Combined financial statements as of 31 December, 31 December 2024 and 31 December 2025 of Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) and Pro-Valve GmbH

A. Combined statement of comprehensive income

kEUR	*Appendix*	2025	2024	2023
Revenue	*11*	41,327	30,385	24,910
Changes in inventories	*12*	57	999	1,772
Other operating income	*13*	1,713	151	261
Cost of materials	*14*	(19,155)	(11,358)	(5,759)
Personnel expenses	*15*	(15,257)	(12,098)	(10,694)
Other operating expenses	*16*	(6,853)	(6,234)	(8,076)
EBITDA		1,832	1,845	2,414
Depreciation	*17*	(2,083)	(1,845)	(1,634)
Earnings before interest and taxes (EBIT)		(251)	0	780
Interest income		27	36	3
Interest expense		(683)	(842)	(680)
Financial result	*18*	(656)	(806)	(677)
Earnings before taxes (EBT)		(907)	(806)	103
Taxes on income	*19*	245	261	(68)
Earnings after taxes (EAT)		(662)	(545)	35

B. Combined balance sheet (Assets)

kEUR	*Appen-dix*	31.12.2025	31.12.2024	31.12.2023
Assets				
Non-current assets		8,835	9,812	11,081
Intangible assets	*20*	348	680	675
Property, plant and equipment	*20*	3,726	4,501	5,157
Rights of use	*21*	4,183	3,717	4,167
Other financial assets	*22*	438	867	1,054
Deferred tax assets	*23*	141	47	28
Current assets		14,934	8,926	10,081
Inventories	*24*	4,782	3,912	1,772
Trade receivables	*25*	4,674	1,732	1,579
Other financial assets	*22*	58	1,232	6,307
Other assets	*26*	1,152	893	72
Cash and cash equivalents	*27*	4,268	1,156	350
Total assets		23,770	18,738	21,162

C. Combined balance sheet (Liabilities)

kEUR	*Appen-dix*	31.12.2025	31.12.2024	31.12.2023
Liabilities				
Equity	*28*	1,865	2,527	3,072
Subscribed capital		50	50	50
Retained earnings including profit and loss carried forward		2,477	3,022	2,987
Result		(662)	(545)	35
Debts		21,905	16,211	18,090
Long-term debt		5,046	8,178	9,900
Other provisions	*29*	681	1,212	1,103
Financial liabilities	*31*	0	2,666	3,946
Lease liabilities	*33*	3,691	3,330	3,753
Deferred tax liabilities	*23*	673	969	1,098
Short-term debt		16,859	8,033	8,190
Other provisions	*29*	1,715	1,597	826
Income tax liabilities	*30*	115	178	331
Financial liabilities	*31*	2,763	1,195	908
Contract liabilities	*32*	1,956	0	0
Lease liabilities	*33*	819	544	506
Trade payables	*34*	8,046	3,451	3,571
Other non-financial liabilities	*35*	1,445	1,068	2,047
Total equity and liabilities		23,770	18,738	21,162

D. Combined cash flow statement

kEUR	*Appen-dix*	2025	2024	2023
Earnings before taxes (EBT)		(907)	(806)	103
Depreciation and amortization of intangible assets and property, plant and equipment	17	1,387	1,262	1,042
Depreciation of right-of-use assets (IFRS 16)	17	696	584	592
Net financial expenses		656	806	677
Loss on disposal of intangible assets and property, plant and equipment	20	(13)	0	0
Increase (-) / decrease (+) in inventories, receivables and other assets	24-25	(3,029)	1,856	(5,157)
Increase (-) / decrease (+) in other financial assets	26	429	188	(68)
Changes in provisions	29	(398)	866	228
Increase (+) / decrease (-) in liabilities and other liabilities	31-35	6,927	(994)	2,062
Income taxes paid	30	(207)	(41)	(33)
Operating cash flow		5,542	3,720	(555)
Interest paid	18	(683)	(828)	(626)
Interest Received	18	7	35	8
Cash flow from operating activities		4,865	2,928	(1,172)
Disbursements for investments in intangible assets	20	0	(236)	(763)
Payments for investments in property, plant and equipment	20	(1,029)	(375)	(919)
Proceeds from disposals of property, plant and equipment	20	1,017	0	452
Cash flow from investing activities		(12)	(611)	(1,231)
Payments from the incurring of financial debt	31	0	0	1,202
Disbursements for the repayment of financial liabilities	31	(1,098)	(993)	(714)
Payments for the repayment of lease liabilities	33	(643)	(518)	(521)
Cash flow from financing activities		(1,741)	(1,511)	(33)
Net change in cash and cash equivalents	27	3,112	806	(2,436)
Cash at the beginning of the reporting year	27	1,156	350	2,787
Cash at the end of the reporting year	27	4,268	1,156	350

E. Combined statement of changes in equity (net assets)

kEUR	Combined equity attributable to the Private Assets Group			
	Subscribed capital	Retained earnings including profit carried forward	Combined result	Total
Status as of 01.01.2023	50	3,052	(65)	3,037
Profit carried forward		(65)	65	0
Earnings after taxes			35	35
Status as of 31.12.2023	50	2,987	35	3,072
Status as of 01.01.2024	50	2,987	35	3,072
Profit carried forward		35	(35)	0
Earnings after taxes			(545)	(545)
Status as of 31.12.2024	50	3,022	(545)	2,527
Status as of 01.01.2025	50	3,022	(545)	2,527
Profit carried forward		(545)	545	0
Earnings after taxes			(662)	(662)
Status as of 31.12.2025	50	2,477	(662)	1,865

Combined financial statements as of 31 December 2023, 31 December 2024 and 31 December 2025

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F. GENERAL INFORMATION

1. Background

Private Assets SE & Co. KGaA (and together with its subsidiaries “Private Assets Group”) is the 100% owner of Kiel Power Systems SE. With a share purchase agreement dated June 26, 2026, Private Assets SE & Co. KGaA acquired Blitz 26-286 SE. With a purchase agreement dated July 15, 2026, the shares in Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) and Pro-Valve GmbH were sold to Blitz 26-286 SE. On July 20, 2026, Blitz 26-286 SE was renamed into Kiel Power Systems SE (hereinafter also referred to as the "Kiel Power Systems Group" or “Company”) as part of an amendment to the Articles of Association. The change of Company became effective upon entry in the commercial register. Since that date, Kiel Power Systems SE has acted as the direct holding company of the operating companies.

The management board of Kiel Power Systems Group is currently examining various strategic financing options in connection with its future growth opportunities. These financing options include, among other things, the possibility of an equity, debt or debt-related financing issuance. To properly assess the marketability of such an issuance, the prevailing market conditions, the attractiveness of terms and timing windows, the management board and its advisors gather feedback from institutional investors and evaluate proposals. At the time of the release of these combined financial statements, no final decision on any financing issuance or instrument had been made, nor had the future capital structure of Kiel Power Systems SE been determined.

The present combined financial statements do not represent consolidated financial statements of Kiel Power Systems SE within the meaning of International Financial Reporting Standards (“IFRS”) but summarize the historical financial information of the companies and business activities assigned to the Kiel Power Systems Group for the financial years 2025, 2024 and 2023.
The combined financial statements have been prepared in accordance with IFRS as adopted in the European Union and comprise a combined balance sheet, a combined income statement, a combined statement of comprehensive income, a combined statement of changes in equity, a combined statement of cash flows, and the related notes and management report for the financial years 2025, 2024 and 2023. In the combined balance sheet, assets and liabilities are divided according to their maturity. Assets and liabilities are reported as current if they are expected to be realised or settled within twelve months of the balance sheet date or if they are due within this period.

2. Description of the Kiel Power Systems Group

The business activities of the Kiel Power Systems Group include the following fields of activity:

- **Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) - Mechanical machining**: The offer includes the mechanical processing of components in contract manufacturing as well as complementary services such as reverse engineering and metallurgical laboratory services. Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) has a modern machine park with 15 CNC machines and additional workstations for mechanical (post-) processing and can process components up to a size of 3m x 9m and a total weight of up to 100 tonnes. The customer portfolio is broadly diversified and consists of different business areas, including data centres & energy supply, maritime and defence and other.

- **Pro-Valve GmbH - Specialized valve production for large engines:** Manufacturing know-how and technological knowledge from several decades are combined. Since the 1950s, valves for the production of large engines for medium-speed large engines in the power range from 600 to 16,000 KW have been manufactured at the Kiel site. Until 2022, Pro-Valve GmbH was still part of Caterpillar Motoren GmbH & Co. KG as a business unit, which in turn emerged from the traditional brand MaK (Maschinenbau Kiel). Pro-Valve now establishes itself as an independent company for specialized large valves.

3. Fundamentals of Combined Degrees

The Kiel Power Systems Group has prepared these combined financial statements in accordance with the International Financial Reporting Standards and the interpretations of the IFRS Interpretations Committee ("IFRIC"), which were adopted by the European Commission for application in the EU by the end of the reporting period. IFRS does not contain any specific rules for the preparation of combined financial statements. Therefore, IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8) should be applied to the preparation of combined financial statements.

For the combined financial statements of the Kiel Power Systems Group presented below, the carrying method was applied in accordance with the provisions on business combinations under joint control. The combined financial statements of the Kiel-based Power Systems Group reflect the Kiel companies and the business activities assigned to the Kiel Power Systems Group, as they have historically been included in the IFRS consolidated financial statements of the Private Assets Group. In doing so, the Kiel Power Systems Group uses the same accounting principles and valuation approaches for the preparation of the combined financial statements that were also used for the preparation of the consolidated financial statements of the Private Assets Group which included the subsidiaries Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) and Pro Valve GmbH.

Adjustments to this approach have been made regarding transactions with Private Assets Group companies. Transactions between the Kiel Power Systems Group and the rest of the Private Assets Group were accounted for in accordance with IFRS and classified as related party transactions. IFRS accounting standards, which were newly applied by the Private Assets Group for the first time in the financial years 2023 to 2025, were adopted in the combined financial statements of the Kiel Power Systems Group in accordance with the respective first-time application dates for the Private Assets Group.

The IFRS consolidated financial information of the combined companies and business activities of the Kiel Power Systems Group is prepared as of the reporting date of the combined financial statements. Events after the balance sheet date have been recognised in accordance with IAS 10 up to the date of release of these combined financial statements for publication. The period for taking such events into account is therefore identical to that of the Private Assets Group consolidated financial statements.

The combined financial statements were prepared on the assumption of going concern. In assessing the appropriateness of this assumption, management took into account the current net assets, financial position and results of operations, existing liquidity, expected future liquidity development and existing financing options of the companies included in the combined financial statements.
On the basis of this assessment, the management board has concluded that the assumption of the continuation of the Company is appropriate for the companies included in the combined financial statements and that they can continue their business activities for the foreseeable future.

4. Uncertainties due to estimates in the combined financial statements

The combined financial information presented here does not necessarily reflect the net assets, financial position, results of operations and capital structure that would have resulted if the Kiel

Power Systems Group had already existed as an independent group in the reporting periods. For these reasons, the lack of historical unity and independence of the Kiel Power Systems Group the informative value of the combined financial information is limited. Therefore, no forecast can be derived from the combined financial information about the future development of the business activities bundled in the Kiel Power Systems Group.

In the preparation of the combined financial statements, additional assumptions and estimates have been made, in particular for business activities to be transferred and expenses to be allocated for administrative services provided by Private Assets Group companies, which have an impact on the amount and presentation of assets and liabilities on the combined balance sheet, income and expenses on the combined statement of comprehensive income.

In addition, the preparation of the combined financial statements, like any financial statements under IFRS, requires judgement and assumptions and estimates regarding the recognition and measurement of individual assets and liabilities. Significant estimation uncertainties exist – where relevant – in particular with regard to the recoverability of deferred tax assets, the valuation of provisions and the determination of the useful lives and impairment of non-current assets. Actual results may differ from these estimates. However, in the opinion of management, there are no estimation uncertainties as of the reporting date, for which there is a considerable risk that a material adjustment of the carrying amounts of the affected assets or liabilities will be necessary within the next financial year.

5. Application and impact of new and amended accounting standards

All standards to be applied on a mandatory basis by 31 December 2025 have been considered. No use was made of the possibility of prematurely applying mandatory standards in the future.

