108,355	115,398	-6.1%

In the fiscal year 2025, inventory write-offs of €7,383k (2024: €10,398k) were recorded for products where the net selling value was lower than historic or production cost. As of 31 December 2025, the book value of inventories valued at net selling price amounted to €5,331k (2024: €3,354k).

At the balance sheet date, inventories in the amount of €0k (2024: €0k) were pledged or restricted in their availability.

26. TRADE ACCOUNTS RECEIVABLE

As of 31 December 2025, trade accounts receivable amounted to, as follows:

€k	31.12.2025	31.12.2024
Trade accounts receivable	34,988	34,836
<i>thereof against associated companies</i>	0	0
Total	34,988	34,836

General and specific value adjustments to receivables developed as follows:

€k	Trade accounts receivable incl. contract assets
Balance per 1 January 2024	1,346
Foreign exchange differences	37
Additions	1,450
Reversals	-401
Balance per 31 December 2024	2,432
Foreign exchange differences	-79
Additions	199
Reversals	-1,633
Balance per 31 December 2025	919

As of 31 December 2025, there were specific value adjustments for trade accounts receivable of €703k (31 December 2024: €2,250k).

27. OTHER SHORT-TERM RECEIVABLES AND FINANCIAL ASSETS

Other short-term receivables and financial assets developed as follows:

€k	31.12.2025	31.12.2024
Receivables from derivative financial instruments	0	255
Other short-term receivables and assets	8,053	6,223
Deferred assets	1,814	2,886
Contract Assets	10,605	11,863
Total	20,473	21,226

Contract assets can be reconciled as follows:

€k	Contract Assets
Balance per 1 January 2024	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 December 2024	11,863

€k	Contract Assets
Balance per 31 December 2024	11,863
Reclassifications to trade accounts receivable	-11,844
Contract assets additions	10,655
Additions due to changes in the assessment of the degree of completion	0
Impairment changes	-39
Foreign exchange differences	-30
Balance per 31 December 2025	10,605

28. 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.

29. 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 December 2025, the IAS 19 reserve amounted to €28k (2024: €-628k) 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.

30. FINANCIAL LIABILITIES

€k	31.12.2025	31.12.2024
Long-term loans	54,561	63,546
Long-term finance lease liabilities	16,626	17,352
Short-term loans and short-term portion of long-term loans	61,418	75,272
Short-term finance lease liabilities	7,915	6,670
Financial liabilities	140,519	162,840

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.

31. 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.

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 December 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 1 January 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 €1,198k (2024: €1,216k) 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	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Net present value of obligation (DBO) = provision for severance payments	5,751	5,415
+ Current service cost	135	117
+ Interest expense	199	214
- Actual severance payments in the fiscal year	-149	-182
- Profit / loss DBO for past service expenses	-156	0
+/- Actuarial profits and losses	-852	187
= Provision for severance payments per 31 December	4,928	5,751

As of 31 December 2025, the provision for severance payments contains a contractually agreed portion in the amount of €712k. (2024: €1,046k).

As of 31 December 2025, duration amounted to 9.49 years (2024: 11.88 years). Actuarial profits / losses consisted of the following:

€k	2025	2024
Change of expected values	-668	25
+/- Change of demographic assumptions	5	2
+/- Change of financial assumptions	-188	159
= Actuarial profit / loss	-852	186

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

	2025	2024
Actuarial interest rate	3.82%	3.50%
Increases in wages / salaries	2.75%	2.75%
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 December 2025, 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:

Parameter	Net present value of obligation	
	-0.5 percentage points	+0.5 percentage points
Actuarial interest rate	5.8%	-5.4%
Expected wages / salaries increases	-5.4%	5.8%

For the fiscal year 2026, we expect current service cost of €125k. The expected duration will be 8.53 years.

