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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number:

SCHMID Group N.V.

(Exact name of Registrant as specified in its charter)

Not applicable	**The Netherlands**
(Translation of registrant's name into English)	(Jurisdiction of incorporation or organization)

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class:	**Trading Symbol(s):**	**Name of each exchange on which registered:**
Ordinary Shares, par value €0.01 per share	SHMD	Nasdaq Global Select Market
Redeemable Warrants, each exercisable for one Ordinary Share at an exercise price of $11.50 per share	SHMDW	Nasdaq Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not Applicable
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: On December 31, 2024, the issuer had 43,062,427 ordinary shares, nominal value €0.01 per share, outstanding. As of the day of the filing of this annual report, the issuer had 55,602,966 ordinary shares outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☑

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Emerging growth company	☑

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark which basis for accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

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EXPLANATORY NOTE

On April 30, 2024 (the "**Closing Date**"), SCHMID Group N.V. ("**SCHMID**" or the "**Company**"), closed a previously announced business combination (the "**Business Combination**") pursuant to the Business Combination Agreement, dated as of May 31, 2023, as amended from time to time, by and among Pegasus Digital Mobility Acquisition Corp., a Cayman Islands exempted company ("**Pegasus**"), Gebr. Schmid GmbH, a German limited liability company, Pegasus TopCo B.V., a Dutch private liability company (which was converted into a Dutch public limited liability company, and renamed SCHMID Group N.V., prior to the closing of the Business Combination) ("**TopCo**"), and Pegasus MergerSub Corp., a Cayman Islands limited liability company and wholly-owned subsidiary of SCHMID ("**Merger Sub**"). References made to SCHMID pertaining to occurrences predating the Business Combination closing refer to Gebr. Schmid GmbH, which was the predecessor to SCHMID Group N.V. at the top of the group's structure.

Prior to the Business Combination, SCHMID Group N.V. did not conduct any material activities other than those incident to its formation and the matters contemplated by the Business Combination Agreement, such as the making of certain required securities law filings, and the establishment of Merger Sub. Upon the closing of the Business Combination, SCHMID Group N.V. became the direct parent of Gebr. Schmid GmbH, a Germany-based technology provider with extensive expertise in high-tech manufacturing processes.

Ordinary Shares and warrants to purchase one Ordinary Share at a price of $11.50, subject to adjustment, Public Warrants ("**Public Warrants**"), began trading on the Nasdaq Global Select Market ("**Nasdaq**") under the symbols "SHMD" and "SHMDW", respectively, on May 1, 2024.

Unless otherwise indicated, "SCHMID", "the Company", "we", "us" and "our" refer to SCHMID Group N.V. after conversion into a Dutch public limited liability company and Pegasus TopCo B.V. prior to the conversion into a Dutch public liability company. References to "€" are to the common currency of the European Monetary Union and references to "U.S. dollars", "$" or "cents" are to the lawful currency of the United States.

FREQUENTLY USED TERMS

Unless otherwise stated in this Annual Report on Form 20-F or the context otherwise requires, references have the following meaning:

"**Adjusted EBITDA**" is defined by the Company as its net income (or loss) for a given period adjusted to exclude income tax expense or benefit, financial results, depreciation and amortization, and the share of profit or loss from joint ventures.

"**Annual Report**" means this annual report of the Company on Form 20-F.

"**Board**" means the board of directors of the Company.

"**Business Combination**" or "**de-SPAC**" means the transactions contemplated by the Business Combination Agreement. See Note 2 of the Consolidated Financial Statements for the details of the accounting treatment of the de-SPAC.

"**Business Combination Agreement**" means the Business Combination Agreement, dated May 31, 2023, by and among TopCo, Merger Sub, Pegasus and Gebr. SCHMID GmbH, as amended by that First Amendment to Business Combination Agreement dated as of September 26, 2023 and as amended by the Second Amendment to Business Combination Agreement dated as of January 29, 2024, and as it may be further amended from time to time.

"**Ordinary Shares**" or the "**Shares**" means the shares of the Company.

"**Closing Date**" means April 30, 2024, the date of the closing of the Business Combination.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company**" means SCHMID Group N.V.

"**Continental**" means Continental Stock Transfer & Trust Company, the transfer agent and warrant agent of the Company.

"**ET**" means embedded traces, a process which we believe the next level technology for high-end PCBs & Substrates.

"**EU**" means the European Union.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**FCPA**" means U.S. Foreign Corrupt Practices Act.

"**GDPR**" means the European General Data Protection Regulation.

"**IAS**" means the International Accounting Standard.

"**IASB**" means the International Accounting Standards Board. "IBR" means the incremental borrowing rate.

"**IFRS**" means the International Financial Reporting Standards as issued by the IASB.

"**mSAP**" means modified semi additive processes.

"**MergerSub**" means Pegasus MergerSub Corp., a Cayman Islands exempted company.

"**NASDAQ**" means the Nasdaq Stock Exchange in New York.

"**NYSE**" means the New York Stock Exchange.

"**OEMs**" means original equipment manufacturers.

"**Pegasus**" means Pegasus Digital Mobility Acquisition Corp., a Cayman Islands exempted company.

"**Pegasus Private Placement Warrants**" means the 9,750,000 warrants originally issued in the private placement that occurred concurrently with the closing of Pegasus's IPO.

"**Pegasus Public Warrants**" means the 11,250,000 public warrants, each of which is a warrant to purchase one Pegasus Class A Ordinary Share at a price of $11.50 per share, subject to adjustment in accordance with the Warrant Agreement.

"**Pegasus Warrants**" means collectively the Pegasus Public Warrants and the Pegasus Private Placement Warrants.

"**PCB**" means printed circuit board.

"**RMB**" means the Chinese Renminbi.

"**SAP**" means semi-additive processes.

"**Sarbanes-Oxley Act**" means the Sarbanes-Oxley Act of 2002.

"**SCHMID**" means SCHMID Group N.V.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Sponsor**" means Pegasus Digital Mobility Sponsor LLC., a Cayman Islands limited liability company, which is the sponsor of Pegasus.

"**TopCo**" means Pegasus TopCo B.V., a Dutch private liability company (*besloten vennootschap met beperkte aansprakelijkheid*) which has been converted and renamed to SCHMID Group N.V. on April 30, 2024.

"**XJ Harbour**" means XJ Harbour HK Limited.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains or may contain forward-looking statements that involve significant risks and uncertainties. Statements contained in this Annual Report, other than statements of historical fact, including statements about SCHMID's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts are forward-looking statements. Words or phrases such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "potential," "predict," "project," "should," "will" and "would," or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Examples of forward-looking statements in this Annual Report include, but are not limited to, statements regarding SCHMID's operations, cash flows, financial position and dividend policy.

Forward-looking statements are subject to risks and uncertainties. The risks and uncertainties include, but are not limited to:

- our future financial condition and operating results;
- changes in general economic conditions in the Federal Republic of Germany ("**Germany**"), the European Union, the United States of America and the People's Republic of China, including changes in the unemployment rate, the level of energy and consumer prices, wage levels, tariff and trade barrier pricing, etc.;
- our ability to remain in compliance with financial covenants under our financing arrangements;
- our ability to extend, renew or refinance our existing debt;
- our liquidity and losses from operations and projected cash flows and related impact on our ability to continue as a going concern;
- our growth, expansion and acquisition prospects and strategies, the success of such strategies, and the benefits we believe can be derived from such strategies;
- our ability to effectively manage our inventory and inventory reserves;
- impairments of our goodwill or other intangible assets;
- changes in customer spending patterns and overall levels of investment;
- our ability to further upgrade our information technology systems and infrastructure, including our accounting processes and functions;
- our ability to continue to remedy weaknesses in our internal controls;
- costs as a result of operating as a public company;
- our assumptions regarding interest rates and inflation;
- changes affecting currency exchange rates;
- continuing business disruptions arising from the on-going war in Ukraine;
- our financial condition and ability to obtain financing in the future to implement our business strategy and fund capital expenditures, acquisitions and other general corporate activities;
- estimated future capital expenditures needed to preserve our asset base;

- the market acceptance of our products by our customers and our ability to adapt to technological changes;
- the growth in the market for embedded traces, glass substrate technology in our products;
- changes in our competitive environment and in our competition level;
- the occurrence of accidents, terrorist attacks, natural disasters, fires, environmental damage, or systemic delivery failures;
- our inability to attract and retain qualified personnel, consultants and collaborators;
- changes in laws and regulations;
- our expectations relating to dividend payments and forecasts of our ability to make such payments; and
- other factors discussed in "*Item 3. Key Information — D. Risk Factors*" in this Annual Report.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described under the section titled "*Item 3. Key Information — D. Risk Factors*" in this Annual Report. Accordingly, you should not rely on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Annual Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this Annual Report.

In addition, statements that "SCHMID believes" or "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date such statements are made. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely on these statements.

Although we believe the expectations reflected in the forward-looking statements were reasonable at the time made, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither SCHMID nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should carefully consider the cautionary statements contained or referred to in this section in connection with the forward-looking statements contained in this Annual Report and any subsequent written or oral forward-looking statements that may be issued by SCHMID or persons acting on our behalf. Our actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this Annual Report as described in "*Item 3. Key Information — D. Risk Factors*", "*Item 4 —Information on the Company*" and "*Item 5 — Operating and Financial Review and Prospects*". Given these risks, uncertainties and other important factors, you should not place undue reliance on these forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth in this Annual Report. Also, these forward-looking statements represent our estimates and assumptions only as of the date such forward-looking statements are made. Except as required by law, we assume no obligation to update any forward-looking statements publicly, whether as a result of new information, future events or otherwise.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business faces significant risks and uncertainties. You should carefully consider all of the information set forth in this Annual Report, including without limitation "*Item 5 — Operating and Financial Review and Prospects*," and in other documents we file with or furnish to the SEC, including the following risk factors, before deciding to invest in or to maintain an investment in our securities. Our business, as well as our reputation, financial condition, results of operations and share price, could be materially adversely affected by any of these risks, as well as other risks and uncertainties not currently known to us or not currently considered material. The following risk factors have been organized by category for ease of use; however, many of the risks may have impacts in more than one category.

Risk Factors Summary

Our business faces significant risks and uncertainties. You should carefully consider all of the information set forth in this Annual Report and in other documents we file with or furnish to the SEC, including the following risk factors, before deciding to invest in or to maintain an investment in our securities. Our business, as well as our reputation, financial condition, results of operations and share price, could be materially adversely affected by any of these risks, as well as other risks and uncertainties not currently known to us or not currently considered material. These risks include, among others, the following:

- SCHMID's ability to maintain the listing of our securities on the NASDAQ;
- Our ability to implement business plans, operating models, forecasts, and other expectations and identify and realize additional business opportunities;

- SCHMID faces intense competition in the markets and industries in which it operates, and SCHMID's competitiveness depends on being successful in new product development and to market its embedded traces and glass substrate technology.

- The reputation of SCHMID's brand is an important company asset and is key to SCHMID's ability to remain a trusted supplier of specialty products, equipment and services.

- SCHMID's profitability could suffer if its cost management strategies are unsuccessful, or SCHMID's competitors develop an advantageous cost structure that SCHMID cannot match.

- SCHMID's direct customers and their direct and indirect customers face numerous competitive challenges, which may materially adversely affect their business and as a result SCHMID's business.

- SCHMID's revenue, earnings, and other operating results have fluctuated in the past and may fluctuate in the future due to the nature of its business.

- Any disruptions to SCHMID's supply chain, significant increases in material costs, or shortages of critical components, could adversely affect SCHMID's business and result in increased costs.

- Most of SCHMID's revenue is derived from the electronics business which subjects its revenues and profitability to fluctuations and developments in this end - market globally, while the defense industry is becoming an increasingly important end-market for SCHMID, which is subject to fluctuations in government spending and high government indebtedness could lead to defense spending reduction in particular in the US.

- Economic, financial, geopolitical, epidemiological, or other conditions could result in business disruptions which could seriously harm SCHMID's future revenue and financial condition and increase SCHMID's costs and expenses.

- SCHMID's operations and assets in foreign jurisdictions may be subject to significant political and economic uncertainties.

- SCHMID's ability to obtain additional capital on commercially reasonable terms may be limited.

- SCHMID is generally subject to substantial regulation and laws and unfavorable changes to, or its failure to comply with, these regulations and/or laws could substantially harm its business and operating results.

- Failure of information security and privacy concerns could subject SCHMID to penalties, damage SCHMID's reputation and brand, and harm SCHMID's business and results of operations.

- SCHMID may be unable to successfully execute its growth initiatives, business strategies, or operating plans.

- SCHMID's know-how and innovations, which it relies on for its current and future business, may not be adequately protected.

- SCHMID's patent applications may not be successful, which may have a material adverse effect on SCHMID's ability to prevent others from commercially exploiting products similar to SCHMID's products.

Risks Related to Our Business, Technology, and Industry

In the markets and industries in which we operate, we face intense competition and our failure to compete successfully in product development may have an adverse effect on our business, financial condition, and results of operations.

The electronic industry in which we operate is highly competitive. We encounter competition from numerous and varied competitors in all areas of our business. For example, the electronics industry includes large Chinese players who often dominate equipment manufacturing as the market is highly commoditized, price driven and under the focus of the Chinese government, which seeks to implement favorable industry policy for local producers. Further, we face competition not only from competitors who manufacture similar products, but also those who may offer a variety of other alternative products. Additionally, industry consolidation may result in larger, more homogeneous, and potentially stronger competitors in the markets in which we compete in the future.

We compete primarily on the basis of product quality, innovation, technology, brand reputation as well as through the services and support we offer. Our competitors may continue to develop their existing portfolios of products, introduce new products and enhance their existing products, which could cause a decline in market acceptance of our products. Our competitors may also improve their manufacturing processes or expand their manufacturing capacity, which could make it more difficult or costly for us to compete successfully. In addition, our competitors could enter into exclusive arrangements with our existing or potential customers or suppliers, which could limit our ability, or make it significantly more costly, to acquire necessary raw materials or to generate sales.

Some of our competitors may have or may obtain greater financial, technical, and marketing resources than we do. This would allow them to devote greater resources to promoting and selling certain products. Unlike many of our competitors who specialize in a single or limited number of product lines, we have a portfolio of businesses and must allocate resources across those businesses. As a result, we may invest less in certain areas of our business than our competitors invest which may lead to a competitive disadvantage.

Further, because some of our competitors are small divisions of large, international businesses, these competitors may have access to greater resources than we do and may therefore be better able to withstand a change in conditions within our industry or the economy as a whole.

Some of our competitors may also incur fewer expenses than we do in creating, marketing, and selling certain products and may face fewer risks in introducing new products to the market. This circumstance results from the nature of our business model, which is based on providing innovative and high-quality products, and therefore may require us to spend a proportionately greater amount on R&D than some of our competitors. If our pricing, marketing resources or other factors are not sufficiently competitive, or if there is an adverse reaction to our product decisions, we may lose market share in certain areas, which could adversely affect our business, financial condition, and results of operations.

Additionally, competitors could benefit from favorable tax regimes or additional governmental grants and subsidies. Certain of our competitors in various countries in which we do business, including China, may be owned by or affiliated with members of local governments and political entities. These competitors may receive special treatment with respect to regulatory compliance and product registration, while certain of our products, including those based on new technologies, may be delayed or even prevented from entering into the local market.

Escalating trade tensions, for example between the United States and China, can also lead to restrictions on the import and export of certain goods and technologies to or from certain countries. Further, additional trade import taxes or import duties can create disruption in competitiveness. Disruption in the global supply chain due to an escalation of trade tensions, the outbreak of war, a disease epidemic or other unexpected situation can cause certain services, goods and materials to be unavailable or in limited supply and can further limit production capability and result in an inability to produce equipment for customers within an acceptable timeframe and at the needed volume. Such disruptions can have a material impact on our business, results of operations and financial condition.

We are currently in the process of patenting the technology for embedded traces ("**ET**") which we believe is the next level technology for high-end PCBs & substrates. We believe we are the only participant in the market that is currently able to supply equipment for ET production. We saw noticeable growth in the high-end market in 2024 and 2025 and generated our first substantial sales with ET technology. For 2026, we expect another increase in our sales in the area of ET technology, especially in the North American market. If competitors concentrate on the ET as well and develop either better or more cost competitive processes and machinery, we could fail to capture the growth we expect in the ET market, which could have a material adverse effect on our business, financial condition, and results of operations.

The reputation of our brand is an important company asset and is key to our ability to remain a trusted supplier of specialty products, equipment and services.

We have maintained a strong reputation in the electronics industries for more than 160 years. Our products, equipment and services are associated with long-lasting and reliable high quality.

The reputation of our brand is an important company asset and is key to our ability to remain a trusted supplier of specialty products, equipment and services and to attract and retain customers. Negative publicity regarding our company or actual, alleged, or perceived issues regarding one of our products or services, particularly given the high cost-of-failure nature of our products and services, could harm our relationships with customers and may adversely affect our credibility and our business.

Our business is dependent on the continued acceptance by our customers of our existing products and services and the value placed on them. If these products and services do not maintain market acceptance, our revenues may decrease. A portion of our sales originate from our worldwide customer-oriented services, which is an important element of our business. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our customers effectively with the products sold to them, we could adversely affect our ability to retain existing customers and could discourage prospective customers from adopting our services. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We may also be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Increased demand for customer support, without corresponding revenue, could increase costs and adversely affect our business, results of operations and financial condition.

We are also continually investing in new product development to expand our offerings beyond our traditional products and services. Market acceptance of any new products or services may be affected by customer confusion surrounding our introduction of new products and services. Our expansion into new offerings may present increased risks and efforts to expand beyond our traditional products and services may not succeed. However, if we do not continue to innovate and provide innovative machinery and technological solutions that are competitive within our industry, we may lose customers, and our revenues and results of operations could suffer.

Through our products, we have established ourselves as one of the leaders in quality and innovation in the markets in which we operate. For that reason, our customers are willing to pay above market prices for our machinery and technological solutions. If we do not continue to innovate and provide innovative machinery and technological solutions that are competitive within our industry, our customers may no longer be willing to pay above market price for our machinery and technological solutions or may move to our competitors. Our customers moving to our competitors could have a material adverse effect on our business, financial condition, and results of operations.

In addition, our business is subject to constant and rapid technological change, product obsolescence, price erosion, evolving standards, and raw material price fluctuations. The industry is currently affected by localization and a shift in customers' businesses. In particular, there is currently a reorganization of the global supply chain underway, with a focus on decreasing dependency on China. The trends and characteristics in these industries may cause significant fluctuations in our results of operations and cash flows and have a material adverse effect on our financial condition. Our growth and success depend upon our ability to enhance our existing products and services and to develop and introduce new products and services to keep pace with such changes and developments and to meet changing customer needs and preferences. However, newer products or services may not achieve market acceptance if current or potential customers do not value the benefits of using our products, do not achieve favorable results using our products, use their budgets for different products, experience difficulties in using our products, or believe that our products are not cutting edge or do not add as much value as our competition's products. If these newer products and services do not achieve market acceptance, there could be a material adverse effect on our business, financial condition, and results of operations and our profitability could decline. Additionally, changes, including technological changes, in our customers' products or processes may make our specialty machines unnecessary or reduce the quantity of our specialty machines needed for a given product or process, which would reduce the demand for such. We have had, and may continue to have, customers who find alternative materials or processes and therefore no longer require our products, which could have a material adverse effect on our business, financial condition, and results of operations. Further, our plans for operating our business and leading further growth include adding new products and services. These investments could contribute to losses, and we cannot guarantee whether or when any of these plans will be successful with customers or result in an improvement in profits for our business.

In addition, we may fail to anticipate the impact of new and emerging technology or changes in trends, fail to accurately determine market demand for new products and services, experience cost overruns, delays in delivery or performance problems, or create market confusion by making changes to our existing products and services. If we are not successful in obtaining acceptance for new products or services, demand for our products and services may decline and/or we may not be able to grow our business or growth may occur more slowly than we anticipate. Some of our current or future products or services could also be rendered obsolete as a result of competitive offerings or market shifts. Furthermore, if our customers deviate from the envisaged timeline for the introduction of new technology, the sales of our newer products could be adversely affected. Failure to anticipate or quickly adapt to changes in our customers' product introduction timelines could have a material adverse effect on our business, financial condition, and results of operations.

Our profitability could suffer if our cost management strategies are unsuccessful, or our competitors develop an advantageous cost structure that we cannot match.

Our ability to improve or maintain our profitability is dependent on our ability to successfully manage our costs. Our cost management strategies include maintaining appropriate alignment between the price of raw materials, the demand for our offerings and our resource capacity and maintaining or improving our sales and marketing and general and administrative costs as a percentage of revenues. If our cost management efforts are not successful, our efficiency may suffer, and we may not achieve desired levels of profitability. In addition, we may not be able to implement our cost management efforts in a manner that permits us to realize the cost savings we anticipate in the time, manner, or amount we currently expect, or at all due to a variety of risks, including, but not limited to, difficulties in integrating shared services within our business, higher than expected employee severance or retention costs, higher than expected overhead expenses, delays in the anticipated timing of activities related to our cost savings plans, and other unexpected costs associated with operating our business. If we are not effective in managing our operating costs in response to changes in demand or pricing, or if we are unable to absorb or pass on increases in the compensation of our employees or costs of raw materials, we may not be able to invest in our business in an amount necessary to achieve our planned rates of growth, and our business, financial condition, and results of operations could be materially adversely affected.

It may be possible for our current or future competitors to gain an advantage in product technology, manufacturing technology, or process technology, which may allow them to offer products or services that have a significant advantage over our offerings. Advantages could be in price, capacity, performance, reliability, serviceability, industry standards or formats, brand and marketing, or other attributes. If we do not compete successfully by developing and deploying new cost-effective products, processes, and technologies on a timely basis and by adapting to changes in our industry and the global economy, there could be a material adverse effect on our business, financial condition, and results of operations. Similarly, our products are used by manufacturers of component parts for a variety of industries. To the extent these industries become more sensitive to input costs, we may face price pressure. Our ability to respond to such pressures depends on the strength and viability of our internal cost management and pricing programs. Any failure of these programs could have a material adverse effect on our business, financial condition, and results of operations.

If we fail to continuously develop new, improved and more cost-effective technologies and products, this could have a material adverse effect on our business, financial condition and results of operations.

We depend on our continued ability to develop new, improved and more cost-effective technologies and products, to produce the same in a cost-effective manner and to commercialize and distribute new products successfully. The trend towards commoditization and standardization in some of our markets is further increasing the importance of research and development as we need to offer specialized products that are offering higher value to customers in order to achieve satisfactory margins.

We may not be able to successfully and constantly adapt, expand and improve our research and development activities, product portfolio and our marketing strategy in a timely manner and to the necessary extent, or may lack the capacity to invest the required level of human or financial resources in the development of new products required to respond to the existing trends and future changes. Competitors, in particular those with greater financial resources, might be able to outperform us by developing new technologies or products with favorable characteristics. In addition, the market for a newly developed technology or product may unexpectedly decline or could even disappear. In such case, all or part of our investments in the development of the relevant technology or product, which might be substantial, may be lost.

If we fail to continuously develop new, improved and more cost-effective technologies and products and to constantly adapt our research and development activities, product portfolio and marketing strategy to new trends and technological changes, this could have a material adverse effect on our business, financial condition and results of operations.

Our direct customers and their direct and indirect customers face numerous competitive challenges, which may materially adversely affect their business and ours.

Factors adversely affecting our direct customers and their direct and indirect customers may also adversely affect us. These factors include recessionary periods in their markets, their inability to adapt to rapidly changing technology and evolving industry standards, their inability to develop, market, or gain commercial acceptance of their products, some of which are new and untested and their products becoming commoditized or obsolete. Our customers are also subject to a highly competitive consumer products industry, which may have shorter product lifecycles, shifting end-user preferences, and higher revenue volatility.

If our customers or our customers' direct and indirect customers in the ultimate end-markets are unsuccessful in addressing these competitive challenges, their businesses may be materially adversely affected, reducing the demand for our offerings, decreasing our revenues, or altering our production cycles and inventory management, each of which could have a material adverse effect on our business, financial condition, and results of operations.

Our revenue, earnings, and other operating results have fluctuated in the past and may fluctuate in the future.

If demand for our products fluctuates as a result of economic conditions or for other reasons, our revenue and profitability could be impacted. Our future operating results will depend on many factors, including the following:

- business, political, and macroeconomic changes, and the overall global economy;
- wars or public health crises
- changes in consumer confidence caused by many factors, including changes in interest rates, credit markets, expectations for inflation, unemployment levels, and energy or other commodity prices;
- fluctuations in demand for our customers' and their customers' products;
- our ability to forecast our customers' demand for our products accurately;
- our ability to anticipate secular trends that affect demand for our products and the degree to which those trends materialize;
- our customers' ability to manage the inventory that they hold and to forecast accurately their demand for our products;
- our ability to achieve cost savings and improve yields and margins on our new and existing products; and
- our ability to utilize our capacity efficiently or acquire additional capacity in response to customer demand.

It is likely that our future operating results could be adversely affected by one or more of the factors set forth above or other similar factors. If our future operating results are below the expectations of stock market analysts or our investors, our stock price may decline.

Any disruptions to our supply chain, significant increase in material costs, or shortages of critical components, could adversely affect our business and result in increased costs.

Any disruptions to our supply chain, significant increases in the cost of materials or shortages of critical components, could adversely affect our business and result in increased costs. Such a disruption could occur as a result of any number of events, including, but not limited to: market shortages due to surge in demand for any particular part or component, increases in prices or impact of inflation, the imposition of regulations, quotas or embargoes on components, labor stoppages, transportation delays or failures affecting the supply chain and shipment of materials and finished goods, supply bottlenecks resulting from plant closures and production adjustments due to public health crises, such as pandemics and epidemics, third-party interference in the integrity of the parts and components sourced through the supply chain, the unavailability of raw materials, severe weather conditions, adverse effects of climate change, natural disasters, geopolitical developments, war or terrorism, and disruptions in utilities and other services. In addition, any future updates or modifications to the anticipated design of SCHMID products may increase the number of parts and components we would be required to source and increase the complexity of our supply chain management. Failure to effectively manage the supply of parts and components could materially and adversely affect our results of operations, financial condition and prospects.

Any continued decline or disruption in the electronics markets or any economic downturn or uncertainty, in particular in Europe and Asia, could materially adversely affect our business, results of operations, and financial condition.

In recent years, we have generated a large percentage of our revenue in the USA, China, the rest of Asia, and Europe. Any continued decline or disruptions in those markets, especially in respect to the electronics market, could have a direct impact on our business. Trends in nearshoring global semiconductor supply chains could also directly impact our business as customers may choose to move to competitors whose production facilities are closer to their factories. We have also historically been impacted by economic declines or disruptions in those markets, for example the outbreak of the COVID-19 pandemic which led to severe interruptions to business operations generally and within China in particular. Any similar decline or disruption in the future could materially adversely affect our business, results of operations, and financial condition.

Our performance also depends on the financial health and strength of our customers, which in turn is dependent on the economic conditions of the markets in which we and our customers operate. Declines or uncertainties in Europe, the United States, China and other global economies may lead customers to delay or reduce purchases of our products and services as they take measures to reduce their operating costs, including by delaying the development or launch of new products and brands and/or reducing R&D spending generally.

We are also sensitive to general trends and changes in the key markets we serve. Some of these markets, including the market for substrate manufacturing, exhibit a degree of cyclicality. Decisions to purchase our products and equipment are largely the result of the performance of these and other end-markets. If demand for output in these end-markets decreases, demand for our offerings will decrease as well. Demand for the products produced by customers in our end-markets is impacted by numerous factors, including macroeconomic conditions, prices of commodities, rates of infrastructure spending, consumer confidence and spending, labor conditions, and fuel costs, among others. For example, public skepticism of autonomous driving may negatively impact the demand for high-frequency sensors, which could result in decreased demand for our products. Increases or decreases in these variables globally may significantly impact the demand for our offerings and could have a material adverse effect on our business, financial condition, and results of operations. If we are unable to accurately predict demand in our end-markets or of the customers we serve, we may be unable to meet our customers' needs, resulting in the loss of potential sales.

In addition, mergers or consolidations among our customers could reduce the number of our customers and potential customers. Consolidation in certain industries that we serve might also adversely affect or otherwise impact our revenues even if these events do not reduce the activities of the consolidated entities. When entities consolidate, overlapping services previously purchased separately are usually purchased only once by the consolidated entity, leading to loss of revenues. In addition, consolidated entities can better negotiate pricing terms while reducing spending on other services that were previously purchased by one of the merged or consolidated entities which may be deemed unnecessary or cancelled. Any such developments among our customers could have material adverse effect on our business, financial condition, and results of operations.

Most of our revenue is derived from our electronics business and while we believe that the business we operate in will grow significantly in the future, this may not materialize which could mean that we fail to reach our projected revenues and profitability which we measure on an Adjusted EBITDA basis.

While we focus on several sectors such as electronics, defense, and photovoltaic technologies, the majority of our revenue is achieved from our business with electronics customers. If one or more of the products and services we offer in this business area does not continue to remain profitable or we fail to maintain the quality of the products we offer for any reason, our business, financial condition, and results of operations may be materially adversely affected. In particular, we believe the market for high-end PCB equipment and especially the market for panel-level packaging (PLP) will grow substantially. In 2025, general downturns in market demand, particularly in China, resulted in lower than forecasted revenues and liquidity issues for the Company. If the electronics market, specifically the PLP or high-end PCB markets, behave differently than expected, if for instance traditional process technologies or other new technologies continue to capture most or all of the high-end PCB equipment market, the Company may fail to realize expected revenues. That could have a material adverse effect on the business, financial condition, and results of operations.

Our future business plans are formulated on the expectation of positive long-term trends and drivers in the market in which we operate. Key drivers of this growth are technologies such as AI server boards and boards for high performance computing applications. If our expectations and estimates are not correct or do not materialize in the manner in which we anticipate, this could have a negative impact on our future business plans and results of operations. In particular, our current projections for our revenues and Adjusted EBITDA for fiscal year 2026 are, and our past projections for past fiscal years were, based on our assessments at the time of the macroeconomic conditions in our key target markets and in particular the development of the electronics businesses and significant customer orders. While we based our projections on market trends and discussions with key customers as well as our order backlog as of December 31, 2025 and 2024 respectively, the forecasted revenues and Adjusted EBITDA may not materialize as our forecasts are based on various external factors (e.g. global tariff policies, supply chain issues, or non-materialization of orders due to customers' strategic reorientation) or delays in order timing and other factors such as competitors getting orders which the Company expected to receive.

Difficult and volatile conditions in the capital, credit and commodities markets and in the overall economy could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Difficult global economic conditions, including concerns about sovereign debt and significant volatility in the capital, credit, and commodities markets, could have a material adverse effect on our business, financial condition, results of operations, and cash flows. These global economic factors, combined with low levels of business and consumer confidence and high levels of unemployment, precipitated a slow recovery from the global recession and from time to time create a concern about a return to recessionary conditions. These difficult conditions and the overall economy can affect our business in several ways. For example:

- as a result of the volatility in commodity prices, we may encounter difficulty in achieving sustained market acceptance of past or future price increases, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows;

- in order to respond to market conditions, we may need to seek waivers from certain provisions in financing agreements, and in such case, there can be no assurance that we can obtain such waivers at a reasonable cost, if at all;

- market conditions could cause the counterparties to the derivative financial instruments we may use to hedge our exposure to interest rate, commodity, or currency fluctuations to experience financial difficulties and, as a result, our efforts to hedge these exposures could prove unsuccessful and, furthermore, our ability to engage in additional hedging activities may decrease or become more costly; and

- market conditions could result in our key customers experiencing financial difficulties and/or electing to limit spending, which in turn could result in decreased sales and earnings for us.

In general, downturns in economic conditions can cause fluctuations in demand for our products, product prices, volumes, and margins. Future economic conditions may not be favorable to our industry and future growth in demand for our products, if any, may not be sufficient to alleviate any existing or future conditions of excess industry capacity. A decline in the demand for our products or a shift to lower margin products due to deteriorating economic conditions could have a material adverse effect on our business, financial condition, and results of operations and could also result in impairments of certain of our assets. We do not know if market conditions or the state of the overall economy will maintain its current course, improve, or decline in the near term. We cannot provide assurance that any decline in economic conditions or economic downturn in one or more of the geographic regions in which we sell our products would not have a material adverse effect on our business, financial condition, and results of operations.

Foreign currency exchange rate fluctuations and volatility in global currency markets could have a material adverse effect on our business, financial condition, and results of operations.

Our consolidated financial statements are presented in Euros. Our international sales and operations expose us to fluctuations in foreign currency exchange rates. These movements in exchange rates may cause our revenues and expenses to fluctuate, impacting our profitability and cash flows and our results generally.

A significant portion of our costs and the majority of our revenues are denominated in currencies other than the Euro, with most of our non-Euro denominated revenues being in RMB and USD while most of our costs being denominated in Euro. While most of our RMB revenues are matched by RMB costs, a weakening of the USD against the EUR and to a lesser extent a weaking of the RMB against the EUR, could have a negative effect on our results of operations.

These risks related to exchange rate fluctuations and currency volatility may increase in future periods as our operations outside of Europe continue to expand. Consequently, our business, financial condition, and results of operations may be materially adversely affected by fluctuations in currency exchange rates.

Natural disasters, catastrophes, fire, or other unexpected events could have a material adverse effect on our business, financial condition, and results of operations.

Many of our business activities involve substantial investments in manufacturing facilities. These facilities could be materially damaged by natural disasters, such as floods, tornadoes, hurricanes, and earthquakes, or by catastrophes, fire or other unexpected events such as adverse weather conditions or other disruptions to our facilities, supply chain, or our customers' facilities. We could incur uninsured losses and liabilities arising from any such events, including damage to our reputation, and/or suffer severe impairments to our operational capacity, which could have a material adverse impact on our business, financial condition, and results of operations.

Any natural disaster, catastrophe, fire, or other unexpected event could result in personal injury and loss of life, damage to property, and contamination of the environment, which may result in a shutdown of our facilities, suspension of operations, and the imposition of civil or criminal fines, penalties and other sanctions, cleanup costs, and claims by governmental entities or third parties. We are dependent on the continued operation of our production facilities, and the loss or shutdown of operations over an extended period at any of our other major operating facilities could have a material adverse effect on our business, financial condition, and results of operations.

If we fail to retain existing key customers, or if our key customers fail to grow their own sales in the future, our business, results of operations, and financial condition could be materially adversely affected.

We have a concentrated customer base and are dependent on a small number of significant customers in the technology sector for a large percentage of our sales and revenue. For fiscal year 2024, the two largest customers measured in terms of sales volume represented approximately 23% of our revenues and the ten largest customers represented approximately 58% of our revenues. For the fiscal year 2024, we had more than 70 customers. Customer numbers in the prior year of 2023 and in the following year of 2025 were approximately similar. If we fail to retain these key customers or if we fail to replace orders in one period from key customers with orders from other customers in subsequent periods our own results could be materially adversely impacted.

After introducing our products into their operations, our customers often become highly dependent on our continued provision of products and services. This means that a part of our revenue is derived from subsequent business following the original customer purchase. If such customers were to switch to other providers, we would lose revenue from both initial business as well as subsequent business from follow-on sales and services.

Further, our key customers may fail to grow their own sales in the future, which may result in withdrawing from business with us. Loss of any such customer or any disruption in our relationship with such customers could result in decreased revenues. If we are unable to replace revenue generated by one or more of our major customers, our revenue may significantly decrease, which would have a material adverse effect on our business, financial condition, and results of operations.

Our business, financial condition, and results of operations could be adversely affected by decreases in the average selling prices of products.

Decreases in the average selling prices of our products may have a material adverse effect on our business, financial condition, and results of operations. Our ability to maintain or increase our profitability will continue to be dependent, in large part, upon our ability to offset decreases in average selling prices by improving production efficiency or by shifting to higher margin products. In the past, we have elected to discontinue selling certain products as a result of sustained material decreases in the selling price of such products and our inability to effectively offset such decrease through shifts in operations. If we are unable to respond effectively to decreases in the average selling prices of our products in the future, our business, financial condition, and results of operations could be materially adversely affected. Further, while we may elect to discontinue products that are significantly affected by such price decreases, we can provide no assurance that any such discontinuation will mitigate the related declines in our financial condition.

We may be required to record an impairment charge on our accounts receivable if we are unable to collect the outstanding balances from our customers.

We typically pre-finance a large portion of development services and resources for manufacturing customer-specific products and frequently sell products and services to customers on credit. While we carry out credit checks for our customers and generally require down payments for orders, there is a risk of delay for payments of the remaining amounts or that customers do not fulfil their payment obligations in full. We estimate the collectability of our accounts receivable based on our analysis of the accounts receivable, historical bad debts, customer creditworthiness, and current economic trends. We continuously monitor collections from our customers and maintain adequate impairment allowance for doubtful accounts. However, if the bad debts significantly exceed our impairment allowance, we may be required to record an impairment charge and our business, financial condition, and results of operations could be materially adversely affected.

Economic, financial, geopolitical, epidemiological, or other conditions could result in business disruptions which could seriously harm our future revenue and financial condition and increase our costs and expenses.

Concerns over inflation, geopolitical issues, the U.S. financial markets, foreign exchange rates, capital and exchange controls, unstable global credit markets and financial conditions, supply chain disruptions and economic issues have led to periods of significant economic instability, declines in consumer confidence and discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth going forward, and increased unemployment rates. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment and continued unstable or unpredictable economic and market conditions. If these conditions continue to deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to complete, more costly and more dilutive. In addition, there is a risk that one or more of our current or future service providers, manufacturers, suppliers and other partners could be negatively affected by difficult economic times, which could adversely affect our ability to attain our operating goals on schedule and on budget or meet our business and financial objectives.

Our operations, and those of third-party contractors and consultants upon which we rely, could be subject to wildfires, earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war (including trade wars), political instability or other conflicts, and other natural or man-made disasters or other events outside of our control that could disrupt our business. Armed conflicts in the Middle East and Ukraine, as well as instability in South America or other political or military threats may have negative impacts on economies and financial markets. Those can be caused by sanctions, restrictions on selling or importing goods, services or technology in or from affected regions and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations. It is not possible to predict further actions by countries involved and the broader consequences of any war or conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact our business, financial condition and results of operations.

The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. Our ability to obtain supplies and materials for the production of our products could be disrupted if the operations of our suppliers are affected by a man-made or natural disaster or other business interruption. Damage or extended periods of interruption to our corporate, development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay the marketing or development of some or all of our products and services. Although we maintain property damage and business interruption insurance coverage, our business, financial condition, and results of operations may be seriously harmed should the losses we suffer as a result of such property damage and/or business interruption substantially exceed our insurance coverage and we are required to make up for this shortfall.

Risks Related to our Operations

Our global operations subject us to increased risks.

We have global operations and, accordingly, our business is subject to risks resulting from differing legal and regulatory requirements, political, social, and economic conditions, and unforeseeable developments in a variety of jurisdictions. We have a significant presence in several major regions, including certain emerging markets such as China, and we plan to continue and diversify global expansion. Our global operations are subject to the following risks, among others:

- international trade disputes that could result in tariffs or other protectionist measures;
- political instability, including regime changes, and corruption;
- acts of terrorism and military actions in response to such acts;
- unexpected changes in regulatory environments and government interference in the economy;
- changes to economic sanctions laws and regulations, including regulatory exemptions that currently authorize certain of our limited dealings involving sanctioned countries;
- increasingly stringent laws related to privacy and consumer and data protection, including the EU General Data Protection Regulation and US State privacy and security breach notification laws;
- social unrest, crime, strikes, riots and civil disturbances;
- varying tax regimes, including with respect to the imposition of confiscatory taxes, other unexpected taxes, or withholding taxes on remittances and other payments by our partnerships or subsidiaries;
- differing labor regulations, particularly in Germany and China where we have a significant number of employees;
- rising wages and rates of inflation;
- fluctuations in foreign currency exchange rates and foreign exchange controls and restrictions on repatriation of funds;
- the outbreak of disease pandemics and responsive governmental measures;
- inability to collect payments, or seek recourse under, or comply with ambiguous or vague commercial or other laws;
- difficulty in obtaining, or denial of, export licenses or delay or interruption of the transportation of our products;
- differing protections for intellectual property rights;
- increased risk of cybersecurity incidents and cyberattacks from third-party and state actors and privacy violations;

- difficulties in attracting and retaining qualified management and employees;
- increased credit risk and different financial conditions of customers and distributors may necessitate longer payment cycles of accounts receivable or result in increased bad debt write-offs (including due to bankruptcy) or additions to reserves;
- differing business practices, which may require us to enter into agreements that include non-standard terms; and
- difficulties in penetrating new markets due to entrenched competitors, lack of recognition of our brand, and lack of local acceptance of our products and services.

Our overall success as a global business depends, in part, on our ability to anticipate and effectively manage these risks, but there can be no assurance that we will be able to do so without incurring unexpected costs. If we are not able to manage the risks related to our international operations, our business, financial condition, and results of operations may be materially adversely affected.

Our business in various markets requires us to respond to rapid changes in market conditions in these countries. Our overall success as a global business depends, in part, upon our ability to succeed in different legal, regulatory, economic, social, and political conditions. We may not succeed in developing and implementing policies and strategies which will be effective in each location where we do business.

Furthermore, any of the foregoing factors or any combination thereof could have a material adverse effect on our business, financial condition, and results of operations.

We may also face difficulties managing and administering an internationally dispersed business. In particular, the management of our personnel across several countries can present logistical and managerial challenges. Additionally, international operations present challenges related to operating under different business cultures and languages. We may have to comply with unexpected changes in foreign laws and regulatory requirements, which could negatively impact our operations and ability to manage our global financial resources. Export controls or other regulatory restrictions could prevent us from shipping our products into and from some markets. Moreover, we may not be able to adequately protect our trademarks and other intellectual property overseas due to uncertainty of laws and enforcement in several countries.

Changes in tax regulations in Germany or the United States and other jurisdictions, including under and with respect to bilateral and multilateral tax treaties, or the interpretation thereof, could significantly reduce the financial performance of our foreign operations or the magnitude of their contributions to our overall financial performance. In addition, the interpretation and application of consumer and data protection laws in the United States, Europe, and elsewhere are often uncertain, contradictory, and in flux. It is possible that any such newly introduced or amended laws are interpreted and applied in a manner that is inconsistent with our data practices. If so, this could result in government-imposed fines or orders requiring that we change our data practices, which could have an adverse effect on our business. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

We are not insured against all potential risks.

To the extent available, we maintain insurance coverage that we believe is customary in our industry, covering our respective properties, operations, personnel, and businesses. Such insurance does not, however, provide coverage for all liabilities, including certain hazards incidental to our business, and we can provide no assurance that our insurance coverage will be adequate to cover claims that may arise or that we will be able to maintain adequate insurance at rates we consider reasonable. For example, the occurrence of a significant business interruption in the operation of one or more of our key facilities, countries, business partners, or systems could result in liability to us that is not insured and therefore could have a material adverse effect on our business, financial condition, and results of operations. In addition, our products are used in or integrated with many high-risk end-products and therefore if such products were involved in a disaster or catastrophic accident, we could be involved in litigation arising out of such incidents and susceptible to significant expenses or losses.

In the event of a total or partial loss affecting any of our property, certain items of equipment and inventory may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to obtain replacement units or inventory may cause significant delays, which may have a material adverse effect on our business, financial condition, and results of operations. In addition, certain zoning laws and regulations may prevent rebuilding substantially the same facilities in the event of a casualty, which may have a material adverse effect on our business, financial condition, and results of operations.

As a result, we cannot assure you that we are insured against all potential risks or for those risks that are covered by insurance that the insurance proceeds will compensate us fully for our losses, which could result in a material adverse effect on our business, financial condition, and results of operations.

Our ability to use and operate certain portions of our facilities may be limited by the validity of, or a default or termination under, our real property leases.

Certain portions of our facilities are leased from third-party landlords, and we continue to lease facilities in the future. The invalidity of, or default or termination under, any of our leases may interfere with our ability to use and operate all or a portion of certain of our facilities, which may have a material adverse effect on our business, financial condition, and results of operations.

Our operations and assets in foreign jurisdictions may be subject to significant political and economic uncertainties.

We operate and have subsidiaries and partners in various jurisdictions such as China, Taiwan, South Korea, Malaysia and the United States. Changes in laws and regulations, or their interpretation, or the imposition of unexpected or confiscatory taxation, restrictions on currency conversion, imports and sources of supply, devaluations of currency, or the nationalization or other expropriation of private enterprises could have a material adverse effect on our business, financial condition, and results of operations of our subsidiaries. For example, under its current leadership, the Chinese government has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the Chinese government will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice.

The foreign economies may differ from the economies of Germany or the U.S. in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While such economies may have experienced significant growth in the past 30 years, growth may have been uneven, both geographically and among various sectors of the economy. Such economies may not continue to grow and if there is growth, such growth may not be steady and uniform. If there is a slowdown, such slowdown may have a negative effect on our business and operations in such economies as well as on our business in general. We can provide no assurance that the various macroeconomic measures and monetary policies adopted by the foreign governments to guide economic growth and the allocation of resources will be effective in sustaining the growth rate of the respective foreign economies. If growth of such economies stagnates or there is an economic downturn, our business, financial condition, and results of operations may be materially adversely affected.

Uncertainties presented by the foreign legal systems could limit the legal protections available to us and subject us to legal risks, which could have a material adverse effect on our business, financial condition, and results of operations.

We operate and have subsidiaries and partners in various jurisdictions such as China, Taiwan, Korea, Malaysia and the United States. Our operations in foreign jurisdictions are subject to foreign applicable laws, rules and regulations. In such jurisdictions, a fully integrated legal system may not yet be developed, or imposed laws may not sufficiently cover all aspects of economic activities and prior court decisions may have limited value as precedents. Additionally, foreign statutes may often be principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. In particular, some of these laws and regulations may be relatively new, and there may be limited volume of published decisions. For that reason interpretation and enforcement of these laws and regulations involve uncertainties.

In addition, a legal system may be based in part on government policies and internal rules, some of which may not be published on a timely basis or at all, and some of which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any administrative and court proceedings may be protracted, resulting in substantial costs and diversion of resources and management attention. Further, as administrative and court authorities may have significant discretion in interpreting and implementing statutory, regulatory, and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection than in more developed legal systems. These uncertainties may also impede our ability to enforce the contracts we have entered into in foreign jurisdictions. As a result, these uncertainties could have a material adverse effect on our business, financial condition, and results of operations.

Material increases in labor costs in China could have an adverse impact on our business and operating results.

We operate a manufacturing facility in China. In past years, we and other manufacturers have experienced increases in labor costs in our Chinese facilities due to rising inflation. Increases in the cost of labor in manufacturing facilities in China, including those of SCHMID, are expected to continue to occur in the future.

To the extent we are unable to pass on increases in labor costs to our customers by increasing the prices for our products and services, minimum wage increases, or increases in other labor costs, or to move our operations into a jurisdiction where labor cost is lower, this could have a material adverse effect on our business, financial condition, and results of operations.

Changes in the Chinese government's policy on foreign investment in China may adversely affect our business and results of operations.

The Foreign Investment Access Special Management Measures (Negative List) (2024 Version) ("**Negative List**"), which became effective on November 1, 2024, has identified the industrial areas that are restricted or prohibited for foreign investors. The business of our Chinese subsidiaries does not fall within any of such restricted or prohibited areas and their business scope was duly approved by the Chinese foreign investment regulatory authority upon their establishment.

The Negative List may, however, be updated from time to time, and there can be no assurance that the Chinese government will not change its policies in a manner that would render part or all of our business to fall within the restricted or prohibited categories. If we cannot obtain approval from the relevant approval authorities to engage in a business that becomes prohibited or restricted for foreign investors pursuant to any applicable updates under the Negative List, we may be forced to sell or restructure our business in China. If we are forced to adjust our corporate structure or business as a result of changes in government policy on foreign investment, this could adversely affect our reputation, business, financial condition, and results of operations.

The Chinese government may enact further restrictive measures in the future which could adversely affect our reputation, business, financial condition, and results of operations.

Our ability to obtain additional capital on commercially reasonable terms may be limited and the funding of the second tranche of our $30 million senior convertible notes is conditional on the registration of the underlying shares of such convertible notes.

Although we believe our cash and cash equivalents, together with cash we expect to generate from operations and unused capacity available under our overdraft facility, provide adequate resources to fund ongoing operating requirements, we may need to seek additional financing to compete effectively.

If we are unable to obtain capital on commercially reasonable terms, it could:

- reduce funds available to us for purposes such as working capital, capital expenditures, research and development, strategic acquisitions, and other general corporate purposes;
- restrict our ability to introduce new products or exploit business opportunities;
- increase our vulnerability to economic downturns and competitive pressures in the markets in which we operate; and
- place us at a competitive disadvantage.