Standards and interpretations to be applied for the first time in the 2025 financial year

The following standards will be mandatory for the first time from 1 January 2025:

Standards and changes to standards	**Contents**	**Publication by IASB**	**First-time application in the EU**
Amendments to IAS 21 "The Effects of Exchange Rate Changes"	Exchange rate determination in the event of long-term lack of exchangeability	November 2024	January 1st, 2025

Published accounting standards that are not yet mandatory

The following standards and amendments to standards have been adopted by the IASB, the application of which is not yet mandatory for the 2025 financial year or has not yet been approved for use in the EU:

Standards and changes to standards	**Contents**	**Publication by IASB**	**First-time application in the EU**
IFRS 18 "Presentation and Disclosures in Financial Statements"	Requirements for the presentation and disclosure of information in financial statements	February 2026	January 1st, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	Specification of Disclosure Requirements	N.A.	January 1st, 2027
Amendments to IAS 21: "Translation into a highly inflationary representation currency"	Conversion of a non-hyperinflationary functional currency into a high-inflationary representation currency	N.A.	January 1st, 2027
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"	Mapping of contracts for the purchase and purchase of electricity from renewable energies Change in the classification and valuation of financial instruments	June 2025	January 1st, 2026
Annual Improvements to IFRS Year 11		July 2025	January 1st, 2026

In April 2024, the IASB published IFRS 18 "Presentation and Disclosures", which will replace IAS 1 “Presentation of Financial Statements”. IFRS 18 introduces new requirements for presentation in profit or loss, including certain totals and subtotals. In addition, companies must classify all income and expenses within the income statement into one of five categories: operating activities, investing activities, financing activities, income taxes and discontinued operations, with the first three categories newly defined and different from the comparable categories in the statement of cash flows. Companies will also be required to present a newly defined "operating profit" subtotal. The result for the period will not change.

In addition, the disclosure of newly defined management-defined performance measures (MPMs) and subtotals of income and expenses will be mandated, and there are new requirements for the aggregation and disaggregation of financial information based on the identified "roles" of the primary accounting units and the notes.

In addition, minor amendments were made to the IAS 7 Statement of Cash Flows, including the change of the starting point for the calculation of cash flows from operating activities using the indirect method from "profit or loss" to "operating profit" and the removal of the option for the classification of cash flows from dividends and interest.

There are also consequential amendments to several other standards. IFRS 18 and the amendments to the other standards are applicable to reporting periods beginning on or after 1 January 2027, but earlier application is permitted. IFRS 18 is applied retroactively. The Kiel Power Systems Group is currently working to determine all the impact that the amendments will have on the primary financial statements, the measures used by the Group and the notes to the financial statements.

The Kiel Power Systems Group did not voluntarily apply any of the aforementioned changes prematurely. The same applies to all other changes adopted by the EU and applied for the first time or not yet in 2026. To the best of our knowledge, with the exception of IFRS 18, none of these changes will result in material changes.

6. Use of discretionary decisions and estimates

In preparing the Combined Financial Statements, discretionary decisions and estimates must be made that affect the amount and presentation of the assets, liabilities and contingent liabilities on the balance sheet as well as income and expenses for the reporting period. The assumptions and estimates are based on premises based on the state of knowledge available at the time of compilation. In particular, the expected future business development is based on the circumstances existing at the time of preparation of the combined financial statements as well as the future development of the environment, which is assumed to be realistic. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effect of the change in an estimate must be carried out prospectively, namely by recognition through profit or loss in the period of the change, if the change affects only this period, or in the period of the change and in subsequent periods, provided that the change affects both the reporting period and subsequent periods. However, to the extent that the change in an estimate results in changes in assets or liabilities or relates to an equity item, the recognition must be made by adjusting the carrying amount of the corresponding asset, liability or equity position during the period of the change.

In applying accounting policies, management also makes discretionary decisions that may have a material impact on the amounts reported in the combined financial statements. These relate in particular to the assessment of control in the context of the consolidation of investee companies, the assessment of whether agreements constitute leases within the meaning of IFRS 16, and the assessment of the impairment of assets.

7. Currency Conversion

The functional currency of all companies in the combined financial statements is the euro. Accordingly, there is no need for currency conversion in the context of the preparation of financial statements.

Transactions in foreign currency are converted into the functional currency at the spot exchange rate on the day of the transaction.

Monetary assets and liabilities that exist in a currency other than the functional currency of a Company are converted into the functional currency at the closing rate. Any resulting exchange rate differences are recognised through profit or loss and recognised in other operating income or expenses.

8. Key accounting policies

Revenue recognition

In the context of the revenue recognition of customer contracts, revenue is recognized according to the 5-step model described in IFRS 15 when control of the promised goods or services passes to the customer, either over a period of time or at a point in time.

The transaction prices as the basis for revenue recognition are determined on the basis of the agreed fees of the respective purchase and service contracts, without the need for any special discretionary adjustments.

Revenue is attributable to the following areas:
Customer-specific manufacture and machining of precision components and modules, including large-scale components, as well as from the manufacture of intake and exhaust valves for large engines and related specialised manufacturing services.

The following information applies equally to the two types of products mentioned. The sales revenue does not meet the requirements of the period-based method and is therefore recognised at the time when the power of disposal is transferred to the customer. This is usually the time of the handover of the goods or – if contractually agreed – acceptance by the customer. The payment terms for usual third-party customers regularly provide for payment within 14 - 30 days of

invoicing. For individual orders, advance payments are agreed; the remaining purchase price is regularly due after delivery or after contractually agreed acceptance.
The contracts do not contain any material financing components within the meaning of IFRS 15, as the period between service provision and payment is usually less than twelve months.
The consideration is generally firmly agreed. There are no variable considerations, such as bonuses, discounts or rebates.
Industry-standard warranties do not constitute standalone performance obligations and are accounted for as provisions for warranty obligations. The warranties are limited to the assurance that the products supplied correspond to the contractually agreed specifications.

Financial income and financing expenses

Interest expense and interest income are recognised on an accrual basis and using the effective interest method. Interest income is accrued considering the outstanding loan amount and the applicable interest rate.

Income taxes

Income tax expense and income include current taxes and deferred taxes.

The OECD has published the so-called Pillar Two Regulations (Global Anti Base Erosion Rules – GloBE), a framework for the introduction of a global effective minimum taxation of 15% for large multinational groups. The Kiel Power Systems Group does not fall within the scope of the Pillar Two regulations, as the consolidated turnover of the ultimate parent company is below the relevant threshold.

Current or deferred taxes are recognised either in the income statement or in other comprehensive income, depending on the underlying facts.

Current taxes are the expected tax liability or tax claim based on taxable income for the calendar year. The taxable profit (the tax loss) is the profit (loss) of the period determined in accordance with the tax regulations, based on which income taxes are payable (refundable). If valid tax assessments are not yet available, they are determined on the basis of tax rates that apply on the balance sheet date or have already been adopted by law or have essentially been adopted. The amount of the expected tax liability or tax claim reflects the amount that represents the best estimate, taking into account tax uncertainties, if any. Tax receivables or tax provisions are recognised in the balance sheet for current income taxes for the current and previous periods, provided that they have not yet been paid as of the balance sheet date.

Current tax assets and liabilities are offset if there is a legally enforceable claim for offsetting the recorded amounts and the current taxes are levied against the same tax authority and the Kiel Power Systems Group intends to offset the tax on a net basis or to realise the tax claim and the tax liability at the same time. Deferred taxes are the expected tax burdens or reliefs from the temporary differences in the carrying amounts of assets and liabilities in the IFRS combined financial statements and the corresponding tax value. In addition, deferred taxes may arise from consolidation transactions as well as on tax loss carry forwards that are likely to be realized. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets to the extent that it is likely that taxable profits are available for which the deductible temporary differences can be used. Such assets and liabilities are not recognised if the temporary difference results from non-tax-deductible goodwill or from the initial recognition (except in the case of business combinations) of other assets and liabilities resulting from events that do not affect taxable income or net income. Deferred tax receivables and liabilities are offset if they exist vis-à-vis the same tax authority and are congruent with maturities.

Deferred tax obligations arising from temporary differences in connection with investments in subsidiaries and associates will be recognised unless the timing of the reversal of the temporary differences can be controlled by the Kiel Power Systems Group and it is likely that the temporary differences will not be reversed in the foreseeable future.

The book value of the deferred tax assets is reviewed and reduced every year on the reporting date if it is no longer likely that there is enough taxable income available to recoup the claim in whole or in part. Deferred taxes are measured at the tax rates that are expected to apply at the time the underlying temporary differences are reversed. Tax rates that have been adopted by law or have essentially been adopted on the balance sheet date are decisive.

Due to the gradual adjustment of the corporate tax rate in Germany, the valuation of deferred taxes considers the tax rate applicable at the time of the expected reversal of the temporary differences. For this purpose, the reversal of the differences ("scheduling") is allocated in time.

Deferred taxes are generally recognized in profit or loss, except for items that are booked directly in equity or other comprehensive income.

<u>Intangible assets and goodwill</u>

Intangible assets that have limited useful lives are measured at cost less accumulated depreciation and amortization expenses. They are depreciated on a straight-line basis over the period of their estimated useful life from the time they become available for use. Depreciation and amortisation are generally recognised in the income statement. The useful life, depreciation method and residual value are reviewed at least at the end of each financial year and adjusted prospectively if necessary.

Internally generated intangible assets are only capitalised if they meet all the criteria of IAS 38. If an intangible asset created by the Company is not permitted to be recognised in accordance with IAS 38, development costs are recognised as an expense in the period in which they were incurred.

Goodwill arising from business combinations is recognised at cost less accumulated impairment charges.

The scheduled depreciation is based on the following useful lives:

	years
Copyrighted Software	3 to 6

Property, plant and equipment

Property, plant and equipment are measured at their acquisition or production cost less accumulated depreciation and amortization and cumulative impairment charges. The acquisition or production costs include expenses that are directly attributable to the acquisition.

Subsequent expenses are only capitalized if it is probable that the future benefits associated with the expenses will accrue to the Kiel Power Systems Group.

In accordance with the actual course of use, the scheduled depreciation is carried out on a straight-line basis. Depreciation is recognised in the income statement. The following useful lives are assumed:

	years
Operating equipment	3 to 20
Machinery and machinery	1 to 17
Fixtures and fittings	1 to 23

Leases

For lease contracts, a right-of-use asset and a corresponding lease liability are recognised for the outstanding lease payments.

For short-term leases with a contract term of up to twelve months (short-term leases) or leases in which the underlying asset is of low value (low value), the Kiel Power Systems Group makes use of the recognition exemptions provided for in IFRS 16. The recognition of a right of use is waived, and the leasing payments are recognised as other operating expenses.

The amount of the right-of-use asset at the time of acquisition corresponds to the present value of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required due to lease incentives, for payments at or before the start of the lease, and for dismantling and similar obligations. In the subsequent measurement, the right of use is recognised at cost less accumulated depreciation and impairment in accordance with IAS 36.

The lease term includes the non-terminable basic term of the lease as well as periods for which an extension option exists, provided that the Kiel Power Systems Group is reasonably certain that this option will be exercised. Periods for which a termination option exists are also taken into account, if it is sufficiently certain that this will not be exercised.

When assessing the exercise of extension or termination options, the Kiel Power Systems Group takes into account all relevant economic factors, such as contractual conditions, economic incentives, the importance of the underlying asset for business operations and the expected costs of a replacement.

The corresponding lease liability is measured at the initial recognition as the present value of the lease payments still to be made. The present value is determined using the interest rate on which the lease is based, if this can be reliably determined. If the lessee cannot easily determine this, he uses a marginal borrowing rate. In the subsequent valuation, the book value is compounded at the same interest rate and reduced by lease payments made. Compounding is done via the interest expense. In the year under review, lease liabilities are reported separately as non-current and short-term lease liabilities in accordance with the remaining contract terms or maturities.

Inventories

Raw materials, supplies and supplies are valued at acquisition or production cost or at the lower net realisable value. The acquisition or manufacturing cost of inventories is based on the first-in, first-out allocation method. In the case of manufactured products, the cost of production includes a fair share of the production overhead costs based on normal operating capacity.

Contract Assets

Contract assets are recognised at cost of goods. In addition to the material, manufacturing and special individual costs of production, the manufacturing costs also include manufacturing and material overhead costs.

Financial Instruments

A financial instrument is a contract that simultaneously results in a financial asset for one company and a financial liability or equity instrument for another company. Financial assets are accounted for and measured in accordance with the requirements of IFRS 9 Financial Instruments.
The financial assets of the Kiel Power Systems Group mainly comprise

- other financial assets (in particular long-term deposits),
- Trade receivables and
- Cash and cash equivalents.

Financial assets (other than trade receivables) are measured at fair value at initial recognition plus directly attributable transaction costs. Trade receivables are measured at the transaction price when first recognised. The follow-up measurement is based on the business model of the Kiel Power Systems Group and the contractual cash flow characteristics of the respective financial instruments.

A financial asset is classified when it is first recorded and subsequently assessed. All financial assets of the Kiel Power Systems Group are allocated to the "holding for the purpose of collecting contractual cash flows" business model. The contractual cash flows consist exclusively of principal payments and, where relevant, interest payments. The financial assets are therefore valued at amortised cost using the effective interest method. Gross book values are reduced by impairment charges. Interest income, exchange rate gains and losses, as well as impairments and the result from derecognition are recognised in profit or loss.

Due to the predominantly short-term maturities, the carrying amounts of trade receivables as well as cash and cash equivalents are essentially the same as their fair values.

Impairments

Trade receivables are subject to the requirements of IFRS 9 on the recognition of expected credit losses (Expected Credit Loss Model). The Kiel Power Systems Group applies the simplified approach in accordance with IFRS 9 and recognises expected credit losses over the entire remaining term of the receivables.