32. OTHER SHORT- AND LONG-TERM DEBT

Other short-term debt amounted to €4,070k (2024: €4,488k) and contains exclusively provisions for anniversary bonuses which can be reconciled as follows:

€k	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Barwert der Verpflichtung (DBO) = Rückstellung für Jubiläumsgelder	4,488	4,185
+ Current service cost	293	256
+ Interest expense	156	167
- Actual severance payments in the fiscal year	-221	-176
+/- Adjustments due to changes in the assessment parameters	-646	56
= Provision for anniversary bonuses per 31 December	4,070	4,488

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

	2025	2024
Actuarial interest rate	3.82%	3.50%
Increases in wages / salaries	2.75%	2.75%
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	31.12.2025	31.12.2024
Liabilities from unconsumed holiday entitlements	2,949	3,182
Liabilities from the accrual of outstanding invoices	6,214	4,179
Liabilities for payments to employees	4,742	2,867
Contract Liabilities	5,525	8,096
Other	7,079	7,122
Total	26,510	25,445

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 1 January 2025	8,096
Realized revenues included in the balance of contract liabilities at the start of the period	-8,096
Deductions through payment of customer bonuses	0
Additions through received customer prepayments	5,525
Additions through accrued expected bonus payments to customers	0
Other impacts	0
Foreign exchange differences	0
Balance per 31 December 2025	5,525

33. 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 unexpected manner.

In the fiscal year 2025, provisions developed as follows:

€k	31.12.2024	Additions	Reversals/ Utilizations	Currency translation	31.12.2025
Short-term warranties and guarantees	238	605	-108	-2	733
Long-term warranties and guarantees	868	-469	0	-100	299
Obligations for remedial actions	199	5	0	-10	194
Total	1,304	141	-108	-111	1,226

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

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 1 January 2025	63,546	75,272	138,819	24,022
Changes with cash impact				
+ Increases	1,400	0	1,400	0
- Repayments	-17,953	-94	-18,046	-7,650
+/- Reclassifications	7,565	-7,565	0	0
+/- Changes of current account balances	0	-6,107	-6,107	0
+/- Other	0	0	0	0
Changes without cash impact				
+ Increases	0	0	0	9,045
+/- Valuation	2	-88	-86	-876
Balance per 31 December 2025	54,561	61,418	115,979	24,541

VII. RISK REPORT

34. 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 minimize 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 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.

35. MARKET RISKS

35.1. 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 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.

35.2. COMPETITION AND PRICE PRESSURES

Key European markets are experiencing stagnation or recession, significantly complicating the economic environment. In particular, the sharply increased energy and personnel costs are putting a strain on industry and impacting the competitiveness of many companies. Additionally, volatile raw material prices and an increase in insolvencies along the supply chain are leading to heightened risks and uncertainties. These factors are significantly affecting 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 focusing more on increasing efficiency and cost control to adapt to these 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 sport 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.

36. SECTOR-SPECIFIC RISKS

36.1. SUPPLY CHAIN AND PROCUREMENT MANAGEMENT

Pankl requires premium raw materials such as stainless steel, titanium and aluminium alloys for the production of its products. The Group obtains most of its raw materials internationally and is hence subject to many risks, including economic or political disturbances, and geopolitical conflicts. Any such issues may adversely impact the Group's 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. Potential supplier insolvencies could lead to new supply bottlenecks in the future. This could affect availability of materials and jeopardize the timely completion of planned projects.

36.2. RESEARCH & DEVELOPMENT

Due to Pankl Group's strategic focus, research and development is a key success factor. The main risk lies in the potential failure to achieve defined development goals and in potentially insufficient market demand for the developed products and technologies. To minimize risk, Pankl Group conducts continuous market monitoring and closely co-ordinates development activities with its customers. This ensures that innovation projects meet both technological requirements and market demand.

37. IT-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.

38. 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.

38.1. 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 €-459k or €+459k respectively (2024: €-951k or €+951k respectively). In this analysis, the sensitivity of equity was only influenced by the sensitivity of the net income (after taxes).

38.2. 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 €-267k or €+267k respectively (2024: €-146k or €+146k respectively). The sensitivity of equity was only influenced by the sensitivity of the net income (after taxes).