On January 18, 2026, we entered into an investment agreement with an institutional investor, Linden Advisors LP, to sell, and on January 21, 2026 sold senior convertible notes in an aggregate principal amount of $30.0 million convertible into ordinary shares of the Company together with the issuance of warrants to purchase ordinary shares of the Company in a private placement to the Investor. The notes were issued at 98% of principal amount pursuant an indenture and are to be funded in two tranches: (i) $15.0 million were funded on January 21, 2026 and (ii) $15.0 million will be funded following the effectiveness of a registration statement covering the resale of the underlying shares in relation to the notes. Should the registration statement for the underlying shares not be declared effective by June 30, 2026, we will be required to make monthly repayments in relation to the first $15.0 million tranche. As a result, our Consolidated Financial Statements include a going concern qualification as well as a note by our management setting out material uncertainties to our going concern, principally relating to the funding of the second tranche of the convertible notes issuance.

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations, improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets.

Accordingly, we may need to engage in equity or debt financings to secure additional funds. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on reasonable terms or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

Risks Related to Regulation and Litigation

Our financial results may be affected by tariffs, border adjustment taxes or other adverse trade restrictions.

We have global operations, including a significant presence in several major regions, including markets such as Malaysia, Taiwan, South Korea, United States, and China. We cannot predict whether the countries in which we operate, or may operate in the future, could become subject to new or additional trade restrictions imposed by the United States or other governments, including the likelihood, type or effect of any such restrictions. The United States has recently enacted and proposed to enact significant new tariffs. Additionally, President Trump has directed various federal agencies to further evaluate key aspects of U.S. trade policy and there has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs. There continues to exist significant uncertainty about the future relationship between the U.S. and other countries with respect to such trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the U.S. Any of these factors could depress economic activity and restrict our access to suppliers or customers and have a material adverse effect on our business, financial condition and results of operations, which in turn would negatively impact us.

The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds between our companies pursuant to, for example, purchase agreements, licensing agreements, or other arrangements. Adverse developments in these laws or regulations, or any change in position regarding the application, administration, or interpretation of these laws or regulations in any applicable jurisdiction, or our inability to comply with all applicable requirements of these laws or regulations could have a material adverse effect on our business, financial condition, and results of operations.

In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our activities or transactions, including the tax treatment or characterization of our tax residency. If any competent tax authorities were to successfully challenge the tax treatment or characterization of any of these, it could result in the disallowance of deductions, the imposition of additional or new taxation in certain jurisdictions, the imposition of withholding taxes on internal deemed transfers or in general, capital gains taxes, including on transfers that have been made and/or deemed to have been made in connection with the Transactions or otherwise, the reallocation of income, penalties, or other consequences that could have a material adverse effect on our business, financial condition, and results of operations.

Our failure to comply with trade restrictions such as economic sanctions and export controls could negatively impact our reputation and results of operations.

We are subject to trade restrictions, including economic sanctions and export controls, imposed by governments around the world with jurisdiction over our operations, which prohibit or restrict transactions involving certain designated persons and certain designated countries or territories, including Russia, Cuba, Iran, Syria, North Korea, and the Crimea Region of Ukraine. Our failure to successfully comply with any such laws and regulations may expose us to reputational harm as well as significant sanctions, including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts, and other remedial measures. Investigations of alleged violations can be costly and disruptive. We maintain policies and procedures designed to comply with these laws and regulations. As part of our business, we may, from time to time, engage in limited sales and transactions involving certain countries that are targets of economic sanctions, provided that such sales and transactions are authorized pursuant to applicable economic sanctions laws and regulations. However, we cannot predict the nature, scope, or effect of future regulatory requirements, including changes that may affect existing regulatory authorizations, and we cannot predict the manner in which existing laws and regulations might be administered or interpreted. Any changes in economic sanctions laws in the future could adversely impact our business.

In addition, any perceived or actual breach of compliance by us with respect to applicable laws, rules, and regulations could have a significant impact on our reputation and could cause us to lose existing customers; prevent us from obtaining new customers; negatively impact investor sentiment about our company; require us to expend significant funds to remedy problems caused by violations and to avert further violations; and expose us to legal risk and potential liability — all of which may have a material adverse effect on our reputation, business, financial condition, and results of operations.

We are or will be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are or will be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U.S. Foreign Corrupt Practices Act ("**FCPA**"), European anti- bribery and corruption laws, and other anti-corruption laws and regulations. The FCPA and European anti- bribery and corruption laws prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

We may be adversely affected by changes in legislation and regulation, which may impact how we provide products and services.

We are subject to extensive laws, regulations, and industry standards in the various jurisdictions where we operate, market, and distribute our products, including, inter alia, environmental, occupational health and safety, product regulatory and liability, patent and trademark, competition, financial, accounting, and tax laws and regulations, which vary from jurisdiction to jurisdiction. Legislative and regulatory changes that impact us and our customers' industries may impact how we provide products and services to our customers. It is difficult to predict in what form laws and regulations will be adopted or how they will be construed by the relevant courts, or the extent to which any changes might adversely affect us. Delays in adapting our products and services to legislative and regulatory changes could harm our reputation. Also, we may not be as well-equipped to respond to changes in legislation or regulation as some of our competitors or we may become subject to new legislation or regulation with regard to the products and services we offer which could cause us to be prohibited from providing certain services or make provision of affected services more costly.

Although we have implemented policies and procedures that are designed to ensure compliance with applicable laws, rules, and regulations, there is no guarantee that we will remain in compliance. Any noncompliance could result in civil, criminal and administrative fees, fines, penalties, taxes, interruptions in our operations, and reputational harm for the company, which may have a material adverse effect on our business, financial condition, and results of operations.

We operate in a litigious environment, which may adversely affect our business, financial condition, and results of operations.

We may become involved in legal actions and claims arising in the ordinary course of business, including litigation regarding employment matters, breach of contract, and other commercial matters. Due to the inherent uncertainty in the litigation process, the resolution of any particular legal proceeding could result in changes to our products and business practices and/or substantial payment obligations or costs to be borne by us, which could have a material adverse effect on our business, financial condition, and results of operations.

We may be liable for damages based on product liability claims brought against our customers in our end- markets or from our customers and their employees, and any successful claim for damages could have a material adverse effect on our business, financial condition, and results of operations.

In addition, many of our products provide critical performance attributes to our customers' products that are sold to consumers who could potentially bring product liability suits related to such products. Our sale of these products therefore involves the risk of product liability claims, including class action lawsuits that claim liability for death, injury, or property damage caused by products that we manufacture or that contain our components. If a person were to bring a product liability suit against one of our customers, this customer may attempt to seek contribution from us. A person may also bring a product liability claim directly against us. A successful product liability claim or series of claims against us in excess of our insurance coverage for payments, for which we are not otherwise indemnified, could have a material adverse effect on our business, financial condition, and results of operations. While we endeavor to protect ourselves from such claims and exposures in our contractual negotiations, we can provide no assurance that our efforts in this regard will ultimately protect us from any such claims.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state, and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing generation, handling, use, storage, treatment, and disposal of hazardous and regulated materials and waste; the emission and discharge of hazardous materials into the ground, air, and water; and employee health and safety. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be costly, and current or future environmental laws and regulations may impair our research, product development and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or waste. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not currently maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with storage or disposal of hazardous and flammable materials, including chemicals and biological materials. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended, which could have a material adverse effect on business, financial condition, results of operations and growth prospects.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair research, development or commercialization efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions that could have a material adverse effect on our business, reputation and growth prospects.

Global climate change legislation could negatively impact our results of operations or limit our ability to operate our business.

We operate production facilities in several countries. In many of the countries in which we operate, legislation has been passed or proposed, or legislation is being considered, to limit greenhouse gases through various means, including the capping and trading of emissions credits. Greenhouse gas regulation in the jurisdictions in which we operate could negatively impact our future results from operations through increased costs of production. We may be unable to pass such increased costs on to our customers, which may decrease our revenues and net income and have a material adverse effect on our business, financial condition, and results of operations. In addition, the potential impact of climate change regulation on our customers is highly uncertain and may also materially adversely affect our business, financial condition, and results of operations.

Failure of information security and privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.

We must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the United States, Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation ("**GDPR**"), which became effective in 2018, and the State of California adopted the California Consumer Privacy Act of 2018 ("**CCPA**"); additional U.S. states are likely to adopt measures similar to the CCPA in the near term. Both the GDPR and the CCPA impose additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under the GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks.

Compliance with any additional laws and regulations may incur significant costs and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, and damage to our reputation and credibility, and could have a negative impact on revenues and profits.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy- related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

Risks Related to Employee Matters, Managing Growth, and Relationships with Suppliers and Other Third Parties

If we do not continue to attract, motivate, and retain members of our senior management team and qualified employees, we may not be able to support our operations.

The completion and execution of our strategies depend on the continued service and performance of our senior management team. If we lose key members of our senior management team, we may not be able to effectively manage our transition to a public company or our current and future operations. The loss or incapacity of existing members of our senior management team or key scientists and engineers could adversely affect our operations, particularly if we experience difficulties hiring qualified successors.

In addition, our business depends on our ability to continue to attract, motivate, and retain many skilled employees across all of our operations. There is a limited pool of employees who have the requisite skills, training, and education. We compete with many businesses and organizations that are seeking skilled individuals, particularly those with experience in technology and the sciences fields. Competition for professionals across our entire business can be intense, as other companies seek to enhance their positions in the markets we serve. In addition, competition for experienced talent and employees can intensify globally, requiring us to increase our focus on attracting and developing highly skilled employees. We also face additional challenges in terms of recruiting a requisite number of skilled and qualified workers due to regional or global trends such as labor supply issues in connection with an aging workforce. As competition for experienced talent grows, we may be forced to increase spending on employee salaries which could have a material adverse effect on our business, financial condition, and results of operations.

Future organizational changes and the implementation of our cost savings initiatives could also cause our employee attrition rate to increase and may result in significant costs to us in connection with implementing such initiatives. If we are unable to continue to identify or be successful in attracting, motivating, and retaining appropriately qualified personnel, there could be a material adverse effect on our business, financial condition, and results of operations.

We may acquire other businesses which could require significant management attention, disrupt our business, dilute shareholder value, and adversely affect our results of operations.

As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies. The identification of suitable acquisition candidates is difficult, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete future acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and business strategy; we may be subject to claims or liabilities assumed from an acquired company, product, or technology; and any acquisitions we complete could be viewed negatively by our customers, investors, and securities analysts. In addition, if we are unsuccessful at integrating future acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management's attention, and we may not be able to manage the integration process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, realize anticipated synergies from the acquisition, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges. We may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our common shares. The issuance of equity or equity-linked debt to finance any future acquisitions could result in dilution to our shareholders. The incurrence of indebtedness would result in increased liabilities and could also include covenants or other restrictions that would impede our ability to manage our operations. The occurrence of any of these risks could harm our business, results of operations, and financial condition.

We may be unable to successfully execute on our growth initiatives, business strategies, or operating plans.

We are continually executing on several growth initiatives, strategies, and operating plans designed to enhance our business. In addition to these growth strategies, our business plan incorporates certain transformational initiatives, including our enhanced senior leadership team, globalized management structure, renewed focus on customers, optimized R&D, cost management initiatives, and a new incentive structure and may include potential acquisitions.

The anticipated benefits from these strategies and initiatives are based on several assumptions that may prove to be inaccurate, including assumptions as to the key trends that will drive growth in our business. Moreover, we may not be able to successfully complete these growth initiatives, strategies, and operating plans without making additional expenditures or at all. If we are unable to complete these initiatives, strategies, and operating plans, we may not realize all the benefits we currently anticipate, including the growth targets and cost savings we expect to achieve. The anticipated cost savings disclosed elsewhere in this Annual Report are presented on a gross basis and do not reflect any expenses that may be required to achieve such cost savings.

A variety of risks could cause us not to realize some or all the expected benefits. These risks include, among others, delays in the anticipated timing of activities related to such growth initiatives, strategies, and operating plans; the secular trends on which many of our strategies and initiatives are based not materializing or not materializing to the degree expected; increased difficulty and cost in implementing our growth efforts; and the incurrence of other unexpected costs associated with operating the business. Moreover, our continued implementation of these programs may disrupt our operations and performance. Similarly, we may not realize the benefits we currently expect from our comprehensive systems and solutions approach.

If any of the assumptions underlying our growth initiatives prove to be inaccurate or any of the foregoing risks materialize, we may not realize the expected benefits of our initiatives and we may be adversely affected, including as the result of the costs associated with these initiatives. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies, and operating plans adversely affects our operations or cost more or take longer to effectuate than we expect, or if our assumptions, including our assumptions with respect to growth of our end-markets, prove inaccurate, our business, financial condition, and results of operations may be materially adversely affected.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, internal codes of conduct, and insider trading prohibition.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with applicable regulations, to provide accurate information to the German, Chinese, United States or other regulators, to comply with manufacturing standards we have established, to comply with federal and state fraud and abuse laws and regulations in Germany, the United States and other countries or jurisdictions, to report financial information or data accurately, or to disclose unauthorized activities to us.

It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations, including applicable environmental laws and regulations. If any such misconduct occurs or any related actions are instituted against us (and we are not successful in defending ourselves or asserting our rights) such misconduct or actions could have a material adverse effect on our business, financial condition, and results of operations.

If any of our suppliers become economically distressed or declare bankruptcy, we may be required to provide substantial financial support or take other measures to ensure supplies of components or materials, which could increase our costs, affect our liquidity or cause production disruptions.

We procure various types of materials and components from our suppliers. We have historically obtained a significant proportion of the materials we require to manufacture our products from a limited number of suppliers, for example in connection with sensor and control technology and pumps and filters.

If these suppliers experience substantial financial difficulties, cease operations, or otherwise face business disruptions, we may be required to provide substantial financial support to ensure supply continuity or would have to take other measures to ensure components and materials remain available. Any disruption could affect our ability to deliver orders to our clients and could increase our costs and negatively affect our liquidity and financial performance.

Increases in costs or reductions in the supplies of our specialty and commodity raw materials required for our manufacturing, testing, and operations processes could materially and adversely affect our business, financial condition, and results of operations.

We use a variety of specialty and commodity raw materials, including precious metals and specialty plastic materials, in our manufacturing processes, and our most significant raw material input by value is plastics. Our manufacturing operations depend upon obtaining adequate supplies of raw materials on a timely basis. We purchase our major raw materials on a contract or as-needed basis from outside sources. The availability and prices of raw materials may be subject to curtailment or change due to, among other things, the financial stability of our suppliers, suppliers' allocations to other purchasers, interruptions in production by suppliers, new laws or regulations, changes in foreign currency exchange rates, and worldwide price levels. In addition, many of our raw materials and intermediate products are available in the quantities we require from a limited number of suppliers, which makes it more difficult to replace suppliers in the event of any supply disruption. Further, in some cases, we are limited in our ability to purchase certain raw materials from other suppliers by supply agreements that contain certain minimum purchase requirements. Additionally, we can provide no assurance that, as our supply contracts expire, we will be able to renew them or, if they are terminated, that we will be able to obtain replacement supply agreements on terms favorable to us.

In particular, we may face difficulties or delays in finding a new supplier should a critical supplier stop supplying us with components or software. In particular, while we may find a new supplier quickly, we will need to make sure that this new supplier meets our performance standards and that the component, materials and software can be integrated into our machinery without an impact on delivery timelines or the quality of our products. Our business, financial condition, and results of operations could be materially adversely affected if we are unable to obtain adequate supplies of raw materials in a timely manner or if the costs of raw materials increase significantly.

From time to time, suppliers may extend lead times, limit supplies, or increase prices due to capacity constraints, environmental limitations, or other factors. We may not always be able to pass on these price increases, and price increases by our other suppliers, to our customers due to competitive pricing pressure, and, even when we are able to do so, there may be a time delay between increased raw material prices and our ability to increase the prices of our products. Any limitation on, or delay in, our ability to pass on any price increases could have a material adverse effect on our business, financial condition, and results of operations.

We depend upon our information technology systems, which are subject to interruption and failure.

Our business operations could be disrupted if our information technology systems fail to perform adequately. The efficient operation of our business depends on our information technology systems, some of which are managed by third-party service providers. We rely on our information technology systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages, systems failures and security breaches. Further, our information technology systems, including those managed by third-party service providers, may be subject to computer viruses, malicious software, attacks by hackers, and other forms of cyber intrusions or unauthorized access, any of which can create system disruptions, shutdowns, or unauthorized disclosure of sensitive data. Any such damage or interruption could have a material adverse effect on our business, financial condition, and results of operations.

In addition, a security breach that leads to disclosure of information protected by privacy laws could compel us to comply with breach notification requirements under state, national, and federal laws and regulations, potentially resulting in litigation or regulatory action, or otherwise subjecting us to liability under laws that protect personal data.

Moreover, there are inherent risks associated with developing, improving, expanding and updating our current systems, such as the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or manufacture, deploy, deliver and service our machines, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that these systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

We attempt to mitigate the above risks by employing several measures, including monitoring and testing of our security controls, employee training, maintenance of protective systems and contingency plans, and contracting with service providers to address third-party cybersecurity risks. Nonetheless, it is impossible to eliminate all cybersecurity risk and thus we remain potentially vulnerable to known or unknown threats. Information security risks have generally increased in recent years because of the increased proliferation, sophistication, and availability of complex malware and hacking tools to carry out cyber-attacks. As cyber threats continue to evolve, we may be required to expend additional resources to mitigate new and emerging threats while continuing to enhance our information security capabilities or to investigate and remediate security vulnerabilities.

Risks Related to SCHMID's Intellectual Property

Our know-how and innovations may not be adequately protected.

We believe that our product development, brand recognition and reputation, and the technological and innovative skills of our personnel are essential to establishing and maintaining our leadership position. We rely on a combination of patent, copyright, trademark, trade secrets, confidentiality procedures, technical measures, and contractual agreements with our customers, suppliers, and employees to establish and protect our know-how and innovations according to our products and services. If we fail to protect our know- how and innovations, our competitive position could suffer, which could adversely affect our business, financial condition, and results of operations.

We may be forced to initiate litigation or other enforcement actions against third parties to protect our know-how and innovations as well as defend and enforce our intellectual property rights. Litigating claims related to the enforcement of intellectual property rights is very costly and can be burdensome in terms of management time and resources, which could adversely affect our business, financial condition, and results of operations. Moreover, the scope of our intellectual property rights may not prevent competitors from designing around such rights.

In some cases, we rely upon unpatented proprietary manufacturing expertise, continuing technological innovation, and other trade secrets to develop and maintain our competitive position. While we generally will enter into confidentiality agreements with our employees and third parties to protect our intellectual property, our confidentiality agreements could be breached and may not provide meaningful protection for our trade secrets or proprietary manufacturing expertise. In addition, adequate remedies may not be available in the event of unauthorized use or disclosure of our trade secrets or manufacturing expertise. Violations by others of our confidentiality agreements and the loss of employees who have specialized knowledge and expertise could harm our competitive position and cause our sales and operating results to decline as a result of increased competition.

In addition, we rely on both registered and unregistered trademarks to protect our name and brands. We can provide no assurance that our pending trademark applications will be approved. Failure by us to adequately maintain the quality of our products and services associated with our trademarks or any loss to the distinctiveness of our trademarks may cause us to lose certain trademark protection, which could result in the loss of goodwill and brand recognition in relation to our name and products. In addition, successful third-party challenges to the use of any of our trademarks may require us to rebrand our business or certain products or services associated therewith.

The failure of our patents, applicable intellectual property law, or our confidentiality agreements to protect our intellectual property and other proprietary information, including our know-how and innovations relating to processes, apparatuses, technology, trade secrets, trade names and proprietary manufacturing expertise, methods, and compounds, or if we are unsuccessful in our judicial enforcement proceedings, could have a material adverse effect on our competitive advantages, business, financial condition, and results of operations, and could require us to devote resources to advertising and marketing these new brands. Further, we can provide no assurance that competitors will not infringe our trademarks or patents, or that we will have adequate resources to enforce our trademarks or patents.

From time to time, competitors challenge the validity of our patents and trademarks, and we challenge the validity of their patents and trademarks. Further, our competitors may circumvent our patents or our patents may not be of sufficient scope or strength to provide us with meaningful protection or commercial advantage. We cannot be certain either of successfully defending the validity of our patents and trademarks or of invalidating patents and trademarks of our competitors. Additionally, our patents will all eventually expire, after which we will not be able to prevent our competitors from using our previously patented technologies, which could materially adversely affect any competitive advantage we have stemming from those products and technologies. We also cannot assure that competitors will not infringe our patents, or that we will have adequate resources to enforce our patents.

Our efforts to protect our intellectual property may be less effective in some countries where intellectual property rights are not as well protected as in Germany or the United States and changes in patent laws or their interpretations could diminish the value of patents in general, thereby impairing our ability to protect our products.

The laws of some countries regarding trademark, patent, copyright, and other intellectual property rights also do not protect proprietary rights to the same degree as the laws of Germany or the United States and there is a risk that our ability to protect our proprietary rights may not be adequate in these countries. Many companies have encountered significant problems in protecting their proprietary rights against copying or infringement in such countries, some of which are countries in which we intend to operate or to sell our products. In particular, the application of laws governing intellectual property rights in China, where we operate, has historically been less effective than those in other jurisdictions, mainly due to the lack of procedural rules for discovery of evidence, low damage awards, and low rates of criminal penalties against intellectual rights infringements. Accordingly, protection of intellectual property rights in China may not be as effective as other countries. Furthermore, the policing of unauthorized use of proprietary technology is difficult and costly, and we may need to commence and become involved in costly and lengthy proceedings to enforce or defend patents issued to us or determine the enforceability, scope, and validity of our proprietary rights or those of others. The experience and capabilities of different courts in handling intellectual property related matters vary, and outcomes are unpredictable. Therefore, it could involve substantial risks to us. If we are unable to adequately protect our intellectual property rights in China or elsewhere, our business, financial condition, and results of operations could be materially adversely affected.

In addition, our competitors in China and these other countries may independently develop similar technology or duplicate our products, even if unauthorized, which could potentially reduce our sales in these countries and have a material adverse effect on our business, financial condition, and results of operations. While we generally consider applying for patents in those countries where we intend to make, have made, use, or sell patented products, we may not accurately assess all the countries where patent protection will ultimately be desirable. If we fail to timely file a patent application in any such country, we may be precluded from doing so at a later date. Furthermore, our pending patent applications may be challenged by third parties and may not be issued by the applicable patent offices as patents. We also cannot assure you that the patents issued as a result of our foreign patent applications will have the same scope of coverage as our German, European or U.S. patents. It is possible that only a limited number of the pending patent applications will result in issued patents, which may have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We rely on a combination of patents, trade secrets (including know-how), employee and third-party nondisclosure agreements, copyrights, trademarks, intellectual property licenses, and other contractual rights to establish and protect our rights in our technology. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights or those rights are not enforceable. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or will take are aimed to prevent misappropriation. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources, including significant amounts of time from our key executives and management, and may not have the desired outcome.

Filing, prosecuting, and defending patents covering our products throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent or other intellectual property protection to develop their own products and, further, may export otherwise infringing products to territories where we may have or obtain patent or other intellectual property protection, but where patent or other intellectual property enforcement is not as strong as that in Germany or the United States. These unauthorized products may compete with our products in such jurisdictions and take away our market share where we do not have any issued or licensed patents or other intellectual property protection and any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Our ability to protect and enforce our intellectual property rights may be further adversely affected by unforeseen changes in intellectual property laws. In general, changes in patent laws or their interpretations, including in the United States, Germany or other countries where available protections are generally stronger, could diminish the value of our patents, thereby impairing our ability to protect our products. This could have a material adverse impact on our business, financial condition and results of operations.

We may be subject to claims that our employees, consultants or independent contractors have infringed, misappropriated or otherwise violated the intellectual property of a third party, including trade secrets or know- how of their former employers or other third parties.

We may be subject to claims that our employees or consultants have wrongfully used for our benefit or disclosed to us confidential information of third parties. We employ individuals who were previously employed at other companies, or at research institutions. Some of these employees, consultants and contractors may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees and consultants do not use the intellectual property rights, proprietary information, know-how or trade secrets of others in their work for us and seek to protect our ownership of intellectual property rights by ensuring that our agreements with employees, collaborators, and other third parties with whom we do business include provisions requiring such parties to assign rights in inventions to us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third parties. To the extent that our employees, consultants or contractors use intellectual property rights or proprietary information owned by others in their work for us, disputes may arise as to the rights in any related or resulting know-how and inventions. We may also be subject to claims that former employers or other third parties have an ownership interest in our patents or other intellectual property or proprietary rights. Litigation may be necessary to defend against any of these claims. There is no guarantee of success in defending these claims, and if we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. In addition, we may lose personnel as a result of such claims and any such litigation, or the threat thereof, may adversely affect our ability to hire employees or contract with independent contractors. Even if we are successful, litigation could result in substantial cost and be a distraction to our management and other employees.

If we fail to validly execute invention assignment agreements with our employees and contractors involved in the development of intellectual property, the value of our products, business and competitive position may be harmed. Our patent rights and other intellectual property may also be subject to priority, ownership or inventorship disputes, interferences, and similar proceedings.

To maintain the confidentiality of our trade secrets, proprietary information and other intellectual property rights, we have certain confidentiality and invention assignment provisions in place with our employees, consultants, suppliers, contract manufacturers, collaborators and others. However, we may not enter into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes or who conceives or develops intellectual property rights that we regard as our own. Moreover, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, and we may be forced to bring claims against third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property. There can be no assurance that such agreements and provisions are in place in all instances that may be needed or that where they are in place they will be upheld in the face of a potential challenge, that other parties will not breach their agreements with us or that we will have adequate remedies to address any breach.

We may also be subject to claims that former employees, collaborators, or other third parties have an interest in our current or future patents and patent applications or other intellectual property rights, including as an inventor or co-inventor. If we are unable to obtain an exclusive license to any such third-party co- owners' interest in such patents and patent applications, such co-owners rights may be subject, or in the future subject, to assignment or license to other third parties, including competitors. In addition, we may need the cooperation of any such co-owners to enforce any such patents and any patents issuing from such patent applications against third parties, and such cooperation may not be provided. Additionally, we may be subject to claims from third parties challenging our ownership interest in or inventorship of intellectual property we regard as our own, for example, based on claims that our agreements with employees or consultants obligating them to assign intellectual property rights to us are ineffective or in conflict with prior or competing contractual obligations to assign inventions to another employer, to a former employer, or to another person or entity, despite the inclusion of valid, present-tense intellectual property assignment obligations. Litigation may be necessary to defend against claims, and it may be necessary or we may desire to enter into a license to settle any such claim.

If we or our licensors are unsuccessful in any priority, validity (including any patent oppositions), ownership or inventorship disputes to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more of our patents, or such patent claims may be narrowed, invalidated, or held unenforceable, or through loss of exclusive ownership of or the exclusive right to use our owned or in-licensed patents. In the event of loss of patent rights as a result of any of these disputes, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of the products we may develop. An inability to incorporate technologies, features or other intellectual property that are important or essential to our products could have a material adverse effect on our business and competitive position. The loss of exclusivity or the narrowing of our patent claims could limit our ability to stop others from using or commercializing similar or identical technology and products. Even if we are successful in priority, inventorship or ownership disputes, such disputes could result in substantial costs and be a distraction to management and other employees. Any litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent sales representatives. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations or prospects.

Our patent applications may not be successful, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours.

We are currently in the process of patenting the technology for embedded traces which is the next level technology for high-end PCBs & Substrates. While some parts of the patents have gone through, the official process for all the technology is not yet completed. We believe we are the only participant in the market that is currently able to supply equipment for ET production.

For this technology or for any other technology for which we have filed, or in the future may file, a particular patent application, we cannot be certain that we are the first inventor of the subject matter. Moreover, we cannot be certain if we are the first party to file such a patent application or that our application will ultimately be successful. If another party has filed a patent application for the same subject matter as we have, or similar subject matter is otherwise publicly disclosed, we may not be entitled to the protection sought by the patent application. Further, the scope of protection of issued patent claims is often difficult to determine. As a result, we cannot be certain that a patent, for which an application was filed, will actually be issued, or that our issued patents will afford protection against competitors with similar technology or will cover certain aspects of our products. In addition, our competitors may design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results.

As our patents may expire and may not be extended, our patent applications may not be granted and our patent rights may be contested, circumvented, invalidated or limited in scope, our patent rights may not protect us effectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies.

We cannot assure you that we will be granted patents pursuant to our pending applications or those we plan to file in the future. Even if our patent applications succeed and we are issued patents in accordance with them, these patents could be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. The intellectual property rights of others could also bar us from licensing and exploiting any patents that issue from our pending applications. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could result in refusal or invalidation of our patent applications. Finally, in addition to those who may claim priority, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

We may need to defend ourselves against patent or trademark infringement claims, which may be time- consuming and would cause us to incur substantial costs.

Companies, organizations, or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell, leasing or market our products, which could make it more difficult for us to operate our business. As the number of products and services in our markets increases and the functionality of these products and services further overlaps, we may become increasingly subject to claims by a third party that our products and services infringe such party’s intellectual property rights.

From time to time, we may receive communications from holders of patents (including non-practicing entities or other patent licensing organizations), trademarks or other intellectual property regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses. In addition, there is a growing occurrence of patent suits being brought by organizations that use patents to generate revenues without manufacturing, promoting or marketing products, or investing in R&D in bringing products to markets. These organizations continue to be active and target whole industries as defendants. We may not prevail in any such litigation given the complex technical issues and inherent uncertainties in intellectual property litigation.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention. Further, we may be required to compensate the third-party bringing the suit either by paying a lump sum or ongoing license fees to be able to continue selling a particular product or service. This type of compensation could be significant. We might also be prevented or enjoined by a court from continuing to provide the affected product or service and may be forced to significantly increase our development efforts and resources to redesign such product or service. We may also be required to defend or indemnify any customers who have been sued for allegedly infringing a third-party's patent in connection with using one of our products or services. Responding to intellectual property claims, regardless of the validity, can be time-consuming for our personnel and management, result in costly litigation, cause product shipment delays, and harm our reputation, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Being a Public Company listed on a U.S. Stock Exchange

We may need to improve our operational and financial systems to support our growth goals, increasingly complex business arrangements, and rules governing revenue and expense recognition and any inability to do so will adversely affect our billing and reporting.

To manage growth goals of our operations and increasing complexity, we may need to improve our operational and financial systems, procedures, and controls and continue to increase systems automation to reduce reliance on manual operations. Any inability to do so will affect our manufacturing operations, customer billing and reporting. Our current and planned systems, procedures and controls may not be adequate to support our complex arrangements and the rules governing revenue and expense recognition for our future operations and expected growth. Delays or problems associated with any improvement or expansion of our operational and financial systems and controls could adversely affect our relationships with our customers, cause harm to our reputation and brand and could also result in errors in our financial and other reporting. We expect that complying with more extensive rules and regulations could substantially increase our legal and financial compliance costs and may make some activities more time-consuming and costly. The increased costs may increase our net loss. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements.

If SCHMID is unable to maintain an effective system of internal control over financial reporting, it may, again, be unable to accurately report its financial results in a timely manner, which may adversely affect investor confidence in the company and materially and adversely affect its business and operating results.

SCHMID's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Exchange Act Rule 13a-15(f). SCHMID's internal control over financial reporting is designed to provide reasonable assurance to its management and board of directors regarding the preparation and fair presentation of published financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of SCHMID's annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. SCHMID's annual report for the year ended December 31, 2023, identified two material weaknesses as of December 31, 2023. Despite remediation efforts undertaken, these same weaknesses were identified again for the year ended December 31, 2024. One related to the fact that SCHMID did not have an adequate number of individuals within its accounting and financial reporting function with sufficient training and experience in IFRS and SEC reporting standards, including revenue recognition, accounting for financial instruments, income taxes, leases, and the consolidated statement of cash flows. A second weakness was identified because SCHMID did not design and implement effective controls over certain general information technology controls for IT systems that are relevant to the preparation of the financial statements. As a result, a reasonable possibility exists that the Company's business process controls that depend on the completeness and accuracy of financial information generated by these IT systems will not prevent or detect a material misstatement on a timely basis. See "*Item 15. Controls and Procedures*". In spring of 2025 the Company failed to finalize its financial reporting for 2024 or publish its annual report on Form 20-F in a timely manner due to delays in resolving accounting issues, as well as liquidity issues facing the Company.

There can be no guarantee that such material weaknesses will not persist or new weaknesses occur. It can also not be guaranteed that material weaknesses will be identified and addressed in time through current internal controls and procedures. Negative effects could include SCHMID's inability to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, and/ or investors may lose confidence in SCHMID's financial reporting and its stock price may decline as a result.

We are a "foreign private issuer" and a "controlled company" within the meaning of the NASDAQ rules and, as a result, expect to continue qualifying for, and intend to continue relying on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to shareholders of companies that are subject to such requirements.

The NASDAQ corporate governance rules require listed companies to have, among other things, a majority of independent board members and independent director oversight of executive compensation, nomination of directors and corporate governance matters. While we expect to abide by the rules applicable to independent directors, by continuing to have a board of directors consisting of a majority of independent directors, as a foreign private issuer, we are permitted to, and we may, follow home country practice in lieu of the above requirements, subject to certain exceptions. As long as we would rely on the foreign private issuer exemption for certain of these corporate governance standards, a majority of our Board are not required to be independent directors and our Compensation Committee and Nominating and Corporate Governance Committee are not required to be composed entirely of independent directors. In that case, management oversight may be more limited than if we were subject to all the corporate governance standards of the stock exchange on which we intend to list our common shares.

Anette Schmid and Christian Schmid currently control a majority of the voting power of our outstanding common shares. As a result, we are and expect to continue to be a "controlled company" within the meaning of the NASDAQ corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the Board consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance committee and compensation committee.

In the event we no longer qualify as a foreign private issuer, we may utilize these exemptions if we continue to qualify as a "controlled company." If we were to utilize the controlled company exemption, we might not have a majority of independent directors and our Nominating and Corporate Governance and Compensation Committees might not consist entirely of independent directors and such committees might not be subject to annual performance evaluations. Accordingly, you would not have the same protections afforded to shareholders of companies that are subject to all the corporate governance requirements of the stock exchange on which we list our common shares.

Anette Schmid and Christian Schmid jointly have the power to control the outcome of shareholder actions in our company.

As of the date of this annual report, Anette Schmid and Christian Schmid jointly held 56.77% of our outstanding Ordinary Shares not taking into account 5 million non-vested earn-out shares held by them which are contractually restricted from voting (60.65% if the non-vested earnout shares are taken into account). Furthermore, Anette Schmid is a non-executive member of the board and Christian Schmid is an executive member of the board as chief executive officer. Their combined voting power gives them the power to control certain actions that require shareholder approval under Dutch corporate law, our articles of association and the NASDAQ Stock Market requirements.

Anette Schmid and Christian Schmid joint voting power and control may cause transactions to occur that might not be beneficial to you as a holder of SCHMID securities and may prevent transactions that could have been beneficial to you. For example, they may prevent a transaction involving a change of control of the Company, including transactions in which you as a holder of our securities might otherwise receive a premium for your securities over the then-current market price. In addition, Anette Schmid and Christian Schmid are not prohibited from selling a controlling interest in the Company to a third party and may do so without your approval and without providing for a purchase of your securities. In addition, the significant concentration of share ownership may adversely affect the trading price of our securities due to investors' perception that conflicts of interest may exist or arise.

The market price and trading volume of our Ordinary Shares and Public Warrants may be volatile and could decline significantly.

Stock markets, including NASDAQ, on which our Shares and Warrants are listed, have from time to time experienced significant price and volume fluctuations. Even if an active, liquid and orderly trading market develops and is sustained for our Shares and Warrants, the market price of our Shares and Warrants may be volatile and could decline significantly. In addition, the trading volume in our Shares and Warrants may fluctuate and cause significant price variations to occur. If the market price of our Shares and Warrants declines significantly, you may be unable to resell your securities at or above the price you purchased them for. We cannot assure you that the market price of our Shares and Warrants will not fluctuate widely or decline significantly in the future in response to a number of factors.

Our failure to meet continued listing requirements could result in a delisting of our shares.

NASDAQ requires companies to fulfill specific requirements in order for their shares to continue to be listed. In spring of 2025 the Company failed to finalize its financial reporting for 2024 or publish its annual report on Form 20-F in a timely manner due to delays in resolving accounting issues as well as financing processes with financial and/or strategic investors to address liquidity issues. The Company received delinquency and delisting notices from NASDAQ in May 2025 and November 2025 regarding this filing delinquency, related to which the Company submitted compliance plans to NASDAQ on which basis NASDAQ staff and a hearing panel granted the Company extensions to file this annual report within an exception period, without any trading halt or delisting of its securities.

In addition to the filing of this annual report on Form 20-F, which must be filed to be in and regain compliance with US securities law and NASDAQ listing requirements, the Company must file its annual report relating to fiscal year 2025. The due date of the Company's annual report 2025 on 20-F is April 30, 2026. If the Company were unable to comply with NASDAQ rules and regulations in the future, e.g. file its 2025 annual report late or not at all, its Shares and/or the Warrants could be delisted from NASDAQ and its shareholders could find it difficult to sell any Company securities they held. In addition, if our Shares are delisted at some later date, we may have our Shares quoted on the Bulletin Board or in the "pink sheets" maintained by the National Quotation Bureau, Inc. The Bulletin Board and the "pink sheets" are generally considered to be less efficient markets than the NASDAQ. In addition, if our Shares are not so listed or are delisted at some later date, our Shares may be subject to the "penny stock" regulations. These rules impose additional sales practice requirements on broker-dealers that sell low-priced securities to persons other than established customers and institutional accredited investors and require the delivery of a disclosure schedule explaining the nature and risks of the penny stock market. As a result, the ability or willingness of broker-dealers to sell or make a market in our Shares might decline. If our Shares are delisted at some later date or become subject to the penny stock regulations, it is likely that the price of our Shares would decline and that our shareholders would find it difficult to sell their shares.

If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our Shares may depend on the research and reports that securities or industry analysts publish about us or our business. Currently, we do not have any analyst coverage and may not obtain analyst coverage in the future. In the event we obtain analyst coverage, we will not have any control over such analysts. If one or more of the analysts who will cover SCHMID downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of SCHMID or fail to regularly publish reports on SCHMID we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We are an "emerging growth company," and our reduced SEC reporting requirements may make our shares less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 ("**JOBS Act**"). We will remain an "emerging growth company" until the earliest to occur of (i) the last day of the fiscal year (a) following the fifth anniversary of the closing of the Business Combination, (b) in which we have total annual gross revenue of at least $1.235 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of SCHMID shares held by non-affiliates exceeds $700 million as of the last business day of our prior second fiscal quarter, and (ii) the date on which we issued more than $1.0 billion in non-convertible debt during the prior three-year period. We intend to take advantage of exemptions from various reporting requirements that are applicable to most other public companies, such as an exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our shares less attractive because we intend to rely on certain of these exemptions and benefits under the JOBS Act. If some investors find our shares less attractive as a result, there may be a less active, liquid and/or orderly trading market for our shares and the market price and trading volume of our shares may be more volatile and decline significantly.

As a foreign private issuer, we will continue to be exempt from a number of rules under the U.S. securities laws and will be permitted to file less information with the SEC than a U.S. domestic public company, which may limit the information available to our shareholders.

We are a foreign private issuer, as such term is defined in Rule 405 under the Securities Act. As a foreign private issuer, we will not be subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. As long as we are a foreign private issuer, we will not be required to obtain shareholder approval for certain dilutive events, such as the establishment or material amendment of certain equity-based compensation plans, we will not be required to provide detailed executive compensation disclosure in our periodic reports, and we will be exempt from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, our officers and directors will be exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of its securities.

Also, as a foreign private issuer, we will continue to be permitted to follow home country practice in lieu of certain NASDAQ corporate governance rules, including those that require listed companies to have a majority of independent directors (although all of the members of the audit committee must be independent under the Exchange Act) and independent director oversight of executive compensation, nomination of directors and corporate governance matters; have regularly scheduled executive sessions with only independent directors; and adopt and disclose a code of ethics for directors, officers and employee. Accordingly, our shareholders may not have the same protections afforded to shareholders of listed companies that are subject to all of the applicable corporate governance requirements.

The rights of shareholders in companies subject to Dutch corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.

We are a Dutch public company with limited liability (*naamloze vennootschap*). Our corporate affairs are governed by our articles of association, our internal rules and policies and by the laws governing companies incorporated in the Netherlands. The rights of shareholders may be different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. The role of the management board in a Dutch company is also materially different, and cannot be compared to, the role of a board of directors in a corporation incorporated in the United States. In the performance of their duties, our management board is required by Dutch law to consider the interests of our company and the sustainable success of its business, with an aim to creating sustainable long-term value, taking into account the interests of its shareholders, its employees and other stakeholders of the company, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder.

We are not obligated to, and do not, comply with all best practice provisions of the Dutch Corporate Governance Code.

We are subject to the Dutch Corporate Governance Code (the "**DCGC**"). The DCGC contains both principles and best practice provisions on corporate governance that regulate relations between the management board and the general meeting of the shareholder of SCHMID and matters in respect of financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual reports (which are filed in the Netherlands) whether they comply with the provisions of the DCGC. If they do not comply with those provisions (for example, because of a conflicting NASDAQ requirement, we are required to give the reasons for such noncompliance. The DCGC applies to Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including the NASDAQ.

We acknowledge the importance of good corporate governance. However, we do not comply with all the provisions of the DCGC, to a large extent because such provisions conflict with or are inconsistent with the corporate governance rules of the NASDAQ and U.S. securities laws, or because we believe such provisions do not reflect customary practices of global companies listed on the NASDAQ. Any such non-compliance may affect your rights as a shareholder, and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC.

Shareholders may not be able to exercise pre-emptive rights and, as a result, may experience substantial dilution upon future issuances of shares.

Shareholders may be restricted or excluded by a resolution proposed by the management and adopted by the Extraordinary General Meeting of shareholders to exercise preemptive rights in case of further issuances of shares. Shareholders may be restricted or excluded by a resolution proposed by the management and adopted by the General Meeting to exercise pre-emptive rights in case of further issuances of shares.

Restrictions under Dutch law and our Articles of Association may limit dividends and other distributions

Under Dutch law, we may only pay dividends to the extent our shareholders' equity (*eigen vermogen*) exceeds the sum of the issued share capital plus the reserves which must be maintained by Dutch law or by our articles of association and (if it concerns a distribution of profits) after adoption of the annual accounts by our General Meeting from which it appears that such distribution is allowed. Subject to such restrictions, any future determination to pay dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, earnings, cash flow, financial condition, future prospects, contractual restrictions, capital investment requirements, restrictions imposed by applicable law and other factors considered relevant by our Board.

Our Board may decide that all or part of our remaining profits shall be added to our reserves. After such reservation, any remaining profit will be at the disposal of the General Meeting at the proposal of our Board, subject to the applicable restrictions of Dutch law. Our Board is permitted, subject to certain requirements, to declare interim dividends without the approval of the General Meeting. Unless our Board sets another date for payment, dividends and other distributions will be made payable pursuant to a resolution of our Board within four (4) weeks after adoption. Claims for payment of dividends and other distributions not made within five years from the date that such dividends or distributions became due for payment will lapse, and any such amounts will be considered to have been forfeited to SCHMID (*verjaring*).

Investors may have difficulty enforcing civil liabilities against us or the members of our management and our board.

SCHMID is incorporated in the Netherlands, and we expect to continue to conduct most of our operations in Germany or outside of the United States through our subsidiaries. A majority of our management and our directors are not United States residents and do not have significant assets in the United States, and the majority of our assets are located outside the United States. As a result, it may not be possible, or may be very difficult, to serve process on company representatives or the company in the United States, or to enforce judgments obtained in U.S. courts against our representatives or SCHMID based on civil liability provisions of the securities laws of the United States. There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is re-litigated before a Dutch court of competent jurisdiction. U.S. investors will be unable to enforce any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws, against us, members of our management and our directors. In addition, there is doubt as to whether a Dutch court would impose civil liability on us or the members of our management or our directors in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against us or our management or directors.

Dutch, German and European insolvency laws are substantially different from U.S. insolvency laws and may offer our shareholders less protection than they would have under U.S. insolvency laws.

As a Dutch public limited liability company and as a company with its 'center of main interest' in Germany, we are subject to Dutch and German insolvency laws in the event any insolvency proceedings are initiated against us including, among other things, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings, as amended. Should courts in another European country determine that the insolvency laws of that country apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency laws in Germany, the Netherlands or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency laws and make it more difficult for our shareholders to recover the amount they could expect to recover in a liquidation under U.S. insolvency laws.

Shareholders may be subject to limitations on transfers of their shares.

Our shares are transferable on the transfer agent's books. However, the transfer agent may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the transfer agent may refuse to deliver, transfer or register transfers of shares generally when our books or the transfer agent's books are closed, or at any time if we or the transfer agent deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Our Articles of Association include sole and exclusive forum provisions.

The sole and exclusive forum for any action, proceeding or claim against us under the Securities Act, the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum, relating to our Articles of Association, shall be the federal district courts of the United States of America. This forum selection provision in our Articles of Association may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. It is also possible that, notwithstanding the forum selection clause included in our Articles of Association, a court could rule that such a provision is inapplicable or unenforceable. We further note that investors cannot waive compliance with US federal securities laws and rules or regulations thereunder.

Risks Related to Taxes

Our tax residency, including for purposes of the German–Dutch tax treaty, could be challenged, which could result in additional tax liabilities, compliance burdens, and adverse financial consequences.

We are a public limited liabaility company (*naamloze vennootschap*) incorporated under the laws of the Netherlands. As a result, we could be regarded as a tax resident of the Netherlands under Dutch domestic law. At the same time, because our operative seat and key management and commercial decisions may be exercised in Germany, German tax authorities could take the position that we are tax resident in Germany under German domestic principles. If both states were to treat us as resident, we could be exposed to increased tax costs, administrative burdens, uncertainty regarding the allocation of taxing rights, and potential double taxation until the matter is resolved under applicable law and the procedures available under the relevant tax treaty.

Our tax residency in Germany for purposes of the convention between Germany and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (the "**German-Dutch tax treaty**") is subject to the application of the provisions on tax residency as stipulated in the German-Dutch tax treaty as effective as of the date of this Annual Report. Our tax residence is determined under the residence and "tie breaker" provisions of that treaty as in force and applicable as of the date of this Annual Report.

In addition, Germany and the Netherlands have signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "**MLI**"). The MLI can modify bilateral tax treaties between participating jurisdictions only where the treaty is designated as a "covered tax agreement" and both jurisdictions'. While the MLI has been in force for Germany since 1 April 2021, Germany's current domestic framework for giving effect to MLI modifications does not include the German-Dutch tax treaty. Accordingly, as of the date of this Annual Report, the MLI does not modify the German-Dutch tax treaty, and the treaty's existing corporate residence tie breaker continues to apply.

If, in the future, Germany and the Netherlands were to designate the German-Dutch tax treaty as a covered tax agreement for purposes of the MLI and complete any domestic procedures and notifications required for the MLI to take effect for that treaty, the treaty's corporate residence tie breaker could be modified. Such a change could increase uncertainty as to our treaty residence position and could adversely affect our tax profile, cash flows, effective tax rate, and/or financial results.

Our ability to utilize our net operating loss and tax credit carryforwards to offset future taxable income may be subject to certain limitations, including losses as a result of the Business Combination.

We have incurred significant tax losses in the past, which may be limited in their usability under German and other tax laws, in particular following significant shareholder changes. Although we do not expect the Business Combination to result in a forfeiture of our German tax loss attributes, the realization of future tax savings from such tax loss attributes depends on the tax authorities' continued willingness to accept them and our ability to generate future taxable income in Germany against which such losses can be offset.

Future changes to tax laws could materially and adversely affect us and reduce net returns to our shareholders.

Our tax treatment is subject to changes in tax laws, regulations, and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration, and the practices of tax authorities in jurisdictions in which we operate. The income and other tax rules in the jurisdictions in which we operate are constantly under review by taxing authorities and other governmental bodies. Changes to tax laws (which may have retroactive application) could adversely affect us or our shareholders. The new Global Minimum Tax regime, which has already been implemented in Germany with effect from 31 December, 2023, may lead to an increase of our overall tax burden.

We are unable to predict what tax proposals may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position overall or our effective tax rates in the future in countries where we have operations and where we are organized or deemed a resident for tax purposes, and increase the complexity, burden, and cost of tax compliance.