The impairments are determined by means of an impairment matrix based on historical default rates, which are adjusted to take into account current and forward-looking information. When assessing the expected credit losses, the Kiel Power Systems Group takes into account in particular the creditworthiness and previous payment behaviour of its main customers as well as available information on their economic development. Since the receivables are mainly concentrated on a major customer with a high credit rating and there have historically been no significant bad debts, there were no expected credit losses in the reporting periods. For the remaining receivables, expected credit losses are determined on a collective basis, taking into account comparable credit risk characteristics. Generally, trade receivables are written off if they are more than 1 year past due and the enforcement actions have been unsuccessful. The Company considers a receivable to be defaulted if there is no longer a reasonable expectation to collect the contractual cash flows in full. Receivables including the associated impairments are derecognized if they are classified as irrecoverable.

Other financial assets are also checked for expected credit losses. Due to the nature of these assets and the creditworthiness of the respective contractual partners, there were no material impairments in the reporting periods.

Impairments and subsequent reversals of impairment losses are recognised in the income statement.

Financial liabilities

Financial liabilities include financial liabilities, contract liabilities, lease liabilities, and trade payables. Financial liabilities mainly include liabilities to credit institutions and other lenders.

All financial liabilities are measured at fair value less directly attributable transaction costs at initial recognition or measured at amortised cost. A financial liability is measured at fair value through profit or loss if it is classified as being held for trading, is a derivative, or is designated as such at initial recognition.

Financial liabilities that are measured at fair value do not exist in the Kiel Power Systems Group as of the balance sheet date. As part of the follow-up valuation, the financial liabilities at amortised cost are measured using the effective interest method. Interest expense and foreign currency translation differences are recognised in profit or loss. Gains or losses from derecognition are also recognized in profit or loss.

Derecognition

The Group enters into transactions in which it transfers assets reported on its balance sheet but retains either all or substantially all the risks and opportunities associated with the transferred assets. In these cases, the transferred assets are not derecognized.

Fair Value

For assets and liabilities for which fair value is to be determined, the measurement hierarchy described below is applied. Accordingly, the input factors used in the evaluation techniques are classified into three stages:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities (e.g. stock market prices).

Level 2: Input factors, which are market price quotations other than those mentioned in Level 1 that can be observed directly or indirectly for the asset or liability (e.g. yield curves, currency futures).

Level 3: Input factors that are not observable for the asset or liability in the market (e.g., estimated future results); this applies in particular to the valuation of financial assets.

When determining fair value, the use of relevant observable inputs is maximised, and the use of unobservable inputs minimised. The classification of the assessment methods into the individual stages is reviewed at the end of each reporting period.

Equity

In contrast to liabilities, equity is defined according to IFRS as a residual claim to the assets of the Kiel Power Systems Group after deduction of all liabilities. The net assets (equity) of the Kiel Power Systems Group are thus the residual value of the assets and liabilities.
For the purposes of the combined financial statements, net assets are used instead of equity.

Employee benefits

Benefits payable upon termination of employment

Benefits upon termination of employment are paid when an employment relationship is terminated by the Company with payment of severance pay or when an employee receives severance pay when voluntarily leaving the employment relationship. Severance payments that have to be made in connection with site closures or business unit closures are recognised as restructuring costs in other provisions.

Profit-sharing and bonus plans

Bonus payments and profit-sharing payments to employees are recognised as a liability through profit or loss as of the balance sheet date if there is a contractual obligation or if a de facto obligation arises because of past business practice.

Benefits for special occasions (partial retirement)

Provisions from partial retirement obligations are recognised as defined benefit obligations in accordance with IAS 19. The obligations are valued at their present value. To the extent that the requirements for plan assets under IAS 19 are met, the partial retirement obligations are offset against the associated cover or fund assets.

The cover assets serve exclusively to meet the obligations of part-time work for older employees and are not accessible to other creditors. The coverage assets are measured at fair value. If there is a surplus of obligations, it is reported as a net obligation from defined benefit obligations. If the fair value of the cover assets exceeds the present value of the obligations, a net asset value is recognised that is limited to the amount that can be realised from refunds or reductions in contributions (asset ceiling in accordance with IAS 19).

Other provisions

Other provisions are recognised if the Kiel Power Systems Group has a current legal or factual obligation resulting from a past event and it is more likely than not that the fulfilment of the obligation will lead to an outflow of resources and the amount of the provision can be reliably determined. The amount of the provision corresponds to the best estimate of the settlement amount of the current obligation as of the balance sheet date, whereby expected third-party refunds are not offset, but are recognised as a separate asset, provided that realisation is virtually certain. Provisions with a remaining maturity of more than one year are recognised at their settlement amount discounted to the balance sheet date, provided that the interest effect is material.

Impact due to the macroeconomic situation

In fiscal year 2025, the economic environment continued to be characterized by geopolitical tensions, especially by the war in Ukraine, as well as by macroeconomic factors such as inflation developments and changes in interest rates. Over the fiscal year, however, market conditions became increasingly stabilized. The impact of these macroeconomic developments on the Kiel Power Systems Group in the year under review was overall minor and predominantly indirect in nature.

Sales and earnings as well as the net assets, financial position and results of operations were not materially affected by the factors mentioned.

The possible indirect effects of geopolitical developments and macroeconomic changes on the valuation of assets and liabilities are continuously monitored and considered as part of the regular impairment tests. This did not have any material financial impact for the 2025 financial year.

Impact of climate-related issues

The Kiel Power Systems Group considers potential impacts of climate-related developments as part of its risk analysis as well as in the assessment of material assumptions and estimates in the Combined Financial Statements. These include possible effects of energy price developments, regulatory changes and physical climate risks on the business activities and assets of the Kiel Power Systems Group.

As of the reporting date, climate-related issues did not have a material direct impact on the measurement of assets and liabilities.

The Kiel Power Systems Group pursues measures to reduce its environmental impact, including through an increasing use of energy from renewable sources and the implementation of measures to improve governance structures and sustainable corporate governance.

G. COMBINED GROUP AND CONSOLIDATION PRINCIPLES OF THE COMBINED FINANCIAL STATEMENTS

9. Combination Circle and Consolidation Principles

The present combined financial statements comprise the historical financial information of Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) and Pro-Valve GmbH. There are no direct or indirect subsidiaries of the companies that were attributable to the business activities attributable to the Kiel Power Systems Group in the reporting periods.

Since the companies presented in the combined financial statements were not combined under a separate parent company in the financial years 2023 to 2025, they are not consolidated financial statements within the meaning of IFRS 10. Instead, the historical financial information of the companies and business activities involved was merged into a combined financial statement.

During the reporting periods, the companies and business activities included were under common control of Private Assets SE & Co. KGaA. The combined financial statements were therefore prepared based on historical carrying amounts. Assets, liabilities, income and expenses were recognised at the carrying amounts at which they were previously recognised in the consolidated financial statements of Private Assets SE & Co. KGaA. To the extent that adjustments to combined equity resulted from the consolidation of historical financial information, these were recognised in combined equity without affecting profit or loss.

The companies and business activities included are presented for all reporting periods as if they had already formed an economic unit during the entire reporting period.
Intra-group receivables and liabilities as well as intra-group income and expenses between the included companies were eliminated. In addition, all material interim results from intra-group deliveries and services were eliminated.
To the extent that temporary differences arose from the combination entries, deferred taxes were recognized in accordance with the requirements of IAS 12.

10. Acquisition of a group of assets and liabilities (asset deal)

Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) successfully implemented its first add-on acquisition in May 2025. The company has taken over the mechanical processing capacities of Oerlikon Neumag in Neumünster, Schleswig-Holstein, as part of an asset deal. The fair value of the total consideration was EUR 1.00 at the time of acquisition and consists entirely of a cash component.
The negative difference of kEUR 503 from the first-time consolidation (bargain purchase) determined as part of the purchase price allocation was recognised in the income statement. At the time of the first-time consolidation, existing deferred tax liabilities in the amount of kEUR 217 were offset against the income from the first-time consolidation. Since these no longer exist as of the balance sheet date of 31.12.2025, this results in a total income from the first-time consolidation of kEUR 720, which is reported under other operating income.

The negative difference is the residual size of the total consideration minus the value of the revalued assets and assumed liabilities. The assets and liabilities taken over are as follows:

kEUR	Book value at the time of acquisition	Re-evaluation	Fair value at acquisition date
Non-current assets	0	719	719
Property, plant and equipment	0	719	719
Current assets	558	0	558
Trade receivables	558	0	558
Total assets	558	719	1,277

Long-term debt	164	216	379
Pension provisions and similar provisions Commitments	164	0	164
Deferred tax liabilities	0	216	216
Short-term debt	395	0	395
Other provisions	305	0	305
Other debts	89	0	89
Total debts	558	216	774
Net Assets	(0)	503	503

H. NOTES TO THE INCOME STATEMENT

11. Revenue

All revenue is generated from the sale of highly complex gas engine components and engines primarily in the business areas of data centres & energy supply, maritime and defence. There are no other sources of income. Revenue is only recognized at point in time.

In the 2025 financial year, revenue of kEUR 41,327 was approximately 36 percent above the previous years' level (2024: kEUR 30,385; 2023: kEUR 24,910). The increase in revenue was primarily driven by higher sales volumes.

12. Changes in inventories

kEUR	2025	2024	2023
Work in progress	(9)	790	1,772
Finished products	66	209	0
	57	999	1,772

13. Other operating income

kEUR	2025	2024	2023
Proceeds from bargain purchase	719	0	0
Income from the reversal of provisions	900	0	0
Income from the sale of property, plant and equipment	13	0	0
Non-period-related income	73	151	260
Other income	8	0	1
	1,713	151	261

The gains from the so-called "bargain purchase" relate to the acquisition of Oerlikon Neumag, which was acquired as part of an asset deal in May 2025 for EUR 1.00.

14. Cost of materials

kEUR	2025	2024	2023
Raw materials, auxiliary materials and operating materials and purchased goods	(16,172)	(10,460)	(4,269)
Benefits Purchased	(2,983)	(898)	(1,489)
	(19,155)	(11,358)	(5,759)

15. Personnel expenses

kEUR	2025	2024	2023
Wages and salaries	(12,301)	(8,513)	(7,412)
Social security contributions and pension expenditure	(2,956)	(3,586)	(3,281)
	(15,257)	(12,098)	(10,694)

For defined contribution and other pension plans, expenses amounted to kEUR 185 in the current period (2024: kEUR 201; 2023: kEUR 196) and are reported under Social Security Contributions and Pension Expenses in accordance with IAS 19.

16. Other operating expenses

kEUR	2025	2024	2023
Legal and consulting costs	(2,077)	(2,016)	(2,364)
Maintenance	(843)	(804)	(1,075)
Rent/Leasing	(799)	(408)	(328)
Sales	(745)	(424)	(202)

IT costs	(551)	(564)	(1,132)
Other personnel costs	(285)	(781)	(835)
Insurance	(229)	(185)	(108)
Travel and entertainment expenses	(62)	(34)	(38)
Fees and contributions	(46)	(43)	(17)
Office and communication costs	(29)	(34)	(31)
Car costs	(26)	(9)	(22)
Production-related expenses	(23)	(39)	(364)
Marketing	(17)	(28)	(31)
Operating costs (energy and utilities)	(287)	(262)	(664)
Value adjustments and bad debts	(279)	(35)	(0)
Cleaning	(266)	(216)	(110)
Non-period-related expenses	(89)	(16)	(0)
Other expenses	(201)	(336)	(755)
	(6,853)	**(6,234)**	**(8,076)**

17. Depreciation

kEUR	2025	2024	2023
Depreciation of intangible assets and property, plant and equipment	(1,387)	(1,262)	(1,042)
Depreciation of rights of use	(696)	(584)	(592)
	(2,083)	**(1,845)**	**(1,634)**

18. Financial result

kEUR	2025	2024	2023
Interest income	27	35	3
Interest expense			
Interest on discounting other provisions	(0)	(14)	(9)
Interest on leasing	(166)	(176)	(163)
Interest on loans	(184)	(214)	(36)
Other interest expense	(333)	(438)	(472)
	(683)	**(842)**	**(680)**
	(656)	**(806)**	**(677)**

19. Taxes on income

kEUR	2025	2024	2023
Current income taxes	(145)	113	(263)
Deferred tax expense	(15)	(91)	(22)
Deferred tax income	405	240	216
	245	**261**	**(68)**

Deferred tax income and expenses are mainly due to temporary differences between the tax valuations and the valuations in the combined IFRS balance sheet, in particular in connection with revalued property, plant and equipment and rights of use as well as provisions for partial retirement and jubilee bonus obligations.

There are no taxes recognized directly in equity.

The reconciliation from the (theoretically) expected tax expense to the tax expense actually recognized in the combined financial statements is as follows:

kEUR	2025	2024	2023
Profit before tax	(907)	(806)	103
Income tax rate	30,0%	30,0%	30,0%
Expected tax expense (-) / income (+)	272	242	(31)
Uncapitalized deferred taxes on loss carry forwards	0	(39)	0
Use of non-capitalized loss carry forwards	39	0	0
Effects of future tax rate changes	(15)	0	0
(yet) Unposted taxes	(54)	58	(38)
Other effects	3	0	0
Reported tax amount	245	261	(69)
Effective tax rate	27,0%	32,4%	-67,0%

The expected tax rate of 30.0% comprises the corporate tax rate and solidarity surcharge as well as the trade tax rate for companies domiciled in Germany and represents an appropriate approximation of the Group's tax rate due to the predominant business activities of the Kiel Power Systems Group in Germany.