38.3. 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:

	31.12.2025	31.12.2024
Segment Racing / High Performance	0.40%	0.30%
Segment Aerospace	0.80%	0.90%

Applying these parameters for trade accounts receivable and contract assets resulted in the following general value adjustments for the fiscal year 2025:

	Racing / High Performance	Aerospace	Total
Balance per 1 January 2025	93	89	182
Change	42	-8	33
Balance per 31 December 2025	135	81	215

38.4. LIQUIDITY RISKS

A key objective of financial risk management within Pankl Group is to ensure solvency and financial flexibility at all times. Liquidity management is achieved, among other things, through weekly liquidity planning. Each subsidiary is considered individually, and it is ensured that it has sufficient liquidity reserves in the form of unused credit lines or cash balances with highly rated banks. These unused credit lines typically have a term of up to twelve months and are continuously extended. An ongoing rolling liquidity forecast ensures that deviations from the plan are identified early. Maintaining these short-term lines of credit is essential for liquidity. In the Group there are loan agreements that would justify an increase in the interest rate or early repayment if covenants are not met, which was not the case per 31 December 2025.

The maturities of financial liabilities were as follows:

€k	Valuation category according to IFRS 9	Book value	Maturities		
			Up to 1 year	From 1 to 5 years	More than 5 years
31.12.2025					
Short-term loans and short-term portion of long-term loans	Financial Liabilities at Amortised Cost	61,418	61,418	0	0
Trade accounts payable	Financial Liabilities at Amortised Cost	22,888	22,888	0	0
Other short-term financial debt – finance lease liabilities	Not applicable	7,915	7,915	0	0
Other short-term debt	Financial Liabilities at Amortised Cost	11,193	11,193	0	0
Long-term finance lease liabilities	Not applicable	16,626	0	16,603	23
Long-term loans	Financial Liabilities at Amortised Cost	54,561	0	48,170	6,391
Total		174,601	103,414	64,773	6,414
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 debt	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

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

€k	Book value	Cash flow 2026			Cash flow 2027 until 2030			Cash flow from 2031		
		Interest fixed	Interest variabel	Repay-ment	Interest fixed	Interest variabel	Repay-ment	Interest fixed	Interest variabel	Repay-ment
31 December 2025										
Short-term loans and short-term portion of long-term loans	61,418	-371	-1,138	-61,418	0	0	0	0	0	0
Long-term loans	54,561	-772	-390	0	-1,832	-353	-48,170	-190	0	-6,391
Trade accounts payable	22,888	0	0	-22,888	0	0	0	0	0	0
Short-term finance lease liabilities	7,915	-14	-640	-7,915	0	0	0	0	0	0
Long-term finance lease liabilities	16,626	-5	-54	0	-701	-687	-16,603	0	0	-23
Other short-term financial debt	11,193	0	0	-11,193	0	0	0	0	0	0
Total	174,601	-1,162	-2,222	-103,414	-2,533	-1,041	-64,773	-190	0	-6,414
€k	Book value	Cash flow 2025			Cash flow 2026 until 2029			Cash flow from 2030		
		Interest fixed	Interest variabel	Repay-ment	Interest fixed	Interest variabel	Repay-ment	Interest fixed	Interest variabel	Repay-ment
31 December 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 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

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.

39. OTHER RISKS

39.1. LEGAL RISKS

Due to its global operations, Pankl Group is exposed to a multitude of country-specific risks. These include, in particular, potential changes to national legal frameworks, licensing and permitting regulations, tax provisions, and trade-related restrictions. There is also the risk of interventions in price, income, and foreign exchange regulations. Furthermore, political, social, and economic instability in individual sales markets can negatively impact operations. Additionally, macroeconomic factors such as inflation trends and interest rate fluctuations affect cost structures, demand patterns, and financing conditions, thus representing further significant risk drivers.

In addition, the increasing regulatory requirements placed on companies also pose a risk. The continuously growing number of regulations and compliance requirements necessitates a significant increase in management effort. Often, further uncertainties arise because the implementation of new regulations is delayed in individual countries, or because existing regulatory provisions are subsequently amended or withdrawn. This not only leads to increased operating costs but can also cause additional administrative burdens that impair the efficiency of processes and significantly complicate long-term planning.