We may be or become a PFIC, which could result in adverse U.S. federal income tax consequences to U.S. holders of Ordinary Shares or Public Warrants.

In general, a non-U.S. corporation, such as us, will be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, (i) 75% or more of its gross income is passive income, and/or (ii) 50% or more of the value of its assets (generally based on the quarterly average of the value of its assets during such year) is attributable to assets, including cash, that produce passive income or are held for the production of passive income. Passive income generally includes dividends, interest, certain royalties and rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains.

Based on the expected composition of our gross assets and income and the manner in which we operated our business in 2024 and expect to operate our business in future years, we do not believe we were classified as a PFIC for U.S. federal income tax purposes for our 2024 taxable year nor do we expect to be classified as a PFIC in the foreseeable future. However, whether we are a PFIC is a factual determination made annually, and our status could change depending, among other things, upon changes in the composition and relative value of our gross receipts and assets. Accordingly, there can be no assurances that we will not be a PFIC for our 2025 or our 2026 taxable year or any future taxable years.

If we are a PFIC for any taxable year during which a U.S. holder owns Ordinary Shares, the U.S. holder generally will be subject to adverse U.S. federal income tax consequences and additional reporting requirements. U.S. holders of Ordinary Shares and Public Warrants should consult their tax advisors regarding the application of the PFIC rules to us and the risks of investing in a company that may be a PFIC. See "*Certain Material U.S. Federal Income Tax Considerations—Application of the PFIC Rules to SCHMID Securities*."

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Pegasus TopCo B.V. was incorporated as a Dutch private limited liability corporation (*besloten vennootschap met beperkte aansprakelijkheid*) on February 7, 2023, and converted to a Dutch public limited liability company (*naamloze vennootschap*) and renamed SCHMID Group N.V. on April 30, 2024. As part of the Business Combination, the Company changed its legal form to a public limited liability company (*naamloze vennootschap*). The address of the registered office of the Company is Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany, and the telephone number of SCHMID is +49 7441 538 0.

See "*Explanatory Note*" in this Report for additional information regarding SCHMID and the Business Combination.

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since the Company is a "foreign private issuer", it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and the officers, directors and principal shareholders of the Company are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of SCHMID Ordinary Shares. In addition, SCHMID is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, SCHMID is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. The SEC also maintains a website at http://www.sec.gov that contains reports and other information that SCHMID files with or furnishes electronically to the SEC.

The website address of the Company is https://schmid-group.com/. The information contained on the website does not form a part of, and is not incorporated by reference into, this Report.

All trademarks, service marks and trade names appearing in this Annual Report are the property of their respective holders. Use or display by us of other parties' trademarks, trade dress or products in this Annual Report is not intended to, and does not, imply a relationship with, or endorsements or sponsorship of, us by the trademark or trade dress owners.

Information on the Company's principal capital expenditures and divestitures is included below under "*Item 5. Operating and Financial Review and Prospects*."

Relevant developments relating to the Company in the reporting period and up to filing

Events in 2024

2024 Revenues lower than forecast

As part of a 2023 framework agreement SCHMID had agreed to supply equipment to a customer with very significant revenue potential in 2024, intended for installation in a new factory. Construction of that planned factory and orders for the equipment were significantly delayed and remain under discussion. The non-materialization of these orders in 2024 in particular and to a lesser extent a general downturn in demand towards the end of that year, partially driven by worsening US-China trade relations, resulted in lower than forecasted revenues for 2024.

Events in 2025 and 2026

NASDAQ Delinquency and Delisting Notices

The Company was unable to file its Form 20-F reflecting its 2024 financial statements in a timely fashion, because accounting and liquidity issues delayed the finalization of its financial statements, and thus the audit. The Company filed a Form 12b-25 Notification of Late Filing with the SEC on April 30, 2025, setting out the reasons for the delayed filing. When the Company's 2024 20-F was not filed within the 15-day extension period, NASDAQ sent the Company a notice informing the Company of non-compliance with NASDAQ Listing Rule 5250(c)(1). In accordance with NASDAQ rules the Company submitted a plan to regain compliance with the Listing Rules on July 14, 2025, and was granted an extension by NASDAQ until November 11, 2025, to regain compliance.

The issues which delayed the Company's finalization of its financial statements were the complexity of accounting associated with the de-SPAC transaction, the at the time unfinalized nature of documentation, necessary for accounting purposes, relating to its Turkish partnership, and ongoing negotiations with potential investors and its creditors, regarding potential investments and set-off agreements due to a lack of sufficient liquidity of the Company making such agreements necessary for the completion of the financial statements.

During the period until December 2025 the Company negotiated with various of its creditors, including AVACO and XJ, to come to agreements regarding a significant portion of the Company's outstanding debt. SCHMID was also in negotiations with a number of new investors interested in an investment into the Company. During the spring and summer of 2025, the Company agreed to exclusivity with one investor, with whom the negotiations process was far advanced. In September 2025, shortly before signing definitive contracts with this investor (which is a publicly listed company in its home country), the national regulator of the investor's home country asked the investor to halt the investment process which led to the abandonment of that transaction by the investor. This delay affected the timeline for the Company's capital raise, and the Company was unable to finalize its financial statements and file its 2024 20-F by November 11, 2025. On November 12, 2025, the Company received a determination letter from NASDAQ notifying it that, based upon its non-compliance with the filing requirement, the staff had determined to delist the Company's securities. The Company was granted a stay in relation to the removal from trading of the Company's securities on NASDAQ in accordance with NASDAQ rules upon request by the Company. The Company, in accordance with NASDAQ rules requested a hearing before the NASDAQ Hearings Panel in relation to the determination letter. In January 2026, the NASDAQ Hearings Panel granted the Company an extension to regain compliance with NASDAQ rules until April 30, 2026.

Shareholder Debt Waiver

In September 2025, Anette Schmid and Christian Schmid agreed to waive €5 million in financial liabilities which were owed to them by SCHMID. These €5 million financial liabilities dated back to 2016 and were waived for no consideration or compensation. This waiver was part of the restructuring of SCHMID's financial liabilities, which the Company undertook in 2025 that included the planned share issuances to XJ and SCHMID Avaco Korea, described above.

Debt Set-Off and Share Issuance Agreements with XJ Harbour

On November 12, 2025, the Company entered into a subscription agreement and a set-off agreement with XJ Harbour, pursuant to which the Company agreed to issue and sell shares to XJ Harbour in a private placement. The Company agreed to issue ordinary shares to XJ at $2.15 per share to set off $26,962,158.90 of liabilities (including accrued interest) owed to XJ Harbour by the Company. In an extraordinary general shareholders' meeting held by the Company on December 23, 2025, the shareholders authorized the issuance of shares to XJ Harbour. 12,540,539 shares of the Company were issued to XJ Harbour on January 16, 2026, and transferred to XJ Harbour. The set-off in relation to the liabilities became effective on that date.

Debt Set-Off and Share Issuance Agreements with AVACO

On November 3, 2025, the Company entered into a subscription agreement and set-off agreement with SCHMID Avaco Korea Co., Ltd. (a non-consolidated 50-50 joint venture of SCHMID) ("**SCHMID Avaco Korea**") and AVACO Co., Ltd. ("**AVACO**") to issue a total of approximately 1.07 million shares of the Company in a private placement to SCHMID Avaco Korea for USD 2.50 per share. These shares were to be issued based on the existing corporate authority of the Company to issue shares. According to the agreements with SCHMID Avaco Korea and AVACO, following the issuance of such shares, SCHMID Avaco Korea was to sell and transfer such shares to AVACO against set-off of liabilities of approximately EUR 2.3 million of SCHMID and certain of its group companies.

The agreement with AVACO and SCHMID Avaco Korea stipulated, that if shares were not issued and registered with the SEC by January 31, 2026, any shares already issued were to be cancelled and the liabilities owed by SCHMID to AVACO were to be settled in cash by February 28, 2026.

Term Loan Facility with Black Forest Special Situations I

The Company signed a secured two-tranche term loan facility with a total commitment value of up to €10,000,000 with the lender Black Forest Special Situations I, a Cayman Islands incorporated entity, on December 16, 2025. The lender is backed by a consortium that includes the Company's chairman of the Board, Sir Ralf Speth, members of the Board of directors of the Company, its CFO Arthur Schuetz, and third-party investment and advisory professionals. The first tranche consisted of €2,500,000, which was paid out to the Company on December 18, 2025.

The second tranche of up to €7,500,000 was set to be drawn down early in 2026 but was not utilized due to the Company issuing USD 30 million in convertible notes (see below).

Black Forest Special Situations I has a conversion right under the term loan facility, which is exercisable at a share price of US$2.15 into shares of the Company between six months after the draw down of the first tranche and the date of the term loan facility's maturity, which is 15 months after the first tranche draw down. The first and second tranches may be converted independently of one another. The term loan facility has a 15% p.a. interest rate with interest payable at maturity, unless the conversion right is exercised, and interest is also converted into shares of the Company. Further, the term loan facility includes security by the Company's majority shareholders, Christian Schmid and Anette Schmid who pledged personal assets for each tranche as security. The Company and the Company's 100% German subsidiary Gebr. Schmid GmbH are both guarantors.

As part of the drawdown of the €2,500,000 first tranche, the Company also agreed to issue option rights to Black Forest Special Situations I to acquire 1,250,000 shares of the Company at the prevailing VWAP at the time of concluding the term loan facility, which was $4.19 per share. The term loan facility agreement stipulated that an option agreement shall be executed, which was agreed and signed in January 2026 and sets out the exercise mechanics of the options as well as the discretionary possibility of the Company to cashless exercise the options. The options expire on December 16, 2030, and may be exercised in full or in several parts during the lifetime of the options agreement.

USD 30 Million 7.00% Senior Convertible Note due 2028

On January 18, 2026, SCHMID entered into an investment agreement with an institutional investor, Linden Advisors LP, to sell, and on January 21, 2026 sold senior convertible notes in an aggregate principal amount of $30.0 million convertible into ordinary shares of the Company together with the issuance of warrants to purchase ordinary shares of the Company in a private placement to the Investor. The notes were issued at 98% of principal amount pursuant an indenture and are to be funded in two tranches: (i) $15.0 million were be funded on January 21, 2026 and (ii) $15.0 million will be funded following the effectiveness of a registration statement covering the resale of the underlying shares in relation to the notes.

The notes bear interest at a rate of 7% per annum, compounded quarterly and payable in kind, subject to the Company's right to elect cash payment upon prior notice. They have a two-year maturity, i.e. they will mature on January 21, 2028, unless previously converted into shares of the Company. This conversion option of the notes into shares of the Company at prices determined by reference to fixed premium conversion prices including at 95% of the applicable volume-weighted average price of the shares of the Company, is subject to a minimum conversion price and certain daily conversion limits as further specified in the investment agreement.

In connection with the issuance of the notes, the Company also issued warrants to the investor to purchase shares of the Company in an amount determined by reference to the principal amount of the notes. The warrants are exercisable until December 15, 2028, at an exercise price equal to the lower of the applicable fixed premium conversion prices under the notes, exercisable for cash or, at the Company's election, on a cashless basis. In relation to the first $15.0 million tranche, a total of 1,554,404 warrants at a USD 9.65 exercise price (subject to customary anti-dilution adjustments). Once the second $15.0 million tranche is paid out, the number of warrants will be calculated by dividing $15.0 million by the lower of the $9.65 and a fixed premium conversion price (which is 125% of the closing price of the Company's shares on the date of the effectiveness of the registration statement covering the underlying shares) with the exercise price being also set as the lower of $9.65 or the fixed premium conversion price.

In connection with the execution of this investment agreement, the Company also entered into a registration rights agreement to file a registration statement covering the resale of the shares issuable upon conversion of the notes and exercise of the warrants. The Company's obligations under the notes are guaranteed by its German operating subsidiary, Gebr. Schmid GmbH, subject to applicable German law limitations. The investment agreement and the provisions of the notes and warrants contain customary affirmative and negative covenants, issuer call provisions, change of control protections, mandatory redemption events, and events of default customary for transactions of this type.

Appointment of Arthur Schuetz as the new CFO of the Company

Arthur Schuetz was appointed by the Board as the new CFO of SCHMID Group N.V. as of January 1, 2026, replacing Julia Natterer, who continues to serve as CFO of Gebr. SCHMID GmbH.

In his role as CFO for the Company Mr. Schuetz receives an annual fixed salary of EUR 180,000. In addition the Company entered into a service agreement with Mr. Schuetz which in 2026 provides for the payment of a service fee of EUR 20,000, as well as 6,000 shares of the Company per month, and 50,000 share options every six months of employment at a strike price of $4.00 for the first half of 2026 and thereafter at a strike price of the volume-weighted average price over the preceding 6 months (which have an exercise window of five years), and an incentive variable salary component amounting to 35,000 shares annually, tied to an EBIT target of SCHMID, where under or over performance reduce or increase the variable salary pro rata (30% underperformance floor amounting to no eligibility and 30% overperformance ceiling amount to maximum 200% eligibility). The agreement with Mr. Schuetz foresees an update to his compensation, incentive share and share options plan in 2027 being the share based component of the fixed salary calculated by dividing EUR 250,000 by the volume-weighted average price over the preceding 6 months, 50,000 share options every six months (exercisable for five years) at a strike price to be set by the Board and the Audit Committee, and an incentive variable salary component amounting to 35,000 shares annually, tied to an EBIT target set by SCHMID Board, where under or over performance reduce or increase the variable salary pro rata (30% underperformance floor amounting to no eligibility and 30% overperformance ceiling amount to 200% eligibility).

Agreement with Helmut Rauch, Chief Operating Officer (COO)

The Company and Helmut Rauch, the COO (employed on the level of Gebr. Schmid GmbH with no executive function at the level of SCHMID Group N.V.), agreed in 2025 that Mr. Rauch would receive shares in the Company as part of his remuneration package. Starting in 2026 Mr. Rauch is set to receive 6,000 shares of the Company per month, and 50,000 share options every six months of employment at a strike price of $4.00 for the first half of 2026 and thereafter at a strike price of the volume-weighted average price over the preceding 6 months (which have an exercise window of five years), and an incentive variable salary component amounting to 35,000 shares annually, tied to an EBIT target of SCHMID, where under or over performance reduce or increase the variable salary pro rata (30% underperformance floor amounting to no eligibility and 30% overperformance ceiling amount to maximum 200% eligibility). The agreement with Mr. Rauch foresees an update to his compensation, incentive share and share options plan in 2027 being the share based component of the fixed salary calculated by dividing EUR 250,000 by the volume-weighted average price over the preceding 6 months, 50,000 share options every six months (exercisable for five years) at a strike price to be set by the Board and the Audit Committee, and an incentive variable salary component amounting to 35,000 shares annually, tied to an EBIT target set by SCHMID Board and the Audit Committee, where under or over performance reduce or increase the variable salary pro rata (30% underperformance floor amounting to no eligibility and 30% overperformance ceiling amount to 200% eligibility).

Changes to the compensation of Company CEO Christian Schmid

In addition to the compensation package Christian Schmid receives as executive director, see below under "*–Christian Schmid Compensation*" and "*–Christian Schmid Service Agreements*", a variable compensation package was approved by the Board in April of 2025. The variable compensation of Mr. Schmid is composed of short-term and long-term incentive plans, the performance periods of which started in 2025. The short-term targets refer to one-year periods, with targets set by the Board on the Company's EBIT, operating free cash flow and on ESG targets, with the possibility of between 0%-200% achievement. 100% achievement entitles Mr. Schmid to additional remuneration of €500,000, while the maximum remuneration is capped at €900,000. The long-term targets refer to three-year periods, with targets set by the Board on the Company's relative total shareholder returns, return on capital employed and on ESG targets, with the possibility of between 0%-200% achievement. 100% achievement entitles Mr. Schmid to additional remuneration of €500,000, while the maximum remuneration is capped at €1,000,000.

B. Business Overview

Introduction

We are a global supplier of equipment, software and services for various industries such as printed circuit board ("**PCB**"), substrate manufacturing, glass and energy storage, and photovoltaics with a focus on the highest end of this market in terms of technology and performance. We are a long-established, fifth- generation family-controlled business that was founded in 1864 in Freudenstadt, Germany as an iron foundry and has a tradition of being at the forefront of technology. Throughout the 160 years of our operations, we have maintained sustainable operations by developing our products following trends on the market. We have been developing machines for the electronics industry since the 1960s, photovoltaics solutions since the early 2000s and energy storage for the last ten years. We focus on a modular product portfolio of machinery to use in the manufacturing of high-end PCB equipment and semiconductor packaging devices which includes common flexible circuit fabrication techniques such as subtractive, semi-additive processes ("**SAP**") and modified semi additive processes ("**mSAP**"). We are a global supplier of capital equipment, software and services for the PCB and substrate manufacturing industry. We focus on the highest end of the market in terms of technology and performance. We do not only develop production techniques and build machines ourselves; we are also extensively working with our customers on joint research & development projects for the next generation of electronics products. We produce our products in two manufacturing sites, one in Germany and one in China. In addition, we have built an extensive service and sales network in five centers in the US, Europe, and Asia. In addition to our sale and service centers and two manufacturing sites, in South Korea we also work with our partners in the SCHMID Avaco Korea, Co. Ltd. which we account for using the equity method. We also provide customer service through which we assist our customers with machinery and software upgrades, spare parts, logistics, customer training in multiple languages, on-site management, maintenance contracts, and project management.

We have developed and applied for patents for the embedded traces ("**ET**"), PCB and substrate production processes that allow a significant increase in manufacturing precision as well as enhanced design features while also achieving cost savings compared to traditional processes and reduce the CO2 emissions of the overall production processes. We believe that our ET technology will gain a significant share of the high- end PCB and substrate market as it has substantial advantages in technology capabilities, cost and to reduce emissions as well as water consumption for production processes (greener production processes). We believe these innovative production processes create a sustainable competitive advantage that helps us reach new customers and allows us to continue to grow our market share and capitalize on the overall positive market growth trends.

Our customers include large, global original equipment manufacturer ("**OEM**") from the semiconductor and consumer electronics industry and companies that are part of the supply chain of such global companies.

We have a research and development focused business model. We develop and build innovative machines and systems for wet & vacuum processing in various industries spanning high-end electronics such as PCB and organic packaging, photovoltaics and special glass applications as well as other high-tech industries. We employ more than 150 scientists, engineers and development personnel to focus on new technologies and processes out of a total of approximately 800 employees (by headcount) globally. As a result, we consistently invest a significant amount in R&D. Our science, engineering and development staff work in close collaboration with our customers to jointly develop high-value solutions. Such collaboration may reduce commercial risk, given that solutions are specifically developed for customers. The remainder of our R&D investment is focused on developing next-generation technologies, often as part of a collaborative process with our customers. In addition, we work with universities and leading research institutes such as the Fraunhofer Institute for Solar Energy Systems.

We expect to continue to invest in the future focusing on three primary areas: (i) growth for ET and glass substrate projects, which have higher working capital needs compared to other technologies; (ii) strategic investments in automation solutions, such as the next generation of fully automatic factories; and (iii) software insourcing for semiconductor equipment communication standard ("**SECS/GEM**"), which can allow for more reliable data exchange and which will allow us to offer our own software as the interface to our customers' software solutions.

Our Business Operations

We operate our business by providing machines for industries, including, but not limited to, electronics, and provide after-sale services to customers across all industries. For all relevant industries which we see as our customer markets, we offer our core products, such as our machines, as well as technology and customer service support to our customers. Although these industries each have varied end-markets and customers, our expertise, high-quality standards and global scale are essential in both areas. Our equipment covers a wide range of production steps.

We leverage our research and development investment and cooperate with our research and development partners (universities and institutes) and our clients as we seek to benefit from technologies, innovations, best practices, and other key learnings across our product portfolio. These efforts often result in innovative strength, allowing us to be at the forefront of technology, with high-quality standards for long-lasting and reliable products to meet customer needs, such as understanding the needs of global electronics OEMs for efficient continuous production of higher spec devices with a reduced environmental footprint. We believe we have a track record of delivering disruptive technology solutions and that our strong, long-lasting relationships with key technology OEMs and other customers in their supply chain will remain the key drivers of demand for our electronics products and services in the future.

The following table shows our revenue by country (based on customer location) for the fiscal year 2024:

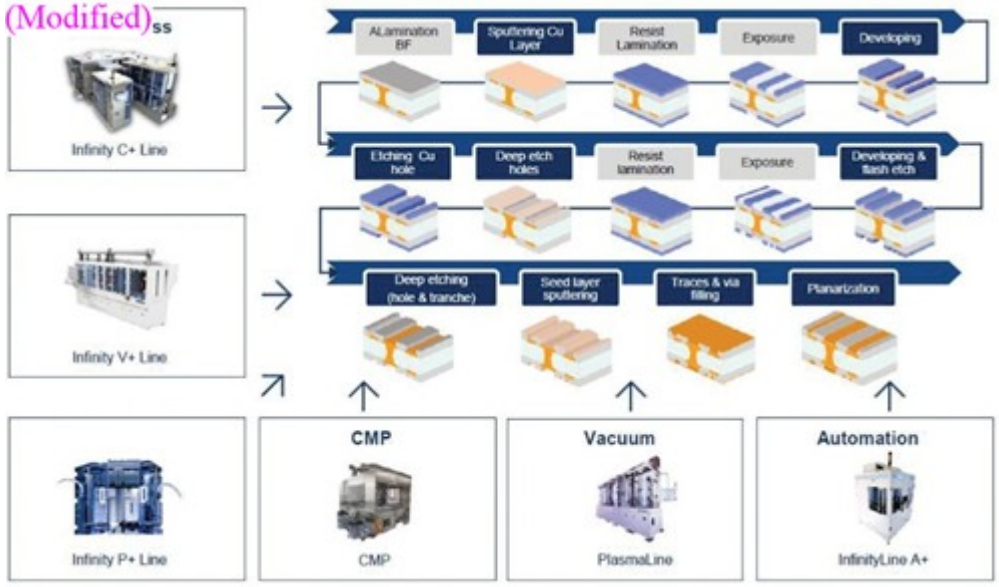
in € thousand	2024
China	13,320
Taiwan	3,160
USA	22,468
Germany	3,819
Malaysia	2,186
Austria	6,678
Other	9,464
Total	**61,096**

Electronics

We generate by far the largest part of our revenues and profits in the electronics market. In this market we sell our machines globally and have a wide regional presence that allows us to serve both large OEM as well as the global electronics supply chain, as demonstrated by our longstanding relationships with our key customers that are leaders in their industry.

The product portfolio of our electronics business is focused on what we have identified as attractive growth areas of the electronics market that involve technologically advanced production processes. Our modular equipment kit includes equipment for processes such as automation, wet processes (horizontal, vertical and single panel) and vacuum processes. This modular approach to design and manufacturing means that we are using the building kit concept that creates flexibility by using proven components that guarantee high-quality and enable industrial-scale production. Our modular approach to design and manufacturing is also a key advantage in relation to lead times and being able to optimize our cost structure, while maintaining a high level of customization for our customers. Our modular approach supports an increase in the useful life of our equipment by creating a path to upgrades to meet any changes in the needs of our customers after a machine has already been installed and used for several years.

The following graphic provides an overview of our key product lines and the processes where our machines are used (our machines are used in the process steps marked dark blue):



- The Infinity C+ Line are vertical spin-process machines for developing, flash-etching and surface treatment.
- The Infinity V+ Line are machines for a vertical inline process for developing, etching and stripping applications.
- The Infinity P+ Line are machines for high-end single panel electroplating tools.
- CMP is a full format chemical mechanical polishing equipment for leveling copper.
- The PlasmaLine are vertical inline and cluster plasma etching and sputtering machines.
- The InfinityLine A+ is used for automation of process equipment for fully automatic loading and unloading.
- The Infinity H+ Line are machines for a horizontal inline processing for multiple processes and applications.
- Other equipment includes various special equipment for horizontal inline processing and software solutions for such equipment.

Customers in Electronics

We work directly with many of the leading global technology companies and are able to satisfy their strict quality requirements. In the electronics market, our customers include well-known manufacturers of computers, mobile phones and tablets as well as the manufacturers of PCB boards and the suppliers of such manufacturers.

We partner with them during their product development processes and closely collaborate to have our products delivered to meet customer specifications as well as customer acceptance tests. We believe our quality commitment and technical competence have helped us establish a strong reputation in the industry, as well as our commitment to innovation and R&D. Through a combination of high-quality solutions and customized on-site management we have demonstrated a successful track record of consistently meeting the needs of our customers which has resulted in long-standing and trusting relationships. We serve some of the largest OEM and PCB/substrate manufacturers in the world and have historical or ongoing joint development projects for future technologies and products.

Over the past few months, we worked out a partnership between SCHMID and TRUMPF, a high-tech company offering manufacturing solutions in the fields of machine tools and laser technology. TRUMPF and SCHMID announced that they are developing an innovative manufacturing process for the latest microchip generation for the global chip industry. This will enable manufacturers to increase the performance of high-end electronic components for smartphones, smart watches and AI applications. In the process known as advanced packaging, manufacturers combine individual chips on silicon components known as interposers. With the process from TRUMPF and SCHMID, these interposers can be made of glass in the future. To create connections on the interposer, manufacturers have to drill holes through the glass, so-called through-glass vias (TGV). Manufacturers often have to create millions of holes in a panel to make the desired connections. The combination of TRUMPF's laser technology and SCHMID's expertise in etching processes for microchip production enables efficient production. This special approach shortens process times by a factor of ten. According to the Boston Consulting Group, the market for advanced microchip packaging is expected to grow to more than 96 billion dollars by 2030. TRUMPF and SCHMID, advanced packaging with the help of glass could also develop into an important future market. Currently, applications in consumer electronics such as smartphones dominate the advanced packaging sector. In the future, applications in the field of artificial intelligence are likely to be the growth drivers.

We are continuing to refine and further develop our ET process which is a new way to produce substrates and HDI+ boards. We provide a specialized equipment portfolio that allows our customers to produce ETs. This specialized equipment allows our customers to produce high-end-boards with the best yields at a compelling production cost. ET technology portfolio includes: (i) next generation production equipment which can be used for traditional board concepts typically produced with mSAP and SAP process; (ii) new high-end PCB or substrate which gives the designer of an OEM a new level of flexibility to redesign their products to meet higher performance requirements and (iii) urban, green fabrication facilities concept that allows high flexibility for production of a wider range of boards with one base technology which allows the customers a higher investment security.

The ET Process

The ET process is a new way to produce substrates and HDI+ boards. We are currently the only company to offer a full solution, including key equipment and processes to customers in the electronics market for the ET process. In contrast to the standard conventional method of production which uses laser drilling, the ET process uses parallel plasma processing. Traces in ET boards are first embedded in the isolator material and then filled with copper in the already etched embedded structure using a proprietary and highly protected process. This new technology is a fully additive process, allows for flexibility in designing completely new types of 3D structures and can upgrade existing mSAP and SAP deployments. The ET process can also be combined with glass cores allowing for an extension of its use for such products.

The ET technology we have developed allows us to meet customers' demands that could not be met by traditional PCB manufacturing techniques. For example, ET technology allows us to further miniaturize, increase complexity and incorporate advanced properties by producing better performing PCBs and/or substrates, with narrower line widths, increasing numbers of input and output devices, higher aspect ratios or using new materials, while maintaining acceptable manufacturing efficiency, meeting our customers' environmental, social and government ("**ESG**") goals and maintaining a resilient supply chain.

We provide a specialized equipment portfolio that allows our customers to produce embedded traces. This specialized equipment allows our customers to produce high-end-boards with the best yields at a compelling production cost. ET technology portfolio includes: (i) next generation production equipment which can be used for traditional board concepts typically produced with mSAP and SAP process; (ii) new high-end PCB or substrate which gives the designer of an OEM a new level of flexibility to redesign their products to meet higher performance requirements and (iii) urban, green fabrication facilities concept that allows high flexibility for production of a wider range of boards with one base technology which allows the customers a higher investment security.

The use of ET technology can (i) increase production yields with reduced facility requirements, (ii) enable new 3D packaging solutions that cover ratification intelligence and photonic applications, and (iii) improve the return on customers' investment by allowing the manufacture of boards from HDI+ to substrate on the same equipment. Unlike with conventional production, ET technology replaces round holes with square holes, allows for 3D connections, increases the amount of copper for better thermal management, has full 3D, coreless and core, and single- and double-sided build up for substrates, optimizes glass substrates and replaces laser drilling with parallel plasma etching processes. The optimized process reduces the roughness and increases the adhesion between layer stacks and is compatible with future high- performance materials. The embedding concepts allow for implementation of chips directly inside the substrates. These advantages allow higher performance final applications such as those being demanded in AI, high-end consumer electronics, and certain autonomous driving applications.

Our management expects that the further penetration of the ET technology in the overall market will lead to a significant increase of the share of capital expenditure spending for a new factory from 30% of equipment spending for a traditional fabrication methods factory to 90% in an ET technology factory. This estimate is an internal management estimate based on the understanding of technical processes required for factory fabrication methods.

After Sales Services

Through our five service centers located around the world, we focus on offering worldwide customer-oriented services, including on-site management, remote maintenance and diagnosis, customer training and project management at our customers' facilities.

We also customer support services through the provision of spare parts, upgrades, maintenance contracts and ancillary services allowing our customers to benefit from our service network in multiple jurisdictions globally and more than 100 service engineers capable of providing comprehensive on-site service.

Business Strategies

We aim to continue our technological leadership by investing in product development on an ongoing basis. Our key growth strategy is to drive our revenues in the electronic market as a result of ET adoption in the PCB and substrate market over the next years, thus complementing and selectively displacing conventional SAP and mSAP technologies in applications where sustainability, cost efficiency, process robustness, and total cost of ownership are decisive factors. In addition, we aim to grow organically by focusing on an expansion of our product portfolio and increasing the penetration of the high-end PCB and organic substrate market. An additional growth field is equipment and processes for glass substrate manufacturing, currently focused on R&D, pilot lines, and early OEM engagements, with volume adoption expected in the mid- to long-term. As part of our customer service business, we aim to benefit from economies of scale as the installed base of machinery increases and we as a result can grow revenues for services for our machinery proportionally to the installed base.

We also plan to consider selected strategic acquisitions that are aligned with our technology focus, in particular in the area of process control, yield optimization, manufacturing data integration, and high-end factory automation, closely aligned with SCHMID's equipment and installed base.

Overall, we believe our revenue growth will be supported by a number of key trends that should increase the demand for our products such as substrates with higher density, higher frequencies and introduction of new materials all of which will require new production technologies, including:

- As the use of artificial intelligence expands, it will become more sophisticated. We believe that the expected broad and rapid adoption of AI will accelerate growth in required computing power. The growth of artificial intelligence technology may lead to an increase in the demand for novel semiconductor packaging solutions that can keep pace with rapid AI growth such as Intel driving demand for advanced interconnect, power delivery, signal integrity and thermal management solutions. While concepts such as chiplet-based architectures and advanced packaging (e.g., CoWoS) continue to evolve, SCHMID primarily benefits from upstream PCB and substrate manufacturing technologies required to support these architectures.

- Greater connectivity and the internet of things (IoT) including personal devices and continuous miniaturization can increase the volume of data that needs to be transmitted, processed and stored and drive further demand for our customers' products and thus for orders for our machines and services.

- Additionally, as investors become more focused on ESG and environmental pressures, the interest in carbon neutrality, green products and processes will increase. Customers and producers will strive to reduce the eco footprint of manufacturing processes and reduce energy and water consumption and our green production, urban fabrication facilities that meet international environmental standards and facilitate manufacturing in the US, Europe and South East Asia and our R&D efforts provide our customers with products which help them achieve their CO2 reduction targets. Our ET technology is important for this trend. Based on internal assessments and customer data, the ET process can reduce energy consumption by up to 30%, water usage by up to 70%, chemical consumption by up to 40%, and CO_2 emissions by up to 30%, depending on application and configuration. Not only does this ET process decrease the total costs of ownership, but it also lowers the carbon footprint of production which can further help customers achieve their ESG goals. In addition to that, our newly launched TGV etching system maximizes efficiency and fosters sustainable manufacturing practices. It leads to a 35% reduction in power consumption and is a more cost-effective etching solution.

- We believe that the expansion in electric vehicles and autonomous driving technologies will lead to a greater demand for high power applications, as well as a greater need for highly reliable radar and sensor applications. As cars continue to include a larger number of semiconductors, new PCB technologies are critical to ensuring the comfort, durability and safety of autonomous driving. Additionally, as countries continue to incentivize drivers to switch to electric vehicles, we expect the market for PCBs to continue to grow as PCBs are used in the production of charging stations and audio and visuals display systems.

- Market applications for end products produced by our machines include AI servers, solar cells and modules for charging stations. We produce other machines that enable production of high-quality parts for cars, such as radar systems for autonomous driving, metal etching for interior design, anti-glare display technology, packaging and HDI+ for 5G communication, packaging for processors and etching thick copper for LED lighting and High- Power solutions.

Geographically, we aim to further expand into new geographies and regions, in particular in Asia outside of China and in North America. For 2025, we plan to generate the first significant revenues from our new subsidiary in Malaysia, which will act as a spare parts and service hub for the entire Asian region (excluding China and Taiwan). We assume that selected Asian countries that have not been in the spotlight to date will develop strongly in the coming years. Furthermore, we continue to believe in very strong economic development in North America. Recently, we have noticed weaker economic development in Europe. However, the latest political developments and the efforts of European countries to become less dependent on the USA and China could accelerate investments driven by strategic autonomy, supply chain resilience, and sustainability objectives, from which SCHMID expects to benefit selectively.

We have recently entered the glass substrate machining market and have offered specific machines in this sector to customers. We consider this technology to be suitable to be implemented at various original equipment manufacturers. Furthermore, it can be used in combination with ET layers.

Another growing market is equipment used for fuel cell production. Using our process know-how, we have been successful adapting our equipment for use in the production of bipolar plates.

Sales and Procurement

Through our sales, engineering, research and development and procurement teams, we combine deep product expertise of our engineering/R&D and procurement experts with our front-line customer-oriented sales staff. Our local presence in key markets ensures proximity to global customers. Our engineering team drives the technical specifications and can also decide on procurement deals with commercial terms. The procurement process is an important element in our overall sales strategy in which technical qualification and quotation are crucial factors for selection. We are present in all our key target markets when it comes to sales and services. While our global central organization for sales and services is located in Germany, our employees located in the countries in which we operate maintain their relationships with key customers. This includes lifecycle services, retrofit and upgrade solutions, and software-enabled service offerings that enhance equipment performance and long-term customer value.

We purchase local and imported parts, but also commodities. We have long-standing relationships with our most trusted suppliers and employ specified and diligent processes for qualifying new suppliers. Additionally, we have in-house product development and strict quality control standards that are expected to be followed during production as part of our efforts to ensure our high-quality standards are maintained. While we centrally monitor our purchasing activities, both factories can also make decisions locally in terms of decision making for sourced materials and components.

Research and Development

Our research and development ("**R&D**") efforts are focused on expanding the market position in all our target markets and providing high-tech technology solutions for our customers. As a technology-oriented business, we develop our products in great part in our own 32,000 square foot technology center in Freudenstadt, which includes a laboratory and prototyping facilities.

As part of our basic research activities, we collaborate with customers, strategic partners and leading research institutions worldwide in the electronics, photovoltaics and energy storage sectors.

- **Electronics.** Our R&D efforts in the electronics market focus on advancing applications for the new ET process, conducting customer sampling, and supporting product optimization. We also continue to enhance equipment capabilities to meet next-generation OEM requirements, with an emphasis on glass substrates.

- **Energy Storage**. In the energy storage field, we focus on technologies related to the structuring of copper foil for current collectors, equipment for fuel cell production, and support for business partners in the vanadium redox flow battery (VRFB) segment for large-scale energy storage applications. Research and development activities in this area were conducted at Schmid Energy Storage GmbH, the majority of which was transferred into a joint venture at the end of 2024. SCHMID continues to apply its process expertise and application know-how through cooperation arrangements.

- **Photovoltaics**. In photovoltaics, our R&D activities relate primarily to the enhancement and expansion of the next generation of our InfinityLine systems for alkaline structuring and polishing. In addition, our APCVD tools are being redesigned to meet the technical specifications required for TOPCon solar cell production.

We employ more than 150 scientists, researchers and engineers globally, working across multiple laboratories equipped with advanced technologies and research infrastructure, more than 30 of which wok at our technology center in Freudenstadt. We routinely submit new patent applications and, as of December 31, 2024, held more than 100 patents and industrial property rights. We additionally maintain various global trade names and trademark registrations and applications, which we consider valuable for product identification and market presence.

We benefit from a network of cooperative partnerships with industry leading institutions, including Fraunhofer Institute for Reliability and Microintegration, the University of Konstanz, Fraunhofer-ISE Freiburg and Helmholtz-Zentrum Berlin. We also cooperate on development in the area of Through Glass Via with the company Trumpf. A core priority of our operations is the efficient transfer of research and development outcomes into industrial applications and high volume manufacturing. Our technology center provides full prototyping capabilities for electronics, photovoltaics and glass applications, as well as lamination, LDI, developing, etching, stripping and other processing capabilities. It also includes comprehensive physical and chemical laboratories for basic research and statistical data analysis.

We have also developed additional revenue opportunities through paid R&D engagements. We expect licensing revenue to increase over time as our installed base expands.

Competition

We believe we are well-positioned to compete in our target markets. In PCB high-end equipment, our market is generally consolidated with only a limited number of other major suppliers globally. Among our key competitors are several multinational competitors such as MKS Instruments, Inc., a NASDAQ listed company, but also more regionally operating companies, such as local manufacturers in China and Asia Pacific. In the photovoltaics market, we also compete with multinational active companies such as Shenzhen SC New Energy Technology Corp, and depending on the specific applications also several other smaller companies. In other areas, such as machines for the energy sector and other specialty areas, we face a diverse set of competitors who specialize in such specific markets.

Employees

As of December 31, 2024, we had 676 employees. The biggest departments are production, engineering, sales and procurement. We have not experienced any work stoppages, slowdowns or other serious labor problems that have materially impeded our business operations.

Health, Safety and Environmental

We are subject to numerous laws and regulations relating to the environmental protection and the health and safety of our employees in multiple jurisdictions in which we operate. We are committed to maintaining compliance with all such applicable legal requirements. We have a strong record of safety and internal controls surrounding the manufacture and implementation of our products and systems and the health of our employees. While we are not subject to the German Supply Chain Due Diligence Act *(Lieferkettensorgfaltspflichtengesetz*), we have nevertheless implemented a Code of Conduct for our employees and suppliers that aims to ensure that working conditions in our supply chain are safe and suitable.

Legal Proceedings

In the general course of business, we sometimes face legal proceedings and claims against us.

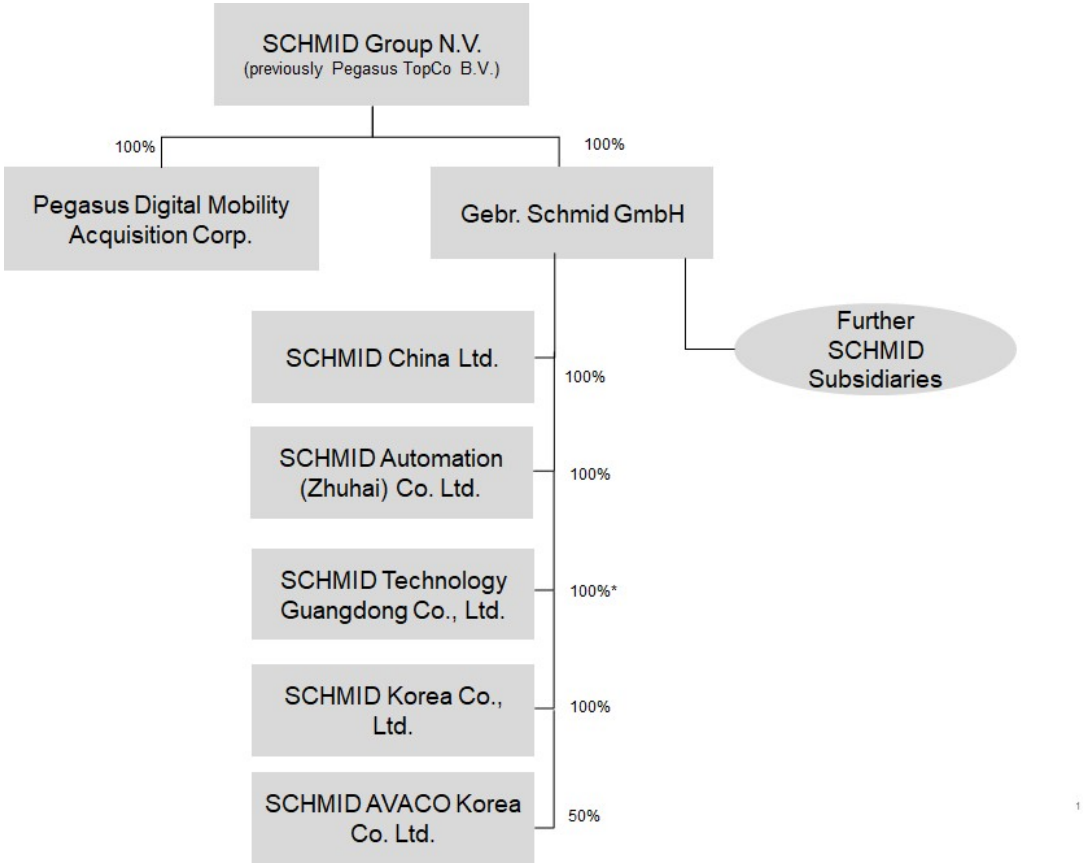
Our subsidiary SCHMID China Ltd. ("**SCL**") filed a claim against Beyond Force Company Limited for an outstanding payment due to our subsidiary of RMB 53 million (approximately $7.6 million as of February 2026) plus interest amounting to approximately RMB 21 million (approximately $3.0 million as of February 2026). Beyond Force Company Limited has filed a counterclaim valued at approximately RMB 123 million (approximately $17.6 million as of February 2026). Both claims were dismissed by the courts in the first as well as in the second instance and forwarded by the appeal court for retrial to the first instance. The subject matter is now for review for retrial and SCHMID is preparing the required documentation. As of January 16, 2026 the court has made the following first instance decision *inter alia* that the payment of RMB 53 million is justified under the condition that SCL shall pay the outstanding debt amounting to approximately over RMB 10,000,000 (approximately $1.4 million as of February 2026) to the Company. Beyond Force Company Limited may still appeal this ruling.

On February 13, 2025, Gebr. SCHMID GmbH announced that it has filed a lawsuit against Shenzhen China Science & Technology Co., Ltd. ("**China SC**") over allegations of trademark infringement and unauthorized copying of proprietary technology. The lawsuit involves, in particular, a claim for injunctive relieve against China SC for use of the SCHMID Group's intellectual property and for compensation.

On July 17, 2025, Validus Broker Dealer Investment Management Company LLC ("**Validus Broker Dealer**") filed a civil action against SCHMID in the United States District Court for the Southern District of New York, arising from a promissory note dated June 13, 2024, with a principal amount of $2,350,000. Validus alleges that the Company failed to pay the principal balance upon maturity on June 13, 2025, an alleged breach. The parties entered into negotiations and mutually agreed to request an extension of the response deadline of the Company to the lawsuit until November 12, 2025. The parties could not resolve the dispute before the response deadline and the Company filed its response timely with the New York court. Both parties made subsequent filings and motions and the lawsuit remains pending. No trial date has been set, and the Company intends to continue to evaluate and pursue all available defenses including any relevant countersuits for breach of contract by Validus Broker Dealer and its affiliate Validus/StratCap, LLC under a warranty agreement dated April 29, 2024 between the Company and Validus/StratCap, LLC. The Company has not recorded any liability related to this matter, as the outcome cannot be predicted at this stage.

C. Organizational Structure

The following diagram depicts our organizational structure as of the date of this annual report (including the material subsidiaries):



* SCHMID Group N.V. and XJ Harbour have agreed that XJ Harbour will transfer the remaining approximately 16% of shares held by XJ Harbour in SCHMID Technology Guangdong Co., Ltd. to Gebr. SCHMID GmbH. The transfer is expected to be fully effected by the end of Q1. For more information, see "*Item 5. Operating and Financial Review and Prospects –C. Material Contracts.*"

For a list of SCHMID's subsidiaries see Exhibit 8.1 "*List of Subsidiaries of SCHMID N.V.*"

D. Property, Plant and Equipment

Our headquarters is located in Freudenstadt, Germany and includes one of our two production facilities with our Freudenstadt location focused on the production of machines and equipment and global customer supply. We also have a production facility in Zhongshan in China in which we produce machines and equipment with a particular focus on the Chinese market. The production facilities have comparable capacity. We can dynamically shift production between them based on requirements and capacity constraints. Our core R&D activities are located in our technology center in Freudenstadt.

We also maintain further facilities in the United States, Malaysia, Singapore, South Korea and Taiwan, which are used primarily for customer service. Further facilities include those with our partners in South Korea which mainly serve as distribution centers and customer service centers. Furthermore, we have distribution partners located in Brazil, Italy, the Netherlands, Sweden, Austria, Israel, India and Japan.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Following and as a result of the Business Combination, the business of SCHMID is conducted through Gebr. Schmid GmbH, its direct, wholly-owned subsidiary, as well as the direct, wholly owned subsidiaries of SCHMID.

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of SCHMID's consolidated results of operations and financial condition. The discussion should be read together with the consolidated audited financial statements for the years ended December 31, 2024, 2023 and 2022 and the related notes that are included elsewhere in this Annual Report. The following discussion and analysis is based on SCHMID's consolidated financial statements prepared in accordance with IFRS and the interpretations of the IFRS Interpretations Committee (IFRS IC) as issued by the IASB. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to SCHMID's plans and strategy for its business, includes forward-looking statements that involve risks and uncertainties.

Overview

We are a global supplier of equipment, software and services for various industries such as PCB, substrate manufacturing, photovoltaics, and glass and energy storage with a focus on the highest end of this market in terms of technology and performance. We are a long-established, fifth-generation family- controlled business that was founded in 1864 as an iron foundry located in Freudenstadt, Germany and has a tradition of being at the forefront of technology. Throughout the almost 160 years of our operations, we have maintained our operations by developing our products according to trends in the market. We have been developing machines for the electronics industry since the 1960s, and photovoltaic solutions since the early 2000s and energy storage for the last seven years. We focus on a modular product portfolio of machinery used in the manufacturing of high-end PCB equipment and semiconductor packaging devices which includes common flexible circuit fabrication techniques such as subtractive, SAP, and mSAP. We are a global supplier of capital equipment, software and services for the PCB and substrate manufacturing industries. We focus on the highest end of the market in terms of technology and performance. We not only develop production techniques and build machines ourselves, we are also extensively working with our customers on joint research & development projects for the next generation of electronics and photovoltaics products. We produce our products in two manufacturing sites: one in Germany and one in China. In addition, we have built up an extensive service and sales network in five centers in the US, Europe, and Asia. In addition to our sales and service centers and two manufacturing sites, we also work with partners in South Korea. We also provide customer service through which we assist our customers with machinery and software upgrades, spare parts, logistics, customer training in multiple languages, on-site management, maintenance contracts and project management.

Key Factors Affecting Our Results of Operations

We believe that our performance and future success depend on several factors which have affected our previous performance in the periods for which financial information is presented in this Annual Report. These factors include:

Market growth in our key PCB market and Advanced Packaging Solutions

Our management expects that the further penetration of the ET technology in the overall market will lead to a significant increase of the share of capital expenditure spending for a new factory from 30% of equipment spending for a traditional fabrication methods factory to 90% in an ET technology factory. This estimate is an internal management estimate based on the understanding of technical processes required for factory fabrication methods. The PCB market is expected to significantly expand in the next three years with ET technology gaining a significant market share as new factories are expected to switch to ET technology machinery. In 2024, we already realized revenue with ET technology and expect this market to increase in the upcoming years. In addition to that, we are convinced that our new TGV Etching system, which is suitable for labs as well as for high-volume manufacturing, will show a positive development with an increased customer base and new applications. Due to positive feedback from our customers, we expect to receive orders for our ET technology as well as for our TGV Etching system in 2025

Developments in Orders from our Core Customers

In fiscal year 2024, approximately 23.5% of our revenues were generated from sales to our two largest customers and our ten largest customers represented approximately 58% of our revenues. If we fail to retain these key customers our results could be materially adversely impacted. Our core customers were also the key drivers of our revenues from fiscal year 2023 to the fiscal year 2024.