Due to the gradual adjustment of the corporate tax rate in Germany, the valuation of deferred taxes takes into account the tax rate applicable at the time of the expected reversal of the temporary differences. The deferred taxes were determined using the country-specific tax rate of Germany (30%).

I. NOTES TO THE BALANCE SHEET

20. Intangible assets and property, plant and equipment

The development of intangible assets and property, plant and equipment is as follows:

kEUR	Concessions acquired for considera-tion, indus-trial property rights and similar rights and assets, as well as li-censes to such rights and assets	Technical equipment and machin-ery	Other plant and equip-ment, fixtures and fittings	Advance pay-ments made and investments under con-struction	Total
Acquisition and production costs					
Status as of 01.01.2023	33	5,917	0	0	5,950
Accesses	763	765	116	39	1,683
Departures	0	(452)	0	0	(452)
Reclassifica-tions	0	0	0	0	0
Status as of 31.12.2023	796	6,229	116	39	7,180
Intangible assets					796
Property, plant and equip-ment					6,384

Status as of 01.01.2024	796	6,229	116	39	7,180
Accesses	236	151	128	96	611
Departures	0	0	0	0	0
Reclassifica-tions	45	18	23	(86)	0
Status as of 31.12.2024	1,078	6,398	266	49	7,792
Intangible assets					1,078
Property, plant and equip-ment					6,714

Status as of 01.01.2025	1,078	6,398	266	49	7,792
Accesses	0	859	109	61	1,029
Departures	0	(611)	(138)	0	(749)
Reclassifica-tions	7	63	24	(94)	0
Status as of 31.12.2025	1,085	6,710	261	15	8,071
Intangible assets					1,085
Property, plant and equipment					6,986

kEUR	Concessions acquired for consideration, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	Technical equipment and machinery	Other plant and equipment, fixtures and fittings	Advance payments made and investments under construction	Total
Cumulative depreciation and impairment					
Status as of 01.01.2023	(3)	(327)	0	0	(330)
Additions (scheduled depreciation)	(118)	(884)	(16)	0	(1,018)
Status as of 31.12.2023	(121)	(1,211)	(16)	0	(1,348)
Intangible assets					(121)
Property, plant and equipment					(1,227)
Status as of 01.01.2024	(121)	(1,211)	(16)	0	(1,348)
Additions (scheduled depreciation)	(276)	(894)	(91)	0	(1,262)
Status as of 31.12.2024	(397)	(2,106)	(107)	0	(2,610)
Intangible assets					(397)
Property, plant and equipment					(2,212)
Status as of 01.01.2025	(397)	(2,106)	(107)	0	(2,610)
Additions (scheduled depreciation)	(340)	(977)	(70)	0	(1,387)
Status as of 31.12.2025	(737)	(3,083)	(177)	0	(3,997)
Intangible assets					(737)
Property, plant and equipment					(3,260)

kEUR	Concessions acquired for consideration, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	Technical equipment and machinery	Other plant and equipment, fixtures and fittings	Advance payments made and investments under construction	Total
Book values					
Intangible assets	675				675
Property, plant and equipment		5,018	100	38	5,157
Status as of 31.12.2023	675	5,018	100	38	5,832
Intangible assets	680				680
Property, plant and equipment		4,292	160	49	4,501
Status as of 31.12.2024	680	4,292	160	49	5,182
Intangible assets	348				348
Property, plant and equipment		3,627	84	15	3,726
Status as of 31.12.2025	348	3,627	84	15	4,074

21. Rights of use

Leases exist with regard to the rental of land and buildings, technical equipment and machinery as well as other facilities and operating and office equipment. There are no leases that are considered subleases under IFRS 16.

The development of the rights of use is as follows:

kEUR	Land and buildings	Technical equipment and machinery	Other plant and equipment, fixtures and fittings	Other means of transport	Total
Acquisition and production costs					
Status as of 01.01.2023	3,745	0	0	28	3,773
Accesses	0	75	0	1,047	1,122
Departures	0	0	0	(129)	(129)
Status as of 31.12.2023	3,745	75	0	946	4,766
Status as of 01.01.2024	3,745	75	0	946	4,766
Accesses	133	0	0	0	133
Departures	0	0	0	0	0
Status as of 31.12.2024	3,878	75	0	946	4,899
Status as of 01.01.2025	3,878	75	0	946	4,899
Accesses	398	139	626	0	1,162
Departures	0	0	0	0	0
Status as of 31.12.2025	4,276	214	626	946	6,061

kEUR	Land and buildings	Technical equipment and machinery	Other plant and equipment, fixtures and fittings	Other means of transport	Total
Cumulative depreciation and impairment					
Status as of 01.01.2023	(125)	0	0	(11)	(136)
Additions (scheduled depreciation)	(374)	(10)	(0)	(208)	(592)
Departures	0	0	0	129	129
Status as of 31.12.2023	(499)	(10)	(0)	(90)	(599)
Status as of 01.01.2024	(499)	(10)	(0)	(90)	(599)
Additions (scheduled depreciation)	(389)	(14)	(0)	(181)	(584)
Departures	0	0	0	0	0
Status as of 31.12.2024	(888)	(24)	(0)	(271)	(1,183)

Status as of 01.01.2025	(888)	(24)	(0)	(271)	(1,183)
Additions (scheduled depreciation)	(447)	(20)	(48)	(181)	(696)
Departures	0	0	0	0	0
Status as of 31.12.2025	(1,335)	(44)	(48)	(452)	(1,879)

Book values					
Status as of 31.12.2023	3,245	66	0	856	4,167
Status as of 31.12.2024	2,990	51	0	675	3,717
Status as of 31.12.2025	2,941	170	578	494	4,183

In the 2025 financial year, mechanical equipment was sold as part of a sale-and-lease-back transaction. The effect on earnings from the sale-and-lease-back transactions amounts to kEUR 3. This is reported under other operating income (other income).

22. Other financial assets

Other financial assets mainly include long-term deposits.

23. Deferred taxes

Deferred tax assets mainly result from temporary differences between the carrying amounts recognised in the combined financial statements and the tax valuations of pension obligations, provisions for partial retirement and jubilee bonus obligations.

Deferred tax liabilities mainly result from temporary differences between the carrying amounts of property, plant and equipment recognised in the combined financial statements and their taxable valuations.

Deferred tax assets were not recognised for tax loss carry forwards in the amount of kEUR 129 incurred up to the end of the 2025 financial year either in the 2025 financial year or in previous years. The non-recognition is based on the current corporate planning, according to which no sufficient taxable profit is expected within the planning period of 3 to 5 years to make use of the loss carry forwards. In accordance with IAS 12.35, deferred taxes on loss carry forwards are only recognised for entities with a loss history if there are convincing substantive indications of sufficient future taxable profits through which these loss carry forwards can be used. The tax losses that have not yet been used are vested.

Deferred tax assets and liabilities recognized as of the reporting date and the comparative reporting dates relate to the following balance sheet items.

kEUR	Deferred taxes		
	31.12.2025	31.12.2024	31.12.2023
Deferred tax assets			
Lease liabilities	141	47	28
Offsets	0	0	0
Balance sheet approach	141	47	28
Deferred tax liabilities			
Property, plant and equipment	657	855	1,038
Other provisions (TUE & anniversary)	16	115	61
Offsets	0	0	0
Balance sheet approach	673	969	1,098

24. Inventories

kEUR	31.12.2025	31.12.2024	31.12.2023
Raw materials, auxiliary materials and operating materials	1,821	1,141	0
Finished products and goods	294	209	0
Advance payments made on inventories	132	0	0
Work in progress	2,535	2,562	1,772
	4,782	3,912	1,772

The performance obligations not fulfilled or not fully fulfilled as of December 31, 2025, have a total transaction price of kEUR 2,535. Management expects to recognize the entire amount as revenue in the fiscal year 2026.

25. Trade receivables

All trade receivables have a remaining term of up to one year.

Trade receivables are divided into:

kEUR	31.12.2025	31.12.2024	31.12.2023
Germany	4,217	1,725	1,072
European Union	7	0	0
Rest of the World	450	7	507
	4,674	1,732	1,579

26. Other assets

The remaining assets mainly comprise advance payments on ancillary rental costs and asset deferrals.

27. Cash and cash equivalents

Cash and cash equivalents contain only cash balances and balances with credit institutions.

28. Equity

The individual components of equity and their development in the years 2023 to 2025 are based on the combined statement of changes in equity of the Kiel Power Systems Group.

<u>Net assets attributable to the Private Assets Group</u>
The net assets of the Kiel Power Systems Group result from the aggregation of the net assets of Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) and Pro-Valve GmbH.

29. Other provisions

The development of other provisions was as follows:

kEUR	*01.01.2023*	*Utilisation*	*Reversal*	*Addition*	*Change in the consolidation circle*	*Reclassification*	*31.12.2023*
Other non-current provisions							
Partial retirement	*525*	*0*	*(3)*	*153*	*0*	*0*	*676*
Jubilee bonus	*453*	*0*	*(60)*	*34*	*0*	*0*	*427*
	978	*0*	*(63)*	*187*	*0*	*0*	*1,103*
Other short-term provisions							
Financial statement preparation	*30*	*(12)*	*0*	*60*	*0*	*0*	*78*

and audit costs							
Warranty	*108*	*0*	*0*	*394*	*0*	*0*	*502*
Maintenance	*183*	*0*	*(183)*	*0*	*0*	*0*	*0*
Other	*402*	*(402)*	*0*	*246*	*0*	*0*	*246*
	723	***(414)***	***(183)***	***700***	***0***	***0***	***826***
	1,701	***(414)***	***(245)***	***888***	***0***	***0***	***1,929***

kEUR	*01.01.2024*	*Utilisation*	*Reversal*	*Addition*	*Change in the consolidation circle*	*Reclassi-fication*	*31.12.2024*
Other non-current provisions							
Partial retire-ment	*676*	*0*	*(68)*	*169*	*0*	*0*	*777*
Jubilee bo-nus	*427*	*0*	*(30)*	*38*	*0*	*0*	*435*
	1,103	***0***	***(98)***	***207***	***0***	***0***	***1,212***
Other short-term provisions							
Financial statement preparation and audit costs	*78*	*(36)*	*(30)*	*40*	*0*	*0*	*52*
Warranty	*502*	*(36)*	*(366)*	*527*	*0*	*0*	*627*
Other	*246*	*(246)*	*0*	*918*	*0*	*0*	*918*
	826	***(318)***	***(395)***	***1,484***	***0***	***0***	***1,597***
	1,929	***(318)***	***(494)***	***1,692***	***0***	***0***	***2,809***

kEUR	*01.01.2025*	*Utilisation*	*Reversal*	*Addition*	*Change in the consolidation circle*	*Reclassi-fication*	*31.12.2025*
Other non-current provisions							
Partial retire-ment	*777*	*(160)*	*0*	*64*	*0*	*0*	*681*
Jubilee bo-nus	*435*	*0*	*(435)*	*0*	*0*	*0*	*0*
	1,212	***(160)***	***(435)***	***64***	***0***	***0***	***681***
Other short-term provisions							
Financial statement preparation and audit costs	*52*	*(45)*	*0*	*38*	*0*	*0*	*45*
Warranty	*627*	*(116)*	*(200)*	*0*	*0*	*0*	*311*
Other	*918*	*(333)*	*(487)*	*1,262*	*0*	*0*	*1,359*
	1,597	***(494)***	***(687)***	***1,300***	***0***	***0***	***1,715***
	2,809	***(654)***	***(1,122)***	***1,364***	***0***	***0***	***2,396***

The present value of the obligations in the year under review was determined at an actuarial interest rate of 2.55% (2024: 2.70%; 2023: 3.87%).

The anniversary provisions were accumulated in accordance with the employees' previous length of service and discounted at an interest rate of 3.32% in the 2024 reporting year and 4.10% in the 2023 reporting year. As of December 31, 2025, the works agreement regarding anniversary bonuses was terminated. Consequently, the provision for anniversary payments was released at year-end.

The additions to the long-term provisions in the personnel area (TUE/anniversary) included amounts from compounding and from the change in discount rates, which were recognized in the other financial result in the years under review.

The remaining provisions mainly relate to provisions for outstanding invoices related to the reporting date.

Provisions are regularly determined with reference to historical experience. This results in uncertainties regarding the amount and timing of the outflow of funds.

30. Income tax liabilities

The income tax liabilities relate to the German corporate income tax (including solidarity surcharge) and trade tax payable by the companies in the financial years.