39.2. 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.

39.3. 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. In spring 2025, the training workshop was relocated from Bruck upon Mur to the Pankl Academy in Kapfenberg. There, approximately 1,000 m² of training space is available for up to 150 apprentices. The workshop primarily offers apprenticeships in technical trades, including mechatronics and machining. The goal is to recruit employees from the region and foster long-term loyalty to the company.

39.4. 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 minimizes them to acceptable risk tolerance levels. The Group 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

40. BASIC PRINCIPLES

Pankl Group holds exclusively primary financial instruments. Primary financial instruments mainly include other financial assets, trade accounts receivable, cash in banks, financial liabilities, and trade accounts payable. 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.

41. 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 IFRS9	Book value	Fair Value	Valuation according to IFRS 9			
				Amortized historic cost	FVTPL	FVOCI (with reclassification)	FVOCI (without reclassification)
31 December 2025							
Cash and cash equivalents	Hold	22,629	22,629	22,629	0	0	0
Trade accounts receivable	Hold (Sell)	34,988	34,988	34,988	0	0	0
Financial fixed assets - long-term loans granted	Hold	220	220	220	0	0	0
Total		57,837	57,837	57,837	0	0	0
31 December 2024							
Cash and cash equivalents	Hold	35,710	35,710	35,710	0	0	0
Trade accounts receivable	Hold (Sell)	34,836	34,836	34,836	0	0	0
Financial fixed assets - long-term loans granted	Hold	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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2025
PANKL RACING SYSTEMS AG

€k	Valuation category according to IFRS9	Book value	Valuation according to IFRS 9							
			Financial	non-financial	Fair value	Amortized historic cost	FVTPL	FVOCI (with reclassification)	FVOCI (without reclassification)	Valuation according to IFRS9
31 December 2025										
Short-term loans and short-term portion of long-term loans	Financial Liabilities at Amortised Cost	61,418	61,418	0	61,418	61,418	0	0	0	0
Trade accounts payable	Financial Liabilities at Amortised Cost	22,888	22,888	0	22,888	22,888	0	0	0	0
Other short-term financial debt – finance lease liabilities	Not applicable	7,915	7,915	0	7,915	0	0	0	0	7,915
Other short-term debt	Financial Liabilities at Amortised Cost	28,718	11,193	17,525	11,193	11,193	0	0	0	0
Long-term finance lease liabilities	Not applicable	16,626	16,626	0	16,626	0	0	0	0	16,626
Other long-term debt	Financial Liabilities at Amortised Cost	4,070	0	4,070	0	0	0	0	0	0
Long-term loans	Financial Liabilities at Amortised Cost	54,561	54,561	0	53,157	53,157	0	0	0	0
Total		196,196	174,601	21,595	173,197	148,655	0	0	0	24,541

€k	Valuation category according to IFRS9	Book value	Valuation according to IFRS 9							
			Financial	non-financial	Fair value	Amortized historic cost	FVTPL	FVOCI (with reclassification)	FVOCI (without reclassification)	Valuation according to IFRS 16
31 December 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

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
01.01.2025 - 31.12.2025					
Loans and receivables					
At amortized cost	124	0	436	0	560
At Fair Value through Profit or Loss (Designated)	0	0	0	0	0
At Fair Value through Profit or Loss (Trading)	11	0	0	0	11
Financial liabilities					
At Amortized Cost	-4,100	0	0	0	-4,100
Total	-3,966	0	436	0	-3,530
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 Amortized Cost	-4,126	0	0	0	-4,126
Total	-4,278	0	-1,666	0	-5,944

42. 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	31.12.2025	31.12.2024
Shareholders' equity	142,863	149,217
Total assets	345,688	374,814
Shareholders' equity in % of total assets	41,3%	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 optimizing returns.