Trends affecting the Demand for our Customers' End Products

We sell our machines to large original equipment manufacturers and to companies in their global supply chain in various sectors such as the electronics and semiconductor industries, but also the photovoltaics and energy systems industries. The demand for our products and our revenues is influenced by several larger trends impacting this diverse set of industries:

- Our revenues are impacted by technological advancements in the electronics industry, including the rollout of 5G, digital infrastructure that includes increasing adoption and continued miniaturization of personal devices and Internet-of-Things connected devices, cloud computing and artificial intelligence. The strong digital infrastructure has resulted in increases in data volume that need to be transmitted, stored, and processed. All these changes drive demand for our customers' products and in turn also the demand for our machines and equipment.

- Our customers have an increasing preference for green manufacturing processes that result in fewer greenhouse gas emissions and are efficient in the use of other resources such as water. Our ET technology, which is one of our key machine technologies, uses less energy and water compared to traditional manufacturing technologies.

Macroeconomic and Geopolitical Factors

We operate across a wide range of countries. Not all these countries are subject to the same economic and political forces at the same time, which usually provides us with a natural degree of macroeconomic and geopolitical diversification. There are, however, likely to be periods of time in which many, or even most, or all of the countries in which we operate will be subject to similar or identical forces that may impact our business negatively. One example of this is the geopolitical and macroeconomic turmoil triggered by the ongoing war in Ukraine, which led to increased volatility on the financial markets and disruption in various sectors. The outcome of the US presidential election and the changing political and economic relations between the US and other countries also appear to be having a major impact on global economies and financial markets. In general, geopolitical changes, such as trade wars and the implementation of tariffs, can have a negative impact on our business in one or more markets.

Segment Reporting

SCHMID has prepared IFRS financial statements and segment reporting. See Note 5 of the Consolidated Financial Statements.

Key Components of Operating Results:

The following discussion sets forth certain components of our consolidated statements of profit and loss and certain factors that impact those items:

Revenue:

We generate revenues from contracts with customers across all major geographic areas from two operational segments: (i) technical equipment and processes, which includes mainly the sale of machines including installation, long-term development and extended warranties; and (ii) spare parts and services, which includes the sale of spare parts as well as services including repairs, modifications of machines and inspections.

Cost of sales:

Our cost of sales includes personnel expenses, material expenses, depreciation and amortization, and certain other expenses such as costs for outward freight, production-related short-term leases, and facility costs.

Selling:

Selling expenses principally consist of personnel expenses, legal and consulting fees, sales commission, distribution related external administration, advertisement, and other expenses. Personnel expenses mainly include salary and salary-related expenses. Distribution-related external administration comprises administration costs including utilities, insurances, travel expenses and expenses for short-term leases. Other expenses include mainly depreciation and amortization.

General Administration Expenses:

General and administration expenses consist principally of expenditures incurred in connection with the personnel expenses, legal and consulting fees, external administrative expenses and other administrative expenses. External administrative expenses comprise cost like utilities, insurance, travel expenses and expenses for short-term leases. Other administrative expenses include mainly depreciation and amortization.

Research and development expenses

Research and development is an important factor for our sustainable and long-term success. Research and development expenses principally consist of personnel expenses, depreciation and amortization, legal and consulting fees, research and development-related external administration and certain other research and development related expenses. Research and development-related external administration comprises administration costs such as utilities, insurance, travel expenses and expenses for short-term leases.

Other income:

Other income principally consists of foreign currency gains and other miscellaneous income such as government grants.

Other expenses:

Other expenses include foreign currency losses, other taxes, disposal of assets, and miscellaneous other items. Miscellaneous other items mainly include banking fees and other service charges.

A. Operating Results

The following table sets forth results of operations for the year ended December 31, 2024 and 2023.

in € thousand	Year Ended December 31 2024	2023
Revenue	60,836	90,246
Cost of sales	(48,791)	(63,849)
Gross profit	**12,044**	**26,397**
Selling expenses	(12,895)	(12,577)
General administration expenses	(12,268)	(12,538)
Research and development	(3,974)	(5,148)
Other income	8,730	15,985
Other expenses	(2,564)	(2,620)
Listing expenses	(71,630)	—
Impairment reversal / (impairment) of financial assets	20	22,696
Operating profit (loss)	**(82,537)**	**32,195**
Finance income	1,888	19,685
Finance expenses	(5,712)	(10,091)
Financial result	**(3,824)**	**9,594**
Share of profit (loss) in joint ventures	—	(1,057)
Income (loss) before income tax	**(86,361)**	**40,732**
Income tax benefit (expense)	2,031	(2,778)
Net income (loss) for the period	**(84,330)**	**37,954**

Comparison of the Years Ended December 31, 2024 and 2023

Revenue

Our revenues decreased from €90.2 million in the year ended December 31, 2023, to €60.8 million in the year ended December 31, 2024. The majority of our revenue was generated from the sale of our machines in the amount of €47.4 million in the year ended December 31, 2024, compared to €77.6 million in the year ended December 31, 2023. In 2024, we experienced continued weakened demand in our key markets, in particular in Asia (China, Taiwan, Malaysia) which has been accompanied by a decline in industry-wide spending on production equipment in this region. The main reason for the decline in sales is the weakened end-market demand for electronics, such as personal computers and smartphones. The longer-term markets in Europe and in particular in the USA were unable to compensate for this weakened demand.

Our second largest revenue stream was the sale of our spare parts. In the year ended December 31, 2024, we generated €9.0 million from the sale of spare parts, a small decrease from €9.7 million generated in 2023. The spare parts revenue stream was also negatively impacted by the economic situation in China and Taiwan.

Our services revenue increased from €1.8 million in the year ended December 31, 2023 to €3.9 million in the year ended December 31, 2024.

Geographically, our revenue distribution across jurisdictions shifted. While the combined Asian markets (China, Taiwan, Malaysia etc.), Germany and Austria declined overall, we significantly grew our revenues in the US. The following table shows the split in revenues across all our jurisdictions (we allocate revenues based on the country of the customer receiving the services or goods):

	Year Ended December 31	
in € thousand	**2024**	**2023**
China	13,320	15,308
Taiwan	3,160	1,634
USA	22,207	17,522
Germany	3,819	9,577
Malaysia	2,186	16,681
Austria	6,678	17,810
Other	9,464	11,714
Total	**60,836**	**90,246**

On December 31, 2024, our order backlog for machine sales amounted to €27.7 million, and the order backlog for spare parts and services amounted to €1.8 million. Order backlog is expected to be realized within 1 to 3 years.

Cost of Sales

Our cost of sales decreased from €63.8 million in the year ended December 31, 2023, to €48.8 million in the year ended December 31, 2024. The decrease was generally due to lower material expenses as a result of lower sales of machines and spare parts.

Gross Profit

Our gross profit decreased from €26.4 million in the year ended December 31, 2023, to €12.0 million in the year ended December 31, 2024. As a result, our gross profit margin decreased from 29.3% in the year ended December 31, 2023, to 19.8% in the year ended December 31, 2024. The decrease in the gross profit margin was principally due to the decline in revenues as a result of the fixed cost portions (personnel costs and other fixed costs).

Selling

Selling expenses increased by €0.4 million from €12.6 million in the year ended December 31, 2023, to €13.0 million in the year ended December 31, 2024. The increase was mainly attributable to increased personnel expenses and sales commissions.

General and Administration

General and administration expenses decreased from €12.5 million during the year ended December 31, 2023, to €12.3 million during the year ended December 31, 2024. The main driver for this decrease was lower other administrative expense which include legal and consulting fees that were higher as a result of the reorganization of the business in 2023 and the Business Combination preparation than in 2024.

Research and Development

Research and development expenses decreased from €5.1 million during the year ended December 31, 2023, to €4.0 million during the year ended December 31, 2024. The expenses for external service providers and consulting included here have decreased significantly compared to the previous year

Other Income

Other income decreased from €16.0 million in the year ended December 31, 2023, to €8.7 million during the year ended December 31, 2024.

Other income in 2024 included €3.7 million attributable to the partial disposal and deconsolidation of SCHMID Energy Systems GmbH (SES). Following the acquisition of the remaining SES shares on January 1, 2024, SES was fully consolidated during the year; on December 17, 2024 SCHMID and PEKINTAS Group agreed to the transfer by SCHMID of 51% of SES to OC Teknoloji Yatırımları A.Ş. in exchange for €1.0 million in cash and a 19.9% stake in OC Teknoloji, resulting in deconsolidation and recognition of a €3.7 million gain in other income.

Other Expenses

Other expenses remained unchanged from €2.6 million in the year ended December 31, 2023, at €2.6 million during the year ended December 31, 2024.

Listing Expenses

The Company incurred listing expenses totaling €71.6 million during the year ended December 31, 2024 in connection with the de-SPAC transaction. The share listing expense is the difference between the fair value of the net assets contributed by Pegasus Digital Mobility Acquisition Corp. and the fair value of equity instruments provided to former Pegasus Digital Mobility Acquisition Corp. shareholders. See Note 13 of the Consolidated Financial Statements for details.

Reversal of impairment of financial assets

For the year ended December 31, 2023, reversals of impaired financial assets in the amount of €22.7 million was recognized. The reversal related primarily to receivables from the "Silicon Group" (Schmid Silicon Technology Holding GmbH and subsidiaries) that had been impaired in 2017. The Silicon Group was sold to Group 14 Technologies Group in March 2023, at which time those receivables became recoverable, resulting in a €21.4 million reversal. In addition, a €1.4 million reversal on a shareholder loan was recognized in 2023.

Operating Profit (Loss)

The Company's operating profit amounted to €32.2 million in the year ended December 31, 2023, while an operating loss was incurred of €82.5 million in the year ended December 31, 2024. The loss was principally due to the €71.6 million share listing expense in 2024 as a result of the de-SPAC as well as a lower gross profit in 2024.

Financial Result

Our financial result moved from a net gain of €9.6 million in the year ended December 31, 2023, to a net expense of €3.8 million in the year ended December 31, 2024. The change was driven primarily by the €15.8 million gain on loan extinguishment recognized in 2023 that did not recur in 2024. In 2024, finance income totaled €1.9 million, while finance expenses were €5.7 million (largely €5.1 million of interest expense).

Income Tax (Expense) Benefit

We incurred an income tax expense of €2.8 million in the year ended December 31, 2023, and had an income tax benefit of €2.4 million for the year ended December 31, 2024. The effective tax rate in 2023 of 6.8% was significantly driven by the fact that the Company was able to use tax loss carryforwards for which no deferred tax assets have been recognized in prior years. The tax benefit in 2024 is due to the net loss for the period.

Non-IFRS Financial Information

This Annual Report includes Adjusted EBITDA, which is a non-IFRS company-specific performance measure that we use to supplement our results presented in accordance with IFRS. We present non-IFRS measures because our management uses Adjusted EBITDA in monitoring SCHMID's business and because we believe that similar measures are frequently used by securities analysts, investors and others in evaluating companies in our industry. The presentation of this non-IFRS information is not meant to be considered in isolation or as a substitute for our consolidated financial results prepared in accordance with IFRS.

The following table summarizes our Adjusted EBITDA reconciled to our net income (loss) for the period, the closest IFRS measure for each period presented:

	Year ended December 31,	
	2024	2023
	(in € thousands)	
Net income (loss) for the period	**(84,331)**	**37,953**
Income tax benefit (expense)	(2,031)	2,778
Financial result	3,824	(9,594)
Amortization and depreciation	7,923	6,904
Share of profit(loss) in joint ventures	—	1,057
Total Adjusted EBITDA	**(74,615)**	**39,099**

See note 6 of our financial statements included elsewhere in this Annual Report.

B. Liquidity and Capital Resources

Sources of Liquidity and Operational and Funding Requirements

We principally finance our operations through cash generated from the sale of machines, spare parts and services. We also have relied on debt and related-party financing. As of December 31, 2024, and 2023, cash and cash equivalents were €3.8 million and €5.7 million, respectively.

As a result of our NASDAQ listing, since May 2024 we have incurred additional ongoing costs associated with operating as a public company, including expenses related to legal, accounting and financial reporting and regulatory matters, maintaining compliance with exchange listing and SEC and NASDAQ requirements, director and officer insurance premiums, and investor relations.

Management's evaluation on the Company's ability to continue as a going concern considers actions taken after December 31, 2024, including (i) a secured €10.0 million two-tranche term loan facility signed on December 16, 2025, of which €2.5 million were drawn on December 18, 2025; and (ii) $30.0 million of senior convertible notes issued in two tranches in January 2026 ($15.0 million funded on January 21, 2026; $15.0 million to fund upon effectiveness of a resale registration statement). It also considers a €5.0 million shareholder debt waiver in September 2025 and the January 16, 2026, set-off of $26.96 million of liabilities to XJ Harbour through share issuance.

The Company's liquidity assessment assumes availability of the first $15.0 million convertible note tranche, the potential second $15.0 million tranche, and cost-savings from "Sprint" which is expected to result in more than €4 million in annualized savings.

Based on the above measures and the cash flow forecast, management of the Company concluded there is no substantial doubt about the Company's ability to continue as a going concern. The remaining uncertainties stated in Note 2 of the audited consolidated financial statements of the Company principally relate to the registration of the underlying shares for the $30.0 million senior convertible notes until June 30, 2026 with such registration a condition for the funding of the second $15.0 million tranche. See also *"Item 10.C Material Contracts"*.

At December 31, 2024, current financial liabilities were €40.4 million and non-current financial liabilities were €42.1 million. Trade and other payables totaled €28.2 million, and current contract liabilities were €11.3 million. The undiscounted cash outflows falling due within one year included €9.2 million on loans from shareholders and €25.0 million on loans from other related parties. Amounts due in more than one year from December 31, 2024, were €21.7 million in shareholder loans and €14.4 million in other related party loans. See Notes 29 and 34. As described above, much of this debt was waived or set-off against equity, as in the case of XJ Harbour.

Cash Flows

The following table summarizes our cash flows for each period presented (in € thousands):

	Year Ended December 31,	
	2024	2023
Cash flow from:		
Operating activities	(1,252)	9,897
Investing activities	(4,054)	72,019
Financing activities	1,253	(83,714)
Net increase (decrease) in cash and cash equivalents	**(2,673)**	**(1,798)**

Cash flow used in operating activities for the year ended December 31, 2024, was €(1.3) million compared to a cash flow provided by operating activity of €9.9 million for the year ended December 31, 2023. The change in cash flow from operating activities reflected changes in working capital but is also related to a downturn in business activity in 2024 compared to 2023.

For the year ended December 31, 2024, net cash used in investing activities amounted to €(4.1) million compared to €72.0 million of net cash provided by investing activities in the year ended December 31, 2023. The relative difference was principally a result of the repayment of the shareholder loan by Christian Schmid as a result of the Silicon Business sale in 2023.

For the year ended December 31, 2024, net cash provided by financing activities amounted to €1.3 million, while cash used in financing activities for the year ended December 31, 2023, was €(83.7) million. The main driver of the change was the payment of loans that came due during the year in 2023 while in 2024 the Company paid EUR 10 million to XJ Harbour while receiving funds from the closing of the Business Combination.

Future funding Requirements

While we fund our operations from our operating activities, and certain debt instruments–see "*Item 10.C Material Contracts*", such as the convertible note recently issued by the Company, SCHMID may enter into further debt instruments with lenders or issue new shares in future. The second tranche of the convertible note of up to USD$15,000,000 has not yet been issued.

Off-Balance Sheet Arrangements

As of December 31, 2024, SCHMID did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Financial Risk Management

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, credit risk, liquidity risk, foreign currency risk and interest rate risk. We are particularly exposed to the risk of not being able to attract sufficient financing and the risk of not fulfilling reporting requirements, and therefore losing the ability to raise equity, as any new shares would not be able to be registered if the Company were delinquent in its SEC filings. SCHMID regularly assesses each of these risks to minimize any adverse effects on our business as a result of those factors.

C. Research and Development, Patents and Licenses

Description of our Proprietary Technology and Intellectual Property

For information about our proprietary technology and intellectual property, please see "*Item 4. Information on the Company — B. Business Overview.*"

Research and Development

For information about our research and development activities, see "*Item 4. Information on the Company — B. Business Overview.*"

D. Trend Information

Forecasts and estimates for 2025 and 2026

Key information about unaudited, preliminary numbers for 2025

We estimate, based on unaudited, preliminary numbers, that our sales for the fiscal year 2025 will likely amount to approximately €66 million and our reported EBITDA margin will be around 10%. The estimated sales for the fiscal year 2025 were notably higher than sales in fiscal year 2024 but lower than the guidance published in December 2024 and updated November 2025.

The delayed recovery of our key markets, which we have only seen impacting our order books since the middle of the second quarter of 2025, is reflected in the expected results for the fiscal year 2025. The estimated operating results for 2025 were impacted by the wait-and-see attitude of our customers at the beginning of 2025 which meant that our initially forecasted sales could no longer be achieved due to order lead times. The 2025 sales and reported EBITDA margin lower than estimated in November 2025 were the result of two projects not being delivered by end of December 2025 as expected and these will become revenues and EBITDA in 2026.

Our reported EBITDA margin for the financial year 2025 is positively influenced by currency effects and a one-time effect of €5 million from a waiver by our majority shareholders in relation to €5 million financial liabilities to our majority shareholders on our balance sheet dating back to 2016 for no consideration or compensation in September 2025. This waiver was part of the restructuring of our financial liabilities in 2025. See – "*Item 4.A History and Development of the Company*".

In December 2025 we published our preliminary order intake results for 2025. We announced strong order intake of approximately €95 million for 2025 with most of the order intake recorded since the middle of the second quarter of 2025, mostly due to the Company's position as a core technology partner in next-generation electronics manufacturing. Growth in order intake were primarily driven by the global surge in AI-server boards, which require highly demanding HDI and ultra-high layer-count PCB architectures. These complex designs place exceptional requirements on precision, process stability, and yield management across the entire manufacturing chain. Throughout 2025, we secured significant projects with leading PCB and IC-substrate manufacturers in Asia, Europe, and the Americas. Key contributors were:

- High Multi-Layer Count HDI PCB Lines: High multi-layer count HDI PCBs are essential for AI servers and high-performance computing, where signal integrity, power density, and reliability are critical. Our advanced production solutions enable manufacturers to manage extreme process complexity and achieve stable, high-yield production of these demanding designs.

- AI-Server Board Production Capacity Expansions: The rapid growth of AI-driven applications is accelerating global investments in AI-server board production capacity. We support this expansion with scalable manufacturing solutions that enable higher throughput, improved yields, and the reliable production of increasingly complex, high-layer-count server boards required by next-generation data centers.

- Back shoring and sovereignty: Back-shoring substrate and high-end PCB manufacturing to Europe and the United States is a strategic necessity to strengthen supply-chain resilience, protect critical know-how, and support the growing demands of AI, HPC, and advanced electronics.

Key information about estimated order numbers, sales and Adjusted EBITDA for 2026

Recently SCHMID initiated its so called "Sprint" cost saving program. Given strong order intake "Sprint" will not impact our assemblies in Germany and China which are running close to full capacity. However, personnel expenses in G&A, engineering and R&D in Germany are being lowered through natural attrition, termination of temporary labor contracts and a short-time work program (*Kurzarbeit*) and SCHMID expects to reach an annual run-rate of cost savings of more than € 4 million based on current estimates. No significant one-costs costs are to be expected.

In December 2025 we published an order intake outlook for 2026 and confirm we have entered the year 2026 with a strong and accelerating order intake outlook with an estimated increase of around 20% compared to 2025. Our forecast for our order intake is based on three reinforcing growth factors that position SCHMID in its growing global target market:

- First, the continued expansion of Advanced Packaging, IC-Substrate and HDI-PCB capacity across Asia is driving sustained demand for SCHMID's production equipment. Key customers in Taiwan, Japan, Korea and China are executing multi-year investment programs, and SCHMID is deeply embedded in these roadmaps with its next-generation InfinityLine platforms.

- Second, Europe and North America are showing clear signs of recovery in relation to our target customers and markets. Structural incentives in both regions, coupled with renewed investment in high-end PCB, substrate and aerospace electronics, are expected to be translating into a healthier order pipeline from these regions. SCHMID has an established customer and manufacturing footprint in these markets and proven delivery capability in these markets which we believe provide a competitive advantage as customers reactivate projects and initiate new ones.

- Third, SCHMID's strengthened product portfolio has increased our order intake and our outlook for further orders. The launch of our new InfinityLine C+, InfinityLine L+ and InfinityLine P+ solutions, the continuous enhancement of panel-level packaging capabilities, and the expansion of glass-core processing technologies are creating differentiated value propositions across multiple customer segments. We believe that we have early customer interest that confirms that our technology is aligned with the next investment cycle in both substrate and advanced PCB manufacturing.

As previously published in November 2025, for the financial year 2026, we expect sales revenue of over EUR 100 million based on our current order book, our current order leads, which cover discussions anticipated to result in confirmed orders, as well as our current underlying market expectations of double-digit growth compared to 2025. Taking into account this level of sales, we maintain our guidance of an Adjusted EBITDA margin of more than 12% on sales, however the ongoing cost-saving program "Sprint" and historic performance at such revenues indicate the margin may be significantly higher. The market for glass substrates and the demand for additional production lines for ET processes in particular are showing positive demand trends. The Company is not providing quantitative reconciliations of its financial outlook for Adjusted EBITDA margin to a net income (loss) margin because the IFRS measures that are excluded from the non-IFRS financial outlook are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties, such as for instance the results for amortization, income tax benefits or losses or profit shares or losses for the upcoming financial year. Additionally, information that is currently not available to the Company could have a potentially unpredictable and potentially significant impact on its future IFRS financial results.

Our independent registered public accounting firm, KPMG AG Wirtschaftsprüfungsgesellschaft, has not examined, compiled or otherwise applied procedures to the financial forecast for 2025 and 2026 presented herein and, accordingly, does not express an opinion or any other form of assurance on it.

E. Critical Accounting Estimates

Our consolidated financial statements for the fiscal years ended December 31, 2024, 2023 and 2022, have been prepared in accordance with IFRS as issued by the IASB. The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the value of assets and liabilities — as well as contingent assets and liabilities — as reported on the balance sheet date, and revenues and expenses arising during the fiscal year. In preparing these consolidated financial statements, management exercises its best judgment based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial periods presented and are reviewed on an ongoing basis. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

For more information on critical accounting estimates, see the notes of the Company's consolidated financial statements, which are included in Item 18 of this Annual Report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The information about SCHMID's management is based on the provisions of SCHMID's Articles of Association, which is included as an exhibit to this Annual Report.

Overview

The following table lists the names and positions of those individuals are SCHMID's directors and executive officers.

Name	Position
Executive Officers	
Christian Schmid	Chief Executive Officer
Arthur Schuetz	Chief Financial Officer
SCHMID Board of Directors	
Prof. Dr. Sir Ralf Speth	Chairman, Non-executive Director (independent)
Christian Schmid	Executive Director
Anette Schmid	Non-executive Director
Dr. Stefan Berger	Non-executive Director (independent)
Boo-Keun Yoon	Non-executive Director (independent)
Dr. Annedore Streyl	Non-executive Director (independent)

The board of directors of SCHMID after the closing of the Business Combination consists of six members.

The business address for each of the directors and executive officers of the Company is Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany.

Executive Officers

Christian Schmid is serving as the Company's Chief Executive Officer and Executive Director of the Company's board. Mr. Schmid has been a member of Gebr. Schmid management since 1998, where he acted as an assistant to the management board before becoming managing director in 2001. As the CEO of Schmid, Mr. Schmid has extensive experience in the development of high-tech machines and systems designed for surface treatment processes to be used across various industries including electronics, photovoltaics, glass and energy storage. Since 1998, Mr. Schmid has acted as managing director of many of SCHMID's subsidiaries and affiliates, including, as of the date of this Annual Report, SCHMID Asia Ltd. (1998-present), SCHMID China Ltd (2005-present), Schmid Verwaltungs GmbH (2009-present), Schmid Energy Systems GmbH (2011-2023), SCHMID Pekintas Günes Enerji Sistemleri San. Ve Tic. A.S. (2013-present), SCHMID Taiwan Ltd. (2016-present) and C. Schmid Beteiligungsverwaltung GmbH (2017-present). Mr. Schmid has also acted in the role of director for SCHMID Systems, Inc., SCHMID Automation (Zhuhai) Co. Ltd. (2017-present), SCHMID Avaco Korea Co. Ltd. (2018-present), Advanced Energy Storage Systems Investment Company (2020-2023) and SCHMID Technology (Guangdong) Co. Ltd. (2021-2023). Mr. Schmid began his career in the engineering space in 1984 as an engineering draftsman and received an advanced technical certificate in engineering following two years of military substitute service at Arbeiterwohlfahrt Freudenstadt. From 1996 until he joined the management team of SCHMID, Mr. Schmid worked for Hahn & Kolb on the development and implementation of an internet-based c-parts supply system. Mr. Schmid has a business engineering degree from the Offenburg University of Applied Sciences and Arts (*Fachhochschule*).

Arthur Schuetz serves as the Company's Chief Financial Officer. He was appointed as of January 1, 2026. Mr. Schütz obtained a Masters degree in economics from the University of Bonn and spent time at Hitotsubashi University Tokyo and University of Freiburg. He has over 20 years of experience in finance and banking. Mr. Schütz started in investment banking at Flemings in London, and worked at JPMorgan for about ten years, followed by Morgan Stanley for about twelve years. At Morgan Stanley he transferred to the Hong Kong office to head the Industrials Asia-Pacific team as Managing Director. In 2019 he moved to Frankfurt, where he worked for more than six years at Barclays also as Managing Director, head of Automotive Europe and as part of Capital Goods Team Europe. During his time in investment banking, he shepherded many IPOs in the US, Europe and Hong Kong as well as cross-border M&A transactions especially between Germany and China and high-yield debt financings.

The Board of Directors

See "— *Executive Directors*" for the biography of Christian Schmid.

Anette Schmid is a director of the Company's board. Ms. Schmid has over 25 years of experience working for SCHMID. Her main areas of expertise are strategic IT alignment, project systems, production, logistics, controlling, integrated value flows, interfaces, accounting conversion, selection consulting and audit support. From 2013 on, Anette Schmid was involved in the project management of selected projects with focus on IT, SAP (system analysis program development (Systemanalyse Programmentwicklung)) and controlling at Gebr. Schmid GmbH. Since 2011, she has been a co-owner of Gebr. Schmid GmbH and owner of Schmid Aequitas GmbH & Co. KG and Schmid Aequitas Verwaltung GmbH. From 1999 to 2012, Anette Schmid was SAP project manager and co-owner of untersee GmbH where she was involved in the implementation of integrated SAP systems in various companies in the machinery and plant engineering industry, such as Mannesmann-Rexroth AG, Putzmeister AG, Winkler+Dünnebier GmbH, Krones AG, Herrenknecht AG, Schmidt Technology GmbH, KACO new energy GmbH, TQ-Systems GmbH and others. Further, she worked at Gebr. Schmid GmbH in SAP activities in controlling and sub-project management in SAP system implementation, controlling and logistics from 1996 to 1998. In addition to her share in Gebr. Schmid GmbH, Anette Schmid is co-owner of Schmid Grundstücke GmbH & Co. KG and Schmid Grundstücksverwaltung GmbH since 2015. Anette Schmid has a bachelor's degree in business administration.

Prof. Dr. Sir Ralf Speth serves as the Chairman of board of directors of SCHMID. Prof. Dr. Sir Ralf Speth has over 40 years of operating, M&A and financing experience in the automotive and transportation-related sector. Prof. Dr. Sir Ralf Speth is considered to be an industry thought leader on the global need for energy transition and the technologies which will transform our energy infrastructure, most notably as it relates to hydrogen power and autonomous driving technologies. Since September 2020, Prof. Sir Ralf Speth has served as a non-executive director and the vice-chairman of the board of Jaguar Land Rover Automotive PLC, a British multinational automotive subsidiary of Tata Motors and a manufacturer of luxury vehicles and sport utility vehicles, and, as of October 2016, a member of the Board of Directors of Tata Sons, the principal holding company of more than 100 operating companies with a combined revenue of more than $100 billion. Prof. Dr. Sir Ralf Speth has also been a professor at the University of Warwick since 2014. As of March 2022, he serves as director of Swiss E, Mobility Group AG (SEMG). Prof. Dr. Sir Ralf Speth also serves as director of the Norton Motorcycle Company, a position he has held since March 2022. As of January 2021, Prof. Dr. Sir Ralf Speth serves as a strategic advisor to Bladon Micro Turbine Limited, a designer, developer and manufacturer of micro turbine gensets to serve the telecommunication market Prof. Dr. Sir Ralf Speth also served as the Chief Executive Officer of Jaguar Land Rover from February 2010 to September 2020, helping the company grow substantially over this period, including leading its push into new markets, and establishing factories in China, Slovakia, Brazil and India. Prof. Dr. Sir Ralf Speth also spearheaded Jaguar Land Rover's car line-up expansion, introducing highly successful models like the Range Rover Evoque, Range Rover Velar, Defender, and the award winning, electric Jaguar I-Pace, the first luxury e-SUV and triple 2019 World Car of the Year. Prior to joining Jaguar Land Rover, Prof. Dr. Sir Ralf Speth held positions as Executive Director of the Material Handling Division and Global Head of Production, both at the Linde Group (NYSE: LIN), a global leader in both clean hydrogen and in H2 refueling stations for cars, trucks, trains, forklifts and buses and engineering company with 2020 sales of $27 billion, Director of Production, Quality and Product Planning at the Ford Motor Company's PAG before the division's sale to Tata Motors in 2010. Prior to joining Ford, Prof. Dr. Sir Ralf Speth spent over 20 years at BMW Group, a world leading premium manufacturer of automobiles and motorcycles with its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, working across various executive and managerial positions. Prof. Dr. Sir Ralf Speth has been a member of the Royal Academy of Engineering since 2014. In 2015, Prof. Dr. Sir Ralf Speth was appointed an honorary Knight Commander of the Order of the British Empire for his services to the UK automotive industry. In August 2019, the award was made substantive following Prof. Dr. Sir Ralf Speth becoming a British citizen. In May 2020, Prof. Dr. Sir Ralf Speth was elected a Fellow of the Royal Society. Prof. Dr. Sir Ralf Speth was awarded a degree in Engineering from the University of Applied Sciences Rosenheim, Germany. Additionally, Prof. Dr. Sir Ralf Speth received a Doctorate of Engineering in Mechanical Engineering and Business Administration from the University of Warwick. Over the course of his distinguished career in the transportation industry, Prof. Dr. Sir Ralf Speth has been the recipient of a number of recognitions and awards, including Auto Best 2014, Winner; Auto Express. Winner, 2014; Hall of Fame, 2014; Automotive News Europe. ALL STAR, 2014; Coventry Award of Merit, 2014; Future Manufacturing Award, 2013; Fellow of the Royal Academy of Engineering, 2014; Issigonis Trophy, 2017; MANBEST 2013, Warsaw; The Institution of Engineering and Technology, IET. Gold Medal, 2011; The Outstanding Industrialist, 2013; and Trophée d'Or, Logistique Européenne, Elancourt, France.

Dr. Stefan Berger serves as director of the Company's board. Dr. Berger has over 15 years of experience in global blue-chip and family-owned companies across multiple geographies and sectors, including Automotive OEMs and Suppliers, Commodities, Healthcare, Publishing, Telecommunications, Fashion and Consumer Goods. In August 2021, he began serving on the Strategic Board of Advisors of Skyworks Aeronautics Corp., a designer and developer of high-performance gyroplanes. From October 2017 to June 2021, Dr. Berger served as Director of Electrification at Jaguar Land Rover Limited, a British multinational automotive subsidiary of Tata Motors and a manufacturer of luxury vehicles and sport utility vehicles, where he was responsible for the company's off-board electrification activities in the field of charging services for electric vehicles and battery second life. Dr. Berger laid the foundation for Jaguar Land Rover's transformation to electrified vehicles by driving the electric product plan and overall strategy. In his role he also served as a trustee on the Board of The Faraday Institution from January 2018 to March 2020. The Faraday Institution is part of the UK government funded $350 million Faraday Challenge, an initiative to develop, design and manufacture world-leading batteries in the UK. Prior to Jaguar Land Rover, from May 2016 to September 2017 and June 2013 to February 2014, Dr. Berger served as Vice President to the Chairman's Office at Tata Sons, the principal holding company of more than 100 operating companies with a combined revenue of more than $100 billion. In this role, Dr. Berger worked closely with Group companies including Tata Motors and Jaguar Land Rover on the development and implementation of strategic and operational plans on behalf of the Group Chairman. Prior to his role at Tata Sons, Dr. Berger Co-founded Visioning, the private investment and consulting office of Prof. Dr. Wolfgang Reitzle, where he served as a Managing Director from May 2014 to March 2016. From November 2010 to May 2013 Dr. Berger held the role of Director Corporate Strategy at Jaguar Land Rover where he helped the company to set up its JV in China and drove Jaguar Land Rover's strategy. Dr. Berger earned a degree in Business Administration and Information Systems from the University of Passau and went on to complete a doctoral thesis in Information Systems from the University of Regensburg (Institute of Information Systems) & Bavarian Research Cooperation on Information Systems.

Boo-Keun Yoon serves as director of the Company's board. Mr. Yoon holds a bachelor's degree in electrical engineering from Hanyang University and has 45 years of experience at Samsung Electronics. In these 45 years at Samsung, he held various positions including President and Head of the Visual Display Business from 2009 to 2011, President and CEO of the Consumer Electronics Division from 2013 to 2017, Vice Chairman and CEO from 2017 to 2018, and Vice Chairman of the Corporate Relations department from 2018 to the present., In addition, he has acted as Vice Chairman of the Korean Chamber of Commerce and Industry as well as the Korean Enterprise Federation. From January 2020 until 2023, he also worked as senior advisor at Samsung Electronics. Over time, Mr. Yoon has been honored with several awards, inter alia, the Order of Science and Technology Merit of the President of Korea in April 2007.

Dr. Annedore Streyl serves as director of the Company's board. She replaced Mr. Christian Brodersen as a member of the Board and in the positions as chair on the Board's audit committee, nomination committee as well as compensation committee following his resignation on December 23, 2024. She is a fully qualified lawyer and is admitted to the bar in Germany. She has worked as an attorney at Freshfields Bruckhaus Deringer in Berlin in Corporate/M&A between 1993 and 2017, was named partner there in 1998, and also served as Managing Director of the Berlin office. Between 2017 and 2023, Dr. Streyl was a partner at Ernst & Young Law GmbH in Berlin, where she led the M&A practice in Germany. She also served as a member of the management board and General Counsel of Ernst & Young GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, between 2020 and 2024, where she managed the investigation of the Wirecard case.

Christian Brodersen served as director of the Company's board. He resigned on December 23, 2024 and was replaced by Ms. Annedore Streyl.

Board Diversity

The table below provides certain information regarding the diversity of the Board as of the date of this Annual Report:

Board Diversity Matrix	
Country of Principal Executive Offices:	Germany
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	6
Part I: Gender Identity	
Directors	Female: 2
	Male: 4
	Non-Binary: 0
	Did not disclosure gender: 0
Part II: Demographic Background	
Underrepresented Individual in Home Country Jurisdiction	1
LGBTQ+	0
Did Not Disclose Demographic Background	0

Leadership Diversity

We have not made any determination on the diversity of our leadership team as of December 31, 2024.

Family Relationships

Christian Schmid and Anette Schmid are siblings.

B. Compensation

Compensation of Board Members

Our Board of Directors adopted a compensation policy designed to enable us to attract and retain, on a long-term basis, highly qualified directors (for information on individual Directors' compensation, see below under "*Arrangements with Executive Officers*" and under "*Non-executive Directors Compensation*").

Share Ownership of Executive Officers and Non-Executive Directors

See the section entitled "*Item 7. Major Shareholders and Related Party Transactions*" below.

Equity Incentive Plan

We intend to put in place an equity incentive plan which may cover the directors and executives, but could also cover our employees in Germany. As of the date of this Annual Report, the Board of Directors has not yet resolved on the implementation of any equity incentive plan. Share incentive and option plans for Mr. Arthur Schuetz and Mr. Helmut Rauch are in place – See "*4.A –History and Development of the Company*" for details of Mr. Schuetz' and Mr. Rauch's compensation plans.

Adoption of Clawback Policy

In accordance with Rule 10D-1 promulgated under the Exchange Act and Nasdaq Listing Rule 5608, we adopted an Incentive Compensation Recoupment Policy which is filed herewith as Exhibit 97.1

Arrangements with Executive Officers

Christian Schmid Compensation

On April 30, 2024, it was resolved to establish and approve, subject to the adoption of the compensation policy and with effect as per April 30, 2024, the following compensation for Mr. Christian Schmid as an executive director:

- an annual fixed amount of EUR 626,373 and an annual fee of EUR 70,000;
- an annual short-term bonus of up to 30% of the annual fixed amount, based (i) on the Company's consolidated EBIT margin, and (ii) certain individual targets set out by the compensation committee:
    - Mr. Christian Schmid will receive EUR 11,000 for each percentage point of consolidated EBIT margin achieved by the Company (on a pro rata basis, i.e. if the Company's consolidated EBIT margin is 1.5%, Mr. Christian Schmid will receive EUR 16,500); and
    - Mr. Christian Schmid will receive EUR 25,000 if he fulfils his individual targets: for the year 2023 the individual target was achieved with the conclusion of the business combination agreement; for the year 2024 the individual target is achieved once the Company's listing on the NASDAQ has been completed; and
    - If the EBIT margin is negative, an amount of EUR 11,000 per negative percentage point of the consolidated EBIT margin achieved by the Company in the financial year 2024 will be deducted from this EUR 25,000 short-term bonus (on a pro rata basis as set out above), provided that the short-term bonus cannot be less than EUR 0; and
- the following additional allowances: schooling costs, travelling expenses and a company car, if requested by Mr Christian Schmid.

Julia Natterer Compensation

Julia Natterer's compensation for her role as CFO of the Company in 2024 included the following:

- an annual fixed amount of EUR 195,612 and an annual service fee of EUR 35,000 (the annual fixed amount will be increased by EUR 1,200 as of April 1, 2025);
- an annual short-term bonus of up to 50% of the annual fixed amount, based (i) on the Company's consolidated EBIT margin, and (ii) certain individual targets as follows: (i) EUR 4,500 for each percentage point of consolidated EBIT margin achieved by the Company (on a pro rata basis) and (ii) EUR 15,000 for individual targets if she fulfils her individual targets: for the year 2023 the individual target was achieved with the conclusion of the business combination agreement; for the year 2024 the individual target is achieved once the Company's listing on the NASDAQ has been completed; and if the EBIT margin is negative, a deduction.
- the following additional allowances: a company car, if requested by Ms. Julia Natterer.

Currently Arthur Schuetz serves as CFO of the Company and Ms. Natterer is CFO of Gebr. Schmid GmbH. See "*4.A –History and Development of the Company*" for details of Mr. Schuetz' compensation as of 2026.

Christian Schmid Service Agreements

In April 2024, the Company entered into a services agreement with Christian Schmid. The services agreement provides for, among other things, a service fee of €70,000.

Julia Natterer Service Agreement

In April 2024, the Company entered into a services agreement with Julia Natterer. The services agreement provides for, among other things, a service fee of €35,000.

Non-Executive Director Compensation

In connection with the Business Combination, we adopted a Board member compensation policy, as amended, which governs the compensation of our executive and non-executive directors. The terms and conditions of the Board member compensation policy that are applicable to non-executive directors are designed to attract and retain high quality non-executive Board members by providing competitive compensation and aligning their interests with the interests of shareholders through equity awards. On April 30, 2024 the following compensations have been resolved (subject to the formal adoption of the compensation policy) as the annual compensation for the non-executive directors:

- Mr. Stefan Berger: EUR 90,000;
- Mr. Ralf Speth: EUR 165,000;
- Mr. Christian Brodersen; replaced by Dr. Annedore Streyl: EUR 115,000;
- Mr. Boo-Keun Yoon: EUR 90,000, and
- Ms. Anette Schmid:
    - Anette Schmid will receive a fixed annual fee of EUR 95,000;
    - an annual base salary for the operational tasks she will perform for the Company or its subsidiaries of EUR 252,638 (the annual base salary will be increased by EUR 1,200 as of April 1, 2025 and this annual base salary is subject to an increase equal to the increase that all employees of Gebr. Schmid GmbH may receive from time to time due to the discretion of management);
    - a short-term bonus of up to 50% of the annual base salary based on the Company's consolidated EBIT margin and certain individual targets set out by the management:
        - Ms Anette Schmid will receive EUR 10,000 for each percentage point of consolidated EBIT margin achieved by the Company (on a pro rata basis, i.e. if the Company's consolidated EBIT margin is 1.5%, Ms Anette Schmid will receive EUR 15,000); and
        - Ms Anette Schmid will receive EUR 25,000 if she fulfils her individual targets: for the year 2023 the individual target was achieved with the conclusion of the business combination agreement; for the year 2024 the individual target is achieved once the Company's listing on the NASDAQ has been completed; and
        - If the EBIT margin is negative, an amount of EUR 10,000 per negative percentage point of consolidated EBIT margin achieved by the Company will be deducted from this EUR 25,000 short-term bonus (on a pro rata basis as set out above), provided that the short-term bonus cannot be less than EUR 0; and
    - a company car, if requested by Ms Anette Schmid.

Home Country Compliance

As a foreign private issuer, in accordance with NASDAQ listing requirements, we comply with home country compensation requirements and certain exemptions thereunder rather than complying with NASDAQ compensation requirements. Dutch law does not provide for limitations with respect to the aggregate annual compensation paid to Directors, such compensation should however be consistent with our compensation policy. Such compensation policy was adopted by the General Meeting. Changes to such compensation policy require a vote of the General Meeting by simple majority of votes cast. The Board determines the remuneration of individual Directors with due observance of the compensation policy. A proposal with respect to remuneration schemes in the form of shares or rights to shares in which Directors may participate is subject to approval by the General Meeting by simple majority of votes cast. Such a proposal must set out at least the maximum number of shares or rights to subscribe for shares to be granted to the Directors and the criteria for granting or amendment. Our compensation policy authorizes the Board to determine the amount, level and structure of the compensation packages of the Directors at the recommendation of our compensation committee. These compensation packages may consist of a mix of fixed and variable compensation components, including base salary, short-term incentives, long-term incentives, fringe benefits, severance pay and pension arrangements, as determined by the Board.

C. Board Practices

Board Structure

Subject to our articles of association, the Board is charged with the management of the Company. In fulfilling their duties, our directors serve the interest of the Company and the business connected with it. Supervision of the fulfillment of duties by the executive directors and of the general course of our affairs and our business are primarily carried out by the non-executive directors. The executive directors must in due time provide the non-executive directors with the information they need to carry out their duties.

The Board consists of one executive directors and five non-executive directors. The total number of directors, including the number of executive directors and non-executive directors, may be increased or decreased pursuant to a resolution of the Board. The Board is a one-tier board.

Under our articles of association, our executive and non-executive directors will be appointed by the General Meeting at the binding nomination of the non-executive directors and for such term as proposed by the non-executive directors, provided that a director must retire at the close of the first annual General Meeting following the expiry of the term of their appointment. A director may be reappointed one or more times.

The General Meeting may at all times overrule the binding nature of each nomination by at least a two-thirds (2/3) majority of the votes cast, provided such majority represents more than half of the issued share capital of the Company (a "General Meeting Supermajority"). If the General Meeting overrules a binding nomination, the non-executive directors will make a new nomination and a new General Meeting will be called at which the resolution for appointment of a director will require at least a General Meeting Supermajority. If a nomination for such a director has not been made or has not been made in due time, this will be stated in the notice of the General Meeting, and the General Meeting will be free to appoint a director at its discretion by the resolution of a General Meeting Supermajority.

Under our articles of association, the General Meeting may at any time suspend or dismiss a non-executive director or executive director. The General Meeting may only adopt a resolution to suspend or dismiss a director by a General Meeting Supermajority, unless the resolution is adopted on the basis of a proposal by the Board; in that case, the resolution may be adopted by an absolute majority of the votes cast, representing more than half of the issued share capital of the Company.

Director and Officer Qualifications

We have not established any specific, minimum qualifications that must be met by each of our directors and officers. However, we generally evaluate the following qualities: educational background, diversity of professional experience, including whether the person is a current or was a former chief executive officer or chief financial officer of a public company or the head of a division of a prominent international organization, knowledge of our business, integrity, professional reputation, independence, wisdom and ability to represent the best interests of our shareholders and stakeholders.

Appointment Term

The initial Directors have been appointed for four years.

Committees of the Board

The Board has established three standing committees, including Audit Committee, Compensation Committee and Nomination and Corporate Governance Committee.

Audit Committee

The audit committee consists of Dr. Annedore Streyl, Boo-Keun Yoon and Stefan Berger. The audit committee will assist the Board in overseeing the Company's accounting and financial reporting processes and the audits of its financial statements.

On December 23, 2024 Mr. Christian Brodersen, a member of the Company's Board resigned. Dr. Annedore Streyl replaced Mr. Brodersen as a member of the Board and as Chairperson of the audit committee, nomination committee as well as compensation committee.

The audit committee is responsible for the appointment, compensation, retention and oversight of the work of SCHMID's independent registered public accounting firm. The Board has determined that Dr. Annedore Streyl satisfies the "independence" requirements set forth in Rule 10A-3 under the Exchange Act and qualifies as an "audit committee financial expert," as such term is defined in the rules of the SEC. Our board of directors has also determined that Mr. Yoon and Dr. Berger satisfy the "independence" requirements set forth in Rule 10A-3 under the Exchange Act. The composition of our audit committee is consistent with the best practice provisions of the DCGC.

The audit committee is governed by a charter that complies with applicable NASDAQ rules and that is posted on the Company's website.

Compensation Committee

The compensation committee consists of Dr. Annedore Streyl, Anette Schmid and Ralf Speth. The compensation committee assists the Board in determining compensation for the Company's executive officers and the Directors. The composition of our compensation committee is consistent with the best practice provisions of the DCGC. Dr. Annedore Streyl serves as chairperson of the compensation committee.

The compensation committee is governed by a charter that complies with applicable NASDAQ rules and that is posted on the Company's website.

Nomination Committee

The nomination and corporate governance committee consists of Dr. Annedore Streyl, Anette Schmid and Ralf Speth. The nomination committee assists the Board in identifying individuals qualified to become Directors consistent with criteria established by the Company and in developing our code of business conduct and ethics. Dr. Annedore Streyl serves as chairperson of the nomination committee. The composition of our nomination committee is consistent with the best practice provisions of the DCGC.

The nomination committee is governed by a charter that is posted on our website.

D. Employees

We believe that our employees are crucial to the success of our business, which depends on our human capital and a strong leadership team. We aim to attract, retain and develop staff with the skills, experience and potential necessary to implement our growth strategy. Our human capital resources objectives include identifying, recruiting, retaining, incentivizing and integrating our existing and new employees. As of December 31, 2024, the Company had 676 employees. We have not experienced any work stoppages, and we consider our relationship with our employees to be good.

E. Share Ownership

Information regarding the ownership of our Ordinary Shares by our Directors and executive officers is set forth in Item 7.A of this Annual Report.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The table below sets forth information regarding the beneficial ownership of SCHMID Shares immediately following the consummation of the Business Combination by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding ordinary shares;
- each of our directors;
- each of our executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. Each person named in the table has sole voting and investment power with respect to all of the ordinary shares shown as beneficially owned by such person, except as otherwise indicated in the table or footnotes below.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all shares beneficially owned by them. To our knowledge, no shares beneficially owned by any executive officer, director or director nominee have been pledged as security.

Except for Pegasus Digital Mobility Sponsor LLC (the Sponsor), the business address of each person named below is c/o SCHMID Group., Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany.

	March 31, 2025		
Beneficial Owner	**Number of Shares**	**% Voting Power(4)**	**% Share Ownership (Disposition Power)(4)**
Executive Officers and Directors(1)			
Christian Schmid(2)	6,894,000	13.62 %	13.62 %
Anette Schmid(2)	6,894,000	13.62 %	13.62 %
Prof. Sir Ralf Speth(3)	185,000	0.37 %	0.37 %
Dr. Stefan Berger(3)	177,084	0.35 %	0.35 %
Boo-Keun Yoon	17,500	0.03 %	0.03 %
5% and Greater Shareholders			
Christian Schmid(2)	6,894,000	13.62 %	13.62 %
Anette Schmid(2)	6,894,000	13.62 %	13.62 %
Community of Heirs(5)	14,937,000	29.52 %	29.52 %
XJ Harbour HK Limited(6)	13,946,900	27.56 %	27.56 %

(1) Dr. Annedore Streyl does not own any shares as of the date of this Annual Report.