31. Financial liabilities

The financial liabilities are broken down as follows:

			31.12.2025
kEUR	< 1 year	1 – 5 years	> 5 years
Liabilities from sale & rent back transactions	2,763	0	0

			31.12.2024
kEUR	< 1 year	1 – 5 years	> 5 years
Liabilities from sale & rent back transactions	1,195	2,666	0

			31.12.2023
kEUR	< 1 year	1 – 5 years	> 5 years
Liabilities from sale & rent transactions	908	3,946	0

32. Contract liabilities

The contractual liabilities relate to advance payments on orders for which the services have not yet been fully performed.

33. Lease liabilities

		31.12.2025
kEUR	Total future minimum lease payments	Present value
Remaining term up to one year	981	819
Remaining term: 1 to 5 years	3,218	2,903
Remaining term over 5 years	812	788
	5,012	**4,510**

		31.12.2024
kEUR	Total future minimum lease payments	Present value
Remaining term up to one year	696	544
Remaining term: 1 to 5 years	2,491	2,144
Remaining term over 5 years	1,245	1,187
	4,432	**3,874**

		31.12.2023
kEUR	Total future minimum lease payments	Present value
Remaining term up to one year	677	505
Remaining term: 1 to 5 years	2,639	2,206
Remaining term over 5 years	1,654	1,547
	4,970	**4,259**

Cash flows from leases amounted to kEUR 808 in 2025 (2024: kEUR 694; 2023: kEUR 685). In accordance with IFRS 16, the repayment portion of kEUR 643 (2024: kEUR 518; 2023: kEUR 522) is included in the cash flow from financing activities and the interest component of kEUR 165 (2024: kEUR 176; 2023: kEUR 163) in cash flow from operating activities.

For leases with a maximum term of twelve months and a low value, expenses of kEUR 693 (2024: kEUR 349; 2023: kEUR 177) and kEUR 106 (2024: kEUR 58; 2023: kEUR 151) were included in other operating expenses.

34. Trade payables

The liabilities arising from deliveries and services exist vis-à-vis third parties. They are recognised at the settlement or repayment amount and are due in full within one year.

35. Other non-financial liabilities

kEUR	31.12.2025	31.12.2024	31.12.2023
Current other debt			
Staff	767	705	1,010
Social security contributions	0	1	0
Other taxes	253	204	410
Value added tax	425	86	358
Other liabilities	0	72	268
	1,445	1,068	2,047

Other liabilities mainly comprise accounts receivable and other obligations arising from the operating business, in particular in connection with variable remuneration components and customer-related conditions.

J. OTHER INFORMATION

36. Explanation of the statement of cash flows

The statement of cash flows is presented using the indirect method in accordance with IAS 7. The cash flow statement shows how the cash and cash equivalents fund has changed. The cash and cash equivalents comprise cash and cash equivalents. Cash flows are broken down into cash inflows and outflows from operating activities, investment activities and financing activities.

37. Financial Instruments

Other financial assets, trade receivables, cash and cash equivalents are measured at amortised cost (AC). They have good credit quality and are unsecured. All financial liabilities are measured at amortized cost. Trade payables are also predominantly subject to short-term terms and the carrying amount can be used as an approximation of the fair value.

The carrying amounts of current financial assets and financial liabilities, in particular trade receivables, other current financial assets, cash and cash equivalents as well as trade payables, essentially correspond to their fair values due to their short remaining maturities. In accordance with IFRS 7.29(a), these financial instruments do not disclose the fair value separately because the carrying amount is a reasonable approximation of the fair value. For lease liabilities and financial liabilities accounted for in accordance with IFRS 16, the exemption requirement of IFRS 7.29(d) is used, according to which fair value disclosure is not required.

38. Financial risks and risk management

During the reporting periods, the Kiel Power Systems Group was fully integrated into the financial and risk management of the Private Assets Group. The management of the main financial risks and financing activities was therefore carried out centrally at the level of the Private Assets Group.

The main risks arising from financial instruments relate to credit and default risks as well as liquidity risks. The aim of financial risk management is to identify potential financial risks at an early stage, to manage them appropriately and to limit negative effects on the net assets, financial position and results of operations of the Kiel Power Systems Group.

The operational monitoring of the financial risks was carried out by the management of the respective companies. These were supported by the Private Assets Group as part of the Group-wide management and monitoring processes. Liquidity planning and ensuring appropriate financing for the companies were carried out as part of the Private Assets Group's central treasury and financing function.

<u>Credit and default risk</u>

Credit and default risk is the economic loss when counterparties are unable to meet their obligations within maturity or when the collateral assets lose value. The risk of default therefore exists at most in the amount of the book value of the financial instrument in question.

In the operational area, the outstanding debts and default risks are continuously monitored by the Kiel Power Systems Group and partly covered by trade credit insurance. Thus, the risk of default in the Kiel Power Systems Group can be considered rather low. The following table provides an overview of the maturities of trade receivables:

31.12.2025 kEUR	not overdue	overdue up to 30 days	overdue 31 to 60 days	overdue 61 to 90 days	overdue over 90 days	Total 31.12.2025
Domestic receivables	4,042	112	0	0	63	4,217
EU receivables	0	0	0	0	7	7
Receivables from third countries	450	0	0	0	0	450
	4,492	112	0	0	70	4,674

31.12.2024 kEUR	not overdue	overdue up to 30 days	overdue 31 to 60 days	overdue 61 to 90 days	overdue over 90 days	Total 31.12.2024
Domestic receivables	1,647	51	5	6	16	1,725
EU receivables	0	0	0	0	0	0
Receivables from third countries	0	0	0	0	7	7
	1,647	51	5	6	23	1,732

31.12.2023 kEUR	not overdue	overdue up to 30 days	overdue 31 to 60 days	overdue 61 to 90 days	overdue over 90 days	Total 31.12.2023
Domestic receivables	738	671	13	0	157	1,579
EU receivables	0	0	0	0	0	0
receivables from third countries	0	0	0	0	0	0
	738	671	13	0	157	1,579

The receivables with a maturity of more than 90 days generally concern security retention in accordance with the contract. The management assumes that there is no significantly increased risk of default in this respect, as the withholdings will only be paid out after contractually defined conditions have been met and relate to long-standing business relationships with customers with a high credit rating and stable payment behaviour. Against this background, the risk of default is estimated to be low, and the full realisation of the receivables is expected.

<u>Liquidity risk</u>

Liquidity risk consists of not being able to meet existing or future payment obligations at the time of maturity. The management of liquidity risk is one of the central tasks of the Private Assets Group and is managed individually for each Group company, including the companies of the Kiel Power Systems Group. The liquidity risk is managed by ongoing liquidity planning and the provision of sufficient credit lines.

The table shows the contractually agreed undiscounted cash outflows, including interest payments, after the earliest contractual due dates:

31.12.2025 *kEUR*	up to 1 year	over 1 to 5 years	over 5 years	Total 31.12.2025
Financial liabilities	2,763	0	0	2,763
Contract liabilities	1,956	0	0	1,956
Lease liabilities	819	2,903	788	4,510
Trade payables	8,046	0	0	8,046
	13,584	2,903	788	17,275

31.12.2024 *kEUR*	up to 1 year	over 1 to 5 years	over 5 years	Total 31.12.2024
Financial liabilities	1,195	2,666	0	3,861
Lease liabilities	544	2,144	1,187	3,874
Trade payables	3,451	0	0	3,451
	5,190	4,810	1,187	11,187

31.12.2023 *kEUR*	up to 1 year	over 1 to 5 years	over 5 years	Total 31.12.2023
Financial liabilities	908	3,946	0	4,854
Lease liabilities	506	2,206	1,547	4,259
Trade payables	3,571	0	0	3,571
	4,985	6,152	1,547	12,684

As of the balance sheet date, the Kiel Power Systems Group had cash and cash equivalents of kEUR 4,268 (2024: kEUR 1,156; 2023: kEUR 350).

Net liquidity or net financial liabilities (net financial debt) results from the sum of noncurrent and current financial liabilities (loans to credit institutions and third parties) minus cash and cash equivalents.

kEUR	31.12.2025	31.12.2024	31.12.2023
Non-current financial liabilities	0	2,666	3,945
Current financial liabilities	2,763	1,195	908
Cash and cash equivalents	4,268	1,156	350
Net financial liability (net liquidity)	(1,505)	2,705	4,503

Market price risk related to changes in interest rates

The Kiel Power Systems Group is not exposed to any significant interest rate risks. There are no floating rate financial liabilities or financial investments. The lease liabilities under IFRS 16 do not give rise to a material interest rate risk within the meaning of IFRS 7. A sensitivity analysis was therefore not carried out.

39. Capital Management

During the reporting periods, the capital management of the Kiel Power Systems Group was carried out centrally by the Private Assets Group. The aim of capital management was to ensure the financial stability and continued existence of the Company and to ensure an adequate capital base to finance the operating business and planned investments.

The Kiel Power Systems Group was mainly financed by equity. If necessary, internal financing measures would have been available. There were no external financial liabilities during the reporting periods. The liquidity requirements were monitored as part of the Group-wide liquidity management of the Private Assets Group.

Capital management was carried out considering the requirements of the Private Assets Group. The focus was on ensuring an adequate equity base, always maintaining solvency and providing sufficient financial resources for the operating business. Quantitative targets, such as target debt ratios, have not been set for the Kiel Power Systems Group.

The Kiel Power Systems Group was not subject to any external capital requirements during the reporting periods.

The above describes the historical capital management during the affiliation with the Private Assets Group. No conclusions can be drawn about the future capital structure of the Kiel Power Systems Group in connection with a possible spin-off or a potential stock exchange listing.

In addition to short-term and long-term debt, the capital composition also includes equity components.

kEUR	31.12.2025	31.12.2024	31.12.2023
Financial liabilities	2,763	3,861	4,854
Contract liabilities	1,956	0	0
Lease liabilities	4,510	3,874	4,259
Trade payables	8,046	3,451	3,571
Other debts	4,630	5,025	5,406
Total debts	**21,905**	**16,211**	**18,090**
Subscribed capital	50	50	50
Other retained earnings and net income	1,815	2,477	3,022
Total equity	**1,865**	**2,527**	**3,072**
Share of equity in total capital	7,8%	13,5%	14,5%

40. Information on the combination group

Companies and shareholdings included in the combined group

Name	Seat	Capital share 31.12.2025	Capital share 31.12.2024	Capital share 31.12.2023
Kieler Maschinenwerke GmbH (formerly ProMachining GmbH)	Kiel	100,0%	100,0%	100,0%
Pro-Valve GmbH	Kiel	100,0%	100,0%	100,0%

41. Other financial obligations

At the balance sheet dates of the periods under review, there were no material other financial obligations.

42. Employees

In the year under review, an average of 198 employees (2024: 179 employees; 2023: 135 employees) were employed. Of these, 11 are trainees (2024: 10 trainees; 2023: 4 trainees).

43. Related party transactions

The Kiel Power Systems Group maintains business relationships with Private Assets SE & Co. KGaA as well as Private Assets Group companies, which include direct and indirect subsidiaries of Private Assets SE & Co. KGaA.

The related parties of the Kiel Power Systems Group include Private Assets SE & Co. KGaA as well as entities within the Private Assets Group, comprising its direct and indirect subsidiaries, associates and joint ventures.

Investments in associates of the Private Assets Group are accounted for using the equity method, while investments in joint ventures are accounted for in accordance with the applicable accounting policies of the Private Assets Group. Transactions with non-consolidated subsidiaries of the Private Assets Group and the Kiel Power Systems Group are presented as transactions with other related parties. The share of transactions with associates, joint ventures and other related parties in the transaction volumes presented below is immaterial overall.

During the financial years 2025, 2024 and 2023, the Group entered into the following significant transactions with related parties.

Supply and service transactions as well as financing activities

In the financial years 2025, 2024 and 2023, the goods and services provided and other income from business transactions with the Private Assets Group are as follows:

Products and services provided *kEUR*	2025	2024	2023
Private Assets SE & Co. KGaA	0	0	0
Private Assets Group Companies	76	283	918
	76	283	918

Products and services received *kEUR*	2025	2024	2023
Private Assets SE & Co. KGaA	12	7	0
Private Assets Group Companies	2,258	6,446	4,191
	2,270	6,453	4,191

Outstanding receivables as of the reporting date *kEUR*	2025	2024	2023
Private Assets SE & Co. KGaA	0	0	0
Private Assets Group Companies	425	12	318
	425	12	318

Outstanding payables as of the reporting date *kEUR*	2025	2024	2023
Private Assets SE & Co. KGaA	12	0	0
Private Assets Group Companies	1,030	133	1,688
	1,042	133	1,688

Private Assets Group companies provided services for the Kiel Power Systems Group for central business areas, such as HR-related services and accounting.

In 2023 and 2024, revenue from transactions with related parties exclusively comprised the sale of goods and the provision of services to related group companies. In 2025, revenue from related-party transactions primarily comprised the sale of goods and the provision of services to related group companies and additionally included interest income of kEUR 20 from a loan granted to a related group company.

Throughout the reporting periods, expenses from transactions with related parties exclusively comprised consulting and management fees charged by the parent company and other related group companies, as well as purchases of goods from related group companies.

As of 31 December 2025, receivables from related parties included kEUR 363 relating to a short-term loan granted to a related group company.