	31.12.2025	31.12.2024
Financial liabilities	140,519	162,840
Cash and cash equivalents	-22,629	-35,710
Net debt	117,891	127,131

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:

	31.12.2025	31.12.2024
Shareholders' equity	142,863	149,217
Net debt	117,891	127,131
Gearing	82,5%	85,2%

	31.12.2025	31.12.2024
Net debt	117,891	127,131
EBITDA	37,428	45,973
Dynamic gearing	3,1	2,8

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 December 2025, do not indicate any deterioration in the covenant rating compared to the previous year.

43. LEASING CONTRACTS AS LESSEE

Per 31 December 2025, leasing contracts as lessee were as follows:

	Present value	Interest	Repayment value
Up to 1 year	8,716	801	7,915
From 1 to 5 years	17,365	762	16,603
More than 5 years	23	0	23
Total	26,105	1,563	24,541

From 1 January 2025 lease liabilities developed as follows:

Leasing liabilities per 1 January 2025	24,022
+ Additions	9,045
- Repayments	-7,650
+ Changes in the scope of consolidation / others	0
+/- Foreign exchange differences	-876
Leasing liabilities per 31 December 2025	24,541

The leasing contracts have the following maturities:

Maturities of leasing contracts	
Land and buildings	1 - 10 years
Plants and machinery	3 - 10 years
Vehicle fleet, office and business equipment	1 - 7 years

In the fiscal year 2025, interest expenses from lease liabilities amounted to €1,178k (2024: €1,008k), expenses for short-term leasing contracts amounted to €0k (2024: €0k) and expenses for leasing contracts with low values amounted to €0k (2024: €0k).

Per 31 December 2025, 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 (2024: €0k).

The average incremental borrowing rate of interest for leasing relationships amounted to 3.96% (2024: 4.08%). In 2025, income from the sub-renting of rights-of-use amounted to €17k (2024: €25k).

44. LEASING CONTRACTS AS LESSOR

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

IX. NOTES TO RELATED PARTIES AND LEGAL REPRESENTATIVES

45. 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 2025 and 2024, there were no transactions with related persons (except for management board and supervisory board remuneration, please see Item 47). Business transactions with related companies can be summarized as follows:

€k	Revenues	Expenses	Receivables	Payables	Other income
31 December 2025					
SHW-Group	2,867	-686	560	1,552	0
Pankl-AG	0	901	0	46	0
Pierer group companies	0	3,788	1,002	14,889	0
Total	2,867	4,003	1,563	16,487	0

€k	Revenues	Expenses	Receivables	Payables	Other income
31 December 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

Per 31 December 2025, KTM Group is no longer a related company, as it is not controlled or significantly influenced by Pierer Konzerngesellschaft mbH.

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

46. LEGAL REPRESENTATIVES OF PANKL RACING SYSTEMS AG

In the fiscal year 2025 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 (until 25 April 2025)
- Mr Christoph Prattes
- Mr Stefan Seidel

In the fiscal year 2025 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 (Chairman)
- Mr Josef Blazicek (Deputy Chairman)
- Mr Friedrich Roithner
- Mr Klaus Rinnerberger

47. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

In the fiscal year 2025, the Management Board remuneration consisted of salaries, benefits, bonuses, and payments into the employee pension fund and amounted in total to €1,345k (2024: €2,616k).

In the period from 1 January 2025 until 31 December 2025, the Supervisory Board remuneration amounted to €26k (2024: €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

No significant events occurred in the Pankl Group after 31 December 2025.

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.

Company	Standort	Stake		Erwerbsdatum
		2024	2023	
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 17 February 2026 (2024: 5 March 2025) 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, 17 February 2026

The Management Board of Pankl Racing Systems AG



MAG, WOLFGANG PLASSER
CEO



DI (FH) CHRISTOPH PRATTES
COO



DI STEFAN SEIDEL
CTO

AUDIT OPINION

REPORT ON THE CONSOLIDATED 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 2025, 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 2025, 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.

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 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 preparing the group management report in accordance with Austrian company law regulations.

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 Christoph Karer.

Linz
17 February 2026

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christoph Karer
Auditor

This document has been signed by qualified electronic signature and is only valid in this version. 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

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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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