(2) Does not include 5,000,000 earn-out shares which existed at the closing of the Business Combination, but for which Christian Schmid and Anette Schmid do not have the voting power or disposition power until USD 15.00 per share (for 2,500,000 shares), respectively, USD 18.00 per share (for the remainder of 2,500,000 shares) are reached. Christian Schmid and Anette Schmid are also holding 1,000,000 private warrants each, which can be converted into shares of the Company on a 1:1 basis or converted on a cashless basis. In addition, Christian Schmid and Anette Schmid are entitled to receive an additional 1,000,000 private warrants from Pegasus Digital Mobility Sponsor LLC within nine (9) months of the closing of the Business in accordance with the warranty agreement concluded on April 29, 2024, however, such transfer by Pegasus Digital Mobility Sponsor LLC to Christian Schmid and Anette Schmid has not yet occurred as of the date of this Annual Report.

(3) On April 30, 2024, Dr. Stefan Berger, Prof. Sir. Ralf Speth and Jeremey Mistry entered into a warrant and share transfer agreement with Pegasus Digital Mobility Sponsor LLC in which they agreed to transfer 2,000,000 private warrants to Pegasus Digital Mobility Sponsor LLC in exchange of 200,000 shares in the Company of which Jeremey Mistry was allocated 100,000 shares and Dr. Stefan Berger was allocated the other 100,000 shares. No shares were allocated to Prof. Sir Ralf Speth under this warrant and share transfer agreement.

(4) The voting power calculation and share ownership (disposition power) calculation is based on the total number of shares outstanding on the date of this Annual Report, which is 50,603,011 shares (i.e. 55,602,966 shares outstanding minus the 5,000,000 earn-out shares for which Christian Schmid and Anette Schmid do not hold any voting power or disposition power as of the date of this Annual Report). In addition, the calculations do not account for any warrants (which can be converted into shares on a 1:1 basis or on a cashless basis in the future).

(5) Christian Schmid and Anette Schmid are the sole beneficiaries of the Community of Heirs after Dieter C. Schmid (*Erbengemeinschaft*). The aggregate shareholding of Anette Schmid, Christian Schmid and the Community of Heirs is 28,725,000 (not including the earn-out shares) which as of the closing of the Business Combination constituted 75.6% of the voting power and share ownership in the Company.

(6) Based on the Schedule 13D filed by XJ Harbour HK Limited on February 11, 2026.

The 2026 Convertible Notes are subject to a 4.99% beneficial ownership limitation, which restricts conversion to the extent that, after giving effect to such conversion, the holder would beneficially own more than 4.99% of our outstanding Ordinary Shares, as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder.

The 2025 conversion right under the Term Loan Facility is not exercisable until 6 months after its completion in December 2025 and is thus not included in the above beneficial ownership table, even though officers and directors of the Company are beneficial owners of Black Forest Special Situations I. For more information, see "*Item 10.C Material Contracts*". The 2025 share options were granted to Black Forest Special Situations I, which would own less than 5% of the outstanding capital if it were to exercise them.

Due to the fact that some of our shares are held by brokers and other nominees, the number of our shares held by, and the number of, beneficial holders with addresses in the U.S. is not fully ascertainable. As of February 11, 2026, according to the records of our transfer agent Continental Stock Transfer & Trust Company, 22,515,791 shares (which includes all shares directly held by each of Anette Schmid (6,894,000 shares) and Christian Schmid (6,894,000 shares) as shown in the table above) were held through Cede & Co, the nominee of The Depository Trust Company, in whose name all shares held in "street name" are held in the U.S. Overall, the Company is aware of the following shares being held by non-US persons: 14,937,000 shares are held by the Community of Heirs, all shares held by Christian Schmid and Anette Schmid (including 5,000,000 earn out shares) and all shares held by XJ Harbour HK Limited are held by non-US person and thus the majority of all outstanding shares are held by non-US persons. The remainder of the shares are held by a mix of U.S. and non-U.S. persons.

B. Related Party Transactions

See also Note 37 of our consolidated financial statements included elsewhere in this Annual Report for a description of certain transactions with related parties required to be disclosed under IFRS.

Christian Schmid and Anette Schmid are holders of private warrants and are major shareholders of the Company, see "*Item 7 Major Shareholders and Related Party Transactions — A. Major Shareholders*."

For a description of our remuneration agreements with members of the Board and senior management, see the section titled "*Item 6. Directors, Senior Management and Employees — B. Compensation*."

In 2025 and 2026 certain financing measures were undertaken to manage the liquidity of the Company. Some agreements were reached and executed with parties related to the Company or to the majority shareholders of the Company. For details on these related party transactions see "*Item 10 Additional Information – B. Material Contracts*" for agreements reached between the Company and XJ Harbour, its majority shareholders, the lender Black Forest Special Situations I and a Schmid family member.

We have adopted a code of business conduct that prohibits directors and executive officers from engaging in the decision-making process relating to transactions in which such director or officer has a conflict of interest. Consistent with Dutch law, if the Board must approve a transaction in which a director has a conflict of interest, such transaction can only be effected if it has been approved by a majority of the Board (including a majority of independent directors) not otherwise interested in the transaction and such transaction must be fair and reasonable to the Company and on terms not less favorable to the Company than those available from unaffiliated third parties.

C. Interests of Experts and Counsel

Not Applicable.

ITEM 8. FINANCIAL INFORMATION.

A. Consolidated Statements and Other Financial Information.

See Item 18 of this Report for the consolidated financial statements and other financial information.

Legal Proceedings

From time to time, we may be subject to various legal proceedings and claims that arise in the ordinary course of our business activities. The results of litigation and claims cannot be predicted with certainty. As of the date of this Annual Report, neither we nor any of our subsidiaries are party to any governmental, legal or arbitration proceedings (nor are we aware of any such proceedings that are pending or threatened) that have had or may have a significant effect on our financial position or profitability.

Please see "*Item 4. Information on the Company — B. Business Overview*." For more information on legal proceedings.

Dividends and Dividend Policy

We have never paid or declared any cash dividends in the past, and we do not anticipate paying any cash dividends in the foreseeable future. We intend to retain all available funds and any future earnings to fund the further development and expansion of our business. Under Dutch law, we may only pay dividends and other distributions from our reserves to the extent our shareholders' equity (*eigen vermogen*) exceeds the sum of our paid-in and called-up share capital plus the reserves we must maintain under Dutch law or the Articles of Association and (if it concerns a distribution of profits) after adoption of our statutory annual accounts by the General Meeting from which it appears that such dividend distribution is allowed. Subject to those restrictions, any future determination to pay dividends or other distributions from our reserves will be at the discretion of the Board and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors we deem relevant. See "*Item 8 Financial Information — B. Dividends and Dividend Policy*."

Under the Articles of Association, the Board may decide that all or part of the profits shown in our adopted statutory annual accounts will be added to our reserves. After reservation of any such profits, any remaining profits will be at the disposal of the General Meeting at the proposal of the Board for distribution on the Ordinary Shares, subject to applicable restrictions of Dutch law. The Board is permitted, subject to certain requirements and applicable restrictions of Dutch law, to declare interim dividends without the approval of the General Meeting. Dividends and other distributions shall be made payable no later than a date determined by the Board. Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

We may reclaim any distributions, whether interim or not interim, made in contravention of certain restrictions of Dutch law from shareholders that knew or should have known that such distribution was not permissible. In addition, on the basis of Dutch case law, if after a distribution we are not able to pay our due and collectable debts, then our shareholders or directors who at the time of the distribution knew or reasonably should have foreseen that result may be liable to our creditors. We have never declared or paid any cash dividends and we have no plan to declare or pay any dividends in the foreseeable future on our Ordinary Shares. We currently intend to retain any earnings for future operations and expansion.

Since we are a holding company, our ability to pay dividends will be dependent upon the financial condition, liquidity and results of operations of, and our receipt of dividends, loans or other funds from, our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to make funds available to us. In addition, there are various statutory, regulatory and contractual limitations and business considerations on the extent, if any, to which our subsidiaries may pay dividends, make loans or otherwise provide funds to our company.

B. Significant Changes

A discussion of significant changes since December 31, 2024, is provided under Item 4 and Item 5 of this Report and is incorporated herein by reference.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Nasdaq Listing of SCHMID Ordinary Shares and Public Warrants

The SCHMID Ordinary Shares and Public Warrants are listed on Nasdaq under the symbol “SHMD” and “SHMDW”, respectively. Holders of SCHMID Ordinary Shares and Public Warrants can obtain current market quotations for their securities. There can be no assurance that the SCHMID Ordinary Shares and/or Public Warrants will remain listed on Nasdaq. If SCHMID fails to comply with the Nasdaq listing requirements, the SCHMID Ordinary Shares could be delisted from Nasdaq.

USD 30 million Senior Convertible Notes and Warrants issued in January 2026

SCHMID has also sold 7.00% senior convertible notes due 2028, in an aggregate principal amount of $30.0 million convertible into ordinary shares of the Company together with the issuance of warrants to purchase ordinary shares of the Company in a private placement. The notes were issued at 98% of principal amount pursuant an indenture and are to be funded in two tranches. They have a two-year maturity. The warrants issued allow the investor to purchase shares of the Company in an amount determined by reference to the principal amount of the notes. The warrants are exercisable until December 15, 2028, at an exercise price equal to the lower of the applicable fixed premium conversion prices under the notes, exercisable for cash or, at the Company’s election, on a cashless basis.

Stock Option Agreement with Black Forest Special Situations I

Black Forest Special Situations I has a conversion right under the term loan facility, which is exercisable at a share price of US$2.15 into shares of the Company between six months after the draw down of the first tranche and the date of the term loan facility’s maturity, which is 15 months after the first tranche draw down. The first and second tranches may be converted independently of one another. The term loan facility has a 15% p.a. interest rate with interest payable at maturity, unless the conversion right is exercised and interest is also converted into shares of the Company. Further, the term loan facility includes security by the Company’s majority shareholders, Christian Schmid and Anette Schmid who pledged personal assets for each tranche as security. The Company and the Company’s 100% German subsidiary Gebr. Schmid GmbH are both guarantors.

As part of the drawdown of the €2,500,000 first tranche, the Company also agreed to issue option rights to Black Forest Special Situations I to acquire 1,250,000 shares of the Company at the prevailing VWAP at the time of concluding the term loan facility, which was $4.19 per share. The term loan facility agreement stipulated that an option agreement shall be executed, which was agreed and signed in January 2026 and sets out the exercise mechanics of the options as well as the discretionary possibility of the Company to cashless exercise the options. The options expire on December 16, 2030 and may be exercised in full or in several parts during the lifetime of the options agreement.

The information set forth in Exhibit 2.1 "*Description of Securities*" is incorporated herein by reference.

B. Plan of Distribution

Not applicable

C. Markets

SCHMID Ordinary Shares and Public Warrants are listed on Nasdaq under the symbol "SHMD" and "SHMDW", respectively. Holders of the SCHMID Ordinary Shares can obtain current market quotations for their securities. There can be no assurance that the SCHMID Ordinary Shares will remain listed on Nasdaq. If SCHMID fails to comply with the Nasdaq listing requirements, the SCHMID Ordinary Shares and the warrants of SCHMID could be delisted from Nasdaq. A delisting of SCHMID Ordinary Shares will likely affect the liquidity of SCHMID Ordinary Shares and could inhibit or restrict the ability of SCHMID to raise additional financing.

D. Selling Shareholders

Not applicable

E. Dilution

Not applicable

F. Expenses of the Issue

Not applicable

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

As of the date of this Report, SCHMID has an issued share capital in the amount of €0.01 per issued share.

Under Dutch law, SCHMID's authorized share capital of a public limited liability company is the maximum capital that SCHMID may issue without amending SCHMID's Articles of Association and may be a maximum of five times the issued capital. An amendment of SCHMID Articles of Association would require a resolution of SCHMID's General Meeting upon proposal by the SCHMID's Board. SCHMID Articles of Association provide for an authorized share capital amounting to €0.01.

As of the Closing Date, none of SCHMID Shares were held by SCHMID in treasury.

All issued and outstanding SCHMID Shares are held in registered form. No share certificates may be issued.

B. Memorandum and Articles of Association

The information set forth in Exhibit 2.1 "*Description of Securities*" and the copy of our Amended and Restated articles of association filed as Exhibit 1.1, which are each incorporated herein by reference.

C. Material Contracts

Except as otherwise disclosed in this Annual Report (including the exhibits thereto), we are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into in the ordinary course of business.

Material Contracts Relating to the Business Combination

Business Combination Agreement

On May 31, 2023, Pegasus, Gebr. Schmid GmbH, TopCo and Merger Sub entered into the Business Combination Agreement which was amended by that First Amendment to Business Combination Agreement dated as of September 26, 2023 and which was further amended by the Second Amendment to Business Combination Agreement dated as of January 29, 2024, and which provided for, among other things, that Pegasus was selling TopCo to the shareholders of Gebr. SCHMID GmbH for nominal consideration; the shareholders of Gebr. Schmid GmbH were contributing their shares in Gebr. Schmid GmbH to TopCo in return for 28,725,000 TopCo shares; Pegasus then merged with Merger Sub, with Pegasus as the surviving company. In connection with the merger, each issued and outstanding share of Pegasus were, as a result of the Business Combination Agreement, automatically cancelled and extinguished in exchange for merger consideration and each outstanding warrant to purchase a Pegasus Class A share was, by its terms, converted into a warrant to purchase one TopCo share, on the same contractual terms and conditions as were in effect with respect to such warrants immediately prior to the closing of the merger; and immediately thereafter, a notarial deed was agreed to be executed by a Dutch notary in order to change the legal form of TopCo from a private limited liability company to a public limited liability company and its name changed to SCHMID Group N.V. The events set out in the Business Combination Agreement were completed on April 30, 2024.

Earn-out Agreement

In connection with the execution of the Second Amendment to Business Combination Agreement, Pegasus, TopCo and Anette Schmid and Christian Schmid entered into an earn-out agreement pursuant to which (i) 2,500,000 TopCo shares are issued to Anette Schmid and Christian Schmid (in equal parts) and vest if the share price of TopCo following the completion of the Business Combination reaches USD 15.00 and (ii) 2,500,000 TopCo shares are issued to Anette Schmid and Christian Schmid (in equal parts) and vest if the share price of TopCo following the completion of the Business Combination reaches USD 18.00 (the "**Earn- out Agreement**"). The Earn-out Agreement expires after three (3) years from the date of the closing of the Business Combination.

Shareholders' Undertaking

In connection with the Business Combination Agreement, Pegasus and the existing shareholders of Gebr. Schmid GmbH entered into a Shareholders' Undertaking pursuant to which, among other things, each such existing shareholder (a) granted or will grant, as applicable, Gebr. Schmid GmbH and TopCo with a power of attorney permitting and directing Gebr. Schmid GmbH and/or TopCo to execute the necessary transfer documents (on behalf of such existing shareholder of Gebr. Schmid GmbH), required pursuant to Dutch and German law, to effect the closing of the Business Combination Agreement, (b) undertook, vis-à-vis the Company, TopCo, Pegasus and each other existing shareholder of Gebr. Schmid GmbHto take all necessary or desirable actions in connection with the transactions set forth in the Business Combination Agreement and (c) agreed, to certain customary covenants to support the Business Combination.

In the First Amendment to the Shareholders' Undertaking, the parties agreed that Christian Schmid can transfer up to 1.5% of the shares in SCHMID prior to the closing of the Business Combination, subject to such third party acceding to the lock-up arrangements and other obligations in relation to such shares.

Sponsor Support Agreement

In connection with their entry into the Business Combination Agreement, the Sponsor, Pegasus, TopCo and Gebr. Schmid GmbH and certain individuals entered into the Sponsor Support Agreement, pursuant to which the Sponsor and other holders of founder shares have agreed (a) to vote in favor of the Business Combination Agreement and the transactions contemplated thereby and take all actions reasonably necessary to cause the closing of the Business Combination, including execution of the TopCo Ordinary Shareholder approval and (b) forfeit 2,812,500 Pegasus Class B Ordinary Shares that would otherwise have converted into TopCo Ordinary Shares in connection with the Merger for no consideration which may be used for incentives for non- redemption agreements or for PIPE investors (and if not used for such purposes, will be cancelled).

Lock-Up Letter and Agreements to Remove Lock-ups

In connection with the Business Combination Agreement, TopCo, the Sponsor and the existing shareholders of Gebr. Schmid GmbHentered into a Lock-Up Letter imposing certain restrictions on such shareholders ability to offer, sell, pledge or otherwise transfer or dispose of the shares they will receive in TopCo unless and until certain conditions outlined therein are met.

On February 27, 2024, Pegasus, the Sponsor, Gebr. Schmid GmbH, TopCo, and certain members of the board of directors and management of Pegasus entered into an agreement pursuant to which 2,812,500 Pegasus Class B Ordinary Shares are to be used as incentives to entice existing holders of Pegasus Class A Shares or new investors to enter into non-redemption and investment agreements. In order to enable the use of such Pegasus Class B Ordinary Shares, the agreement also lifts and waives the lock-up periods applicable thereto as well as any restrictions on the transfer of such shares.

Furthermore, on April 29, 2024, Pegasus, the Sponsor and TopCo agreed to also lift and waive the lock-up periods applicable to 1,375,000 shares held by certain 2021 IPO anchor investors in order to increase the freefloat of the Company after the closing of the Business Combination.

Registration Rights Agreement

At the closing of the Business Combination, TopCo has entered into a Registration Rights Agreement with Pegasus, Sponsor, XJ Harbour and Gebr. Schmid GmbHshareholders providing for, among other things, subject to the terms thereof, customary registration rights. TopCo has agreed to file a shelf registration statement to register the TopCo Ordinary Shares covered by the Registration Rights Agreement no later than thirty days following consummation of the Business Combination.

Warrant Assumption Agreement

In connection with the Business Combination Agreement, TopCo, Pegasus and Continental Stock and Transfer & Trust Company will, prior to Closing, enter into a Warrant Assignment, Assumption and Amendment Agreement, pursuant to which the parties will agree that, as part of the Merger, each Pegasus Public Warrant and Private Placement Warrant that is outstanding immediately prior to the effective time of the Merger shall cease to represent a right to acquire Pegasus Class A Ordinary Shares and shall automatically represent, immediately following the Merger, a right to acquire TopCo Ordinary Shares on the same contractual terms and conditions as were in effect immediately prior to Merger under the original Warrant Agreement, including that the warrant holders are deemed to have consented to an exclusive forum provision requiring all claims to be brought before the courts of the State of New York or the United States District Court for the Southern District of New York other than suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Private Warrants Transfer Agreement

In connection with the Second Amendment to Business Combination Agreement, the Sponsor entered into an agreement with Anette Schmid and Christian Schmid pursuant to which the Sponsor committed to transfer 2,000,000 private warrants to Anette Schmid (1,000,000 private warrants) and Christian Schmid (1,000,000 private warrants) subject to the closing of the Business Combination.

On April 29, 2024 in connection with the conclusion of the Warranty Agreement, the Sponsor, Anette Schmid and Christian Schmid entered into an amendment to the Warrant Transfer Agreement pursuant to which an additional 2,000,000 private warrants will be transferred upon the earlier of (a) the receipt of at least EUR 10 million in proceeds from a new loan to be entered into by Gebr. Schmid GmbH or SCHMID Group N.V. or another SCHMID Group company and (b) six (6) months after closing of the business combination.

Private Warrants Undertaking Agreement

In connection with the execution of the Second Amendment to Business Combination Agreement, the Sponsor, Pegasus, Gebr. Schmid GmbH, TopCo and all officers and directors of Pegasus who hold private warrants have entered into a private warrants undertaking agreement, pursuant to which the Sponsor and such officers and directors of Pegasus agreed to (i) only exercise their private warrants on a "cashless basis" in accordance with the terms of the private warrants, and (ii) in case the reference price of the TopCo shares subsequently to the closing of the Business Combination reaches USD 18.00 to, on a "cashless basis", exercise their private warrants in accordance with terms of the private warrants unless such warrants have been previously redeemed or exercised.

XJ Subscription Agreement

In connection with the execution of the Second Amendment to Business Combination Agreement, Pegasus, Gebr. Schmid GmbHand TopCo entered into a subscription agreement with XJ Harbour according to which XJ agreed to in stages transfer its 24.1% equity interest in Schmid Technology (Guangdong) Co., Ltd. ("**STG**"), a subsidiary of Gebr. Schmid GmbH, to TopCo for consideration amounting to

(i) 1,406,361 TopCo shares to be allotted to XJ Harbour at the time of the completion of the Business Combination,

(ii) a EUR 10 million payment to XJ Harbour from TopCo at the closing of the Business Combination, (iii) a EUR 5 million payment to XJ from TopCo within 270 days from the day of the closing of the Business Combination and (iv) a EUR 15 million payment (plus an interest in respect thereof at an annual rate of 6% from the closing of the Business Combination to the date of payment) to XJ Harbour from TopCo within 455 days from the day of the closing of the Business Combination.

XJ Harbour will retain approximately 16% of the shares in STG after the closing of the Business Combination, of which it will transfer approximately 4% of such shares in STG to TopCo after the EUR 5 million payment and the remainder after the last payment has been received.

XJ Harbour and TopCo agreed on April 29, 2024 that the initial payment of EUR 10 million to XJ Harbour is split into two equal payments, one due at closing of the Business Combination (which has been paid to XJ Harbour by the Company) and a second tranche after 30 days from the closing of the Business Combination.

The first payment to XJ Harbour for EUR 10 million was made in 2024 following the closing of the Business Combination.

Warranty Agreement

On April 29, 2024, Pegasus, Gebr. Schmid GmbH, TopCo, Merger Sub and Validus/StratCap, LLC entered into a warranty agreement (the "**Warranty Agreement**") in which Validus/StratCap, LLC guaranteed a reduction in the total indebtedness of Pegasus and TopCo remaining at the closing of the Business Combination (or converted to shares of TopCo at closing) will not exceed USD 7.4 million of which USD 2.75 million are deferred by nine months from the closing (or earlier if TopCo enters into a loan agreement for more than EUR 10 million). In addition, StratCap agreed to provide a loan of USD 2.35 million to TopCo within 30 days after closing of the Business Combination repayable within 12 months after closing (or earlier if TopCo enters into a loan agreement for more than EUR 10 million).

Prior to the Business Combination, Pegasus, TopCo, the Sponsor and various investors entered into non-redemption and investment agreements at a total volume of USD 26.4 million as follows:

- Various investors entered into non-redemption and investment agreements for a total of 1,430,683 Class A ordinary shares of Pegasus (equaling approximately USD 16.3 million at the redemption price). In order to induce such investors to enter into these non-redemption and investment agreements, the Sponsor committed to transfer 1,741,743 founder shares (that were transferred to Class A shares prior to closing of the Business Combination and then exchanged 1:1 into shares of SCHMID Group N.V.) to such investors.

- In addition, the Sponsor entered into an investment agreement to purchase 756,964 SCHMID Group N.V. shares at the closing of the Business Combination against approximately USD 8.6 million in debt of Pegasus owed to the Sponsor (such debt was transferred to SCHMID Group N.V. through a debt assumption and exchange agreement against the payment of cash by Pegasus to SCHMID Group N.V.). It was further agreed that Sponsor retains 921,544 founders shares which would otherwise be cancelled at closing of the Business Combination in order to induce the Sponsor to purchase SCHMID Group N.V. shares against setting off all USD 8.6 million in debt it was owed by Pegasus.

- In addition, two further investors agreed to subscribe for 35,000 SCHMID Group N.V. shares after the closing of the Business Combination against cash payment to SCHMID Group N.V. at the redemption price per share (the Sponsor is obligated to transfer 42,610 of its founder shares – which have been converted into SCHMID Group N.V. shares at closing – to such investors for their commitment). In addition, Appleby, Cayman counsel to Pegasus committed to subscribe 87,565 shares of SCHMID Group N.V. against setting off fees due to Appleby (the Sponsor is obligated to transfer 106,603 of its founder shares – which have been converted into SCHMID Group N.V. shares at closing – to Appleby for its commitment to subscribe for the shares against setting off its fees that became due at the closing). These subscriptions for new shares of SCHMID Group N.V. are subject to the approval of the board of directors of the Company.

Material Agreements since December 31, 2024

Subscription Agreement with XJ Harbour HK Limited; Set-Off Agreement

On November 12, 2025, the Company entered into a subscription agreement and a set-off agreement with XJ Harbour, pursuant to which the Company agreed to issue and sell shares to XJ in a private placement. The Company agreed to issue ordinary shares to XJ at $2.15 per share to set off $26,962,158.90 of liabilities (including accrued interest) owed to XJ by the Company. In an extraordinary general shareholders' meeting held by the Company on December 23, 2025, the shareholders authorized the issuance of shares to XJ. 12,540,539 SCHMID shares were issued on January 16, 2026 and transfered to XJ, The set-off became effective on that date.

Subscription Agreement with Schmid AVACO Korea

Further, on November 3, 2025, the Company entered into a subscription agreement and set-off agreement with SCHMID Avaco Korea (a non-consolidated 50-50 joint venture of SCHMID and AVACO) to issue a total of approximately 1.07 million SCHMID shares in a private placement to SCHMID Avaco Korea for USD 2.50 per share. These shares were to be issued based on the existing corporate authority of the Company to issue shares. Following the issuance of such shares, SCHMID Avaco Korea was to sell and transfer such shares to AVACO against set-off of liabilities against SCHMID and all group companies. The agreement with AVACO and SCHMID Avaco Korea stipulated, that if shares were not issued and registered with the SEC by January 31, 2026, any shares already issued were to be cancelled and the liabilities owed by SCHMID to AVACO were to be settled in cash.

Shareholder debt waiver

In September 2025, Anette Schmid and Christian Schmid agreed to waive €5 million in financial liabilities which were owed to them by SCHMID. These €5 million financial liabilities dated back to 2016 and were waived for no consideration or compensation. This waiver was part of the restructuring of SCHMID's financial liabilities, which the Company undertook in 2025 that included the planned share issuances to XJ and SCHMID Avaco Korea, described above.

Secured Two-Tranche Term Loan Facility

The Company signed a secured two-tranche term loan facility with a total commitment value of up to €10,000,000 with the lender Black Forest Special Situations I, a Cayman Islands incorporated vehicle on December 16, 2025. The lender is backed by a consortium that includes the Company's chairman of the Board, Sir Ralf Speth, members of the Board of directors of the Company, its CFO Arthur Schuetz, and third-party investment and advisory professionals. The first tranche consisted of €2,500,000, which were paid out on December 18, 2025.

The second tranche of up to €7,500,000 was set to be drawn down early in 2026, but was not utilized due to the Company issuing a convertible note (see below).

The lender has a conversion right under the term loan facility, which is exercisable at a share price of US$2.15 into shares of the Company between six months after the draw down of the first tranche and the date of the term loan facility's maturity, which is 15 months after the first tranche draw down. The first and second tranches may be converted independently of one another. The term loan facility has a 15% p.a. interest rate with interest payable at maturity, unless the conversion right is exercised and interest is also converted into shares of the Company. Further, the term loan facility includes security by the Company's majority shareholders, Christian Schmid and Anette Schmid who pledged personal assets for each tranche as security. The Company and the Company's 100% German subsidiary Gebr. Schmid GmbH are both guarantors.

Related Party Loan

At the same time, the Company received a cash injection of €200,000 from a related party of the Schmid family on December 15, 2025. The agreed interest rate is 5% and the loan has a maturity of 15 months. The €200,000 were injected into the Company alongside the Company's conclusion of the term loan facility described above.

USD 30 Million 7.00% Senior Convertible Note due 2028

On January 18, 2026 SCHMID entered into an investment agreement with an institutional investor, Linden Advisors LP, to sell, and on January 21, 2026 sold senior convertible notes in an aggregate principal amount of $30.0 million convertible into ordinary shares of the Company together with the issuance of warrants to purchase ordinary shares of the Company in a private placement to the Investor. The notes were issued at 98% of principal amount pursuant an indenture and are to be funded in two tranches: (i) $15.0 million were be funded on January 21, 2026 and (ii) $15.0 million will be funded following the effectiveness of a registration statement covering the resale of the underlying shares in relation to the notes.

The notes bear interest at a rate of 7% per annum, compounded quarterly and payable in kind, subject to the Company's right to elect cash payment upon prior notice. They have a two-year maturity, i.e. they will mature on January 21, 2028, unless previously converted into shares of the Company. This conversion option of the notes into shares of the Company at prices determined by reference to fixed premium conversion prices including at 95% of the applicable volume-weighted average price of the shares of the Company, is subject to a minimum conversion price and certain daily conversion limits as further specified in the investment agreement.

In connection with the issuance of the notes, the Company also issued warrants to the investor to purchase shares of the Company in an amount determined by reference to the principal amount of the notes. The warrants are exercisable until December 15, 2028, at an exercise price equal to the lower of the applicable fixed premium conversion prices under the notes, exercisable for cash or, at the Company's election, on a cashless basis.

In connection with the execution of this investment agreement, the Company also entered into a registration rights agreement to file a registration statement covering the resale of the shares issuable upon conversion of the notes and exercise of the warrants. The Company's obligations under the notes are guaranteed by its German operating subsidiary, Gebr. Schmid GmbH, subject to applicable German law limitations. The investment agreement and the provisions of the notes and warrants contain customary affirmative and negative covenants, issuer call provisions, change of control protections, mandatory redemption events, and events of default customary for transactions of this type.

D. Exchange Controls and Other Limitations Affecting Security Holders

Under Dutch law, there are no exchange controls applicable to the transfer to persons outside of the Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company, subject to applicable restrictions under sanctions and measures, including those concerning export control, pursuant to applicable resolutions adopted by the United Nations, regulations of the European Union, the Sanctions Act 1977 (*Sanctiewet 1977*), national emergency legislation, or other legislation, applicable anti-boycott regulations and similar rules. Pursuant to the Dutch Foreign Financial Relations Act 1994 (*Wet financiële betrekkingen buitenland 1994*) entities could be obliged to provide certain financial information to the Dutch Central Bank for statistical purposes only. The European Directive Mandatory Disclosure Rules (2011/16/EU) in relation to cross-border tax arrangements can provide for future notification requirements. There are no special restrictions in our articles of association or Dutch law that limit the right of shareholders who are not citizens or residents of the Netherlands to hold or vote shares.

Under German law, there are no exchange controls restricting the transfer of funds between Germany and other countries or individuals subject to applicable restrictions concerning import or export control or sanctions and measures against certain persons, entities and countries subject to embargoes in accordance with German law and applicable regulations and resolutions adopted by the United Nations and the European Union.

Under German foreign trade regulation, with certain exceptions, every corporation or individual residing in Germany must report to the German Central Bank (*Deutsche Bundesbank*) on any payment received from or made to a non-resident corporation or individual if the payment exceeds €12,500 (or the equivalent in a foreign currency). Additionally, certain corporations and financial institutions and individuals residing in Germany must report to the German Central Bank on any claims of a resident against, or liabilities payable to, a non-resident corporation or individual exceeding an aggregate of €5 million (or the equivalent in a foreign currency) at the end of any calendar month. Resident corporations and individuals are also required to report annually to the German Central Bank on any stakes of 10% or more they hold in the equity of non-resident corporations with total assets of more than € 3 million. Corporations residing in Germany with assets in excess of €3 million must report annually to the German Central Bank on any stake of 10% or more in the company held by an individual or a corporation located outside Germany.

E. Taxation

Certain Material U.S. Federal Income Tax Considerations

This section describes certain material U.S. federal income tax consequences to a U.S. holder (as defined below) with respect to the ownership and disposition of the Ordinary Shares and the Public Warrants (collectively, the "**SCHMID securities**"). This discussion deals only with U.S. holders that hold their SCHMID securities as capital assets (generally assets held for investment). It does not cover all aspects of U.S. federal income taxation that may be relevant to the U.S. holders (including reporting requirements, consequences under any alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This discussion also does not address tax considerations applicable to U.S. holders that own (directly, indirectly or by attribution) 5% or more of the SCHMID securities by vote or value, nor does this section discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions; insurance companies; individual retirement accounts and other tax-deferred accounts; tax-exempt organizations; dealers in securities or currencies; traders in securities that elect to mark their securities to market for U.S. federal income tax purposes; investors that hold SCHMID securities as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes; persons that received SCHMID securities as compensation for services; nonresident alien individuals present in the United States for 183 days or more during any taxable year; persons that have ceased to be U.S. citizens or lawful permanent residents of the United States; investors holding the SCHMID securities in connection with a trade or business conducted outside of the United States; S corporations; partnerships or other entities or arrangements treated as partnerships or other flow-through entities for U.S. federal income tax purposes (and investors therein); U.S. citizens or lawful permanent residents living abroad; investors that are required to include amounts in their taxable income in advance of receipt under rules regarding applicable financial statements; or U.S. holders whose functional currency is not the U.S. dollar).

As used herein, the term "**U.S. holder**" means a beneficial owner of SCHMID securities that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds SCHMID securities will depend on the status of the partner and the activities of the partnership. Entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of owning SCHMID securities.

This discussion is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings of the IRS and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. Any such change or differing interpretation could affect the accuracy of the statements and conclusions set forth in this discussion. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax considerations described in this discussion. No ruling has been or will be sought from the IRS regarding any matter discussed below.

ALL HOLDERS OF SCHMID SECURITIES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM RELATING TO THE OWNERSHIP OF SCHMID SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Ownership of SCHMID Securities

This discussion is subject to the discussion in "— *Application of the PFIC Rules to SCHMID Securities*" below.

Distributions on Ordinary Shares

The gross amount of any distribution on Ordinary Shares that is made out of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. holder as ordinary dividend income on the date such distribution is actually or constructively received. Any such dividends generally will not be eligible for the dividends received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits (as determined under U.S. federal income tax principles), such excess amount will be treated first as a non-taxable return of capital to the extent of the U.S. holder's adjusted tax basis in its Ordinary Shares, and thereafter as capital gain recognized on a sale or exchange.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. holder at the reduced rate normally applicable to long-term capital gains, provided that the Company is considered a "qualified foreign corporation" and certain other requirements are met. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of the income tax treaty between Germany and the United States (the "Treaty"). A foreign corporation is also treated as a "qualified foreign corporation" with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. U.S. Treasury Department guidance indicates that shares listed on the NASDAQ, such as the Ordinary Shares, will be readily tradable on an established securities market in the United States. There can be no assurance, however, that the Ordinary Shares will be considered readily tradable on an established securities market in later years or that the Company will be eligible for the benefits of the Treaty. A U.S. holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year (or if any shares of the Company that they own are treated as stock in a PFIC). See the section entitled "— *Application of the PFIC Rules to SCHMID Securities*" below.

Subject to certain conditions and limitations, withholding taxes, if any, on dividends paid by the Company may be treated as foreign taxes eligible for credit against a U.S. holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. For purposes of calculating the U.S. foreign tax credit, dividends paid on the Ordinary Shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing the U.S. foreign tax credit are complex and recent changes in the rules have imposed additional requirements and limitations that may further limit a U.S. Holder's ability to claim a foreign tax credit in respect of any withholding taxes on dividends paid by the Company. Recent IRS guidance provides temporary relief from some of these additional requirements and limitations, subject to certain requirements being met, until further notice by the IRS. U.S. holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit under particular circumstances.

Sale, Exchange, Redemption or Other Taxable Disposition of SCHMID Securities

A U.S. holder generally will recognize gain or loss on any sale, exchange, redemption or other taxable disposition of SCHMID securities in an amount equal to the difference between (i) the amount realized on the disposition and (ii) such U.S. holder's adjusted tax basis in such securities. Any gain or loss recognized by a U.S. holder on a taxable disposition of SCHMID securities generally will be capital gain or loss and will be long-term capital gain or loss if the holder's holding period in such securities exceeds one year at the time of the disposition. Preferential tax rates may apply to long-term capital gains of non-corporate U.S. holders (including individuals). The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder on the sale or exchange of SCHMID securities generally will be treated as U.S.-source gain or loss. Therefore, a U.S. holder may have insufficient foreign-source income to utilize foreign tax credits attributable to any non-U.S. withholding tax (if any) imposed on a sale, exchange, redemption or other taxable disposition. U.S. holders should consult their tax advisors as to the availability of and limitations on any foreign tax credit attributable to non-U.S. withholding taxes (if any such taxes are imposed).

Exercise or Lapse of a Public Warrant

Except as discussed below with respect to the cashless exercise of a Public Warrant, a U.S. holder generally will not recognize gain or loss upon the acquisition of a Ordinary Share on the exercise of a Public Warrant for cash. A U.S. holder's tax basis in a Ordinary Share received upon exercise of the Public Warrant generally should be an amount equal to the sum of the U.S. holder's adjusted tax basis in the Public Warrant exchanged therefor and the exercise price. The U.S. holder's holding period for a Ordinary Share received upon exercise of the Public Warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the Public Warrant and will not include the period during which the U.S. holder held the Public Warrant. If a Public Warrant is allowed to lapse unexercised, a U.S. holder generally will recognize a capital loss equal to such holder's adjusted tax basis in the Public Warrant. The deductibility of capital losses is subject to limitations.

The tax consequences of a cashless exercise of a Public Warrant are not clear under current tax law. A cashless exercise may be tax-deferred, either because the exercise is not a gain realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either tax-deferred situation, a U.S. holder's basis in the Ordinary Shares received would equal the holder's basis in the Public Warrants exercised therefor. If the cashless exercise were treated as not being a gain realization event, a U.S. holder's holding period in the Ordinary Shares would be treated as commencing on the date following the date of exercise (or possibly the date of exercise) of the Public Warrants. If the cashless exercise were treated as a recapitalization, the holding period of the Ordinary Shares generally would include the holding period of the Public Warrants exercised therefor.

It is also possible that a cashless exercise of a Public Warrant could be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. holder would recognize gain or loss with respect to the portion of the exercised Public Warrants treated as surrendered to pay the exercise price of the Public Warrants (the "**surrendered warrants**"). The U.S. holder would recognize capital gain or loss with respect to the surrendered warrants in an amount generally equal to the difference between (i) the fair market value of the Ordinary Shares that would have been received with respect to the surrendered warrants in a regular exercise of the Public Warrants and (ii) the sum of the U.S. holder's adjusted tax basis in the surrendered warrants and the aggregate cash exercise price of such warrants (if they had been exercised in a regular exercise). In this case, a U.S. holder's tax basis in the Class A Ordinary Shares received would equal the U.S. holder's tax basis in the Public Warrants exercised plus (or minus) the gain (or loss) recognized with respect to the surrendered warrants. A U.S. holder's holding period for the Ordinary Shares generally would commence on the date following the date of exercise (or possibly the date of exercise) of the Public Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise of warrants, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. holders should consult their tax advisors regarding the tax consequences of a cashless exercise of Public Warrants.

Possible Constructive Distributions

The terms of each Public Warrant provide for an adjustment to the number of Ordinary Shares for which the Public Warrant may be exercised or to the exercise price of the Public Warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. holder of a Public Warrant generally would be treated as receiving a constructive distribution from the Company if, for example, the adjustment increases the holder's proportionate interest in the Company's assets or earnings and profits (e.g., through an increase in the number of Ordinary Shares that would be obtained upon exercise of such warrant) as a result of a distribution of cash to the holders of the Ordinary Shares which is taxable to the U.S. holders of such shares as described in the section entitled "*— Distributions on Ordinary Shares*" above. Such constructive distribution generally would be subject to tax as described in the section entitled that section in the same manner as if the U.S. holder of such warrant received a cash distribution from the Company equal to the fair market value of such increased interest.

Application of the PFIC Rules to SCHMID Securities

A non-U.S. corporation, such as the Company, will be a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, (i) 75% or more of its gross income is passive income, and/or (ii) 50% or more of the value of its assets (generally based on the quarterly average of the value of its assets during such year) is attributable to assets, including cash, that produce passive income or are held for the production of passive income. Passive income generally includes dividends, interest, certain royalties and rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. Based on the expected composition of the Company's gross assets and income and the manner in which the Company operated its business in 2024 and expects to operate its business in future years, the Company does not believe it was classified as a PFIC for U.S. federal income tax purposes for its 2024 taxable year nor does the Company expects to be classified as a PFIC in the foreseeable future. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending, among other things, upon changes in the composition and relative value of its gross receipts and assets.

If the Company were a PFIC in any year during which a U.S. holder owns Ordinary Shares, subject to the discussion below regarding the mark-to-market ("**MTM**") or qualified electing fund ("**QEF**") elections, a U.S. holder generally will be subject to special rules (regardless of whether the Company continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distributions received by a U.S. holder on its Ordinary Shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. holder in the three preceding taxable years or, if shorter, the U.S. holder's holding period for the Ordinary Shares) and (ii) any gain realized on the sale or other disposition of Ordinary Shares. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year.

A U.S. holder may be able to avoid some of the adverse impacts of the PFIC rules described under in the preceding paragraph by making an MTM election with respect to its Ordinary Shares. The election is available only if the Ordinary Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange. If a U.S. holder makes the MTM election, it generally will not be subject to the excess distribution regime discussed in the preceding paragraph and the tax consequences should be as set forth above under this paragraph. Any gain from marking the Ordinary Shares to market or from disposing of them would be ordinary income. Any loss from marking the Ordinary Shares to market would be recognized only to the extent of unreversed gains previously included in income. Loss from marking the Ordinary Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of unreversed inclusions with respect to such stock. It is expected that Ordinary Shares, which are listed on NASDAQ, will qualify as marketable shares for the PFIC rules purposes. No assurance can be given that the Ordinary Shares will be traded in sufficient frequency and quantity to be considered "marketable stock." A valid MTM election cannot be revoked without the consent of the IRS unless the Ordinary Shares cease to be marketable stock. In addition, it is anticipated that U.S. holders of Public Warrants will not be able to make an MTM election with respect to such warrants.

A U.S. holder would not be able to avoid the tax consequences described above by electing to treat the Company as a QEF because the Company does not intend to provide U.S. holders with the information that would be necessary to make a QEF election with respect to the Ordinary Shares. In any event, U.S. holders of Public Warrants will not be able to make a QEF election with respect to their warrants.

U.S. holders should consult their own tax advisors concerning the Company's possible PFIC status and the consequences to them, including potential reporting requirements, if the Company were classified as a PFIC for any taxable year.

Information Reporting and Backup Withholding

Information reporting requirements may apply to distributions on and proceeds from a disposition of the SCHMID securities. Backup withholding may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number or is otherwise subject to backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against the U.S. holder's U.S. federal income tax liability, and a U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information. U.S. holders should consult their tax advisors regarding these rules and any other reporting obligations that may apply to the ownership or disposition of SCHMID securities, including reporting obligations related to the holding of certain foreign financial assets.

Material Dutch Tax Considerations

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this proxy statement/prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Ordinary Shares and/or Public Warrants, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. An investor holding Ordinary Shares is being referred to as a shareholder ("**Shareholder**") and an investor holding Public Warrants is being referred to as a warrant holder ("**Warrant Holder**").

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that an individual holding Ordinary Shares and/or Public Warrants who is taxed as a resident of the Netherlands for income tax purposes did not, does not and will not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in SCHMID.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with the individual's partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or the individual's partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Also, an individual has a substantial interest in a company if his partner has, or if certain relatives of the individual or his partner have, a deemed substantial interest in such company. Generally, an individual or the individual's partner or relevant relative has a deemed substantial interest in a company if either (a) such person or the individual's predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for shares in such company, on a non-recognition basis.

This summary assumes that SCHMID is not affiliated (*gelieerd*) to any recipient (*voordeelgerechtigde*) of any payments under the Ordinary Shares and/or Public Warrants within the meaning of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Generally speaking, an entity is regarded as 'affiliated' for Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) purposes, if (i) it has a qualifying interest in SCHMID, (ii) SCHMID has a qualifying interest in the relevant entity or (iii) a third party has a qualifying interest in both SCHMID and the relevant entity. Generally, the term "qualifying interest" means a direct or indirectly held interest, individually or jointly as part of a qualifying unity (*kwalificerende eenheid*), that gives the holder of such interest definite influence over the decisions of the entity in which the interest is held and allows determination of its activities.

Where this summary refers to a Shareholder, Warrant Holder, holder of Ordinary Shares and Public Warrants, an individual holding Ordinary Shares and Public Warrants or an entity holding Ordinary Shares and Public Warrants, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Ordinary Shares and Public Warrants or otherwise being regarded as owning Ordinary Shares and Public Warrants for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate and gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

This overview assumes that SCHMID shall have its place of effective management in Germany and that it is treated as a German tax resident for German tax purposes.

Investors should consult their professional advisers as to the tax consequences of acquiring, holding and disposing of Ordinary Shares and Public Warrants.

Dividend Withholding Tax

Ordinary Shares

In general, SCHMID must withhold Dutch dividend tax from dividends distributed on the Ordinary Shares at the rate of 15%.

Dividends include, without limitation:

(i) distributions of profits (including paid-in capital not recognised for Dutch dividend tax purposes) in cash or in kind, including deemed and constructive dividends;

(ii) liquidation distributions and, generally, proceeds realised upon a repurchase of Ordinary Shares by SCHMID or upon the transfer of Ordinary Shares to a direct or indirect subsidiary of SCHMID, in excess of the average paid-in capital recognized for Dutch dividend tax purposes;

(iii) the par value of Ordinary Shares issued to a shareholder or any increase in the par value of Ordinary Shares, except to the extent such (increase in the) par value is contributed to or funded out of the SCHMID's paid-in capital recognised for Dutch dividend tax purposes;

(iv) repayments of paid-in capital recognized for Dutch dividend tax purposes up to the amount of SCHMID's profits (*zuivere winst*) unless SCHMID's general meeting of shareholders has resolved in advance that SCHMID shall make such repayments and the par value of the Ordinary Shares concerned has been reduced by a corresponding amount through an amendment of SCHMID's articles of association.

However, SCHMID is not required to withhold Dutch dividend tax from dividends distributed on the Ordinary Shares if, and for as long as, SCHMID is resident solely in Germany for purposes of the convention between Germany and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (the "**German-Dutch tax treaty**"), unless:

(i) the Shareholder is an individual who is resident or deemed to be resident in the Netherlands for Dutch income tax purposes or an entity or enterprise that is subject to the Corporate Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) and is resident or deemed to be resident in the Netherlands for Dutch corporate tax purposes; or

(ii) the Shareholder is an individual not resident and not deemed to be resident in the Netherlands for Dutch income tax purposes or an entity not resident and not deemed to be resident in the Netherlands for Dutch corporate tax purposes and derives profits from an enterprise, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Ordinary Shares are attributable.

The current German-Dutch tax treaty stipulates that if a company is treated as tax resident of both the Netherlands and Germany, it shall be treated as resident of the country in which it has its place of effective management for purposes of the treaty. As set out above, for the purposes of this summary we assume that SCHMID shall have its place of effective management in Germany.

If the Shareholder is a resident or deemed to be a resident in the Netherlands for Dutch corporate or income tax purposes, Dutch dividend tax which is withheld with respect to proceeds from the Ordinary Shares will generally be creditable for Dutch corporate tax or Dutch income tax purposes. For Shareholders that are subject to Dutch corporate tax, the credit of Dutch dividend tax per annum is limited to the amount of Dutch corporate tax due in that year. Any uncredited Dutch dividend can be carried forward without time restrictions.

Under the terms of Dutch domestic anti-dividend stripping rules, a recipient of dividends distributed on Ordinary Shares will not be entitled to an exemption from, reduction, refund, or credit of dividend tax if the recipient is not the beneficial owner of such dividends as meant in those rules.

Public Warrants

The mere exercise of a Warrant does in the view of SCHMID not give rise to Dutch dividend tax, except to the extent (i) the exercise price paid in cash per issued Ordinary Share is below the nominal value of an Ordinary Share and (ii) such difference is not charged against SCHMID's share premium reserve recognized for purposes of Dutch dividend tax. If any Dutch dividend tax due is not effectively withheld for the account of the relevant Warrant Holder, Dutch dividend tax shall be due by SCHMID on a grossed-up basis, meaning that the Dutch dividend tax basis shall be equal to the amount referred to in the preceding sentence multiplied by 100/85. Exceptions and relief from Dutch dividend tax may apply as set forth in the preceding paragraph.

Taxes on Income and Capital Gains

Residents

Resident entities

An entity holding the Ordinary Shares and Public Warrants which is or is deemed to be resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax (*vennootschapsbelasting*) in the Netherlands in respect of income or a capital gain derived from such Ordinary Shares and Public Warrants at rates up to 25.8%, unless the entity has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to such Ordinary Shares. Generally speaking, the entity holding Ordinary Shares will have the benefit of the participation exemption if the entity owns at least 5% of the nominal paid-up share capital of SCHMID.