All outstanding balances with these related parties have been closed at arm's length and are payable within 12 months of the balance sheet date. None of these balances are secured. In the years 2023-2025, no expenses were recorded for irrecoverable or doubtful receivables due from related parties, guarantees were neither granted nor received.

44. Corporate bodies

The following persons were members of the management board of the Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) in the reporting period:

- Peter Nortmann (since June 17, 2025)
- Michael Judaschke, (September 7, 2022 to June 16, 2025)

The following persons were members of the management board of the Pro-Valve GmbH in the reporting period:

- Peter Nortmann (since June 17, 2025)
- Michael Judaschke, (September 7, 2022 to June 16, 2025)
- Stefan Haas (until March 8, 2023)

The managing directors were each entitled to represent the Company jointly with another managing director or an authorised signatory.

Within the meaning of IAS 24.9, the Key Management Personnel comprises the members of the management team who have the authority and responsibility to plan, direct and control the activities of the Kiel Power Systems Group.
The remuneration of the management team amounted to kEUR 458 in the 2025 financial year (2024: kEUR 363; 2023: kEUR 121). The compensation consisted exclusively of short-term benefits to employees within the meaning of IAS 19 and was disclosed as management compensation in accordance with IAS 24.17(a).

45. Significant events after the balance sheet date

The following events of particular importance occurred after the end of the financial year2025:

The conflict in the Gulf region, which has been escalating since 28 February 2026, is leading to geopolitical uncertainties and rising energy price risks. The resulting uncertainties increase macroeconomic risks in various sectors, especially in the energy and raw materials environment as well as in global supply chains. According to the current state of knowledge, medium and long-term effects on customers, suppliers and other business partners of the portfolio companies cannot be reliably assessed.

With entry in the commercial register on January 15, 2026, ProMachining GmbH was renamed into "Kieler Maschinenwerke GmbH". The name change took place in connection with the strategic realignment of the group of companies and takes into account the company's historical ties with the traditional mechanical engineering location of Kiel.

Pursuant to a share purchase agreement dated June 26, 2026, Private Assets SE & Co. KGaA acquired Blitz 26-286 SE. Subsequently, with a share sale and transfer agreement dated July 15, 2026, the shares in Kieler Maschinenwerke GmbH and Pro-Valve GmbH were sold to this company. As part of an amendment to the Articles of Association, Blitz 26-286 SE was renamed "Kiel Power Systems SE" on July 20, 2026. In addition, Private Assets SE & Co. KGaA, together with external banks and legal advisors, is examining the possibility of a stock exchange listing of Kiel Power Systems SE in the scale segment of the Frankfurt Stock Exchange as part of a private placement. At the time of the release of this combined financial statement, no final decision had been made.

The events described above do not represent value-enhancing events after the balance sheet date within the meaning of IAS 10 and therefore had no impact on the recognition and measurement of assets and liabilities as of 31 December 2025 and previous years.

Kiel, September 7, 2026

Kieler Maschinenwerke GmbH (formerly ProMachining GmbH)

Managing Director
Peter Nortmann

Pro-Valve GmbH

Managing Director
Peter Nortmann

Combined management report

for the financial years 2023, 2024 and 2025

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Basis of Preparation of the Combined Financial Statements

The present combined financial statements, prepared in accordance with IFRS, and the combined management report have been prepared exclusively to present the historical financial position, financial performance and cash flows of the entities assigned to the Kiel Power Systems Group (formerly Blitz 26-286 SE) namely Kieler Maschinenwerke GmbH (formerly ProMachining GmbH) and Pro-Valve GmbH and their business activities. The combined financial statements have been prepared in accordance with IFRS but do not constitute statutory consolidated financial statements. Similarly, the combined management report does not constitute a group management report within the meaning of sections 290 et seq. of the German Commercial Code (HGB). They are intended to provide historical financial information in connection with the assessment of strategic financing options.

The financial information presented is based on the principles of combination described in the notes to the financial statements. It does not necessarily reflect the financial position, financial performance and cash flows, nor the capital structure, that would have resulted had the Kiel Power Systems Group existed as a standalone group throughout the entire reporting periods presented. Likewise, no direct conclusions regarding the future development of a standalone Kiel Power Systems Group can be drawn from the combined financial statements and the combined management report.

Business Model

The Kiel Power Systems Group comprises two entities: Kieler Maschinenwerke GmbH and Pro-Valve GmbH. The business models are as follows.

<u>Kieler Maschinenwerke GmbH</u>
With effect from 15 January 2026, ProMachining GmbH was renamed into "Kieler Maschinenwerke GmbH". The renaming was carried out in connection with the strategic realignment of the company and reflects the company's long-standing ties to Kiel's historic engineering and manufacturing heritage.

Kieler Maschinenwerke GmbH supplies highly complex ready-to-install components and modules manufactured to customer specifications on the basis of cast or forged blanks, which can also be pre-assembled upon customer request. The base materials that can be processed include iron (alloys, including high-strength variants), steel and aluminium. The available machinery fleet comprises modern CNC milling machines, turn-mill centres, gantry milling machines, grinding machines and boring mills. Component sizes that can be machined on these machines range from individual weights of a few hundred grams up to 100 tons. On request, components can also be painted or further treated via an established network of partners (e.g. hardening, shot blasting, electroplating and plasma nitriding). The principal key customer and further customers are drawn in particular from the business areas of data centres & energy supply as well as the maritime and defence sectors. These are predominantly national and international OEMs and large industrial corporations in the US and Europe. Production takes place at the traditional engineering and marine location in Kiel and, since May 2025, also at the branch in Neumünster.

Development activities focus on quality-enhancing measures in production as well as on the progressive digitalisation of the value chain, including supporting corporate functions. In this context, a cooperation with Kiel University of Applied Sciences has also been established, with a focus on optimising the service life of machining tools. The competitive position of Kieler Maschinenwerke GmbH is based in particular on the ability to manufacture complex, large-volume precision components in small and medium batch sizes with a high degree of vertical integration. The combination of modern machining technology, longstanding manufacturing expertise and deep materials competence enables the processing of sophisticated components for safety-critical applications across various industrial sectors.

<u>Pro-Valve GmbH</u>

Pro-Valve GmbH, headquartered at the shared Kiel site, focuses on two strategic business areas with synergistic effects. In its core business, the company concentrates on the contract manufacturing of intake and exhaust valves for large engines (marine engines, power generating sets, compressors, etc.) to specific customer requirements. These valves are consumable items in this type of engine and must be replaced at regular intervals as part of defined maintenance schedules.

As a complementary business area, Pro-Valve GmbH offers contract welding and specialised heat treatment processes. The combination of both business areas enables efficient utilisation of production capacities and the exploitation of synergies within the value chain, thereby contributing to the stabilisation of earnings performance. Long-standing customer relationships as well as extensive materials and process expertise in the field of wear-stressed engine components form the basis for a stable market position. Through the combination of series production and specialised contract manufacturing services, Pro-Valve operates a diversified business model with high technical value creation.

Economic report

Macroeconomic and Sector-Specific Framework Conditions

The financial years 2023 to 2025 were characterised by a challenging macroeconomic environment for the German economy. According to the Federal Statistical Office, price-adjusted gross domestic product (GDP) declined by 0.3% in 2023 and by a further 0.2% in 2024. Only in 2025 did a slight cyclical recovery emerge, with growth of 0.2%. High inflation rates, rising interest rates, geopolitical uncertainties and a generally subdued willingness to invest weighed persistently on economic development. While inflation gradually eased during the course of 2024, the industrial business cycle remained characterised by weak investment demand through to the end of 2025.

This development affected in particular the German mechanical and plant engineering sector. According to the German Mechanical Engineering Industry Association (VDMA), the sector recorded twelve consecutive quarters of declining production from the beginning of 2023 to the end of 2025 — the longest downturn since the financial and economic crisis of 2008/2009. In financial year 2024, real production in German mechanical and plant engineering fell by approximately 8%. At the same time, capacity utilisation stood at approximately 79%, well below the long-term average of approximately 86%, reflecting the persistently weak investment demand in mechanical engineering. For 2025, the VDMA revised its production forecast during the year to a real decline of 5%. In addition to weak investment demand, high energy and labour costs, increasing regulatory requirements and rising international competitive pressure weighed on the earnings position of many companies. Export performance also remained subdued, while the shortage of skilled labour continued to represent a significant challenge for the sector, despite a slight easing.

Notwithstanding the overall difficult market environment, certain end markets developed considerably more robustly. In particular the data centre and energy supply, defence and marine sectors benefited from long-term investment programmes, rising capital expenditure in particular in the power generation and defence sector and stable spare parts demand.

The Kiel Power Systems Group is specialised in the manufacture of high-quality, predominantly customised precision components and wear parts for industrial applications. The Group positions itself as a specialised manufacturing and development partner for technically demanding and complex components in selected industrial and future-oriented markets. As a result of this positioning, the Group's business activities developed overall more robustly than the general mechanical and plant engineering sector during the reporting period. In particular, rising demand from the data centre and energy supply as well as defence and marine sector as well as stable spare parts demand in the large engine segment partly offset the general cyclical headwinds.

The Kiel Power Systems Group also benefits from long-term structural developments in its core markets. These include in particular the growth of AI and subsequent need for energy infrastructure expansion and rising investment in the defence industry. At the same time, the Group's high degree of vertical integration, long-standing and international customer relationships and specialisation in safety-critical and technically demanding components provide a solid foundation for a sustainable competitive position.

Business Performance and Results of Operations

The Kiel Power Systems Group developed positively overall during the period from 2023 to 2025, despite a challenging market environment. The operational business development was characterised in particular by a significant expansion of business volumes, changes in the product mix and the further development of business relationships with existing customers.

The customer base of the Group remains concentrated and consists predominantly of internationally operating manufacturers of large-scale engines, power generation equipment and industrial drive systems. The long-standing business relationship is based on close technical cooperation and the supply of high-quality components for different application areas. In addition, business relationships exist with further customers from the data centre and energy supply, maritime and defence business areas, the further development of which is being continuously pursued as part of the sales strategy.

Order intake developed favourably overall during the three-year period. Whilst 2025 saw initial delays in individual new customer projects as a result of the insolvency of a significant foundry group, existing business continued to develop positively. In particular, demand for connecting rods and data centre engine blocks for the North American market increased significantly towards the end of 2024 and continued into financial year 2025. Overall, order intake was in line with management's expectations and formed the basis for continued high utilisation of production capacities.

Revenue increased continuously from kEUR 24,910 in financial year 2023 to kEUR 30,385 in financial year 2024 and kEUR 41,327 in financial year 2025. The key driver of this development was the gradual transition of a major customer from consigning raw materials to purchasing fully machined components. This transition began in 2024 and, for the first time, had an effect throughout the entire financial year 2025. In addition, the positive development of series production contributed to the significant revenue increase.

EBITDA amounted to kEUR 2,414 in financial year 2023 and stood at a comparable level of kEUR 1,845 and kEUR 1,832 in financial years 2024 and 2025 respectively. Despite the significant revenue growth, the increased use of materials resulting from the changed business model and changes in the product mix weighed on the operating margin.

Other operating income in financial year 2025 amounted to kEUR 1,713 (2024: kEUR 151; 2023: kEUR 261) and was primarily driven by the sale-and-leaseback transaction relating to machinery at the Neumünster site, a bargain purchase gain recognized in connection with the Oerlikon Neumag acquisition, and inventory adjustments resulting from the 2025 physical inventory count. The development of personnel expenses was essentially in line with the expansion of production capacities and collective wage adjustments. Other operating expenses increased in particular as a result of additional rental expenses for the Neumünster site and higher logistics and transport costs.

Overall, management assesses the development of the Kiel Power Systems Group during the period under review as positive. Despite the continued challenging market environment, revenue and business volumes were significantly increased and the market position in key customer segments was further strengthened.

Financial Position and Net Assets

The financial position and net assets of the Kiel Power Systems Group developed on a stable basis overall during the period from 2023 to 2025 and were characterised in particular by strong operational growth.

Total assets increased — following an interim decline from kEUR 21,162 as of 31 December 2023 to kEUR 18,738 as of 31 December 2024 — to kEUR 23,770 in financial year 2025. The primary driver was the significant build-up of operational working capital as a result of higher business volumes.

Inventories increased during the period under review from kEUR 1,772 to kEUR 3,912 and further to kEUR 4,782. This was driven in particular by higher levels of raw materials, consumables and supplies as well as an increase in finished goods inventories. The increase in inventories in 2025 was in addition attributable to a stock adjustment of kEUR 581 following the identification and recognition of previously unrecorded spare parts as part of the year-end inventory procedures.
Trade receivables increased from kEUR 1,579 in 2023 to kEUR 1,732 in 2024 and to kEUR 4,674 as of 31 December 2025. This development is attributable primarily to the higher revenue volume and the effects of the business model transition with a major customer. Outstanding receivables relate almost entirely to the top-three customers.

Equity decreased during the period under review from kEUR 3,072 to kEUR 1,865. The equity ratio stood at 7.8% as of 31 December 2025. This was attributable primarily to the earnings development in the reporting years combined with the significant growth in total assets. The equity ratio is therefore at a comparatively low level. However, this is offset by a strong liquidity position and the absence of external bank borrowings.