Resident individuals

An individual holding Ordinary Shares and Public Warrants who is or is deemed to be resident in the Netherlands for Dutch income tax purposes will generally be subject to income tax in the Netherlands in respect of income or a capital gain derived from such Ordinary Shares and Public Warrants at rates up to 49.5% if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, the individual holding Ordinary Shares and Public Warrants will in principle be subject to Dutch income tax based on an aggregate deemed return for savings, debts and investments, regardless of any actual income or capital gain derived from the Ordinary Shares and Public Warrants. Separate deemed return percentages for savings, debts and investments apply as at the beginning of the relevant calendar year. The applicable percentages should be updated annually based on historic market yields. For 2026, the deemed return percentage for the category investments (including the Ordinary Shares and Public Warrants) is 6%.

However, if the Shareholder or Warrant Holder demonstrates that the aggregate actual return for savings, debts and investments – calculated in accordance with the Dutch Counterevidence Act (*Wet tegenbewijsregeling box 3*) – is lower than the applicable aggregate deemed return, the taxable basis should be that lower amount.

The individual's taxable income from savings and investments (including the Ordinary Shares and Public Warrants) will be taxed at the prevailing statutory rate (36% in 2026).

Non-residents

A Shareholder or Warrant Holder which is not and is not deemed to be resident in the Netherlands for the relevant tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from Ordinary Shares and Public Warrants, unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the Shareholder or Warrant Holder derives profits from such enterprise (other than by way of the holding of securities); or

(ii) the Shareholder or Warrant Holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Ordinary Shares or Public Warrants by way of gift by, or on the death of, a holder, unless:

(i) such Shareholder or Warrant Holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

There is no Dutch value added tax payable by a Shareholder or Warrant Holder in respect of payments in consideration for the acquisition of Ordinary Shares and Public Warrants, payments of dividend on the Ordinary Shares and Public Warrants, or payments in consideration for the disposal of Ordinary Shares and Public Warrants.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty, or other similar tax or duty payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of Ordinary Shares and Public Warrants.

Residence

A Shareholder or Warrant Holder will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of Ordinary Shares and Public Warrants.

Material German Tax Considerations

The following section is a description of the material German tax considerations that become relevant when acquiring, owning and/or disposing of Ordinary Shares and Warrants as from the date of this Annual Report. It is based on the German tax law applicable as of the date of this Annual Report without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

This section is intended as general information only and does not purport to be a comprehensive or complete description of all potential German tax effects of the acquisition, ownership or disposal of Ordinary Shares or Warrants and does not set forth all German tax considerations that may be relevant to a particular person's decision to acquire Ordinary Shares or Warrants. It cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section does not describe any German tax considerations or consequences that may be relevant to the acquisition, ownership or disposal of Ordinary Shares or Warrants by a shareholder (i) for whom or for a direct or indirect shareholder or beneficiary of whom the income or capital gains derived from the Ordinary Shares or Warrants are attributable to employment, trade or freelancing activities, the income from which is taxable in Germany, or (ii) who exchanges, or has exchanged, other German taxable assets for Ordinary Shares or Warrants (or vice versa) under a German tax deferral transaction of the German reorganization tax act (*Umwandlungssteuergesetz*).

This section does not constitute particular German tax advice and potential purchasers of Ordinary Shares or Warrants are urged to consult their own tax advisors regarding the tax consequences of the acquisition, ownership and/or disposal of Ordinary Shares or Warrants in light of their particular circumstances with regard to the application of German tax law to their particular situations, in particular with respect to the procedure to be complied with to obtain a relief of withholding tax on dividends and on capital gains (*Kapitalertragsteuer*) and with respect to the influence of provisions of any applicable tax treaty on the mitigation of double income taxation (each a "tax treaty"), as well as any tax consequences arising under the laws of any state, local or other non-German jurisdiction. A shareholder or holder of Warrants may include an individual who or an entity that does not have the legal title to the Ordinary Shares or Warrants, but to whom nevertheless the Ordinary Shares or Warrants are attributed for German tax purposes, based either on such individual or entity owning a beneficial interest in the Ordinary Shares or Warrants or based on specific statutory provisions.

All of the following is subject to change as from the date of this Annual Report. Such changes could apply retroactively and could affect the consequences set forth below. This section does neither refer to any German filing, notification or other German tax compliance aspects nor to foreign account tax compliance act ("**FATCA**") aspects.

Tax Residency Status

We have our statutory seat in the Netherlands and our sole place of management in Germany and are therefore tax resident in Germany as from the date of this Annual Report (both under German domestic law and for purposes of the German-Dutch tax treaty). Thus, we qualify as a corporation subject to German unlimited liability for corporate income tax purposes and are treated as a resident of Germany under the Dutch-German tax treaty. However, because our tax residency depends on future facts regarding our place of management, the German unlimited liability for corporate income tax purposes may change in the future.

We assume for all purposes herein that we shall be tax resident in Germany at all relevant points in time when taxable events may occur. For the avoidance of doubt, any tax effects in relation to the Warrants or Ordinary Shares (other than as regards withholding tax as addressed below) are out of the scope of this Annual Report.

German Taxation of Holders of Ordinary Shares

Taxation of Dividends

Withholding Tax on Dividend Payments

Dividends distributed from SCHMID to our shareholders are generally subject to German withholding tax, except for certain scenarios in which a dividend is either excluded from the scope of German withholding tax (for example, repayments of capital from the tax contribution account (*steuerliches Einlagekonto*)) or fully or partially withholding tax exempt, as further described. The withholding tax rate is 25% plus a 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon, totaling 26.375% of the gross dividend amount and potentially church withholding tax for shareholders who are private individuals in certain cases (see below). Withholding tax is to be withheld and passed on for the account of the shareholders, depending on the specific circumstances, by the domestic branch of a domestic or foreign credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) or by the domestic securities institution (*inländisches Wertpapierinstitut*) that keeps and administers the Ordinary Shares and disburses or credits the dividends or disburses the dividends to a foreign agent, or by the securities custodian bank (*Wertpapiersammelbank*) to which the Ordinary Shares were entrusted for custody if the dividends are distributed to a foreign agent by such securities custodian bank (each of which is referred to as the "Dividend Paying Agent"), or, in the case the Ordinary Shares are not held in deposit with a Dividend Paying Agent, SCHMID is responsible for withholding and remitting the tax to the competent tax office. Such withholding tax is generally levied and withheld irrespective of whether and to what extent the dividend distribution is taxable at the level of the shareholder and whether the shareholder is a person residing in Germany or in a foreign country.

In the case of dividends distributed to a parent company within the meaning of Art. 3 para. 1 lit. a of the amended EU Directive 2011/96/EU of the Council of November 30, 2011 (the "EU Parent Subsidiary Directive") domiciled in another Member State of the European Union, withholding tax may be refunded or not levied upon application and subject to further conditions (as set out below). This also applies to dividends distributed to a permanent establishment located in another Member State of the European Union of such a parent company or of a parent company tax resident in Germany if the participation in SCHMID is effectively connected with and actually attributed to this permanent establishment. The key prerequisite for the application of the EU Parent Subsidiary Directive is that the shareholder has held a direct participation in the share capital of SCHMID of at least 10% for an uninterrupted period of at least twelve months. Further, the foreign resident shareholder must be eligible for purposes of the EU Parent Subsidiary Directive (as set out above) to invoke the reduction, and in addition, the German anti-directive/ treaty shopping provision of Section 50d paragraph 3 of the German Income Tax Act (*Einkommensteuergesetz*) must not be fulfilled.

The withholding tax on dividends distributed to other foreign resident shareholders may be refunded or not levied upon application (as set out below) in accordance with an applicable tax treaty (to 15%, 5% or 0% depending on certain prerequisites) if Germany has concluded such tax treaty with the country of residence of the shareholder and if the shareholder does not hold the Ordinary Shares either as part of the assets of a permanent establishment or a fixed place of business in Germany or as business assets for which a permanent representative has been appointed in Germany. Further, the foreign resident shareholder must be eligible for tax treaty purposes, and in addition, neither the limitation of benefits provision in a tax treaty nor the German anti-directive/treaty shopping provision of Section 50d paragraph 3 of the German Income Tax Act (*Einkommensteuergesetz*) must be fulfilled.

In the case of dividends received by corporate bodies (*Körperschaften*) which are not tax resident in Germany, i.e., corporate bodies with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the withholding tax deducted and remitted may be refunded or not levied upon application (as set out below) without the need to fulfill all prerequisites required for such refund under the EU Parent Subsidiary Directive or under a tax treaty or if no tax treaty has been concluded between the state of residence of the shareholder, however, likewise subject to the conditions of the aforementioned German anti-directive/treaty shopping provision.

The application for a refund of withholding tax under the EU Parent Subsidiary Directive, a tax treaty or the aforementioned option for foreign corporate bodies is to be filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) within four years following the end of the calendar year in which the dividends were received. The application shall be made by submitting a completed form for refund (available at the website of the Federal Central Tax Office (http://www.bzst.de) as well as at the German embassies and consulates) together with a withholding tax certificate (*Kapitalertragsteuerbescheinigung*) issued by the institution that deducted the respective withholding tax via the website of the German Federal Central Tax Office ("electronic procedure"). In this case, the refund of deducted withholding tax is procedurally granted in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the tax liability determined on the basis of the EU Parent Subsidiary Directive (0%) or on the basis of the tax rate set forth in the applicable tax treaty (15%, 5% or 0%) is refunded by the German Federal Central Tax Office.

If, under fulfillment of the prerequisites of the EU Parent Subsidiary Directive or a tax treaty, withholding tax is not to be levied at all, the relevant shareholder must apply to the German Federal Central Tax Office for the issuance of an exemption certificate (*Freistellungsbescheinigung*) that documents that the prerequisites for the application of the reduced withholding tax rates have been met. Dividends covered by the exemption certificate of the shareholder are then only subject to the reduced withholding tax rates stipulated in the exemption certificate.

Please note that applying for a non-assessment notice and/or applying for a refund might require a significant amount of time. On 2 April 2024, the German Federal Government published a statement, according to which the Central Federal Tax Office currently needs (on an average basis) 480 days for deciding about the issuance of non-assessment notices under relief of source procedures (*Freistellungsverfahren*) and 615 days for deciding about refunds under the retain and refund procedures (*Erstattungsverfahren*). According to a recent statement on the website of the German Federal Central Tax Office, due to the large number of applications received, processing times for refund can exceed 20 months.

The aforementioned refunds of (or exemptions from) withholding tax are further restricted if (i) the applicable tax treaty provides for a tax reduction resulting in an applicable tax rate of less than 15% and (ii) the shareholder is not a corporation that directly holds at least 10% in the equity capital of SCHMID and is subject to tax on its income and profits in its state of residence without being exempt. In this case, the refund of (or exemption from) withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the shares in a company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends; (ii) the shareholder has to bear (taking into account claims of the shareholder from transactions reducing the risk of changes of the market value of the shares and corresponding claims of related parties of the shareholder) at least 70% of the change in value risk related to the shares in a company during the minimum holding period; and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties.

In the absence of the fulfillment of all of the three prerequisites, three-fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. Furthermore, a shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for such a full tax credit has (i) to notify the competent local tax office accordingly, (ii) to declare according to the officially prescribed form and (iii) to make a payment in the amount of the omitted withholding tax deduction.

However, these special rules on the restriction of withholding tax credit do not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the shares in a company for at least one uninterrupted year upon receipt of the dividends.

For individual or corporate shareholders tax resident outside Germany neither holding the Ordinary Shares through a permanent establishment (*Betriebsstätte*) in Germany nor as business assets (*Betriebsvermögen*) for which a permanent representative (*ständiger Vertreter*) has been appointed in Germany, the remaining and paid withholding tax (if any) is then final (i.e., not refundable) and settles the shareholder's limited tax liability in Germany. For individual or corporate shareholders tax resident in Germany (for example, those shareholders whose residence, domicile, registered office or place of management is located in Germany) holding their Ordinary Shares as business assets, as well as for shareholders tax resident outside of Germany holding their Ordinary Shares through a permanent establishment in Germany or as business assets for which a permanent representative has been appointed in Germany, the withholding tax withheld (including the solidarity surcharge) can be credited against the shareholder's personal income tax or corporate income tax liability in Germany. Any withholding tax (including the solidarity surcharge) in excess of such tax liability will be refunded upon receipt of the relevant tax assessment. For individual shareholders tax resident in Germany holding Ordinary Shares as private assets, the withholding tax is a final tax (*Abgeltungsteuer*), subject to the exceptions described in the following section.

Taxation of Dividend Income of Shareholders Tax Resident in Germany Holding Ordinary Shares as Private Assets (Private Individuals)

For individual shareholders (individuals) resident in Germany holding Ordinary Shares as private assets, dividends are subject to a flat rate tax, which is satisfied by the withholding tax actually withheld (*Abgeltungsteuer*). Accordingly, dividend income will be taxed at a flat tax rate of 25% plus a 5.5% solidarity surcharge thereon totaling 26.375% and church tax (*Kirchensteuer*) in the case the shareholder is subject to church tax because of his or her personal circumstances. An automatic procedure for deduction of church tax by way of withholding will apply to shareholders being subject to church tax, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (details related to the computation of the specific tax rate, including church tax, are to be discussed with the individual tax advisor of the relevant shareholder). Except for an annual lump sum savings allowance (*Sparer-Pauschbetrag*) of up to €1,000 (for individual filers) or up to €2,000 (for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) assessed jointly), private individual shareholders will not be entitled to deduct expenses incurred in connection with the capital investment from their dividend income.

The income tax owed for the dividend income is satisfied by the withholding tax withheld by an agent of SCHMID or SCHMID. However, if the flat tax results in a higher tax burden as opposed to the private individual shareholder's personal income tax rate, the private individual shareholder can opt for taxation at his or her personal income tax rate. In that case, the final withholding tax will be credited against the income tax. The option can be exercised only for all capital income from capital investments received in the relevant assessment period uniformly, and married couples as well as partners in accordance with the registered partnership law assessed jointly can only jointly exercise the option.

Exceptions from the flat rate tax (satisfied by withholding the tax at source, A*bgeltungswirkung*) may apply — that is, only upon application — (i) for shareholders who have a shareholding of at least 25% in SCHMID and (ii) for shareholders who have a shareholding of at least 1% in SCHMID and work for the Company in a professional capacity, each within the assessment period for which the application is first made. In such a case, the same rules apply as for sole proprietors holding Ordinary Shares as business assets (see below *"— Taxation of Dividend Income of Shareholders Tax Resident in Germany Holding Ordinary Shares as Business Assets — Sole Proprietors*"). Further, the flat rate tax does not apply if and to the extent dividends reduced SCHMID taxable income.

Taxation of Dividend Income of Shareholders Tax Resident in Germany Holding Ordinary Shares as Business Assets

If a shareholder holds Ordinary Shares as business assets, the taxation of the dividend income depends on whether the respective shareholder is a corporation, a sole proprietor or a partnership.

Dividend income of corporate shareholders is exempt from corporate income tax, provided that the corporation holds a direct participation of at least 10% in the share capital of a company at the beginning of the calendar year in which the dividends are paid (participation exemption). The acquisition of a participation of at least 10% in the course of a calendar year (in one instance) is deemed to have occurred at the beginning of such calendar year. Participations in the share capital of the Company that a corporate shareholder holds through a partnership, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to such corporate shareholder only on a pro rata basis at the ratio of the interest share of the corporate shareholder in the assets of the relevant partnership. However, 5% of the tax-exempt dividends are deemed to be non-deductible business expenses for tax purposes and, therefore, are effectively subject to corporate income tax (plus a solidarity surcharge); i.e., tax exemption of 95%. Business expenses incurred in connection with the dividends received are entirely tax deductible. The participation exemption does not apply if and to the extent dividends reduced SCHMID's taxable income.

For trade tax purposes, the entire dividend income is subject to trade tax (i.e., the tax-exempt dividends must be added back when determining the trade taxable income), unless the corporate shareholder holds at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period (*Erhebungszeitraum*). In such case, the dividends are not subject to trade tax. However, trade tax is levied on the amount considered to be a non-deductible business expense (amounting to 5% of the dividend). Trade tax depends on the municipal trade tax multiplier applied by the relevant municipal authority. In the case of an indirect participation via a partnership, please refer to the section *"— Partnerships*" below.

If the shareholding is below 10% in the share capital, dividends are taxable at the applicable corporate income tax rate of 15% plus a 5.5% solidarity surcharge thereon and trade tax (the rate of which depends on the applicable municipality levy rate determined by the municipality in which the corporate shareholder has its place of management and permanent establishments, respectively, to which the Ordinary Shares are attributed).

Special regulations apply that abolish the 95% tax exemption, if Ordinary Shares are held (i) as trading portfolio (*Handelsbestand*) assets in the meaning of Section 340e paragraph 3 of the German Commercial Code (*Handelsgesetzbuch*) by a (a) credit institution (*Kreditinstitut*), (b) securities institution (*Wertpapierinstitut*) or (c) financial service institution (*Finanzdienstleistungsinstitut*) or (ii) as current assets (*Umlaufvermögen*) by a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act (*Kreditwesengesetz*), in the case more than 50% of the shares of such financial enterprise are held directly or indirectly by a credit institution, a securities institution or a financial service institution, or (iii) by a life insurance company, a health insurance company or a pension fund in the case the shares are attributable to the capital investments, resulting in fully taxable income (any shareholder falling under (i), (ii) or (iii), a "Non-Exempt Corporation").

Sole proprietors

For sole proprietors (individuals) resident in Germany holding Ordinary Shares as business assets, dividends are subject to the partial income rule (*Teileinkünfteverfahren*). Accordingly, only (i) 60% of the dividend income will be taxed at his/her personal income tax rate plus a 5.5% solidarity surcharge thereon (if applicable) and (ii) 60% of the business expenses related to the dividend income are deductible for tax purposes. In addition, church tax may be levied, whereby the 40% tax-exemption does not apply to church tax. In addition, the dividend income is entirely subject to trade tax if the Ordinary Shares are held as business assets of a permanent establishment in Germany within the meaning of the German Trade Tax Act (*Gewerbesteuergesetz*), unless the shareholder holds at least 15% of the Company's registered share capital at the beginning of the relevant assessment period. In this latter case, the net amount of dividends, i.e., after deducting directly related expenses, is exempt from trade tax. The trade tax levied will be eligible for credit against the shareholder's personal income tax liability based on the applicable municipal trade tax rate and the individual tax situation of the shareholder limited to the lower of 4.0 times the trade tax measurement amount (*Gewerbesteuer-Messbetrag*) and the amount of trade tax actually payable.

Partnerships

In the case Ordinary Shares are held by a partnership, the partnership itself is not subject to corporate income tax or personal income tax. In this regard, corporate income tax or personal income tax (and church tax, if applicable) as well as a solidarity surcharge (if applicable) are levied only at the level of the partners with respect to their relevant part of the partnership's taxable income and depending on their individual circumstances:

- if the partner is a corporation, the dividend income will be subject to corporate income tax plus a solidarity surcharge (see above *"—Corporations*");
- if the partner is a sole proprietor, the dividend income will be subject to the partial income rule (see above *"—Sole Proprietors*") plus a solidarity surcharge (if applicable); or
- if the partner is a private individual – only possible if the partnership is not a (operative or deemed) commercial partnership, the dividend income will be subject to the flat tax rate plus a solidarity surcharge (see above *"—Private Individuals*").

In the case the partnership is a (operative or deemed) commercial partnership with its place of management in Germany, the dividend income is subject to German trade tax at the level of the partnership, unless the partnership holds at least 15% of a company's registered share capital at the beginning of the relevant assessment period. In such case, the dividend income is 95% exempt from trade tax to the extent the partners of the partnership are corporations (indirectly holding at least 10% of the shares in SCHMID) and 40% exempt from trade tax to the extent the partners of the partnership are sole proprietors. Any trade tax levied on the level of the partnership will be eligible for credit against an individual shareholder's personal income tax liability based on the applicable municipal trade tax rate, depending on the individual tax situation of the shareholder and further circumstances and limited to the lower of 4.0 times the partial trade tax measurement amount allocable to such individual partner and the amount of trade tax actually payable by such individual partner.

Partnerships can opt to be treated as a corporation for purposes of German income taxation. If the shareholder is a partnership that has validly exercised such option right, any dividends from shares or subscription rights are subject to corporate income tax (and, for the avoidance of doubt, trade tax).

Taxation of Dividend Income of Shareholders Tax Resident Outside of Germany

For individual or corporate shareholders tax resident outside of Germany neither holding the Ordinary Shares through a permanent establishment in Germany nor as business assets for which a permanent representative has been appointed in Germany, the deducted withholding tax (possibly reduced by way of a tax relief under a tax treaty or domestic tax law, such as in connection with the EU Parent Subsidiary Directive) is final (that is, not refundable) and settles the shareholder's limited tax liability in Germany, unless the shareholder is entitled to apply for a withholding tax refund or exemption (as set out above in *"— Withholding Tax on Dividend Payments*").

In contrast, individual or corporate shareholders tax resident outside of Germany holding the Company's Ordinary Shares through a permanent establishment in Germany or as business assets for which a permanent representative has been appointed in Germany are subject to the same rules as applicable (and described above) to shareholders resident in Germany holding the Ordinary Shares as business assets. The withholding tax withheld (including the solidarity surcharge) will generally be credited against the shareholder's personal income tax or corporate income tax liability in Germany if the prerequisites set out above (see "— Withholding Tax on Dividend Payments") are fulfilled.

Taxation of Capital Gains

Withholding Tax on Capital Gains

Capital gains realized on the disposal of Ordinary Shares are only subject to withholding tax if a domestic branch of a domestic or foreign credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) or a domestic securities institution (*inländisches Wertpapierinstitut*) (each of which is referred to as the "German Disbursing Agent") stores or administrates or carries out the disposal of the Ordinary Shares and pays or credits the capital gains. In those cases, the institution (and not the Company) is required to deduct the withholding tax at the time of payment for the account of the shareholder and to pay the withholding tax to the competent tax authority.

In the case the Ordinary Shares are held (i) as business assets by a sole proprietor, a partnership or a corporation and such shares are attributable to a German business or (ii) in the case of a corporation being subject to unlimited corporate income tax liability in Germany, the capital gains are not subject to withholding tax. In case of the aforementioned exemption under (i), the withholding tax exemption is subject to the condition that the paying agent has been notified by the beneficiary (*Gläubiger*) that the capital gains are exempt from withholding tax. The respective notification has to be filed with the tax office competent for the beneficiary by using the officially prescribed form.

Taxation of Capital Gains Realized by Shareholders Tax Resident in Germany Holding Ordinary Shares as Private Assets (Private Individuals)

For individual shareholders (individuals) resident in Germany holding Ordinary Shares as private assets, capital gains realized on the disposal of Ordinary Shares are subject to final withholding tax (*Abgeltungsteuer*). Accordingly, capital gains will be taxed at a flat tax rate of 25% plus a 5.5% solidarity surcharge thereon totaling 26.375% and church tax in the case the shareholder is subject to church tax because of his or her personal circumstances. An automatic procedure for deduction of church tax by way of withholding will apply to shareholders being subject to church tax unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (details related to the computation of the specific tax rate, including church tax, are to be discussed with the personal tax advisor of the relevant shareholder). The taxable capital gain is calculated by deducting the acquisition costs of the Ordinary Shares and the expenses directly and materially related to the disposal from the proceeds of the disposal. Apart from that, except for an annual lump sum savings allowance (*Sparer-Pauschbetrag*) of up to €1,000 (for individual filers) or up to €2,000 (for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) assessed jointly), private individual shareholders will not be entitled to deduct expenses incurred in connection with the capital investment from their capital gain.

In the case the flat tax results in a higher tax burden as opposed to the private individual shareholder's personal income tax rate, the private individual shareholder can opt for taxation at his or her personal income tax rate. In that case, the withholding tax (including the solidarity surcharge) withheld will be credited against the income tax. The option can be exercised only for all capital income from capital investments received in the relevant assessment period uniformly and married couples as well as for partners in accordance with the registered partnership law assessed jointly may only jointly exercise the option.

Capital losses arising from the disposal of the Ordinary Shares can only be offset against other capital gains resulting from the disposition of the Ordinary Shares or shares in other stock corporations during the same calendar year. Offsetting of overall losses with other income (such as business or rental income) and other capital income is not possible. Such losses are to be carried forward and to be offset against positive capital gains deriving from the disposal of shares in stock corporations in future years. The constitutionality of such limitation on the offsetting of losses is currently the subject of a pending procedure at the German Federal Constitutional Court.

If the seller of the Ordinary Shares or in the case of gratuitous transfer, its legal predecessor, has held, directly or indirectly, at least 1% of the Company's registered share capital at any time during the five years prior to the disposal, capital gains are subject to the partial income rule (*Teileinkünfteverfahren*). Accordingly, only 60% of the capital gains (determined as sales proceeds less business expenses related to the sale) will be taxed at his or her personal income tax rate plus a 5.5% solidarity surcharge thereon (if applicable). In addition, church tax may be levied, whereby the 40% tax-exemption does not apply to church tax. The withholding tax withheld (including solidarity surcharge) will be credited against the shareholder's personal income tax liability in Germany.

Taxation of Capital Gains Realized by Shareholders Tax Resident in Germany Holding Ordinary Shares as Business Assets

If a shareholder holds Ordinary Shares as business assets, the taxation of capital gains realized on the disposal of such shares depends on whether the respective shareholder is a corporation, a sole proprietor or a partnership:

Corporations

Capital gains realized on the disposal of Ordinary Shares by a corporate shareholder are generally exempt from corporate income tax and trade tax. However, 5% of the tax-exempt capital gains are deemed to be non-deductible business expenses for tax purposes and, therefore, are effectively subject to corporate income tax (plus a solidarity surcharge) and trade tax; i.e., a tax exemption of 95%. Business expenses incurred in connection with the capital gains are entirely tax deductible.

Capital losses incurred upon the disposal of Ordinary Shares or other impairments of the share value are not tax deductible. Capital losses in this context are also defined as any losses incurred in connection with a loan or security in the event the loan or the security is granted by a shareholder or by a related party thereto or by a third person with the right of recourse against the before mentioned persons and the shareholder holds directly or indirectly more than 25% of the Company's registered share capital.

Special regulations apply, which may exclude aforementioned tax exemptions if the Ordinary Shares are held by a Non-Exempt Corporation.

Sole Proprietors

If the Ordinary Shares are held by a sole proprietor, capital gains realized on the disposal of the Ordinary Shares are subject to the partial income rule (*Teileinkünfteverfahren*). Accordingly, only 60% of the capital gains (determined as sales proceeds less business expenses related to the sale) will be taxed at his or her personal income tax rate plus a 5.5% solidarity surcharge thereon (if applicable). In addition, church tax may be levied, whereby the 40% tax-exemption does not apply to church tax. In addition, 60% of the capital gains are subject to trade tax if the Ordinary Shares are held as business assets of a permanent establishment in Germany within the meaning of the German Trade Tax Act (*Gewerbesteuergesetz*). The trade tax levied will be eligible for credit against the shareholder's personal income tax liability based on the applicable municipal trade tax rate and the individual tax situation of the shareholder limited to the lower of 4.0 times the trade tax measurement amount and the amount of trade tax actually payable.

Partnerships

In the case the Ordinary Shares are held by a partnership, the partnership itself is not subject to corporate income tax or personal income tax as well as solidarity surcharge (and church tax) since partnerships qualify as transparent for German income tax purposes. In this regard, corporate income tax or personal income tax as well as a solidarity surcharge (and church tax, if applicable) are levied only at the level of the partners with respect to their relevant part of the partnership's taxable income and depending on their individual circumstances:

- If the partner is a corporation, the capital gains will be subject to corporate income tax plus solidarity surcharge (see above *"— Corporations*"). Trade tax will be levied additionally at the level of the partner insofar as the relevant profit of the partnership is not subject to trade tax at the level of the partnership. However, with respect to both corporate income and trade tax, the 95%-exemption rule as described above applies. With regard to corporations as partners, special regulations apply if they are held by a Non-Exempt Corporation, as described above.

- If the partner is a sole proprietor (individual), the capital gains are subject to the partial income rule plus a solidarity surcharge (if applicable) (see above "*—Sole Proprietors*").

In addition, if the partnership is liable to German trade tax, 60% of the capital gains are subject to trade tax at the level of the partnership, to the extent the partners are individuals, and 5% of the capital gains are subject to trade tax, to the extent the partners are corporations. However, if a partner is an individual, any trade tax paid on the level of the partnership will be eligible for credit against an individual partner's personal income tax liability based on the applicable municipal trade tax rate and depending on the individual tax situation of the individual and further circumstances, limited to the lower of 4.0 times of the partial trade tax measurement (*Gewerbesteuer-Messbetrag*) allocable to such individual partner and the amount of trade tax actually payable by such individual partner.

Partnerships can opt to be treated as a corporation for purposes of German income taxation. If the shareholder is a partnership that has validly exercised such option right, any capital gains from the disposal of shares or subscription rights are subject to corporate income tax (and, for the avoidance of doubt, trade tax).

Taxation of Capital Gains Realized by Shareholders Tax Resident Outside of Germany

Capital gains realized on the disposal of the Ordinary Shares by a shareholder tax resident outside of Germany are subject to German taxation provided that (i) the Ordinary Shares are held as business assets of a permanent establishment or as business assets for which a permanent representative has been appointed in Germany or (ii) the shareholder or, in the case of a gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1% of the Company's share capital at any time during a five years period prior to the disposal.

In these cases, capital gains are generally subject to the same rules as described above for shareholders resident in Germany. However, if capital gains are realized in case (ii) above by corporations tax resident outside of Germany that are not Non-Exempt Corporations, these capital gains are fully tax exempt under German tax law according to the case law of the German Federal Fiscal Court (*Bundesfinanzhof*). Additionally, except for the cases referred to in (i) above, most tax treaties concluded by Germany provide for a full exemption from German taxation except if the Company is considered a German real estate holding entity for treaty purposes.

German Taxation of Holders of Warrants

General

Holders of Warrants are likely to be taxed in particular upon certain forms of the exercise, sale or disposal of Warrants (taxation of capital gains) and the gratuitous transfer of Warrants (inheritance and gift tax).

Taxation of Holders of Warrants Not Tax Resident in Germany

The capital gains from the disposition of the Warrants realized by a non-German tax resident holder of the Warrants would not be treated as German source income and not be subject to German income tax provided that (i) such non-German resident holder does not maintain a permanent establishment or other taxable presence in Germany that the Warrants form part of and (ii) the income does not otherwise constitute German-source income (such as income from the letting and leasing of certain German-situs property or income from certain capital investments directly or indirectly secured by German-situs real estate). If either requirement (i) or (ii) above is not met, a non-German tax resident holder will be subject to German taxation on the aforementioned capital gains corresponding to the taxation of holders of Warrants tax resident in Germany holding the Warrants as business assets, as set out below.

In this case, non-German resident holders of the Warrants are, in general, exempt from German withholding tax on capital gains. However, if capital gains derived from the Warrants are paid out or credited to the holder of the Warrants by a German Disbursing Agent, withholding tax may be levied under certain circumstances both in the case of business and non-business holders of Warrants. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty, depending on the individual circumstances of the holder.

Taxation of Holders of Warrants Tax Resident in Germany

General treatment of Capital Gains

The capital gains from the disposition (i.e., the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) or (if applicable pursuant to the warrant agreement underlying the Warrants) a cash settlement (i.e., the cash amount received minus directly related costs and expenses, e.g., the acquisition costs) of the Warrants received by a German resident holder of Warrants holding the Warrants as private assets will be subject to German withholding tax if the Warrants are kept or administered in a custodial account with a German Disbursing Agent. The tax rate is 25% (plus a 5.5% solidarity surcharge thereon, resulting in an aggregate rate of 26.375%; plus church tax, if applicable). For individual holders who are subject to church tax, the church tax generally has to be withheld by the German Disbursing Agent based on an automatic data access procedure, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office.

In the case the Warrants have not been kept or administered in a custodial account with the same German Disbursing Agent since the time of their acquisition, the withholding tax rate will be applied to 30% of the (disposal) proceeds (the so called "Lump Sum Substitute Basis"), unless the current German Disbursing Agent has been notified of the actual acquisition costs of the Warrants by the previous German Disbursing Agent or by a statement of a bank or financial services institution from another member state of the European Union or the European Economic Area or from certain other countries (e.g., Switzerland or Andorra).

In the event of delivery of Ordinary Shares upon exercise of the Warrants, the tax consequences are not entirely clear under German tax law. In principle, the acquisition costs of the Warrants plus any additional sum paid upon exercise should be regarded as acquisition costs of the Ordinary Shares received upon physical settlement. Consequently, and subject to the following, no capital gain and no withholding tax may result from such exercise and delivery of Ordinary Shares upon exercise. Withholding tax may in this case only apply to any gain resulting later from the subsequent disposal, redemption or assignment of the Ordinary Shares received under certain circumstances.

Please note, however, that the German tax authorities have not confirmed the above treatment for the exercise of U.S. warrants, but only for the exercise of convertible bonds (*Wandelschuldverschreibungen, Optionsscheine*), wherefore, uncertainty remains regarding its application on the exercise of the Warrants. Therefore, there is a relevant risk that the delivery of Ordinary Shares upon exercise of the Warrants may constitute a taxable event and may attract withholding tax (as regards the latter, in the case a German Disbursing Agent is involved as per the above). Generally, capital gains are determined as the difference between (a) the proceeds of the sale or other disposition and (b) the acquisition costs plus the expenses directly connected to the sale or other disposition. It is unclear how exactly such capital gain would have to be determined in the case of delivery of Ordinary Shares upon exercise of the Warrants; possibly, the fair market value of the Ordinary Shares at the time of the exercise would be deemed relevant.

In computing any German tax to be withheld, the German Disbursing Agent generally deducts from the basis of the withholding tax, subject to certain limitations, negative investment income realized by a non- business holder of the Warrants via the German Disbursing Agent (e.g., losses from the sale of other securities with the exception of shares). The German Disbursing Agent also deducts accrued interest on other securities (if any) paid separately upon the acquisition of the respective security by a non-business holder of Warrants via the German Disbursing Agent. In addition, subject to certain requirements and restrictions, the German Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by a non-business holder of Warrants in the custodial account with the German Disbursing Agent.

Non-business holders of the Warrants are entitled to an annual saver's allowance of €1,000 for an individual or €2,000 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) assessed jointly for all investment income received in a given year. Upon the non-business holder of the Warrants filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld.

No withholding tax will be deducted if the holder of the Warrants has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office. The deduction of expenses related to the investment income (including gains with respect to the Warrants) is generally not possible for private investors.

German withholding tax should not apply to gains from the disposal, redemption, repayment or assignment of Warrants held by a German tax resident corporation. The same may apply to sole proprietors or partners of partnerships, where the Warrants form part of a trade or business or are related to income from letting and leasing of property, subject to further requirements being met (compare with "— Corporations, Sole Proprietors and Partnerships" below). Please note that for corporations, sole-proprietors or partnerships that or who are not tax resident in Germany, withholding tax may be levied, as set out above (compare with "— Taxation of Holders of Warrants Not Tax Resident in Germany").

Individuals as the Holders of the Warrants

The personal income tax liability of a holder of the Warrants holding the Warrants as private assets deriving income from capital investments under the Warrants is, in principle, settled by the tax withheld (unless for example the income from Warrants qualifies as income from the letting and leasing of property). To the extent withholding tax has not been levied, such as in the case of Warrants kept in custody abroad or if no German Disbursing Agent is involved in the payment process, the non-business holder of Warrants must report his or her income and capital gains derived from the Warrants (through disposition or cash settlement, if applicable pursuant to the warrant agreement underlying the Warrants) on his or her tax return and then will also be taxed at a rate of 25% (plus a solidarity surcharge of 5.5% thereon, resulting in an aggregate rate of 26.375%; and church tax, if applicable).

In the event of delivery of Ordinary Shares upon exercise of the Warrants, the tax consequences are not entirely clear under German tax law. As per the above, there is a relevant risk that the delivery of Ordinary Shares upon exercise of the Warrants may constitute a taxable event and may attract withholding tax (as regards the latter, in the case a German Disbursing Agent is involved as per the above). Generally, capital gains are determined as the difference between (a) the proceeds of the sale or other disposition and (b) the acquisition costs plus the expenses directly connected to the sale or other disposition. It is unclear how exactly such capital gains would have to be determined in the case of delivery of Ordinary Shares upon exercise of the Warrants; possibly, the fair market value of the Ordinary Shares at the time of the exercise would be deemed relevant. For more detail, cf. above under the general comments.

If the withholding tax has been calculated on the basis of a Lump Sum Substitute Basis, a non-business holder of the Warrants may and in the case the actual gain is higher than 30% of the proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, a non-business holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

With regard to non-business holders of Warrants, there is a relevant risk that such losses may only be applied against profits from income from capital investments (including but not limited to profits from other warrants) derived in the same or, subject to certain limitations, in subsequent years.

Corporations, Sole Proprietors and Partnerships

Where Warrants form part of a trade or business, the withholding tax, if any, will not settle the personal or corporate income tax liability. The respective holder of Warrants (or the partner of the partnership holding the Warrants) will have to report income and related (business) expenses resulting from the disposition or (if applicable) cash settlement of the Warrants or, potentially, from a delivery of Ordinary Shares on the tax return and the balance will be taxed at the holder's (or the partner of the partnership holding the Warrants) applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the holder (or the partner of the partnership holding the Warrants). Capital gains resulting from a disposal, redemption, repayment, assignment, cash settlement (if applicable) or, potentially, from a delivery of Ordinary Shares upon exercise of the Warrants may also be subject to German trade tax, if the Warrants form part of a German trade or business. A corporate income tax or trade tax exemption should, in this case, not be applicable.

Losses can be carried forward indefinitely and, within certain limitations, applied against profits from income from capital investments (including but not limited to profits from other warrants) in subsequent years.

In the case of physical settlement of the Warrants, please see the above sections on disposal of Ordinary Shares for German taxation of the disposal or other transaction involving a resulting Ordinary Share.

Solidarity Surcharge

The solidarity surcharge has been partially abolished or reduced as of the assessment period 2021 for certain German taxpayers. The solidarity surcharge continues, however, to apply for corporate income tax and capital investment income and, thus, on withholding taxes levied. In the case the individual income tax burden for an individual holder is lower than 25%, the holder can apply for his or her capital investment income being assessed at his or her individual tariff-based income tax rate, in which case solidarity surcharge should be refunded.

Inheritance and Gift Tax

The transfer of Ordinary Shares or Warrants to another person by way of succession or donation is subject to German inheritance and gift tax (*Erbschaft-und Schenkungsteuer*) if at the time of transfer:

(i) the decedent, the donor, the heir, the donee or any other beneficiary has his/her/its residence, domicile, registered office or place of management in Germany, or is a German citizen who has not stayed abroad for more than five consecutive years without having a residence in Germany; or

(ii) (irrespective of the personal circumstances) the Ordinary Shares or Warrants are held by the decedent or donor as business assets for which a permanent establishment in Germany is maintained or a permanent representative is appointed in Germany; or

(iii) (irrespective of the personal circumstances) at least 10% of the registered share capital of SCHMID is held directly or indirectly by the decedent or person making the gift, himself or together with a related party in terms of Section 1 (2) German Foreign Tax Act (*Außensteuergesetz*).

Special regulations apply to German citizens who maintain neither a residence nor their domicile in Germany but maintain a residence or domicile in a low tax jurisdiction and to former German citizens, also resulting in inheritance and gift tax. The few tax treaties on inheritance and gift tax that Germany has entered into may limit the German right to inheritance and gift tax to the case described under (i) above and, with certain restrictions, in case of (ii).

Value Added Tax (VAT)

No German value added tax (*Umsatzsteuer*) will arise in respect of any acquisition, ownership and/or disposal of the Ordinary Shares or Warrants unless in certain cases where a waiver of an applicable VAT exemption occurs. Any such waiver would require a supply of securities from one entrepreneur for VAT purposes to the enterprise of another entrepreneur for VAT purposes.

Transfer Taxes

No German capital transfer tax (*Kapitalverkehrsteuer*) or stamp duty (*Stempelgebühr*) or similar taxes are levied when acquiring, owning or disposing the Ordinary Shares or Warrants. Net wealth tax (*Vermögensteuer*) is currently not levied in Germany. German real estate transfer tax (*Grunderwerbsteuer*) may only be attracted by the acquisition (including by way of exercise of Warrants) or sale of Ordinary Shares or certain comparable transactions under very specific circumstances if SCHMID, or a subsidiary entity to SCHMID, own German situs real estate at such time, with "ownership" and "real estate" both having an extended meaning under the German Real Estate Transfer Tax Act (*Grunderwerbsteuergesetz*). Exemptions apply in specific cases of exchange traded shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable

H. Documents on Display

We are subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers and under those requirements will file reports with the SEC. Those reports may be inspected without charge at the locations described below. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. Nevertheless, we will file with the SEC an Annual Report on Form 20-F containing financial statements that have been examined and reported on, with and opinion expressed by an independent registered public accounting firm.

We maintain a corporate website at www.schmid-group.com. We intend to post our Annual Report on our website promptly following it being filed with the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report. We have included our website address in this Annual Report solely as an inactive textual reference.

The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants, such as us, that file electronically with the SEC. With respect to references made in this Annual Report to any contract or other document of our company, such references are not necessarily complete, and you should refer to the exhibits attached or incorporated by reference to this Annual Report for copies of the actual contract or document.

I. Subsidiary Information.

Not applicable.

J. Annual Report to Security Holders

If we are required to provide an annual report to security holders in response to the requirements of Form 6-K, we will submit the annual report to security holders in electronic format in accordance with the EDGAR Filer Manual.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks that may result in changes of foreign currency exchange rates and interest rates, as well as the overall change in economic conditions in the countries where we conduct business.

For more information about financial risks we are exposed to, refer to our audited consolidated financial statements included elsewhere in this Annual Report.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

See Exhibit 2.1 "*Description of Securities*."

B. Warrants and Rights

See Exhibit 2.1 "*Description of Securities*."

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

2024 20-F filing delinquency

The Company did not file its annual report on Form 20-F for the fiscal year ended December 31, 2024 by the prescribed due date of April 30, 2025. The Company filed a Form 12b-25 (Notification of Late Filing) but was unable to file its 2024 20-F in the late filing period. The Company published the reasons for the delay in filing which were (i) the complexity of accounting associated with the April 30, 2024 de-SPAC transaction, including the determination of IFRS 2 fair value-based charges, (ii) documentation and valuation work for a Turkish joint venture executed on December 31, 2024 that were required for fiscal-year 2024 accounting, and (iii) the need to complete financing and creditor arrangements, including with XJ Harbour HK Limited and other stakeholders, to support a going-concern basis for the 2024 financial statements.

On May 21, 2025, the Company furnished a report on Form 6-K disclosing receipt of a Nasdaq notice regarding non-compliance with Nasdaq Listing Rule 5250(c)(1) due to this delayed filing of its 2024 Form 20-F; under Nasdaq procedures, the Company was permitted to submit a plan to regain compliance, which it did and received an extension to November 11, 2025 to file.

The Company did not file its Form 20-F within the extension period up to November 11, 2025, and on November 17, 2025, the Company furnished a Form 6-K reporting that Nasdaq staff had issued a determination to delist the Company's securities for failure to satisfy the filing requirement- SCHMID appealed the decision and was granted a stay pending a decision of the Nasdaq Hearings Panel. In that same period, the Company disclosed liability-to-equity transactions with XJ Harbour HK Limited and SCHMID AVACO Korea, as well as a waiver by the Company's majority shareholders of €5 million in related party indebtedness, all of which formed part of the financing and creditor arrangements. The Company submitted a hearing request to Nasdaq on November 19, 2025.

On December 17, 2025, the Company furnished a Form 6-K reporting (i) unaudited financial information for the six months ended June 30, 2025 and an update to fiscal year 2025 guidance, (ii) a two tranche secured term loan facility of up to €10 million, and (iii) a €200,000 related party loan, and also announced the appointment of an incoming chief financial officer effective January 1, 2026, Arthur Schütz. On December 19, 2025, the Company submitted a written compliance plan to the Nasdaq Hearings Panel describing the steps remaining to complete the audit and file the 2024 Form 20-F. A hearing before the Nasdaq Hearings Panel was held January 8, 2026.

Subsequent to the hearing, on January 8, 2026, the Company furnished a Form 6-K reporting entry into a US$30 million convertible notes financing and confirming completion of the XJ share issuance on January 21, 2026. In the same filing, the Company also stated it does not intend to draw the remaining €7.5 million under the December 2025 term-loan facility in light of the new financing. The Company received an extension from Nasdaq to regain compliance, i.e. file its 20-F, until April 30, 2026, on January 22, 2026.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. Not applicable.

B. Not applicable.

C. Not applicable.

D. Not applicable.

E. Not applicable

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, management, including our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures. Our chief executive officer and our chief financial officer have concluded that, as of December 31, 2024, our disclosure controls and procedures were ineffective, as in 2025 the Company became delinquent in filing its annual report on Form 20-F relating to fiscal year 2024, due to unresolved accounting and liquidity issues it faced. See "*Item 4. History and Development of the Company*".

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitations, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosures.

B. Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Based on this assessment, management concluded that, as of December 31, 2024, our internal control over financial reporting was ineffective based on criteria established in the COSO 2013 framework. Though the Company took steps to remediate existing material weaknesses in its internal controls in 2024, two material weaknesses were again identified for the year ended December 31, 2024.

One weakness related to the number of employees in the accounting and financial reporting teams with IFRS and SEC expertise and one weakness related to the shortcomings in design and implementation of effective controls over certain general information technology controls for IT systems. The remediation steps taken included intensive additional training for Company employees in the area of IFRS. The Company continues to seek advice from external experts for special topics that go beyond our day-to-day business. We consider this approach to be appropriate for a company of our size. In the area of IT controls, we have closely examined the security of our IT systems and closed previously identified vulnerabilities. Employee threat awareness was improved with relevant training. The authorization concept was completely revised. The Company has hired external IT security firms to conduct simulated phishing and spam attack exercises as part of our cybersecurity program. In addition to internal control measures, the network and critical systems are continuously monitored by experienced security experts using AI applications checking for unusual activity, achieving an increased level of security.

C. Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting as such report is not required for emerging growth companies. Our independent registered public accounting firm will not be required to opine on the effectiveness of our internal control over financial reporting until we are no longer an emerging growth company.

D. Change in Internal Control Over Financial Reporting

There were a number of remediation steps taken and changes made in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2024, relating to the material weaknesses identified, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. See "*Item 15.B Management's Annual Report on Internal Control Over Financial Reporting*" for details.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Dr. Annedore Streyl fulfills the requirements for a financial expert on the audit committee. She is a fully qualified lawyer and is admitted to the bar in Germany. She has worked as an attorney at Freshfields Bruckhaus Deringer in Berlin in Corporate/M&A between 1993 and 2017, was named partner there in 1998, and also served as Managing Director of the Berlin office. Between 2017 and 2023, Dr. Streyl was a partner at Ernst & Young Law GmbH in Berlin, where she led the M&A practice in Germany. She also served as a member of the management board and General Counsel of Ernst & Young GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, between 2020 and 2024, where she managed the investigation of the Wirecard case.

ITEM 16B. CODE OF ETHICS

We have adopted a code of conduct that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The code of business conduct is available on our website. We intend to disclose any amendment, as described in Item 16B(d), to the code or any waivers of its requirements, as described in Item 16B(e), on our website (www.schmid-group.com).

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Principal Accounting Fees and Services

KPMG AG Wirtschaftsprüfungsgesellschaft, was our auditor for the year ended December 31, 2024. The following table sets forth the aggregate fees by the categories specified below in connection with certain professional services rendered. We did not pay any other fees to our auditor during the periods indicated below.

	For the Year ended December 31, 2023[1] *in € thousands*	For the Year ended December 31, 2024[1] *in € thousands*
Audit Fees	1,300	1,750
Total Fees	**1,300**	**1,750**

[1] The audit fees related to fiscal year 2024 and 2023 include fees billed and estimated for services related to the audit of financial statements of the relevant year, while such services may have occurred and been billed at a later date.

Audit fees include fees billed for professional services rendered for audits of our annual consolidated financial statements, reviews of consolidated quarterly information, statutory audit of the Company and our subsidiaries, review of our securities offering documents in relation to the Business Combination, and IPO follow-on transactions such as the review of this Annual Report.

Audit-related fees include fees billed for assurance and related services that generally only the independent accountant can reasonably provide.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a "foreign private issuer," as defined by the SEC, we are permitted to follow home country corporate governance practices, instead of certain corporate governance standards required by Nasdaq for U.S. companies. Accordingly, we follow Dutch corporate governance rules in lieu of certain of Nasdaq's corporate governance requirements. The DCGC applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere. The DCGC is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their Dutch annual reports whether or not they are complying with the various rules of the DCGC that are addressed to the board of directors or, if any, the supervisory board of a listed company and, if a company does not apply those provisions, to provide the reasons for such non-application. The DCGC contains principles and best practice provisions for managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company plans to apply the following Dutch corporate governance rules in lieu of the Nasdaq's corporate governance requirements:

- The Company does not intend to follow NASDAQ Stock Market Listing Rule 5620(c), which requires that for any meeting of shareholders, the quorum must be no less than one-third of the outstanding Ordinary Shares. Instead, the Company will not require any quorum for their shareholders' meetings, except as provided for by Dutch law in relation to decisions regarding certain matters.

- The Company does not intend to follow NASDAQ Stock Market Listing Rule 5620(b), which requires the solicitation of proxies, the provision of proxy statements for all meetings of the shareholders of the Company and the submission of such proxy solicitations to NASDAQ. Instead, the Company will be provided with a meeting agenda and the relevant documents to be discussed at the general meeting of shareholders, but a solicitation of proxies and the provision of a proxy statement will not be required.

- The Company does not intend to follow NASDAQ Stock Market Listing Rule 5635(d), which requires shareholder approval when a company proposes entering into any transaction, other than a public offering, involving the sale, issuance or potential issuance of the company's shares (or securities convertible into or exercisable for such shares) equal to 20% or more of the outstanding share capital of such company or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of such shares. Dutch law has no such equivalent limitation, and shareholders have the power to issue shares or rights to subscribe for shares at a company's general meeting of shareholders unless such power has been delegated to the board of directors. Accordingly, additional shareholder approval is not required for any share issuance made within the parameters delegated to the board of directors.

- The Company does not intend to follow NASDAQ Stock Market Listing Rule 5605(b)(2), which requires that independent directors regularly meet in executive sessions where only independent directors are present. Instead, the Company's independent directors may choose to meet in executive sessions at their discretion.

- The Company does not intend to follow NASDAQ Stock Market Listing Rule 5605(d)(2), which requires that a compensation committee be composed of at least two members who are each independent, and if the committee is comprised of at least three members one director may be appointed who is not an executive officer or employee or a family member of an executive officer. Instead, the Company intends to comply with the recommendations of the Dutch Corporate Governance Code, which requires that all members of the compensation committee be non-executive directors and more than half be independent.

- The Company does not intend to follow NASDAQ Stock Market Listing Rule 5605(e)(1), which requires that a nominations committee be comprised solely of independent directors, as Dutch law has no such requirement.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

The Company has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of the registrant's securities by directors, senior management, and employees. They are designed to promote compliance with applicable insider trading laws, rules and regulations. The insider trading policy has been filed as an exhibit hereto.

ITEM 16K. CYBERSECURITY

Risk management and strategy

Our approach to risk management is designed to identify, assess, prioritize and manage major risk exposures that could affect our ability to execute our corporate strategy and fulfill our business objectives.

We perform risk assessments and prioritize information security risks identified through the processes described below, including risks associated with our use of third-party service providers. We view information security risks as one of the key risk categories we face. We are at risk for interruptions, outages and breaches of the following systems, which are either owned by us or operated by our third-party vendors or suppliers: (a) operational systems, including business, financial, accounting, enterprise resource, product development, data processing or production processes; (b) facility security systems; (c) personal data of customers, employees, suppliers, or others; or (d) our digital software. As of the date of this Annual Report we are not aware of any information security threats that have or are reasonably likely to affect our business strategy, results of operations or financial condition and provide regular security awareness information for all employees and enhanced training for information security and other specialized personnel.

Our processes for preventing, identifying, assessing and managing information security risks and vulnerabilities are embedded across our business. Among other things, we: (a) review our software and technology to ensure that our security capabilities are up to standard and protect SCHMID's information technology; (b) review information security threat information published by government entities and other organizations in which we participate; and (c) engage third-party service providers to identify vulnerabilities and threats in our information technology environment, to enhance our security capabilities and protect our information technology and (d) adopt third-party tools for detecting and monitoring threats in our environment. We use the findings from these and other processes to improve our information security practices, procedures and technologies.

Governance

The audit committee, which was formed as of April 30, 2024, is responsible for oversight of cybersecurity risks and preparing decision making for the wider board of directors. Information and reports concerning any significant cybersecurity threats and risk and the processes we have implemented to address them is received from the management board, which addresses and heads our cybersecurity risk management as part of its general oversight function. The audit committee will also receive various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including the Chief Financial Officer and the Chief Executive Officer. The company management is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel.

PART III.

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to "*Item 18 Financial Statements*".

ITEM 18. FINANCIAL STATEMENTS

Financial statements are filed as part of this Annual Report beginning on page F-1.

ITEM 19. EXHIBITS.

Exhibit Number	Description
1.1	Articles of Association of SCHMID Group N.V. as of April 30, 2024. (incorporated by reference to Exhibit 1.1 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 15, 2024).
2.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. (incorporated by reference to Exhibit 2.1 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 15, 2024).
2.2	Warrant Agreement dated October 21, 2021 (incorporated by reference of Pegasus Digital Mobility Acquisition Corp.'s Current Report (File No. 001-40945) on Form 8-K filed with the SEC on October 26, 2021).
2.3	Warrant Assignment, Assumption and Amendment Agreement between Continental Stock Transfer & Trust Company, SCHMID Group N.V. and Pegasus Digital Mobility Acquisition Corp. (incorporated by reference to Exhibit 2.3 to the Registrant's Annual Report on Form 20-F, filed with the SEC on May 15, 2024).
4.1	Business Combination Agreement, dated as of May 31, 2023, by and among Pegasus Digital Mobility Acquisition Corp., Gebr. Schmid GmbH, Pegasus TopCo B.V. (future SCHMID Group N.V.), and Pegasus MergerSub Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.2	First Amendment to Business Combination Agreement, dated as of September 26, 2023 (incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.3	Second Amendment to Business Combination Agreement, dated as of January 29, 2024 (incorporated by reference to Exhibit 2.4 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.4	Earn-out Agreement by and among TopCo, Pegasus and Anette Schmid and Christian Schmid dated January 29, 2024 (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.5	Registration Rights Agreement by and among SCHMID Group N.V., Pegasus Digital Mobility Acquisition Corp., Pegasus Digital Mobility Sponsor LLC, Christian Schmid, and Anette Schmid, dated as of April 30, 2024. (incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 20-F, filed with the SEC on May 15, 2024).
4.6	Private Warrants Transfer Agreement by and among Pegasus Digital Mobility Sponsor LLC, Christian Schmid, and Anette Schmid, dated as of January 29, 2024 (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.7	Warranty Agreement dated April 29, 2024 by and among Pegasus Digital Mobility Acquisition Corp., Gebr. Schmid GmbH, Pegasus TopCo B.V., Pegasus MergerSub Corp. and Validus/StratCap LLC. (incorporated by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 20-F, filed with the SEC on May 15, 2024).
4.8	Shareholders' Undertaking, dated as of May 31, 2023, by and among Pegasus Digital Mobility Acquisition Corp., Anette Schmid, and Christian Schmid (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.9	First Amendment to the Shareholders' Undertaking dated January 29, 2024 (incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.10	Private Warrants Undertaking Agreement dated as of January 29, 2024, by and among Pegasus Digital Mobility Acquisition Corp., Pegasus Digital Mobility Sponsor LLC, Gebr. Schmid GmbH, Anette Schmid, and Christian Schmid among others (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).
4.11	Company Lock Up Agreement, dated May 31, 2023, by and among Pegasus TopCo B.V., Pegasus Digital Mobility Acquisition Corp., Gebr. Schmid GmbH, and Christian and Anette Schmid (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).

Exhibit Number	Description
4.12	Sponsor non-redemption and investment agreement dated April 26, 2024, by and among Pegasus Digital Mobility Sponsor LLC, Pegasus TopCo B.V. and Pegasus Digital Mobilitiy Acquisition Corp. (incorporated by reference to Exhibit 4.12 to the Registrant's Annual Report on Form 20-F, filed with the SEC on May 15, 2024).
4.13	Subscription Agreement between the Company and XJ Harbour dated November 12, 2025 (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 6-K, furnished to the SEC on November 17, 2025).
4.14	Set-off Agreement between the Company and XJ Harbour dated November 12, 2025 (incorporated by reference to Exhibit 10.2 to the Registrant's Report on Form 6-K, furnished to the SEC on November 17, 2025).
4.15	Subscription Agreement between the Company and Schmid Avaco Korea dated November 3, 2025 (incorporated by reference to Exhibit 10.3 to the Registrant's Report on Form 6-K, furnished to the SEC on November 17, 2025).
4.16	Set-off Agreement between the Company and Schmid Avaco Korea dated November 3, 2025 (incorporated by reference to Exhibit 10.4 to the Registrant's Report on Form 6-K, furnished to the SEC on November 17, 2025).
4.17	Term Loan Facility Agreement between the Company and Black Forest Special Situations I dated December 16, 2025 (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 6-K, furnished to the SEC on December 17, 2025).
4.18	Investment Agreement related to Convertible Notes of the Company dated January 18, 2026 (incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 6-K, furnished to the SEC on January 21, 2026).
4.19	First Amendment to the Investment Agreement related to Convertible Notes of the Company dated January 20, 2026
4.20	Indenture related to Convertible Notes of the Company dated January 21, 2026
4.21	Ordinary Share Purchase Warrant issued by the Company to Linden dated January 21, 2026
4.22	Ordinary Share Purchase Warrant issued by the Company to Crown dated January 21, 2026
4.23	Ordinary Share Purchase Warrant issued by the Company to PCH dated January 21, 2026
4.24	Registration Rights Agreement related to Convertible Notes of the Company dated January 21, 2026
4.25	Subordination Agreement related to Convertible Notes of the Company dated January 21, 2026
4.26	144a Global Note of the Convertible Note issued by the Company dated January 21, 2026
4.27	Reg S Global Note of the Convertible Note issued by the Company dated January 21, 2026
4.28	Options Agreement between the Company and Black Forest Special Situations I dated January 27, 2026
8.1	List of Subsidiaries of SCHMID Group N.V.
11.1	Code of Conduct of SCHMID Group N.V. (incorporated by reference to Exhibit 11.1 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 15, 2024).
11.2	Insider Trading Policy of SCHMID Group N.V. (incorporated by reference to Exhibit 11.2 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 15, 2024).
12.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
12.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
12.3	Certification of Principal Officers pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Clawback Policy of SCHMID Group N.V. (incorporated by reference to Exhibit 97.1 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 15, 2024).

Exhibit Number	Description
101	The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2024, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2022, 2023 and 2024; (ii) Consolidated Statements of Operations for the years ended December 31, 2022, 2023 and 2024; (iii) Consolidated Statements of Comprehensive Loss for the years ended December 31, 2022, 2023 and 2024; (iv) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2022, 2023 and 2024; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2023 and 2024; and (vi) Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline eXtensible Business Reporting Language (iXBRL) and contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 13, 2026

SCHMID Group N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

SCHMID Group N.V.

Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Schmid Group N.V:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Schmid Group N.V. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of profit or loss and other comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has experienced declines in order intake and sales and is facing other material uncertainties related to the timing of obtaining funding on existing loan arrangements which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG AG Wirtschaftsprüfungsgesellschaft

We have served as the Company's auditor since 2023.

Stuttgart, Germany
February 13, 2026

SCHMID – Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss) for the years ended December 31, 2024, 2023 and 2022

in € thousand, except share data	Note	2024	2023	2022
Revenue	7	60,836	90,246	95,058
Cost of sales	7	(48,791)	(63,849)	(61,721)
Gross profit		**12,044**	**26,397**	**33,337**
Selling expenses	8	(12,895)	(12,577)	(11,369)
General administration expenses	9	(11,792)	(12,538)	(6,973)
Research and development	10	(3,974)	(5,148)	(4,818)
Other income	11	9,018	15,985	3,375
Other expenses	12	(2,564)	(2,620)	(2,988)
Listing expenses	13	(71,630)	—	—
(Impairment) / Reversal on impairment on financial assets	14	20	22,696	3,091
Operating profit (loss)		**(81,772)**	**32,195**	**13,654**
Finance income		1,888	19,685	5,758
Finance expenses		(5,712)	(10,091)	(17,746)
Financial result	**15**	**(3,824)**	**9,594**	**(11,988)**
Share of profit (loss) in from equity method	16	—	(1,057)	—
Income (loss) before income tax		**(85,596)**	**40,732**	**1,667**
Income tax benefit (expense)	17	1,492	(2,778)	1,924
Net income (loss) for the period		**(84,104)**	**37,954**	**3,591**
Other comprehensive income (loss) that may be reclassified to profit or loss		389	(1,625)	(503)
Exchange differences on translation of foreign business units		389	(1,625)	(503)
Items that will not be subsequently reclassified to profit or loss	27	(31)	18	213
Remeasurement of defined pension benefit obligation		(44)	25	300
Income tax on remeasurement of defined pension benefit obligation	31	13	(7)	(88)
Other comprehensive income (loss)		**358**	**(1,607)**	**(290)**
Total consolidated comprehensive income (loss) for the reporting period		**(83,746)**	**36,346**	**3,301**
Net income (loss) attributable to				
Owners of SCHMID		(84,111)	36,868	1,550
Non-controlling interests		7	1,086	2,041
Total consolidated comprehensive income (loss) attributable to				
Owners of SCHMID		(83,811)	35,669	1,456
Non-controlling interests		65	677	1,845
Earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the company:				
Basic and diluted earnings per share	18	(2.41)	1.28	0.05

The accompanying notes are an integral part of these consolidated financial statements

SCHMID – Consolidated Statements of Financial Position as of December 31, 2024 and 2023

in € thousand	Note	12/31/2024	12/31/2023
ASSETS			
Intangible assets	19	14,941	14,966
Property, plant and equipment including right-of-use assets	20	13,092	14,767
Financial assets	22	135	140
Equity method investments	34	1,448	—
Deferred tax assets	17	2,684	2,543
Non-current assets		**32,300**	**32,416**
Inventories	23	15,734	16,353
Trade receivables and other receivables	24	38,221	47,032
Other current assets	25	3,054	5,073
Cash and cash equivalents	26	3,791	5,710
Current assets		**60,800**	**74,166**
Total assets		**93,100**	**106,582**
EQUITY AND LIABILITIES			
Subscribed capital	27	431	23,004
Capital reserves	27	114,448	47,603
Other reserves	27	(175,991)	(95,805)
Equity attributable to owners of SCHMID	**27**	**(61,112)**	**(25,199)**
Non-controlling interest	28	668	7,358
Equity		**(60,444)**	**(17,841)**
Non-current financial liabilities	29	37,000	22,190
Provisions for pensions	30	978	894
Non-current provisions	30	345	237
Deferred tax liabilities	17	1,518	4,388
Non-current lease liability	21	8,233	9,371
Warrant liability	29	5,053	—
Non-current liabilities		**53,127**	**37,081**
Current financial liabilities	29	40,433	26,053
Current contract liabilities	7	11,284	17,931
Trade payables and other liabilities	32	28,179	25,899
Other current liabilities	33	17,513	13,113
Current lease liability	21	1,461	1,515
Current provisions	30	184	973
Income tax liabilities	17	1,364	1,858
Current liabilities		**100,417**	**87,343**
Total equity and liabilities		**93,100**	**106,582**

The accompanying notes are an integral part of these consolidated financial statements

SCHMID – Consolidated Statements of Changes in Equity for the years ended December 31, 2024, 2023 and 2022

in € thousand	Note	Subscribed capital	Capital reserves	Other reserves: Accumulated loss	Other reserves: Accumulated other comprehensive income (loss)	Other reserves: Other reserves	Equity attributable to owners of SCHMID N.V.	Non-controlling interest	Total Equity
1/1/2022		**—**	**69,080**	**(132,785)**	**(145)**	**—**	**(63,851)**	**4,836**	**(59,015)**
Income (loss) for the period		—	—	1,550	—	—	1,550	2,041	3,591
Other comprehensive income (loss)	26	—	—	—	(94)	—	(94)	(196)	(290)
Total comprehensive income (loss)		**—**	**—**	**1,550**	**(94)**	**—**	**1,456**	**1,845**	**3,301**
Transactions with shareholder		—	1,974	—	—	—	1,974	—	1,974
12/31/2022		**—**	**70,479**	**(131,235)**	**(239)**	**—**	**(60,996)**	**6,681**	**(54,315)**
Retrospective application of presentation of subscribed capital		23,004	(23,004)	—	—	—	—	—	—
01/01/2023, as adjusted		**23,004**	**47,475**	**(131,235)**	**(239)**	**—**	**(60,996)**	**6,681**	**(54,315)**
Income (loss) for the period		—	—	36,868	—	—	36,868	1,086	37,954
Other comprehensive income (loss)	26	—	—	—	(1,199)	—	(1,199)	(409)	(1,607)
Total comprehensive income (loss)		**—**	**—**	**36,868**	**(1,199)**	**—**	**35,669**	**677**	**36,346**
Transactions with shareholder		—	128	—	—	—	128	—	128
12/31/2023		**23,004**	**47,603**	**(94,367)**	**(1,438)**	**—**	**(25,198)**	**7,358**	**(17,841)**
Income (loss) for the period		—	—	(84,111)	—	—	(84,111)	7	(84,104)
Other comprehensive income (loss)	26	—	—	—	300	—	300	58	358
Total comprehensive income (loss)		**—**	**—**	**(84,111)**	**300**	**—**	**(83,811)**	**65**	**(83,746)**
Minority interest reduction - SCHMID Technology (Guangdong) Co., Ltd. (STG)	27	—	—	—	—	—	—	(6,755)	(6,755)
Reorganization - Share based payment transaction	3	(22,573)	67,146	—	—	3,625	48,198	—	48,198
Transactions with shareholder		—	(301)	—	—	—	(301)	—	(301)
12/31/2024		**431**	**114,448**	**(178,478)**	**(1,138)**	**3,625**	**(61,112)**	**668**	**(60,444)**

The accompanying notes are an integral part of these consolidated financial statements

SCHMID – Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022

in € thousand	2024	2023	2022
Net income (loss) from continued operations	(84,104)	37,954	3,591
Adjustments to reconcile consolidated net profit (loss) to net cash			
Income tax expense (benefit)	(1,492)	2,778	(1,924)
Financial result	3,824	(8,537)	11,988
Depreciation and amortization	7,923	6,904	6,283
Net losses / (net gain) from the disposal of intangibles and PP&E	(133)	(602)	228
Reversal of impairments of financial assets, net	(20)	(22,696)	(3,091)
Other non-cash expenses	(1,432)	182	370
Listing expense	71,631	—	—
Working capital adjustments:			
Changes in trade and other receivables	(3,580)	(6,729)	(16,610)
Changes in inventories	619	8,244	(5,821)
Change in working capital liabilities	5,086	(6,823)	5,674
Change in provisions	(598)	382	(408)
Taxes paid	(302)	(1,161)	—
Cash provided by (used in) operating activities	**(2,578)**	**9,897**	**280**
Purchases of intangible assets and property, plant and equipment	(5,111)	(6,907)	(4,616)
Receipts from sale and leaseback transaction	—	8,926	—
Investments in financial assets	(4)	—	—
Payment for loan to shareholder	—	—	(2,552)
Repayment of loan to shareholder	—	70,000	—
Proceeds from Disposal of a subsidiary	1,000	—	—
Interest received	61	—	—
Cash used in investing activities	**(4,054)**	**72,019**	**(7,168)**
Proceeds from debt financing	3,145	—	4,100
Payments for debt financing	(264)	(81,871)	(5,880)
Proceeds from Business Combination	14,443	—	—
Proceeds from shareholder loans	—	—	795
Payment of lease liabilities	(2,184)	(819)	(609)
Interest paid	(212)	(1,941)	(1,708)
Change in restricted cash	(30)	917	137
Transaction with (minority) shareholder	(10,939)	—	—
Cash (used in) provided by financing activities	**3,959**	**(83,714)**	**(3,165)**
Net increase (decrease) in cash and cash equivalents	**(2,673)**	**(1,798)**	**(10,055)**
Effect of foreign exchange rate changes on cash and cash equivalents	755	(824)	—
Cash and cash equivalents at the beginning of the period	**5,710**	**8,332**	**18,384**
Cash and cash equivalents at the end of the period	**3,791**	**5,710**	**8,332**

The accompanying notes are an integral part of these consolidated financial statements

1. BUSINESS DESCRIPTION

SCHMID Group N.V. ("SCHMID N.V.") together with its subsidiary, Gebr. SCHMID GmbH ("SCHMID GmbH") and its subsidiaries ("the Company" or "SCHMID") is a global supplier of equipment and services for various industries such as printed circuit boards ("PCB"), substrate manufacturing, photovoltaics, and glass and energy storage with a focus on the highest end of this market in terms of technology and performance including automation, wet processes (horizontal, vertical and single panel) and vacuum processes. This includes developing production techniques and building machines as well as extensive work with customers on development projects. SCHMID is also providing customer service through which customers are assisted with upgrades, spare parts, logistics, customer training in multiple languages, on-site management, maintenance contracts and project management.

SCHMID Group N.V. is registered under the Dutch trade register number 89188276. The address of the registered office is Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany. SCHMID located in Freudenstadt, Germany, was founded in 1864. SCHMID employs over 700 employees worldwide. Manufacturing sites are located in Germany and China. SCHMID products are distributed worldwide by the Company directly and by external trading partners. The customers of SCHMID include well-known companies from the hardware and software technology sector, the electronics industry and the photovoltaic industry, which are located worldwide.

Research and development is a crucial factor for SCHMID's business success. The majority of research work and the development of SCHMID technologies are conducted in Freudenstadt.

2. BASIS OF PRESENTATION

The financial statements as of and for the years ended December 31, 2024 and 2023 have been prepared on a consolidated basis.

These consolidated financial statements have been prepared on a going concern basis in conformity with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB").

The legal entities which comprise the consolidated financial statements and its investments in joint ventures accounted for using the equity method are as follows:

Name	Country of incorporation	Ownership Interest 12/31/2024	Ownership Interest 12/31/2023
SCHMID Group N.V.	Netherlands	— %	— %
Gebr. SCHMID GmbH	Germany	100 %	— %
SCHMID Systems, Inc.	USA	100 %	100 %
SCHMID Singapore Pte. Ltd.	Singapore	90 %	90 %
SCHMID Korea Co., Ltd	South Korea	100 %	100 %
SCHMID Asia Ltd.	Hong Kong	100 %	100 %
SCHMID Technology Guangdong Co., Ltd.	China	100 %	76 %
SCHMID China Ltd.	Hong Kong	100 %	100 %
SCHMID Shenzhen Ltd.	China	100 %	100 %
SCHMID (Kunshan) Co., Ltd.	China	100 %	100 %
SCHMID Taiwan Ltd.	Taiwan	86 %	86 %
SCHMID Automation (Zhuhai) Co., Ltd.	China	100 %	100 %
SCHMID Solar (Shenzhen) Ltd.	China	100 %	100 %
SCHMID Trading (Zhongshan) Co. Ltd.	China	100 %	100 %
Pegasus Digital Mobility Acquisition Corp.	Cayman Islands	100 %	— %
SCHMID Asia Pacific Sdn. Bhd	Malaysia	100 %	— %
Equity method investees			
Advanced Energy Storage Systems Investment Company (AES)	Saudi Arabia	— %	51 %
SCHMID Avaco Korea, Co. Ltd.	South Korea	50 %	50 %
SCHMID Energy Systems GmbH (SES)	Germany	49 %	— %

As of January 1, 2024, Gebr. SCHMID GmbH acquired the remaining shares in SES and disposed of the shares in AES. As a result, SES was a wholly owned subsidiary of Gebr. SCHMID GmbH during 2024. As of December 30, 2024 Gebr. SCHMID GmbH sold part of the shares in SES, resulting in the loss of control over SES. Accordingly, as of December 31, 2024, SES is accounted for using the equity method. For further details on both transactions see note 35. Equity method investments.

SCHMID presents its consolidated financial statements in Euros which is the Company's presentation currency. All amounts are presented in thousands of Euros ("€ thousand"), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The consolidated financial statements of SCHMID were authorized for issuance by the management board on January 31, 2026.

Intra-reporting entity transactions and balances

Intra-SCHMID balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-SCHMID transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of SCHMID's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign Currency

The consolidated financial statements are presented in Euro. The Company's foreign entities identified that the local currency is their functional currency and therefore the financial statements of these entities are translated to Euro using year-end exchange rates for assets and liabilities, and average exchange rates for income and expenses. Adjustments resulting from translating foreign functional currency financial statements into Euro are recorded as a separate component in the consolidated statements of comprehensive income.

Monetary assets and liabilities that are denominated in currencies other than the respective functional currencies are remeasured at the foreign currency rates as of the reporting date. Foreign currency transaction gains and losses from the remeasurement are included in other income and other expenses, as appropriate, in the consolidated statements of profit or loss for the period.

Going Concern

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. In assessing going concern, management considered the Group's liquidity, forecast cash flows and financing requirements for at least twelve months from the date these financial statements are authorized for issue and updated the assessment for events and circumstances occurring after the reporting date through the authorization date.

Events and conditions

During 2025, order intake and sales remained below expectations, resulting in negative operating results and cash flows. In addition, during the first three quarters of 2025 the Group was initially unable to generate significant cash inflows through equity or debt measures and, absent mitigating actions, may have been unable to meet certain near-term obligations, including a EUR 23.5 million payment related to the de-SPAC transaction.

Post reporting date measures

Subsequent to December 31, 2024, the Group implemented measures to strengthen liquidity and reduce near term obligations, including: (i) a €5 million shareholder debt waiver received in September 2025; (ii) a debt for equity set off with XJ Harbour HK Limited in November 2025; (iii) a secured two tranche term loan facility of up to €10 million, with €2.5 million disbursed on December 18, 2025; and (iv) in January 2026, the conclusion of an Investment Agreement for the issuance of USD 30.0 million senior convertible notes and warrants structured in two tranches of USD 15.0 million each. The first USD 15.0 million was funded in January 2026. The second USD 15.0 million tranche is to be funded upon the effectiveness of a registration statement covering the resale of the underlying shares (the Registration Statement).

Uncertainties

Management's going concern assessment is most sensitive to the following financing related uncertainties that could materially impact liquidity in the next twelve months:

- **Registration conditioned funding of the second USD 15.0 million tranche.** Under the Investment Agreement, the "Second Closing" (funding of the second USD 15.0 million tranche of notes and warrants) occurs on the second Trading Day after the Registration Statement Effective Date, i.e., the first date the SEC declares effective a registration statement covering the resale of all shares issuable upon conversion of the notes and exercise of the warrants. If the registration statement is not effective, the Group will not receive the second USD 15.0 million tranche.
- **Failure to achieve effectiveness by June 30, 2026 triggers mandatory cash payments.** If the Registration Statement is not declared effective by June 30, 2026, a mandatory redemption event occurs requiring the Company to pay USD 2.0 million in cash and USD 2.0 million per month thereafter until cured. Non-payment of any such amount constitutes a default that may lead to acceleration of all amounts outstanding under the notes.
- **Past due bridge note to Validus and ongoing dispute.** As of December 31, 2025, a USD 2.35 million promissory note issued to Validus matured on June 13, 2025, and remains unpaid; under the note, non-payment continuing for five business days is an event of default and default rate interest applies from the due date. The Company is in an ongoing legal dispute with Validus regarding this instrument. Adverse outcomes or enforcement actions could require immediate cash settlement and further constrain liquidity during the look forward period.

Management's plans and assumptions

Management's forecasts assume continued execution of the operating plan and that the Registration Statement becomes effective on a timeline that (i) permits funding of the second USD 15.0 million tranche and (ii) avoids the mandatory cash payments described above. The forecasts also reflect the effect of the other measures described above (e.g., shareholder waiver, debt for equity set off and term loan draw) and appropriately considers the status of the Validus matter.

Material uncertainty related to going concern

There is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Specifically: (a) if the Registration Statement is not declared effective, the Group will not receive the second USD 15.0 million tranche; (b) if the Registration Statement is not declared effective by June 30, 2026, the Group will be required to make USD 2.0 million cash payments (initially within 15 business days and then monthly) until cured, and failure to make such payments may result in acceleration of the notes; and (c) the degree to which the operating plan will ultimately be achieved.

Conclusion

Taking into account the measures implemented and the assumptions described above, management believes it will be able to fulfill the condition for obtaining the second USD 15 million tranche and meet its operating plan and concluded that the going concern basis of accounting remains appropriate in the preparation of these financial statements. These consolidated financial statements do not include any adjustments that might result if the Group were unable to continue as a going concern.

3. DE-SPAC

On May 31, 2023, Pegasus Digital Mobility Acquisition Corp., a Cayman Islands exempted company ("Pegasus"), SCHMID GmbH ("SCHMID GmbH"), SCHMID Group N.V. (formerly known as Pegasus TopCo B.V., "SCHMID Group N.V."), Pegasus MergerSub Corp., a Cayman Islands exempted company ("Merger Sub") entered into a Business Combination Agreement (the "Business Combination Agreement"), contemplating several transactions, and in connection with which, Pegasus would be merged with and into Merger Sub, with Merger Sub as the surviving company, SCHMID GmbH N.V. would be the ultimate parent company of SCHMID GmbH (altogether: "Business Combination").

SCHMID Group N.V. was incorporated for the purpose of holding Merger Sub and SCHMID GmbH following the consummation of the Business Combination which occurred on April 30, 2024. Ordinary shares and warrants issued by SCHMID Group N.V. are listed on the Nasdaq.

The merger of Pegasus constituted a transaction by SCHMID Group N.V., which is accounted for within the scope of IFRS 2 as a "reverse recapitalization".

As part of the transaction, former shareholders of Pegasus (public shareholders, sponsors and directors) received 7,843,501 shares of SCHMID Group N.V. and 17,000,000 warrants ("SCHMID Group N.V.Warrants") to purchase ordinary shares of SCHMID Group N.V. In exchange, SCHMID Group N.V. received the net assets held by Pegasus, which had a fair value of negative €3.5 million upon closing of the transaction on April 30, 2024. The net assets included €47.7 million of cash and cash equivalents held in Pegasus trust account, current liabilities of €10.6 million, warrant liabilities of €1.4 million and €2.3 million deferred underwriting commissions. Upon closing of the Pegasus Merger, Pegasus Warrants were converted into SCHMID Group N.V. Warrants.

In accordance with IFRS 2, the difference between (i) the fair value of the net assets contributed by Pegasus and (ii) the fair value of equity instruments issued to the former Pegasus shareholders was recognized as an expense. As a result, the Company recorded share listing expense of €71.6 million (see Note 13 Share listing expense).

The SCHMID Group N.V. Warrants entitle the holder to subscribe to SCHMID Group N.V.'s shares at a fixed (or determinable) exercise price for a specified period, subject to the terms of the warrant agreement. The SCHMID Group warrants include a cashless exercise feature that provides for settlement in a variable number of shares. Accordingly, the SCHMID Group N.V. Warrants do not meet the criteria for equity classification and are accounted for as financial liabilities measured at fair value through profit and loss, with changes in fair value recognized in profit or loss.

The Pegasus merger closed on April 30, 2024. Upon Closing, SCHMID Group N.V. became a publicly traded company on the Nasdaq under the ticker "SHMD". The SCHMID Group N.V. Warrants are traded under the ticker SHMDW. The Company incurred incremental transaction costs directly attributable to the issuance of shares to Pegasus shareholders of €4.6 million, which were recorded as a reduction from equity (in capital reserve).

4. MATERIAL ACCOUNTING POLICIES

Intangible assets

General

Intangible assets are measured at cost upon initial recognition. In subsequent periods, intangible assets are recognized at cost less any accumulated amortization and impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis. The estimated (remaining) useful lives as well as the amortization method are subject to annual reviews. If necessary, adjustments due to changes of the expected useful life or of the amortization method are accounted for prospectively as changes in accounting estimates. Amortization expenses for intangible assets are included in cost of sales.

Research and development (R&D) costs

In accordance with IAS 38 (Intangible Assets), expenses incurred during the R&D phase must be accounted for separately. Research is defined as original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Such costs are expensed in the period incurred. Development is defined as the technical and commercial implementation of research findings.

In accordance with IAS 38, development costs must be capitalized if the criteria set out in IAS 38.57 are fulfilled. The Company starts to capitalize costs when management board approval is obtained. The approval is only provided when it is ensured that adequate technical, financial and other resources are available to complete the project and that the Company intends to complete and use the intangible asset. Furthermore, prior to approval, the development project leader provides the management board with an overview of the future economic benefits based on external market studies and internal analysis, as well as the documentation of technical feasibility. The Company has an R&D controlling system in place which enables management to determine expenditures attributable to specific technologies during their development.

The Company capitalizes costs for the development of a technology until the time that development of such technology is completed. The capitalized development costs are amortized on a straight-line basis over the economic useful life of 4–10 years based on the expected useful life of such technology. Amortization of capitalized development costs commences upon completion of the development project (technology).

Intangible assets with indefinite useful lives or intangible assets not yet available for use are not amortized; however, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired based on the individual asset or on the level of the related cash-generating unit.

Patents and licenses

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated straight-line amortization and accumulated impairment losses. The useful life for patents and licenses is 5–8 years.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time (> 12 months) to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Impairment tests

At the end of each reporting period, SCHMID assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, SCHMID estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset's or cash generating unit ("CGU")'s fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Property, Plant and Equipment

Property, plant and equipment are measured at cost, net of accumulated depreciation and any accumulated impairment losses. Costs of construction capitalized include all attributable direct costs including material and production overheads, and, where applicable, an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditures on assets are capitalized only when it is probable that future economic benefits associated with the expenditure will flow to SCHMID. Repairs and maintenance are expensed in profit or loss in the period the costs are incurred.

If items of property, plant and equipment are sold or disposed of, the gain or loss arising from the disposal is recognized as other operating income or expense in the consolidated statement of profit or loss and other comprehensive income (loss).

Depreciation is calculated on a straight-line basis based on the following useful lives:

	Useful life
Buildings and building improvements	10 - 50 years
Technical equipment and machinery	2 - 21 years
Office and other equipment	3 - 13 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

SCHMID's lease obligations primarily relate to rights to buildings mainly for its office, R&D and production premises as well as to leased vehicles. As lease contracts are negotiated on an individual basis, lease terms contain a range of different terms and conditions. Lease contracts are typically entered for a period of 1–10 years.

As a lessee, at the inception of a contract, SCHMID assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

SCHMID recognizes right of use assets which represent a right to use the underlying leased assets and corresponding lease liabilities which represent the present value of future lease payments, excluding short-term leases (lease term of 12 months or less from commencement date and do not contain a purchase options) and leases of low value assets acquisition costs less than €6 thousand), in the consolidated statement of financial position at the date at which the leased asset is available for use.

Liabilities arising from a lease are initially measured at present value of lease payments discounted using interest rate implicit in the lease or incremental borrowing rate in case interest rate implicit in the lease is not readily determinable.

Main components of the lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- lease payments in an optional renewal period if SCHMID is reasonably certain to exercise an extension option;
- non-lease components are not separated from lease components but accounted for as single lease components.

Lease payments contain principal elements and interest. Interest is presented as part of finance costs in the consolidated statements of profit or loss and other comprehensive income using the effective interest method. Principal and interest portion of lease payments have been presented within financing activities in the statement of cash flow. The carrying amount of lease liabilities is remeasured if there is change in the future lease payments due to change in index or rate.

Right of use assets at the lease commencement date are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities recognized. Cost of right of use assets includes lease liabilities, initial direct costs, prepayments made on or before the commencement date and less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to SCHMID by the end of the lease term or the cost of the right of use asset reflects that SCHMID will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The right of use asset is assessed for impairment in case of a triggering event.

Assets related to retirement obligations for leased buildings are included in the cost of right of use assets for the respective underlying building lease.

If SCHMID acts as a lessor and the contract is classified as a finance lease, it is accounted for as a financing transaction. A receivable is valued at the amount of the net investment in the lease and the resulting interest income is recognized as income. The classification of a contract as an operating lease with SCHMID acting as the lessor means that the asset remains on SCHMID`s balance sheet. The income from it is recognized in the income statement over the term of the lease.

Sale and Leaseback Transaction

When SCHMID sells its assets and leases them back, it needs to be determined whether the sales part of the transaction qualifies as a true sale according to IFRS 15. If the transfer of an asset does not meet the requirements of IFRS 15 to be recognized as a sale, the asset remains on the balance sheet, and a financial liability is recognized equal to the transfer proceeds in accordance with IFRS 9.

In the case of a qualified sale, SCHMID measures the right of use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Consequently, SCHMID only recognizes any gain or loss that pertains to the rights transferred to the buyer-lessor.

If the amount received for selling an asset is not the same as the value of the asset, or if the lease payments are not in line with market rates, SCHMID will make adjustments to ensure that the sale proceeds are measured at a fair value. If the lease terms are below market rates, the difference will be treated as a prepayment of future lease payments. Conversely, if the lease terms are above market rates, the excess amount will be considered as additional financing provided by the buyer-lessor to the seller-lessee (IFRS 16.101).

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at banks and short-term highly liquid deposits with original maturities of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Financial Instruments

Financial instruments are contracts that give rise to a financial asset for one entity and to a financial liability or equity instrument for another entity. SCHMID recognizes a financial instrument when it becomes a party to its contractual provisions. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. SCHMID currently has no such assets and liabilities.

Financial assets

SCHMID's financial assets include cash and cash equivalents, trade and other receivables as well as other financial assets. Other financial assets consist of a loan to one shareholder and other loans.

Financial assets are initially measured at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. As an exception of this general rule, trade receivables are measured at their transaction price.

Financial assets are classified at initial recognition as either measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL") depending on the contractual cash flows and SCHMID's business model for managing them. For all financial assets SCHMID has the objective to hold financial assets in order to collect the contractual cash flows. If the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, SCHMID will measure these financial assets at amortized cost under consideration of impairment (see following section). If the contractually agreed cash flows of a financial asset are not solely payments of principal and interest on principal amount outstanding, the respective financial asset has to be classified as measured at FVTPL. Currently all financial assets are measured at amortized cost that are determined by applying the effective interest rate (EIR) method. Effects resulting from impairment of financial assets that are not classified as FVTPL (including reversals of impairment losses on financial assets) are presented in a separate line item in profit or loss in accordance with IAS 1.82(ba), while changes in amortized cost due to the application of the EIR method are presented in finance income / expense.

A financial asset is derecognized (i.e., removed from SCHMID's consolidated statement of financial position) when the rights to receive cash flows from the financial asset have expired or have been transferred and SCHMID has transferred substantially all risks and rewards of ownership.

Impairment of financial assets – expected credit losses ("ECLs")

All financial assets subsequently measured at amortized cost are required to be impaired at initial recognition in the amount of their expected credit loss ("ECL"). ECLs are based on the difference between the cash flows due in accordance with the contract and all the cash flows that SCHMID expects to receive. ECLs are a probability-weighted estimate of credit losses.

For trade receivables with no significant financing component SCHMID applies the simplified approach as required by IFRS 9, which requires lifetime ECLs to be recognized from initial recognition of the receivables instead of monitoring the development of the customers' credit risk. In general, ECLs are recognized in three stages ("general approach"). For credit exposures at initial recognition, ECLs are provided for credit losses that result from default events which may be possible within the next 12-months (Stage 1: a 12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (Stage 2: a lifetime ECL). The same applies if objective indications exist that a default event has occurred (Stage 3: an incurred loss). In this case, any interest income is measured on the basis of the net carrying amount, while for Stage 1 and 2 the basis is the gross carrying amount.

For cash and cash equivalents advantage is taken of the simplification available for financial instruments with a low credit risk ("low credit risk exemption") as of the reporting date. Factors that can contribute to a low credit risk assessment are debtor-specific rating information and related outlooks. The requirement for classification with a low credit risk is regarded to be fulfilled for counterparties that have at least an investment grade rating; in this case there is no need to monitor credit risks for financial instruments with a low credit risk. The default probabilities applied to determine the expected credit losses for cash and cash equivalents are based on credit default swap spreads that are quoted on markets, which take future-oriented macroeconomic data into account.

In general, SCHMID defines a default event as a situation in which the debt is no longer recoverable. If the financial instrument is perceived to be unrecoverable, then the expectation is that future contractual cash flows will not occur. At this point in time, the balance is written off after giving consideration to any possible security that is available.

Financial liabilities

SCHMID's financial liabilities include trade payables and other liabilities, lease liabilities (see note 20. Leases), a share option and borrowings. Borrowings consist of loans from financial institutions and other third parties, debt funds and related parties (including bifurcated embedded derivatives).

Financial liabilities are classified as measured at amortized cost ("FLAC") or fair value through profit or loss ("FVTPL"). All financial liabilities are recognized initially at fair value less, in the case of a financial liability not measured at FVTPL, directly attributable transaction costs.

Financial liabilities at FVTPL are measured at fair value and gains and losses are recognized in finance income / expense. Currently, SCHMID only accounts for a share option as well as separated embedded derivatives of loans as a financial liability at FVTPL. All other financial liabilities are subsequently measured at amortized cost using the Effective Interest ("EIR") method. When applying the EIR method, SCHMID generally amortizes any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. Gains and losses are recognized in interest expense when the liabilities are derecognized as well as through the EIR amortization process. If SCHMID revises its estimates of the cash flows used for the initial EIR method of a financial liability, the carrying amount of the financial liability is being adjusted to reflect that fact.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The resulting gain or loss is recognized in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss).

Warrants

Warrants were considered to be part of the net assets acquired and therefore, management applied the provisions of debt and equity classification under IAS 32 Financial Instruments: Presentation ("IAS 32"). In accordance with IAS 32, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statement of profit and loss and other comprehensive income (loss) at each reporting date. As the Public and Private Warrants include contingent settlement provisions that introduce potential variability to the settlement amounts of the Public Warrants and Private Warrants, dependent on the occurrence of some uncertain future events, the Public Warrants and Private Warrants are accounted for as derivative financial liabilities at fair value, with changes in fair value reflected through profit and loss on the consolidated statement of profit and loss and other comprehensive income (loss).

Income Taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. This includes liabilities and/or receivables for the current period as well as for prior periods. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the reporting entity SCHMID operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

SCHMID uses the liability method of accounting for income taxes. Deferred income tax assets and liabilities represent temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax basis used in the computation of taxable income. Deferred tax however is not recognized on the initial recognition of goodwill, or the initial recognition of an asset or liability (other than in a business combination) in a transaction that affects neither tax nor accounting income.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses to the extent it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and the unused tax losses can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in entities and equity method investments, except where SCHMID is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and SCHMID intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax items are recognized similar to the underlying transaction either in profit or loss, other comprehensive income or directly in equity. Changes in deferred tax assets or liabilities are recognized as a component of tax expense (income) in the consolidated statement of profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Deferred tax assets and deferred tax liabilities are not discounted and are always classified as non-current asset or liabilities in the consolidated statement of financial position.

SCHMID’s business activities are complex, and the related domestic and foreign tax interpretations, regulations, laws and case law are constantly changing. These issues can lead to uncertain tax positions. In accordance with IFRIC 23, uncertain tax positions are accounted for if it is probable that the tax authorities will not accept the income tax treatment applied. The better forecast of the “most likely amount” and the “expected value” has to be recognized.

Provisions

Provisions are recognized when SCHMID has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Fair Values of Assets and Liabilities

Fair value is a market-based measurement. For some assets and liabilities, observable market transactions or market information is available. For other assets and liabilities, observable market transactions or market information might not be available. When a price for an identical asset or liability is not observable, another valuation technique is used. To increase consistency and comparability in fair value measurements, there are three levels of the fair value hierarchy:

- Level 1: contains the use of unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: inputs are other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3: inputs are based on unobservable market data

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

SCHMID recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Pension benefits

SCHMID operates one defined benefit pension plan relating to one person. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The defined benefit obligation is recognized within non-current provisions for pensions.

Remeasurements, comprising actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit in Other comprehensive income (“OCI”) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. SCHMID recognizes the changes in the net defined benefit obligation under OCI.

For defined contribution plans, contributions are withheld from employees’ wages and salaries and contributions are made by SCHMID to publicly or privately administered pension insurance plans. SCHMID has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Revenue Recognition

The Company records revenue in accordance with IFRS 15 “Revenue from Contracts with Customers”. The core principle of the guidance requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. This guidance defines a five-step process to achieve this core principle and, in doing so, judgment and estimates are required within the revenue recognition process including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. Revenue amounts are presented net of discounts.

Revenue from sales of machines and spare parts is recognized at the point in time when the customer obtains control over the products sold upon delivery. Sales of machines sometimes include installation services and extended warranty services which, when requested, are priced as a bundle. However, when sold together, these promises qualify as separate performance obligations as they are capable of being distinct and distinct within the context of the contract. The Company allocates transaction prices to these performance obligations based on their relative standalone selling price using a cost-plus margin approach. The respective revenue is recognized after the installation is complete, which is usually after a period of two to three weeks after delivery. Contracts for sales of machines typically require payment at various times prior to and after delivery as follows: an installment payment upon receipt of order confirmation, an installment payment upon delivery and, when installation services are requested, a final payment after installation and customer acceptance of the services. Invoices are according to contractual terms typically payable within 30 – 90 days. Revenue from the sale of extended warranties is recognized overtime on a straight-line basis over the extended warranty period as there is no certain pattern of warranty cases over time and therefore, the benefit to the customer transfers ratably throughout the extension period.

The Company offers repair services, inspections and installations of modifications ("Services"), which are optional for customers and priced separately. When these promises are included in a contract with others, the Company considers these to be distinct performance obligations and allocates transaction prices based on their relative standalone selling price. Service revenue is recognized after the Company has satisfied the performance obligation by transferring the promised service to the customer which is usually not more than a period of two to three weeks. Services are invoiced after the service has been rendered and according to contractual terms and are typically payable within 30 days.

Certain of the Company's contracts include the provision of development services over an extended period of up to three years (long-term development contracts). The Company develops machinery according to specific requirements provided by the Customer in exchange for nonrefundable consideration provided at fixed points throughout the contract and additional consideration based on the achievement of milestones.

In case of these long-term development contracts, revenue is recognized over time as these contracts meet the criteria of IFRS 15.35. Revenue resulting from fixed payments that the Company receives — which is not connected to defined results — is recognized on a straight-line basis over the term of the contract as the Company efforts and inputs needed are expected to be relatively consistent overtime. Moreover, the Company receives variable consideration at the completion of certain milestones. Due to the high degree of uncertainty with respect to such payments, these are not included in the transaction price recognized overtime and instead are recorded as revenue upon completion of the relevant milestone. If the advance payments invoiced/received exceed the services already provided, the overpayment will be recognized and disclosed under contract liabilities. A contract asset is recognized if the services rendered exceed the advance payments invoiced/received. If the right to consideration is unconditional, a contract asset becomes a trade receivable. This is the case if the due date of the consideration is only dependent on the passage of time. Impairments of contract assets are measured, recognized and disclosed on the same basis as financial assets within the scope of IFRS 9. SCHMID applies industry-standard payment terms when invoicing.

Inventories

SCHMID capitalizes and measures existing inventory at the lower of cost or net realizable value. The average cost method is used as the measurement standard for acquisition and production costs. The production costs include not only the direct unit costs but also an appropriate share of material and production overheads. Where necessary, impairments to reflect lower net realizable values as well as other inventory risks are recorded. An impairment loss is reversed, if the reasons for the write-down in the past no longer exist.

Government Grants

The Company has received various government grants related to innovation projects encouraged by governmental authorities which generally reimburse a specified amount or proportion of the costs related to such projects either as cash payments or as reductions of tax liabilities. As these grants are not received in the course of normal trading transactions, these grants are treated as government grants in accordance with IAS 20. Government grants related to assets are recognized on the date on which the conditions for receipt of the grant are met and are deducted from the carrying amount of the asset; they are recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to costs incurred by SCHMID are recognized in profit or loss as other operating income in the period in which the Company recognizes as expenses the related costs to be compensated by the grants.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for under the equity method. They are initially recognized at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Where SCHMID's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, SCHMID does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between SCHMID and its equity method investees are eliminated to the extent of SCHMID's interest in these entities. Unrealized losses are also eliminated unless the underlying transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by SCHMID.

New and amended standards adopted by SCHMID

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New Standards and Interpretations not yet adopted by SCHMID

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of SCHMID's financial statements are disclosed below. SCHMID intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Effective date
Amendment to IAS 21 – Lack of Exchangeability	1/1/2025
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	1/1/2026
Annual Improvements Volume 11	1/1/2026
Amendments to the Classification and Measurement of Financial Instruments	1/1/2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1/1/2027
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025.