The financial position of the Kiel Power Systems Group was solid throughout the entire reporting period. As of 31 December 2025, the Group had cash and cash equivalents of kEUR 4,268, compared with kEUR 1,156 in the prior year and kEUR 350 as of 31 December 2023.

The financing of operating activities during the period under review was effected through a combination of operating cash flows, intra-group cash management and supplementary financing measures. Following a still negative operating cash flow in financial year 2023, clearly positive operating cash flows were generated again in financial years 2024 and 2025. No external financial liabilities to credit institutions existed during the reporting period. In addition, the sale-and-leaseback transaction carried out in financial year 2025 at the Neumünster site strengthened the Group's liquidity position.

At the time of preparation of the management report, production capacity is fully utilised on the basis of the existing order backlog until approximately end of 2027. The substantial fixed order backlog provides a solid basis for production capacity planning and offers a high degree of visibility regarding the Company's expected business development.

Overall, management assesses the financial position and net assets of the Kiel Power Systems Group as well-ordered, despite the continued challenging market environment. This assessment is supported in particular by the cash and cash equivalents available at the reporting date, the absence of external bank borrowings and the high fixed order backlog, which management estimates will ensure high utilisation of production capacities through to approximately end of 2027, thereby providing a reliable basis for further business development.

Financial and Non-Financial Key Performance Indicators

The operational management of the Kiel Power Systems Group is based on selected financial and non-financial key performance indicators (KPIs).

Financial KPIs include in particular order intake, revenue, EBITDA, fixed order backlog and soft order backlog. Fixed order backlog represents the total contracted revenue from signed customer orders, while soft order backlog represents expected future customer demand not yet covered by binding purchase orders, based on framework agreements or other documented commitments, customer indications and verbal commitments. Where appropriate, expected volumes are probability-weighted to reflect the level of certainty. Order intake serves as a key leading indicator for future business development and the utilisation of production capacities. Revenue and EBITDA represent the central management metrics for the Group's growth and operational earnings performance.

In addition, the Group monitors selected non-financial KPIs, including in particular the productivity of manufacturing processes, compliance with defined quality standards and on-time delivery performance. Productivity is assessed in particular on the basis of production capacity utilisation, machine availability and the efficiency of manufacturing processes. Quality management is based on compliance with customer-specific quality requirements, the results of internal quality inspections and the analysis of quality deviations and rework cases. Delivery performance is monitored in particular on the basis of adherence to agreed delivery dates and the timely completion of customer orders.

The aforementioned KPIs are regularly analysed within the framework of operational management and serve the continuous improvement of production processes, the assurance of high product quality and the long-term enhancement of customer satisfaction.

Forecast Report

The following forecasts are based on the corporate planning available at the time of preparation of this management report and on management's current expectations.

An overall positive business development is expected for the Kiel Power Systems Group during the remainder of financial year 2026. The fixed order backlog as of 31 December 2025 amounted to EUR 34 million, providing a positive foundation for revenue development in financial year 2026. Against this backdrop, management expects a significant improvement in operational business performance for financial year 2026. Based on current corporate planning, total revenue of over EUR 50 million in 2026 is anticipated, together with an increase in EBITDA margin in 2026 to over 5 %.

The business development of the Kiel Power Systems Group in the first half of 2026 was adversely affected in particular by constraints in the supply of cast blanks. Since July 2026, the supply situation has improved noticeably. Based on the high level of market demand — particularly from the decentralised energy generation sector in the context of artificial intelligence (AI) applications — the firm order backlog of the Kiel Power Systems Group is currently at an all-time high with a continued strongly increasing trend.

The total order backlog as at August 31, 2026 was EUR 260 million which comprises a fixed order backlog of EUR 110 million and a soft order backlog of EUR 150 million, such that current manufacturing capacities are fully utilised through to and including 2027. Based on the volume planning for 2028 already agreed on a binding basis with the Kiel Power System Group's principal customers, management expects further order placements in the course of 2026 that would utilise current capacity through to and including 2028. A significant proportion of series production relates to components for large-bore gas engines, which are used in particular in decentralised energy supply and energy-intensive applications.

In view of the continued high level of demand and the current sales planning of the principal customer, the Kiel Power Systems Group plans a gradual but significant expansion of its production capacities as well as further investments in machinery, production infrastructure and process optimisation. Based on the principal customer's current sales planning, the expected growth from the existing business relationship alone would open up substantial additional revenue potential in the long term. At the same time, sales activities are being further intensified in order to gradually broaden the customer base and reduce the dependence on the key account over the long term. In addition to the established markets, further growth potential exists in particular in the defence, marine, energy and mechanical and plant engineering sectors.

The positive long-term market outlook is supported in particular by globally increasing demand for decentralised energy supply. Key growth drivers include the continued expansion of high-performance data centres — in particular for artificial intelligence (AI) applications — as well as the growing demand for high-performance emergency power and energy supply systems for industry and critical infrastructure. Management regards this as representing attractive structural growth potential for the components manufactured by Kieler Maschinenwerke GmbH. Based on current planning, management expects to achieve total revenue in the year 2027 of over EUR 90 million and to achieve a double digit EBITDA margin.

The business development of Pro-Valve GmbH is expected to continue to be characterised by overall stable demand during the remainder of the year. The business is largely based on the regular replacement of wear-related engine components within the framework of scheduled maintenance and service intervals and is therefore characterised by comparatively steady demand. The focus continues to be on ensuring high product quality, reliable delivery performance and the continuous optimisation of production processes. In addition, cooperation with customers and suppliers is to be further deepened in order to continuously improve production and material planning over the long term. At the same time, the company is pursuing the objective of gradually expanding its customer base and developing additional areas of application for its manufacturing and heat treatment expertise.

The key drivers of this development are the high fixed order backlog in the area of mechanical manufacturing of large-volume components, the significantly improved supply of blanks and the stable demand for large engine components and the associated manufacturing services. The Kiel Power Systems Group's financial position, liquidity and results of operations are expected to remain sustainably robust over the next financial year. Notwithstanding the continued challenging macroeconomic environment, the Kiel Power Systems Group considers itself well positioned — by virtue of its specialisation in technically demanding components, its high manufacturing competence and its positioning in structurally attractive end markets — to continue its profitable growth trajectory. Management will continue to closely monitor developments in procurement markets, in particular the supply of blanks, as well as developments in international sales markets, and will adjust investment and capacity planning as necessary in response to changing market conditions.

Risk and Opportunity Report

Risk Management Process and Internal Control System

Entrepreneurial activity is inextricably linked with risks and opportunities. Risks are understood as possible future developments or events that could lead to a negative deviation from the plans and expectations of the Kiel Power Systems Group. Opportunities, by contrast, refer to possible developments or events through which planned development may be exceeded or the Group's competitive position sustainably improved.

During the financial years 2023 to 2025, Kiel Power Systems Group were fully integrated into the risk management and internal control system of the Private Assets SE & Co. KGaA Group. Responsibility for the identification and operational management of company-specific risks rested with the management of the respective entities. The entities were additionally supported by the Private Assets Group through investment controlling and group-wide reporting, monitoring and control processes. This integration continued until the change in ownership described in the subsequent events report. Following the change in ownership, Kiel Power Systems Group has operated independently under their new ownership structure and are no longer integrated into the risk management, reporting, monitoring and control processes of the Private Assets Group.

The risk management process encompasses systematic identification, assessment, management and monitoring of risks. Risk identification is carried out both at the level of the operating entities and within the framework of overarching group management. The basis is formed by the ongoing monitoring of business and market developments, the analysis of financial and operational metrics, plan-versus-actual comparisons and event-driven assessments of extraordinary developments.

The identified risks are assessed on the basis of their potential impact on the financial position, financial performance and cash flows, as well as their probability of occurrence. Both probability of occurrence and potential loss are classified into the categories "low", "medium" or "high". In addition to directly quantifiable effects, possible indirect consequences are also taken into account, such as the impact on production processes, delivery capability, customer relationships, reputation or the implementation of strategic objectives. Assessments are generally carried out within a one-year time horizon, unless the nature of the risk warrants a longer period. No individual risks, or risks in combination, that would threaten the Kiel Power Systems Group's existence were identified during the reporting period.

Structured reporting processes are in place for the ongoing monitoring of economic developments. Management receives regular reports on the development of key financial and non-financial management metrics, as well as further risk-relevant indicators. These include in particular the development of order intake and order backlog, revenue, earnings, liquidity and selected production- and quality-related information. Ongoing plan-versus-actual comparisons and analyses of material variances are also carried out. For extraordinary or potentially existence-threatening developments, an event-driven reporting process is in place through which material changes in the risk profile are communicated promptly to the responsible decision-makers.

Management of the entities is carried out on the basis of, among other things, daily, weekly and monthly reports and metrics. The order backlog and liquidity development are closely monitored. In addition, a monthly management reporting package is available, which is continuously adapted — as required — to new information and management requirements. The existing controlling and financial systems were further developed during the reporting period in order to enhance transparency regarding operational and financial performance.

The internal control system encompasses organisational regulations, processes and controls designed in particular to:

- ensure the accuracy and reliability of financial reporting;
- support compliance with statutory provisions and internal guidelines; and
- promote the efficiency and security of key business processes.

The key elements of the internal control system include clearly defined responsibilities and accountabilities, segregation of duties, the dual control principle for material transactions and decisions, IT-supported access and authorisation concepts, and regular reconciliation and plausibility checks. In addition, standardised processes for financial reporting and the preparation of financial statements were in place.

No independent internal audit function existed during the reporting periods. Monitoring of key control mechanisms was therefore carried out in particular by management, the responsible specialist functions and through the reporting and control processes of the Private Assets Group. Findings from ongoing monitoring activities, external audits and operational business activities were taken into account in the further development of systems. The historical integration of the entities into these structures is described accordingly in the group management report of the Private Assets Group.

The assessment of probability of occurrence takes into account in particular historical experience, current business developments, the market and competitive environment and the effectiveness of management and monitoring measures already implemented. The assessment of potential loss is guided by the possible effects of the respective risk on the financial position, financial performance and cash flows and on the operational activities of the Kiel Power Systems Group.

The overall assessment presented below takes into account existing risk mitigation measures and therefore represents an assessment of the remaining net risk.

Macroeconomic and Geopolitical Risks and Opportunities

The business development of the Kiel Power Systems Group is dependent on the general economic development in Germany and in international sales markets. A sustained weakness in industrial production, a decline in investment appetite or a deterioration of the global economic environment could lead to delays or reductions in customer orders, thereby weighing on the Group's order intake, capacity utilisation, revenue and earnings.

Additional risks arise from geopolitical conflicts, trade policy tensions, possible tariffs and sanctions and the increasing fragmentation of global trade. Changes in US trade policy may affect internationally active customers and their investment decisions in particular. Military conflicts in the Middle East and the war in Ukraine may also impair international supply chains, energy prices and the availability of certain materials. These developments are largely beyond the Group's control.

Rising or sharply fluctuating energy, raw material and transport costs may increase the cost base of the Kiel Power Systems Group. To the extent that such cost increases cannot be passed on to customers or can only be passed on with a time lag, this may weigh on the operating margin. A renewed increase in inflation could additionally lead to higher personnel, procurement and financing costs.

At the same time, changes in the economic and geopolitical environment present opportunities. The growing importance of resilient and regional supply chains may favour a relocation of manufacturing activities back to Germany and Europe. The Kiel Power Systems Group may benefit from corresponding nearshoring and reshoring trends by virtue of its technical manufacturing competence, available production capacities and experience with sophisticated industrial components.

Further opportunities arise from increasing investment in defence capabilities, energy supply and critical infrastructure. The long-standing industrial experience at the Kiel site and the existing competencies in the machining of technically demanding, large-volume components open up possibilities for winning additional contracts in the defence, marine and energy sectors.
Taking into account existing management measures, the probability of occurrence of macroeconomic and geopolitical risks is assessed as medium and the potential impact as medium. The remaining overall risk is therefore assessed as medium.

Market, Customer and Sales Risks and Opportunities

The Kiel Power Systems Group generates almost its entire business volume with several entities of an internationally active industrial corporation. The Group's economic development is therefore significantly dependent on the continuation and scope of these business relationships. A material reduction in order volume, a fundamental change in procurement strategy or the loss of these business relationships would significantly impair the financial position, financial performance and cash flows of the Kiel Power Systems Group and could, in extreme cases, have an existence-threatening impact. Management therefore attaches paramount importance to this customer concentration risk and monitors its development continuously.

By contrast, several significant risk-mitigating factors currently exist. The business relationships have in some cases existed for many years and are based on close technical cooperation and extensive qualification and approval processes. The components manufactured are technically demanding and are an integral part of complex large engines. In management's assessment, only a small number of companies in Europe have the technical capabilities and available capacities to provide comparable services at the required quality and scale. A change of supplier would therefore generally involve considerable technical, time-related and financial effort.

Furthermore, the Kiel Power Systems Group, at the time of preparation of this management report, has a high level of production capacity utilisation through to approximately end of 2027. Significant growth drivers are additionally expected from the expansion of high-performance data centres, in particular for artificial intelligence (AI) applications, as well as from the growing demand for decentralised energy supply, emergency power and backup systems. The components manufactured by the Kiel Power Systems Group are used, among other things, in large-bore gas engines that find application in these areas. In addition, rising investment in defence, marine and critical infrastructure opens up further growth potential. Management continues to pursue the objective of gradually broadening the customer base and reducing the existing customer concentration over the long term.

Considering the financial strength of the key customer group, the long-standing business relationship, the significant technical barriers to entry, and the positive market outlook, the likelihood of occurrence is assessed as low to medium, while the potential impact is considered high. Overall, the remaining net risk is assessed as medium.

Competitive Risks and Opportunities

The Kiel Power Systems Group operates in competitive markets. Competitive risks arise in particular from price competition, technological developments and the market entry of new providers or capacity expansions by existing competitors. International competitors, particularly from low-cost countries, may additionally exert competitive pressure in certain product areas.

In management's assessment, however, competitive risk is currently limited. The competitive position of the Kiel Power Systems Group is determined principally by its high manufacturing competence, long-standing customer relationships and its ability to machine technically demanding, large-volume components. The market for these services is characterised by high technical and quality requirements and extensive qualification and approval processes, giving rise to significant barriers to entry. Furthermore, in management's assessment, only a small number of companies in Europe — currently approximately three to five market participants — possess the technical prerequisites and manufacturing capacities to provide comparable services on this scale. Switching of existing customers to alternative suppliers therefore generally involves considerable technical, time-related and financial effort. Management continuously monitors competitive developments. Overall, competitive risk is currently assessed as low, taking into account the existing market structure and high entry barriers.

Procurement and Supply Chain Risks and Opportunities

A material risk for Kieler Maschinenwerke GmbH relates to the availability of suitably qualified cast and forged blanks. Supply bottlenecks, quality problems or financial difficulties of individual foundries may lead to delays in the production process, inefficient capacity and temporary revenue shortfalls.

In the past, the supply of castings was to a significant extent covered by a foundry located at the Kiel site. Its financial difficulties and the subsequent acquisition by a new investor gave rise to uncertainties regarding long-term supply security. Should the continued existence of individual suppliers not be assured, alternative sources of supply would need to be qualified and production volumes redistributed. Due to customer approval requirements and technical specifications, the transition to alternative suppliers may take a considerable amount of time.

In addition, price increases for raw materials, energy and upstream products may raise manufacturing costs. This risk is of particular relevance where cost increases cannot, or can only with a time lag, be passed on to customers. The Group addresses these risks through close monitoring of suppliers, the development of alternative sources of supply, proactive material planning and the maintenance of long-term supplier relationships.

Opportunities arise from a further professionalization and diversification of procurement. The qualification of additional suppliers can enhance supply security, reduce dependencies and improve the negotiating position. Long-term and stable supplier relationships can also lead to greater planning reliability, improved quality and a reduction in disruption risks.

Due to the supply constraints already experienced in the past and the limited short-term replaceability of individual suppliers, probability of occurrence is assessed as medium. Possible supplier failures could lead to significant production interruptions and revenue shortfalls, such that potential impact is assessed as high. The remaining overall risk is assessed as high.

Production, Quality and Investment Risks and Opportunities

The production processes of the Kiel Power Systems Group are characterised by technically demanding machining procedures, high quality requirements and, in some cases, large component dimensions. Failures of key machines, technical malfunctions, unplanned maintenance requirements or delays in production planning may impair delivery capability and give rise to additional costs or revenue deferrals.

Quality defects may cause rework, scrap, contractual penalties or warranty and liability claims. In addition, repeated quality or delivery problems may impair customer relationships and the Group's market position. These risks are addressed through ongoing quality controls, defined manufacturing and approval processes, the monitoring of key quality metrics and regular maintenance measures. Risks from product liability claims are additionally covered by existing insurance policies, although comprehensive insurance coverage cannot be guaranteed in every case.

The planned expansion of production capacities is associated with investment and implementation risks. Investments may be delayed, incur higher costs than planned or become productive later than expected. There is also a risk that additional capacities may not be utilised to the expected extent. Investment decisions are therefore taken on a step-by-step basis, taking into account the order backlog, customer planning, financing options and available personnel and technical resources.

At the same time, the capacity expansion, modernisation of the machinery fleet and optimisation of production processes present significant opportunities. Modern machinery and digital production management systems can improve productivity, quality, flexibility and operational resilience. The utilisation of the additional capacities at the Neumünster site opens up the possibility of realising further growth whilst simultaneously reducing dependence on individual production equipment or sites.

Taking into account existing quality, maintenance and investment processes, both the probability of occurrence and the potential impact of production, quality and investment risks are assessed as medium. The remaining overall risk is therefore assessed as medium.

Financing, Liquidity and Default Risks and Opportunities

Ensuring adequate liquidity at all times is of material importance for the Kiel Power Systems Group. Risks may arise in particular from delayed payment receipts, an increased working capital requirement, a build-up of inventories or receivables, and from unplanned investment and maintenance requirements.

Customer concentration simultaneously leads to a concentration of the receivables portfolio. Payment defaults or material delays on the part of the principal customer could therefore have a significant impact on liquidity. However, given the creditworthiness of the principal customer and the long-standing business relationships, default risk is currently assessed as limited. Receivables and payment terms are continuously monitored and partially secured through trade credit insurance or financing programmes. Kieler Maschinenwerke GmbH participates in a supplier financing programme of the principal customer that enables early liquidity inflows from receivables. In addition, sale-and-rent-back and sale-and-leaseback structures have been used to raise liquidity. These instruments provide a short-term liquidity boost but simultaneously give rise to ongoing interest, rental or lease charges and may influence future financial flexibility.

During the reporting periods, liquidity management was integrated into the cash and financial management of the Private Assets Group. Liquidity development was monitored through regular planning and reporting processes. Following the change in ownership, Kiel Power Systems Group has operated independently under their new ownership structure and have been responsible for their own liquidity and financial management. At the time of preparation of the management report, management assesses the liquidity position as adequate. Nevertheless, material negative deviations in order intake, production interruptions or an unexpectedly high working capital requirement could necessitate additional financing measures.

Opportunities arise from an improved operational cash flow performance, a reduction in working capital and from the optimization of existing financing instruments. A positive earnings development and improved creditworthiness may additionally facilitate access to additional sources of financing and more favourable terms.

Based on the existing liquidity planning, available cash and cash equivalents, the creditworthiness of the key customers, and the financing facilities available, the likelihood of a material liquidity shortfall or a significant receivables default is assessed as low. As a material liquidity shortfall or the default of a major customer could have a significant impact on the Group's business activities, the potential impact is assessed as medium. Overall, however, the residual overall risk is assessed as low.

Personnel and Key Competency Risks and Opportunities

The commercial success of the Kiel Power Systems Group depends to a significant degree on qualified specialist and management personnel. In particular, long-standing experiential knowledge is required for the machining of complex large-scale components, the operation of specialised machinery, production planning, quality assurance and technical project management.

The loss of key individuals or experienced specialists may lead to a loss of know-how, productivity losses and delays. At the same time, there is a risk that vacant positions may not be filled, or may only be filled with a time lag, as a result of the skilled labour shortage. The planned growth and expansion of production capacities will additionally increase the future demand for qualified personnel.

The Group addresses these risks through the further development and upskilling of existing employees, employee retention measures, structured onboarding and knowledge transfer processes and the recruitment of new specialists. A strong affinity with the traditional sites of Kiel and Neumünster, combined with technically demanding activities, can support the attractiveness as an employer. Opportunities exist in particular in the targeted development of internal talent, the transfer of experiential knowledge to younger employees and the recruitment of additional specialists. Collaborations with educational institutions and universities can help to address potential recruits at an early stage and simultaneously advance technological and production-related issues.

Against the backdrop of the skilled labour shortage and the high importance of specialised experiential knowledge, both the probability of occurrence and the potential impact of personnel and key competency risks are each assessed as medium. The remaining overall risk is therefore assessed as medium.

IT, Cyber and Digitalisation Risks and Opportunities

The business and production processes of the Kiel Power Systems Group are increasingly dependent on a stable and secure IT infrastructure. Failures of ERP, production planning or communication systems may impair order processing, production control and financial reporting. Cyber attacks — in particular ransomware, phishing or system access — may lead to operational disruptions, data losses and the leakage of confidential information.

Further risks may arise from data protection breaches, which could give rise to financial sanctions, liability claims and reputational damage. To mitigate these risks, technical and professional security measures, access and concepts, data backups and external IT and data protection expertise are deployed. The IT system landscape and the existing controlling and financial software are being developed progressively.

Digitalisation simultaneously offers significant opportunities. Better integration of production, quality and financial data can enhance transparency, accelerate planning processes and enable earlier identification of deviations. Digital production and controlling tools can additionally improve productivity, capacity management, quality and delivery reliability.

Due to the general increase of cyber attacks, the probability of occurrence of a material IT or cyber incident is assessed as medium, notwithstanding the existing security measures. A prolonged failure of central IT or production systems could cause significant operational and financial impacts, such that potential impact is assessed as high. The remaining overall risk is assessed as high.

Legal, Regulatory and Compliance Risks and Opportunities

The Kiel Power Systems Group is subject to a large number of statutory, contractual and regulatory requirements. These include in particular employment, tax, environmental, product liability and other regulatory requirements, as well as requirements relating to export controls, data protection and occupational health and safety.

Legal risks may arise in particular from breaches of contract, warranty and product liability claims, delivery delays and disputes with customers, suppliers or employees. Management addresses these risks through established contract review and approval processes and, where necessary, through the involvement of external legal advisors.

New or tightened statutory and regulatory requirements may give rise to additional administrative effort, investment requirements and ongoing costs. This applies, among other things, to environmental and energy requirements, supply chain and sustainability requirements and possible additional requirements arising from a future capital market orientation.

Rigorous compliance with legal and regulatory requirements simultaneously offers opportunities. Professional compliance and control structures can strengthen the trust of customers, suppliers, employees and potential investors. Early implementation of new requirements can additionally contribute to the achievement of competitive advantages and the preparation of the Group for further growth and a potential standalone capital market positioning.

Based on the established contract review and approval processes, existing insurance coverage and the as-needed involvement of external advisors, the probability of occurrence of material legal or compliance-related losses is assessed as low. Potential impact is assessed as medium. The remaining overall risk is assessed as low in aggregate.

Environmental, Energy and Climate Risks and Opportunities

As a manufacturing group, the Kiel Power Systems Group is dependent on the availability and price development of energy. Rising energy prices or constraints in energy supply may increase production costs and impair manufacturing processes. Physical climate risks, such as extreme weather events, may place a burden on production sites, infrastructure and supply chains. In addition, tightened environmental and emissions requirements may necessitate additional investment. Customers may in future impose higher requirements regarding energy efficiency,

CO_2 transparency and sustainable production processes. Failure to meet such requirements may impair competitiveness and the ability to win new contracts.

At the same time, opportunities arise from improved energy and resource efficiency. Investment in modern machinery, digital production management and energy-efficient processes can reduce costs and strengthen the competitive position. The growing demand for decentralised energy supply, high-performance emergency power systems and modern energy infrastructure also provides additional sales opportunities for the components manufactured by Kieler Maschinenwerke GmbH.

The probability of occurrence of material burdens arising from energy price increases, regulatory requirements or physical climate risks is assessed as medium. Given the possible effects on production costs, investment requirements and supply chains, potential impact is also assessed as medium. The remaining overall risk is therefore assessed as medium.

Overall Assessment of Risks and Opportunities

In management's assessment, at the time of preparation of this management report, no risks exist that could — individually or in aggregate — threaten the continued existence of the Kiel Power Systems Group. Available liquidity is assessed as adequate. Nevertheless, future economic development is subject to uncertainties.

The risks assessed as high individually are in particular procurement and supply chain risks and IT and cyber risks. The high assessment in these areas is partly attributable to the potential impact in the event of occurrence and does not imply that the materialisation of the respective risk is regarded as the more likely outcome. The remaining risk areas are predominantly classified as medium or low overall risks.

These risks are counterbalanced by significant opportunities. These include in particular the existing order backlog, the long-standing business relationship with the principal customer and its planned expansion of engine production, growing demand for decentralised energy supply and emergency power systems, as well as additional market potential in the defence, marine and critical infrastructure sectors. Further opportunities arise from the expansion of production capacities, the diversification of the customer and supplier base and the continued optimisation and digitalisation of production processes.

Overall, management assesses the balance of opportunities and risks as positive, as the opportunities for the Company's sustainable development outweigh the identified risks. By virtue of its high technical competence, long-standing customer relationships, existing order position and positioning in structurally attractive end markets, the Kiel Power Systems Group considers itself well placed to capitalise on the identified opportunities and to address existing risks with appropriate management measures. In management's view, the opportunities for a sustainably positive business development outweigh the identified risks.

Kiel, September 7, 2026

Kieler Maschinenwerke GmbH

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Managing Director
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