The amendments are not expected to have any impact on the SCHMID's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

SCHMID is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Disclosures about Uncertainties in the Financial Statements - Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37

In November 2025, the IASB issued amendments regarding Disclosures about Uncertainties in the Financial Statements (Examples). These Examples do not change requirements in current IFRS Accounting Standards. Rather, they provide additional insights into how to apply these disclosure requirements in current IFRS Accounting Standards. These Examples do not have an effective date, but entities might consider the application for December 2025 year-end.

SCHMID is currently working to identify all impacts the amendments will have on the notes to the financial statements.

Reduction of the German income tax rate

In Germany, a tax law change has been substantively enacted on July 11, 2025 to reduce the corporate income tax rate from 15% to 10% within a 5 year period starting in the tax assessment period 2028. The corporate income tax rate will be reduced by 1 percentage point in each of the five tax assessment periods resulting in a corporate income tax rate of 10% applicable to tax assessment periods beginning in 2032. The reduction of the corporate income tax rate requires a remeasurement of the deferred tax positions. SCHMID Group is currently assessing its exposure to this tax rate change. At reporting date, the tax rate change effect is not reasonably estimable as the assessment has not been finalized.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of SCHMID's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Management exercises its best judgment based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial period presented and are reviewed on an ongoing basis. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

Accounting Judgments

Warrants

The fair value of the Private Warrants is deemed to be equal to the fair value of the Public Warrants. The Private Warrants are identical to the Public Warrants, except that the Private Warrants were not transferable, assignable or salable until 30 days after the completion of the Business Combination. Additionally, the Private Warrants will not be redeemable by SCHMID as long as they are held by the initial purchasers or such purchasers' permitted transferees. If the Private Warrants are held by holders other than the initial purchaser or their permitted transferees, the Private Warrants will be redeemable by SCHMID and exercisable by such holders on the same basis as the Public Warrants.

SCHMID has certain redemption rights depending on the share price of which one only relates to the Public Warrants, but given the other elements in the agreement, SCHMID has a certain economic incentive to call for redemption of all Warrants before a certain share price. Consequently, management has applied the same valuation for both the Public and Private Warrants.

Accounting Estimates

Impairment test

An impairment test on R&D costs capitalized on assets that are not yet ready for use is performed at each reporting date. For detailed information on key assumptions underlying recoverable amounts please see Note 19 Intangible Assets.

Inventories

Inventories are recognized at the lower of historical cost and net realizable value. Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to finalize the sale. Reserves for inventories, e.g. slow moving items are calculated based on experience in the past. Management estimates are used in determining the expected selling price as well as estimations about slow moving items.

Deferred tax assets

Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings and the reversal of existing taxable temporary differences. At each period-end, management evaluates the recoverability of deferred tax assets. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recovered. Estimates are revised in the period in which there is sufficient evidence to revise assumptions.

6. SEGMENT AND GEOGRAPHIC INFORMATION

In accordance with IFRS 8, Operating Segments, the Company's operating segments are based on the management approach. Accordingly, segments must be classified and disclosed based on the criteria used internally by the chief operating decision maker (CODM) for the allocation of resources and the evaluation of performance of the components of SCHMID. The Chief Executive Officer, who allocates resources and evaluates segment performance based on the reports regularly submitted to him is the CODM.

As the CODM examines the Company's performance from a product perspective and has therefore identified two operating segments:

(1) Technical equipment and processes includes mainly the sale of machines including installation and extended warranties.

(2) Spare parts and services includes the sale of spare parts as well as services including repairs, modifications of machines and inspections.

The operating segments are also the reporting segments of the Company.

The performance of the operating segments is measured on the basis of revenue and Segment Adjusted EBITDA, as measured for management reporting purposes. The measure is defined as net profit (loss) calculated in accordance with IFRS Accounting Standards before financial result including result from at equity investments, taxes, depreciation and amortization.

Assets are neither allocated to the operating segments nor regularly provided to the CODM.

SCHMID's key financial metrics by segment are as follows:

	2024			
	Technical equipment and processes	Spare parts and services	Other	Total management reporting
Revenues	49,593	11,192	51	60,836
Segment adjusted EBITDA	611	2,459	(77,527)	(74,457)

	2023			
in € thousand	Technical equipment and processes	Spare parts and services	Other	Total management reporting
Revenues	78,743	11,503	—	90,246
Segment adjusted EBITDA	12,872	3,787	22,440	39,099

	2022			
in € thousand	Technical equipment and processes	Spare parts and services	Other	Total management reporting
Revenues	78,778	16,280	—	95,058
Segment adjusted EBITDA	14,155	9,329	(3,546)	19,937

The column “Other” includes costs related to head office and group services as well as certain effects not directly attributable to the operating segments.

In 2024, the expense in “Other” is mainly due to the share listing expense amounting to €71,631 thousand as well as other cost associated with the listing (€ 1,765 thousand), legal and consulting (€3,607 thousand) as well as general and administration costs (€3,250 thousand).

In the financial year ended December 31, 2023 the column “Other” includes costs related to head office and group services as well as certain effects not directly attributable to the operating segments. In 2023, the increase in “Other” is mainly due to the reversal of the impairment of the Silicon receivables (€21.375 thousand) and the gain resulting from bonus payments relating to disposals of several entities (€ 4,700 thousand) and reversal of impairment of shareholder loan (€1,418 thousand). In addition, the column “Other” include costs associated with the listing (€5,410 thousand), G&A costs like salaries and insurances (€2,207 thousand) and compensation (€1,875 thousand).

For the year ended December 31, 2022 the column “Other” include costs related to head office and group services such as legal and consulting expenses (€1,146 thousand), G&A costs like insurances and salaries (€2,385 thousand). Additionally, the column “others” contains topics which are not attributable to the operating segments.

Reconciliation from total Segment Adjusted EBITDA to income (loss) for the period according to IFRS:

in € thousand	2024	2023	2022
Total segment adjusted EBITDA	**(74,457)**	**39,099**	**19,937**
Financial result	(3,824)	9,594	(11,988)
Amortization and depreciation	(7,315)	(6,904)	(6,283)
Share of profit (loss) in joint ventures	—	(1,057)	—
Income tax benefit (expense)	1,492	(2,778)	1,924
Net income (loss) for the period	**(84,104)**	**37,953**	**3,591**

Revenue can be split into the following geographical areas:

in € thousand	2024	2023	2022
China	13,320	15,308	39,424
Taiwan	3,160	1,634	12,846
USA	22,207	17,522	11,478
Germany	3,819	9,577	10,743
Malaysia	2,186	16,681	7,915
Austria	6,678	17,810	3,928
Other	9,464	11,714	8,724
Total	**60,835**	**90,246**	**95,058**

The revenues are allocated based on the country of the customer receiving the service or goods.

There are three customers in 2024 with a revenue share of more than 10% individually of the total revenues. The revenue with the first customer amounts to €7,866 thousand (2023: €17,649 thousand, 2022: €25,092 thousand), €6,500 thousand for the second customer (2023: €16,361 thousand, 2022: €11,876 thousand) and €6,232 thousand for the third customer (2023: €12,280 thousand, 2022: €0 thousand). Revenue for these three customers is recognized within both the "Technical equipment and processes" and "Spare parts and services" operating segments.

Non-current assets are distributed among geographical areas as follows:

in € thousand	12/31/2024	12/31/2023
Germany	25,833	26,853
China	1,741	2,504
Other	460	376
Total	**28,034**	**29,733**

The non-current assets include property, plant and equipment as well as intangible assets.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS AND COST OF SALES

The split of SCHMID revenues according to types of sales categories is as follows:

in € thousand	2024	2023	2022
Technical equipment and processes[1]	47,443	77,554	73,151
Spare Parts	8,976	9,722	14,302
Service[2]	3,971	1,781	1,978
Other	446	1,189	5,627
Total	**60,836**	**90,246**	**95,058**

(1) Included within the "Technical equipment and processes" category is revenue from the sale and installation of machines, long-term development and extended warranties.
(2) Included within the "Services" category is revenue from repair services, installations of modifications and inspections.

Revenue recognized at a point in time was €51,232 thousand, €81,761 thousand and €89,316 thousand for the fiscal years ended December 31, 2024, 2023 and 2022, respectively. Revenue recognized over time was €9,603 thousand, €8,485 thousand and €5,742 thousand for the fiscal years ended December 31, 2024, 2023 and 2022, respectively.

At the end of fiscal year 2024, SCHMID had contract liabilities in connection with the sale of machines, spare parts and installations resulting from prepayments made by customers of €11,284 (December 31, 2023: €17,931 thousand, December 31, 2022: €30,569 thousand). The services provided by SCHMID and the timing of payments made by the customer during the contract term may differ. In those cases, the contract is recognized in the Consolidated Statements of Financial Position as either a contract asset or a contract liability. Apart from contract liabilities in connection with customer prepayments, SCHMID recognizes long-term development contracts over time, which leads to a recognition of contract assets.

Changes to contract liabilities for years ended December 31, 2024, 2023 and 2022 are as follows:

in € thousand	2024	2023	2022
Balance at January 1	**17,931**	**30,569**	**25,682**
Sales revenues included in contractual liabilities at the beginning of the period	(17,769)	(30,406)	(25,682)
Increase due to customer payments received	11,121	17,769	30,569
Balance at December 31	**11,284**	**17,931**	**30,569**

At the end of fiscal year 2024, the Order Backlog for the machine sales amounts to €27,713 thousand (December 31, 2023: €48,651 thousand, December 31, 2022: €79,571 thousand). The Order Backlog for spare parts and services amounts to €1,750 thousand (December 31, 2023: €6,380 thousand, December 31, 2022: €6,535 thousand). All Order Backlog is expected to be realized within 1 to 3 years, most part to be realized within 3 to 5 months.

Order Backlog represents the goods or services ordered by customers but not delivered/provided as of the date of the statement of financial position.

SCHMID's cost of sales include the following cost types:

in € thousand	2024	2023	2022
Personnel expenses	(17,545)	(16,690)	(16,221)
Material expenses	(21,821)	(35,767)	(34,274)
Depreciation/amortization	(5,209)	(4,904)	(4,147)
Other expenses	(4,217)	(6,488)	(7,079)
Total cost of sales	**(48,791)**	**(63,849)**	**(61,721)**

Other expenses include a variety of positions such as cost for outward freight, production-related short-term leases and facility costs.

8. SELLING EXPENSES

Selling expenses consist of the following:

in € thousand	2024	2023	2022
Personnel expenses	(8,720)	(8,295)	(8,017)
Legal and consulting fees	(528)	(834)	(873)
Sales Commission	(1,309)	(241)	(475)
Distribution related external administration	(747)	(1,537)	(582)
Advertisement	(678)	(649)	(428)
Other expenses	(913)	(1,021)	(995)
Total selling expenses	**(12,895)**	**(12,577)**	**(11,369)**

Distribution-related external administration comprises costs including utilities, insurance, travel expenses or expenses for short-term leases. Other expenses include mainly depreciation.

Sales Commission expenses in 2024 include €900 thousand compensation from a settlement agreement with a former sales agent.

9. GENERAL ADMINISTRATION EXPENSES

General administrative expenses consist of the following:

in € thousand	2024	2023	2022
Personnel expenses	(4,344)	(4,131)	(3,992)
Legal and consulting fees	(4,567)	(4,401)	(1,681)
External administrative expenses	(1,716)	(965)	(692)
Other administrative expenses	(1,165)	(3,042)	(607)
Total administrative expenses	**(11,792)**	**(12,538)**	**(6,973)**

External administrative expenses include costs such as utilities, insurances, travel expenses, or expenses for short-term leases. Other administrative expenses mainly include other fees and expenses due to the Business Combination.

10. RESEARCH AND DEVELOPMENT EXPENSES

R&D expenses that do not fulfill the recognition criteria according to IAS 38 consist of the following:

	2024	2023	2022
Personnel expenses	(2,143)	(2,261)	(1,888)
Depreciation/amortization	(1,871)	(877)	(910)
Legal and consulting fees	(323)	(587)	(614)
R&D related external administration	(658)	(906)	(856)
Other research and development expenses	1,021	(517)	(549)
Total research and development expenses	**(3,974)**	**(5,148)**	**(4,818)**

R&D related external administration comprises allocated costs such as utilities, insurance, travel expenses or expenses for short-term leases.

11. OTHER INCOME

Other income consists of the following:

in € thousand	2024	2023	2022
Income from SES transaction	3,703	—	—
Other miscellaneous income	5,315	3,815	1,871
Bonus payments	—	9,200	—
Total other income	**9,018**	**15,985**	**3,375**

As of January 1, 2024, SCHMID acquired the remaining shares in the former at-equity participation SES. As of year-end, the majority of the shares have been transferred to a third-party investor resulting in a gain of €3,703 thousand. For further detail refer to note 35. Equity method investments.

Other miscellaneous income for the financial year ended December 31, 2024 includes income of the derecognition of liabilities as they have expired due to the statute of limitations at the amount of €2,194 thousand (2023: €0 thousand), government grants related to income amounting to €550 thousand for the fiscal year ended December 31, 2024 (2023: €159 thousand, 2022: €268 thousand) and research allowances under the Act on Tax Incentives for Research and Development (Research Allowance Act - FZulG) amounting to €319 thousand (2023: -, 2022: -). The grants are received in cash to compensate for expenses incurred in relation to research projects.

Other miscellaneous income in 2023 includes a gain resulting from a cancelled sale and leaseback agreement with a third party (€1,875 thousand for the fiscal year ended December 31, 2023) as well as government grants related to income in an amount of €356 thousand for the fiscal year ended December 31, 2023 (2022: €519 thousand). The grants are received in cash to compensate for expenses incurred in relation to research projects. In addition, other miscellaneous income includes income from asset disposals, mainly from the sale and leaseback transaction (€508 thousand).

One part of the bonus payments in 2023 are comprised of the Silicon exit bonus of €4,700 thousand. In March 2023, a Stock Purchase Agreement (hereinafter referred to as “SPA”) was entered into to sell Schmid Silicon Technology Holding GmbH and subsidiaries (hereinafter referred to as “the Silicon Group”) to the Group 14 Technologies Group (hereinafter referred to as “G14”). Prior to the closing of the SPA on June 29, 2023, the Silicon Group was a related party of SCHMID and controlled by Christian Schmid (hereinafter referred to as “CS”), one of the owners of SCHMID. The proceeds from the sale of the Silicon Group were, among other things, used to repay the shareholder loan between CS and SCHMID. The proceeds from the shareholder loan were used to repay certain borrowings of SCHMID.

- Additionally, receivables from the Silicon Group which had been impaired in 2017 by SCHMID became recoverable as a result of the SPA resulting in an impairment reversal of €21,375 thousand.
- Also, as part of the SPA, certain liabilities of the Silicon Group due to SCHMID were settled with the transfer of shares of G14 to SCHMID valued at €17,664 thousand.

- Based on an agreement reached between CS, the Silicon Group and SCHMID in 2021, SCHMID was granted a bonus payment (hereinafter referred to as "Silicon exit bonus") to be paid upon a successful sale of the Silicon Group to a third party. The Silicon exit bonus of €4,700 thousand was determined based on 5% of the net proceeds (after repayment of third-party debt) received from a sale.
- In June 2023, CS repaid the shareholder loan to SCHMID with a total cash amount of €70,000 thousand.
- The expected credit loss of €1,418 thousand was therefore reversed.

The other part is an exit bonus related to Montratec. In 2018, the Company sold one of its subsidiaries, Montratec GmbH, to Montratec Sarl. The underlying stock purchase agreement included a clause on potential exit events, which requires Montratec Sarl to pay SCHMID up to €4,500 thousand (hereinafter referred to as "Montratec exit bonus") upon a future exit of Montratec Sarl from Montractec GmbH. Additionally, SCHMID entered into a guarantee agreement with Schmid Grundstücke GmbH& Co. KG (referred to as "SGG"), an entity jointly controlled by shareholders of SCHMID, wherein SGG would reimburse the difference between the exit sale consideration actually received from Montratec Sarl and €4,500 thousand (hereinafter referred to as "Montratec guarantee") in the event that the exit sale consideration is below €4,500 thousand. As a remuneration for this guarantee, SCHMID was required to pay SGG an amount equal to 1.5% p.a. of the €4,500 thousand per year until an exit event would occur. SCHMID was informed in April 2023 about this exit event, i.e. that Montratec GmbH was sold by Montratec Sarl in April 2023 which resulted in an exit bonus of €3,954 thousand being owed by Montratec Sarl to SCHMID and €546 thousand being owed by SGG. The bonus from Montratec has been received in cash during 2023, the payment from SGG has been netted with payables of SCHMID against SGG.

12. OTHER EXPENSES

Other expenses consist of the following:

in € thousand	2024	2023	2022
Foreign currency losses	(2,347)	(2,388)	(2,399)
Other taxes	(130)	(166)	(122)
Disposal of assets	—	—	(231)
Miscellaneous other items	(87)	(65)	(236)
Total other expenses	**(2,564)**	**(2,620)**	**(2,988)**

13. SHARE LISTING EXPENSE

The Pegasus Merger led to a Share listing expense. SCHMID Group N.V. issued shares with a fair value of €68 million to Pegasus shareholders, comprised of the fair value of SCHMID Group N.V. shares, that were issued to Pegasus shareholders of €9.61 ($10.30) per share (Pegasus closing price as of April 30, 2024). In exchange, SCHMID Group N.V received the identifiable net assets held by Pegasus, which had a fair value upon closing of minus €3.5 million, comprising of investments held in Pegasus trust account partly offset by current liabilities by Pegasus in the amount of €9.3 million, deferred underwriting commissions and financial liabilities in the amount of €7.5 million and liabilities of 5.3 million for the 21 million Pegasus Warrants considering a fair value of the warrants of €0.2519 per warrant (price of Pegasus Warrants at Closing of the Pegasus Merger in EUR; closing price in USD as the denominated currency was $0.27). The excess of the fair value of the equity instruments issued over the fair value of the identified net assets contributed, represents a non-cash expense in accordance with IFRS 2. This one-time expense as a result of the Pegasus Merger, in the amount of €71.6 million, is recognized as Share listing expense within the Consolidated Statement of Profit or Loss. Details of the calculation of the Share listing expense are as follows:

In € thousand		2024
Shares to be issued by TopCo to Pegasus	A	7,087
Pegasus closing price as of April 30, 2024	B	9.61
Fair value of shares deemed issued (AxB)	C	68.106
Pegasus net assets	D	(3,529)
Excess of Fair value of shares over Pegasus's net assets acquired (C - D)		**71,630**

Upon closing of the Pegasus Merger, Pegasus Warrants were converted into SCHMID Group N.V. Warrants. The financial liability for the SCHMID Group N.V. Warrants is accounted for at fair value through profit and loss. The fair value of warrants decreased from €0.25 per warrant as of April 30, 2024, to €0.24 per warrant as of December 31, 2024. The result is a decrease in fair value of warrant liabilities of €0,2 million for the period.

14. IMPAIRMENT REVERSAL/ (IMPAIRMENT) OF FINANCIAL ASSETS

The Reversals of impairments of financial assets includes the following amounts:

In € thousand	12/31/2024	12/31/2023	12/31/2022
Reversal of receivables from the Silicon Group	—	21,375	—
Reversal of impairment of shareholder loan (included in trade and other receivables)	—	1,418	3,091
Other	20	(97)	—
Total	**20**	**22,696**	**3,091**

The reversals with respect to the Silicon Group and the shareholder loan in 2023 refer to receivables that by nature did not exist anymore in 2024. Therefore, the reversal of impairment of financial assets, included in "Other" in the table above, in 2024 refers to trade receivables only.

In March 2023, a Stock Purchase Agreement (hereinafter referred to as "SPA") was entered into to sell SCHMID Silicon Technology Holding GmbH and subsidiaries (hereinafter referred to as "the Silicon Group") to Group 14 Technologies Group. Receivables from the Silicon Group which had been impaired in 2017 became recoverable as a result of the SPA resulting in an impairment reversal of €21,375 thousand. For further information on the Silicon Group impairment reversal refer to note 11. Other income.

15. FINANCIAL RESULT

Financial result includes the following:

in € thousand	2024	2023	2022
Finance income	**1,888**	**19,685**	**5,758**
thereof fair value changes of warrants	1,028	—	1,669
thereof interest income and similar proceeds	860	3,883	4,089
thereof gain from loan extinguishment	—	15,802	—
Finance expenses	**(5,712)**	**(10,091)**	**(17,746)**
thereof interest portion of lease payments	(641)	(103)	(68)
thereof interest expense	(5,071)	(9,988)	(17,678)
Financial result	**(3,824)**	**9,594**	**(11,988)**

The income from fair value changes in 2024 results from the decrease of the warrant liability as part of the Business combination (see note 29. Financial Liabilities and Warrants).

Interest income includes in 2023 the interest received on loans, mainly the shareholder loan. For further information on the extinguishment, see note 29. Financial Liabilities and Warrants. Fair value changes in 2022 result from the fair value measurement of a share option and the embedded derivatives that were bifurcated from certain borrowings. For further information on the interest on of lease liabilities please see note 20. Leases. Interest expenses are mainly resulting from changes in the book value of the loans by using the effective interest method.

Interest expenses are mainly resulting from financial liabilities and is recognized based on the effective interest method and the additional payment for the debt fund during 2023.

16. PROFIT (LOSS) IN EQUITY METHOD INVESTMENTS

The loss in 2023 resulted from a capital contribution in the Company's former equity method investee located in Saudi Arabia. The capital contribution was immediately expensed due to the existence of accumulated losses incurred by the investee which had not been previously recorded in the consolidated financial statements.

17. INCOME TAXES

Income taxes recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income are as follows:

in € thousand	2024	2023	2022
Current income tax (expense) / income	**(372)**	**(1,044)**	**(2,908)**
thereof prior years	(356)	168	(6)
Deferred income tax (expense) / income	**1,864**	**(1,735)**	**4,832**
thereof from temporary differences	5,008	(1,853)	12,693
thereof from tax loss carryforwards	(3,144)	118	(7,861)
Total income tax (expense) / income	**1,492**	**(2,778)**	**1,924**

SCHMID's total German income tax rate, which also is SCHMID's applicable income tax rate, remains unchanged at 29.125% (2023: 29.125%, 2022: 29.125%). This income tax rate comprises a corporate income tax rate of 15%, a solidarity surcharge of 0.825% and a trade tax rate of 13.3%. At non-German SCHMID companies, the respective country-specific income tax rates were used for the calculation of current and deferred taxes.

The following table presents the reconciliation of expected income taxes and reported effective income taxes. Expected income taxes were determined by multiplying consolidated profit before tax by SCHMID's applicable income tax rate:

in € thousand	2024	2023	2022
Income (loss) before income taxes	**(85,596)**	**40,732**	**1,667**
Applicable income tax rate	29.125 %	29.125 %	29.125 %
Expected income tax (expense) / income	**24,930**	**(11,863)**	**(485)**
Tax rate differences	48	891	911
Non-deductible expenses	(105)	(79)	(573)
Tax-free income	1,064	1,263	495
Trade tax deductions	1	(116)	(269)
Trade tax additions	(29)	—	—
Tax effects from prior years	(10)	488	642
Tax effects from withholding tax	(1)	(166)	(370)
Tax effects from capital gains tax	(14)	—	—
Permanent differences	(19,398)	2,912	(8)
Loss utilization of previously not recognized tax loss carryforwards	(410)	—	1,152
Change in valuation allowance from temporary differences and tax loss carryforwards	(4,032)	3,598	927
Non-recognition or utilization of unrecognized interest carryforwards	(555)	333	(957)
Other reconciling items	4	(38)	460
Effective income tax (expense) / benefit	**1,492**	**(2,778)**	**1,924**
Effective tax rate in %	1.74 %	6.82 %	(115.46)%

The permanent differences in 2024 are mainly related to the Listing Expenses (non-tax deductible) amounting to €20,862 thousand.

The deferred tax assets ("DTA") and deferred tax liabilities ("DTL") relate to the following line items of the Consolidated Statement of Financial Position are summarized below:

	2024		2023	
in € thousand	**DTA**	**DTL**	**DTA**	**DTL**
Intangible assets	1,775	(4,181)	1,843	(4,193)
Property, plant and equipment including right-of-use assets	55	(2,279)	155	(2,542)
Financial assets	64	(17)	1,630	(235)
Non-current assets	**1,893**	**(6,477)**	**3,628**	**(6,970)**
Inventories	2,492	—	220	(598)
Trade receivables and other receivables	165	(327)	149	(3,985)
Other current assets	4	—	—	(956)
Cash and cash equivalents	—	(276)	13	(44)
Current assets	**2,660**	**(669)**	**382**	**(5,584)**
Non-current financial liabilities	—	(5)	17	(7,433)
Provisions for pensions	84	—	140	(67)
Non-current provisions	—	(158)	60	(257)
Non-current lease liabilities	2,326	—	2,596	—
Others	1	(129)	—	—
Non-current liabilities	**2,411**	**(292)**	**2,813**	**(7,757)**
Current financial liabilities	983	—	3,803	(575)
Current contract liabilities	105	(2,293)	1,525	—
Trade payables and other liabilities	278	(22)	1,600	(665)
Other current liabilities	1,244	—	1,104	(30)
Current lease liabilities	226	—	210	—
Current provisions	0	(1,909)	230	(1,727)
Current liabilities	**2,836**	**(4,224)**	**8,472**	**(2,998)**
Tax loss carryforwards (CIT)	1,857	—	3,408	—
Tax loss carryforwards (Trade tax)	1,168	—	2,759	—
Tax loss carryforwards (Other income tax)	2	—	—	—
Deferred taxes (before offsetting)	**12,828**	**(11,662)**	**21,463**	**(23,308)**
Offsetting	(10,144)	10,144	(18,920)	18,920
Deferred taxes (after offsetting)	**2,684**	**(1,518)**	**2,543**	**(4,388)**
of which recognized in P/L	—	*1,864*	—	*(1,735)*
of which recognized in OCI	—	*13*	—	*(7)*
of which recognized in Equity	—	*1,031*	—	*(52,923)*
of which currency translation adjustments	—	*104*	—	*(194)*

The OCI movement of deferred taxes is entirely attributed to "Provisions for pensions" and the equity movement is mainly attributed to transaction costs (IAS 32.35).

No deferred tax assets were recognized for the following tax attributes (gross):

	2024	2023	2022
in € thousand	**Tax Base**	**Tax Base**	**Tax Base**
Deductible temporary differences	22,730	41,498	34,149
Tax loss carryforwards (CIT)	124,018	91,405	108,229
Tax loss carryforwards (Trade tax)	88,897	49,147	65,308
Interest carryforwards	36,927	35,229	36,956

The maturities of the tax loss carryforwards for which no deferred tax assets were recognized are as follows:

	2024	2023	2022
in € thousand	**Tax Base**	**Tax Base**	**Tax Base**
Up to 5 years	3,646	2,685	5,107
Up to 10 years	4,688	1,772	1,064
Up to 15 years	2,348	4,508	5,187
Unlimited	239,160	131,586	162,177

The reported tax loss and interest carryforwards mainly relate to the German SCHMID entities and can be carried forward indefinitely (German minimum taxation rules and interest stripping rules apply), however, they may be subject to restrictions of the German change in ownership rules (Sec. 8c Körperschaftsteuergesetz) going forward.

Most of SCHMID's non-German entities neither have any taxable temporary difference exceeding deductible temporary differences, nor a positive profit-forecast and nor any tax planning opportunities and documentation available that could partly support the recognition of these tax attributes as deferred tax assets. On this basis, SCHMID has determined that it cannot recognize deferred tax assets on the majority of tax attributes carried forward.

Taxable temporary differences associated with investments in entities, branches and associates and interests in joint arrangements in the amount of €483 thousand as of December 31, 2024 (December 31, 2023: €935 thousand) have not been recognized.

Deferred tax assets exceeding deferred tax liabilities in the amount of €2,684 thousand as of December 31, 2024 (December 31, 2023: €522 thousand) for companies that generated a loss in the current or previous period were recognized as these are considered to be recoverable based on the positive profit for financial year 2025.

SCHMID Group N.V. is not subject to the Minimum Tax Act in the 2024 financial year, as the turnover limits of Section 1 MinStG are not met.

18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of shares in issue during the year for the effects of all dilutive potential ordinary shares.

Comparative earnings per share (basic and diluted) were restated to give effect to the Business Combination for comparability purposes.

The following table reflects the net income (loss) and share data used in the basic and diluted EPS calculations:

Basic and diluted earnings per share

	2024 in €	2023 in €	2022 in €
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	**(2.41)**	**1.28**	**0.05**

Reconciliations of earnings used in calculating earnings per share

in € thousands	2024	2023	2022
Profit / (Loss) from continuing operations as presented in the statement of profit or loss	(84,104)	36,868	1,550

Weighted average number of shares used as the denominator

	2024	2023	2022
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	34,935,357	28,725,000	28,725,000

Warrant liabilities

Warrants granted to the original shareholders of Pegasus SPAC are considered to be potential ordinary shares. The warrants are in connection with the merger of Pegasus SPAC into Merger Sub Corp, a wholly owned subsidiary of SCHMID Group N.V. SCHMID Group N.V. issued 21 million private warrants in replacement of the 21 million Pegasus warrants outstanding on the closing date. The warrants were recognized as a liability under IFRS 9 and a fair value gain was recognized through profit of loss in 2024. The warrants have not been included in the determination of basic earnings per share.

The warrants have not been included in the calculation of diluted earnings per share from their date of issue (30 April 2024), because they are anti-dilutive for the year ended December 31, 2024. The warrants could potentially dilute basic earnings per share in the future.

The number of warrants issued has remained unchanged since the issue date.

Earnout Shares

5,000,000 SCHMID N.V. shares are issuable pursuant to the Earnout Agreement and are considered to be potential ordinary shares. The shares are conditional upon share price increases and there are no service conditions that are required to be met. The conditions are as follows: 50% (2,500,000) of the earnout shares shall vest upon the occurrence of the share price being greater than $15.00 for a period of more than 20 days out of 30 consecutive trading days after the Closing Date within 3 years, the remaining 50% of the earnout shares shall vest upon the occurrence of the share price being greater than $18.00 for a period of more than 20 days out of 30 consecutive trading days after the Closing Date within 3 years. They would have been included in the determination of diluted earnings per share if the required vesting conditions would have been met based on the share price increases up to the reporting date and to the extent to which they are dilutive. The earnout shares have not been included in the determination of the basic earnings per share. The earnout shares could potentially dilute basic earnings per share in the future.

19. INTANGIBLE ASSETS

Intangible assets comprise the following:

in € thousand	Development Costs	Patents and licenses	Total
Costs of acquisition			
1/1/2024	**25,729**	**1,372**	**27,102**
Additions	3,878	129	4,008
Disposals/Retirements	(1)	—	(1)
Reclassification	—	—	—
Foreign exchange differences	(10)	38	28
12/31/2024	29,597	1,540	31,137
Accumulated amortization/write downs			
1/1/2024	**(11,452)**	**(684)**	**(12,136)**
Amortization	**(3,801)**	**(364)**	**(4,166)**
Disposals/Retirements	**—**	**131**	**131**
Foreign exchange differences	10	(36)	(26)
12/31/2024	(15,243)	(952)	(16,196)
Carrying amount:			
1/1/2024	**14,278**	**689**	**14,966**
12/31/2024	**14,354**	**588**	**14,941**

in € thousand	Development Costs	Patents and licenses	Total
Costs of acquisition			
1/1/2023	**22,832**	**1,042**	**23,874**
Additions	**2,915**	**359**	**3,274**
Disposals/Retirements	—	—	—
Reclassification	—	—	—
Foreign exchange differences	(17)	(28)	(46)
12/31/2023	25,729	1,372	27,102
Accumulated amortization/write downs			
1/1/2023	**(7,495)**	**(552)**	**(8,046)**
Amortization	**(3,975)**	**(158)**	**(4,133)**
Disposals/Retirements	—	—	—
Foreign exchange differences	17	26	44
12/31/2023	(11,452)	(684)	(12,136)
Carrying amount:			
1/1/2023	**15,337**	**490**	**15,828**
12/31/2023	**14,278**	**689**	**14,966**

Retirements relate to intangible assets with a net book value of zero that are no longer in use by SCHMID and have therefore been eliminated from the asset register.

Development costs represent internally generated intangible assets related to process and manufacturing technologies for various industries such as printed circuit board ("PCB"), substrate manufacturing, photovoltaics, and glass and energy storage, wet processes (horizontal, vertical and single panel) and vacuum processes. Patents and licenses include software licenses, licenses for the use of know-how and acquired patents. The amount of borrowing costs capitalized during the period 2024 is €216 thousand (December 31, 2023: €494 thousand). The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 3.7% (December 31, 2023: 10%).

SCHMID receives government grants that are related to self-developed technology and processes recognized as intangible assets. The grants are received to compensate for expenses incurred that are capitalized as intangible assets and therefore SCHMID reduces the asset value by the amount of the grant. An amount of €0 thousand was deducted from the capitalized book value during 2024, €159 thousand during 2023 and €268 thousand during 2022.

Impairment test on development cost

At each balance sheet date SCHMID performs an impairment test on development costs that are capitalized but not yet ready for use. The impairment test is performed on a Cash Generating Unit ("CGU") level. The recoverable amount of the CGU that includes these development costs (the entity using those technologies) was estimated based on the present value of the future cashflows expected to be derived from the CGU (fair value less cost to sell), using a pre-tax discount rate of 12.59% (December 31, 2023: 12.89%). The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required. In the event of a change in the key assumptions in the single-digit percentage range, sufficient headroom remains.

20. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

in € thousand	Land, buildings and leasehold improvements	Technical equipment and machinery	Office and other equipment	Assets under construction	Total
Costs of acquisition or construction:					
1/1/2024	**220**	**16,330**	**15,386**	**513**	**32,449**
Additions	14	278	774	53	1,120
Disposals/Retirements	—	(184)	(253)	(96)	(533)
Foreign exchange differences	—	86	61	—	147
12/31/2024	**235**	**16,509**	**15,968**	**470**	**33,182**
Accumulated depreciation:					
1/1/2024	**(71)**	**(13,314)**	**(13,359)**	**—**	**(26,744)**
Depreciation	(21)	(653)	(803)	—	(1,477)
Disposals/Retirements	831	(461)	61	—	432
Foreign exchange differences	—	(68)	(44)	—	(113)
12/31/2024	**739**	**(14,496)**	**(14,145)**	**—**	**(27,902)**
Carrying amount:					
1/1/2024	**149**	**3,016**	**2,027**	**513**	**5,704**
12/31/2024	**973**	**2,013**	**1,824**	**470**	**5,280**

in € thousand	Land, buildings and leasehold improvements	Technical equipment and machinery	Office and other equipment	Assets under construction	Total
Costs of acquisition or construction:					
1/1/2023	**21,303**	**18,263**	**14,561**	**—**	**54,127**
Additions	—	1,679	1,410	513	3,602
Disposals/Retirements	(21,085)	(3,448)	(458)	—	(24,991)
Foreign exchange differences	1	(164)	(126)	—	(289)
12/31/2023	**220**	**16,330**	**15,386**	**513**	**32,449**
Accumulated depreciation:					
1/1/2023	**(11,581)**	**(15,892)**	**(13,293)**	**—**	**(40,766)**
Depreciation	(483)	(982)	(583)	—	(2,048)
Disposals/Retirements	11,995	3,447	414	—	15,856
Foreign exchange differences	(1)	114	101	—	214
12/31/2023	**(71)**	**(13,314)**	**(13,359)**	**—**	**(26,744)**
Carrying amount:					
1/1/2023	**9,722**	**2,371**	**1,268**	**—**	**13,361**
12/31/2023	**149**	**3,016**	**2,027**	**513**	**5,704**

Property, plant and equipment includes right-of-use assets amounting to €7,812 thousand as of December 31, 2024 (December 31, 2023: €9,063 thousand). For further information see note 21. Leases.

21. LEASES

Lessee accounting

SCHMID's lease obligations primarily relate to rights to buildings mainly for its office, R&D and production premises as well as to leased vehicles. The carrying amounts of right-of-use assets recognized and the movements during the period were as follows:

in € thousand	Real Estate	Vehicles	Total
1/1/2023	**906**	**428**	**1,334**
Additions to right-of-use assets	8,402	178	8,581
Depreciation	(543)	(236)	(779)
Foreign exchange differences	(68)	(5)	(73)
12/31/2023	**8,697**	**365**	**9,063**
Additions/(De-recognition) to right-of-use assets	(121)	489	367
Depreciation	(1,354)	(293)	(1,647)
Foreign exchange differences	30	(1)	29
12/31/2024	**7,253**	**560**	**7,812**

In December 2023, SCHMID signed a sale and leaseback contract with SCHMID Grundstücke GmbH Co. KG, an entity controlled by Mrs. Schmid, for production facility and office buildings in Freudenstadt. The purchase price was €11,400 thousand. The lease term is 10 years. There is an extension option that can be exercised by the lessee 12 months before the end of the term. SCHMID can extend the lease term three times by 5 years each time. A lease payment of €100 thousand (excl. VAT) is due in advance each month. This resulted in an increase in the right-of-use asset in the amount of €7,092 thousand and a lease liability in the amount of €8,895 thousand. The gain on sale was €507 thousand. As the sale and leaseback was concluded with a related party, the interest rate implicit in the lease of 6.58% was used.

For other leases SCHMID cannot readily determine the interest rate implicit in the leases, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that SCHMID would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBRs used by SCHMID are calculated based on the risk-free rate, individual country risk premiums of underlying country and credit spread. The weighted average IBR on December 31, 2024 is 6.65% (December 31, 2023: 6.03%).

There are no variable lease payments resulting from indexed rental payments or other variable rental components. The carrying amounts of lease liabilities and the movements during the period were as follows:

in € thousand	Lease Liability
1/1/2023	**1,333**
Additions	10,347
Interest	102
Payments	(819)
Foreign exchange difference	(77)
12/31/2023	**10,886**
Additions	306
Interest	655
Payments	(2,184)
Foreign exchange difference	32
12/31/2024	**9,694**

The consolidated statement of profit or loss and other comprehensive income (loss) included the following amounts of lease related expense:

in € thousand	2024	2023	2022
Depreciation of right of-use assets	(1,649)	(779)	(642)
Interest expense on lease liabilities	(641)	(103)	(68)
Short-term lease expenses	(371)	(383)	(523)
Lease expenses for low-value assets	(40)	(7)	(28)
Total amount recognized in expense	**(2,701)**	**(1,273)**	**(1,260)**

The below table provides information on the total cash outflow from all leases during the year:

in € thousand	2024	2023	2022
Principal paid	(1,543)	(715)	(609)
Interest paid	(641)	(103)	(68)
Short term and low value leases	(411)	(391)	(551)
Total amount paid	**(2,596)**	**(1,209)**	**(1,227)**

The below table shows a maturity analysis of undiscounted lease payments for which a right-of-use asset and lease liability were recognized:

in € thousand	12/31/2024	12/31/2023
≤ 1 year	2,029	2,108
> 1 ≤ 2 years	1,755	1,928
> 2 ≤ 5 years	3,778	4,081
> 5 years	4,800	6,014
Gross lease liabilities – minimum lease payments	**12,361**	**14,130**
Discount and foreign currency effects	(2,667)	(3,244)
Present value of the lease liabilities	**9,694**	**10,886**

Lessor accounting

A part of the office and laboratories buildings located at the headquarter are leased to a related party under an operating lease with rent payable on a monthly basis. Lease income from the operating lease where SCHMID is a lessor is recognized in other income on a straight-line basis over the lease term. The lease income per month amounts to €10 thousand and does not include variable lease payments that depend on an index or rate. The lease contract was fixed until March 31, 2022 and is automatically renewed each year for another 12 months if none of the parties terminates the agreement. As a result, the minimum lease payments to be received are €115 thousand in 2024 (2023 : €115 thousand, 2022: €115 thousand). The asset underlying the lease contract is included in property, plant and equipment.

In addition, SCHMID is party to a sublease contract for an office building. SCHMID leases the office from a third party and subleases it to a related party. The lease-out is categorized as operating lease and has an indefinite lease term with a termination option for both parties of six months. The lease income per month amounts to €3 thousand and does not include variable lease payments that depend on an index or rate.

22. FINANCIAL ASSETS

Non-current financial assets mainly comprise deposits for leased buildings.

23. INVENTORIES

in € thousand	12/31/2024	12/31/2023
Raw materials and supplies	4,136	4,386
Work in progress	6,317	6,038
Finished goods	5,281	5,928
Inventories	**15,734**	**16,353**

In fiscal year 2024, write-downs of €538 thousand (2023: €1,052 thousand, 2022: €833 thousand) were recognized. Total reversals of impairment losses amounted to €0 thousand in the fiscal year 2024 (2023: €83 thousand, 2022: €23 thousand). The amount of inventories recognized as an expense (Cost of sales) during 2024 is €15,507 thousand (2023: €25,026 thousand, 2022: €28,964 thousand.

24. TRADE RECEIVABLES AND OTHER RECEIVABLES

in € thousand	12/31/2024	12/31/2023
Trade receivables	24,704	40,626
Receivables from equity investees	4,207	1,599
Receivables from shareholder	4,711	—
Other receivables	4,599	4,807
Total trade and other receivables	**38,221**	**47,032**

Trade receivables have a residual term of less than one year. Receivables from equity investees refer to SCHMID Avaco Korea, Co. Ltd and SCHMID Energy Systems GmbH.

Consistent with the prior year, other receivables include also a receivable from Christian Schmid related to the Silicon bonus payment of €4,700 thousand.

In March 2023, a Stock Purchase Agreement (hereinafter referred to as “SPA”) was entered into to sell SCHMID Silicon Technology Holding GmbH and subsidiaries (hereinafter referred to as “the Silicon Group”) to the Group 14 Technologies Group. Receivables from the Silicon Group which had been impaired in 2017 by SCHMID became recoverable in 2023 as a result of the SPA resulting in an impairment reversal of €21,375 thousand.

The main driver for the decrease in the other receivables in 2023 is the repayment of a shareholder loan receivable (remaining balance as of December 31, 2023: €107 thousand).

25. OTHER CURRENT ASSETS

Other current non-financial assets are as follows:

in € thousand	12/31/2024	12/31/2023
Prepaid expenses	1,899	3,667
Advance payments on inventories	1,097	1,317
Restricted cash	59	89
Total other current non-financial assets	**3,054**	**5,073**

Restricted cash refers to bank accounts that are used as securities for customer prepayments, mainly in China. Changes within the restricted cash have been disclosed within the operating cashflow.

In 2024, prepaid expenses mainly comprise prepaid expenses for insurance expenses (December 31, 2024: €1,500 thousand).

In 2023, prepaid expenses mainly consisted of transaction costs related to the business combination with Pegasus have been recognized in Equity during 2024.

26. CASH & CASH EQUIVALENTS

Cash and cash equivalents include cash as well as deposits on bank accounts amounting to €3,791 thousand as of December 31, 2024 (December 31, 2023: €5,710 thousand).

27. EQUITY

Ordinary Shares have a par value of €0.01. The number of shares as of December 31, 2024 amounts to 43,062,427. The total share capital amounts to €431 thousand.

The capital reserves amount to €114,448 thousand and result from the contributions in kind.

Other reserves comprise loss carried forward, net profit/loss for the year, remeasurement of defined benefit obligation and currency translation differences.

Non-controlling interest contains the equity, profit/loss carried forward and currency translation differences relating to the minority shareholders of SCHMID.

28. NON-CONTROLLING INTEREST

Non-controlling interests relate to SCHMID Singapore Pte. Ltd. (10.00%) and SCHMID Taiwan Ltd. (13.95%).

As of December 31, 2023, XJ Harbour holds a 24.1% equity interest in the registered capital of SCHMID Technology (Guangdong) Co., Ltd.(STG), a SCHMID subsidiary. SCHMID and XJ in January 2024 have entered into an agreement whereby SCHMID will acquire XJ's 24.1% equity interest in consideration for 1,406,361 SCHMID shares and €30.0 million in cash. The transfer of the equity interest and payment of the cash consideration will be effected in three tranches, commencing at Closing of de-SPAC in April 2024 and concluding no later than 455 days after Closing.

Although only a portion of the shares are received on Closing, with the remaining shares to be transferred after Closing, the non-controlling interests are reduced for the full number of shares to be transferred because SCHMID irrevocably agreed to purchase the shares from XJ. Consistent with IAS 32, such an obligation is recognized as a financial liability (measured at present value of the redemption amount), with corresponding adjustment recorded in equity. Accordingly as of December 31, 2024, no non-controlling interests are recognized in STG.

in € thousands	
Carrying amount of acquired non-controlling interests	6,755
Purchase price paid to non-controlling shareholders	(32,969)
Decrease in equity of the owners of the parent company	**(26,214)**
The decrease in equity of the owners of the parent company is composed as follows:	
– Decrease in capital reserves	(26,273)
– Increase in currency translation reserve	59
Decrease in equity of the owners of the parent company	**(26,214)**

The following tables summarizes the information relating to each entity that has material NCI, before any intra-SCHMID eliminations.

12/31/2024	SCHMID Singapore Pte. Ltd.	SCHMID Taiwan Ltd.
NCI percentage	10.0 %	14.0 %
Non-current assets	—	142
Current assets	2,791	3,524
Non-current liabilities	—	81
Current liabilities	(149)	374
Net assets	**2,940**	**3,210**
Net assets attributable to NCI	**294**	**448**
Revenue	—	2,260
Profit/(Loss)	2,183	(3,462)
OCI	—	—
Total comprehensive income/(loss)	**2,183**	**(3,462)**
Total comprehensive income / (loss) allocated to NCI	218	(483)
Accumulated NCI end of period	**295**	**298**

12/31/2023	SCHMID Singapore Pte. Ltd.	SCHMID Technology Guangdong Co., Ltd	SCHMID Taiwan Ltd.
NCI percentage	10.0 %	24.1 %	14.0 %
Non-current assets	—	5,118	185
Current assets	2,797	42,569	11,827
Non-current liabilities	—	847	605
Current liabilities	2,062	22,288	5,182
Net assets	**736**	**24,552**	**6,224**
Net assets attributable to NCI	**74**	**5,917**	**868**
Revenue	—	27,750	1,672
Profit/(Loss)	6,188	2,298	(402)
OCI	—	(1,550)	(252)
Total comprehensive income/(loss)	**6,118**	**748**	**(654)**
Total comprehensive income / (loss) allocated to NCI	619	180	(91)
Accumulated NCI end of period	**77**	**6,487**	**794**

12/31/2022	SCHMID Singapore Pte. Ltd.	SCHMID Technology Guangdong Co., Ltd	SCHMID Taiwan Ltd.
NCI percentage	10.0 %	24.1 %	14.0 %
Non-current assets	—	4,575	71
Current assets	1,651	46,040	12,704
Non-current liabilities	—	568	694
Current liabilities	7,104	26,244	5,203
Net assets	**(5,453)**	**23,804**	**6,879**
Net assets attributable to NCI	**(545)**	**5,737**	**960**
Revenue	—	38,753	12,873
Profit/(Loss)	(7)	6,068	4,152
OCI	—	(639)	(303)
Total comprehensive income/(loss)	**(7)**	**5,429**	**3,849**
to NCI	(1)	1,308	537
Accumulated NCI end of period	**(543)**	**6,335**	**889**

Cash flow statement SCHMID Technology Guangdong Co., Ltd in € thousand	2024	2023	2022
Cash flow from operating activities	(723)	666	(1,688)
Cash flow from investing activities	(155)	(472)	(502)
Cash flow from financing activities	—	(21)	(452)
Effect of foreign exchange rate changes on cash and cash equivalents	241	(119)	116
Net increase (decrease) in cash and cash equivalents	**(636)**	**55**	**(2,525)**

29. FINANCIAL LIABILITIES AND WARRANTS

The following table shows an overview of the financial liabilities of SCHMID:

in € thousand	12/31/2024	12/31/2023
Non-current financial liabilities	37,000	22,190
Warrant liability	5,053	—
Current financial liabilities	40,433	26,053

Non-current financial liabilities

Non-current financial liabilities include third party loans (€2,000 thousand), loans from shareholders (€21,000 thousand) and loans from other related parties (€14,000 thousand).

The third party loan refers to a loan from one individual not related to SCHMID. The loan is due end of 2026. The term is automatically extended by a further year if the contract is not terminated 6 months before expiry. Interest is floating at 3 months EURIBOR plus 1% margin.

The shareholders provided loan facilities of €15 million and €11 million in 2016. Loan waivers with debtor warrant were granted for EUR 5 million. The debtor warrant stipulates that the loans of EUR 5 million are to be revived as soon as the equity ratio of Gebr. SCHMID GmbH in the individual financial statements (according to HGB / German GAAP) is at least 10%. After the revival, the EUR 5 million are to be regarded as current financial liabilities. The loans of €21 million are due end of 2026. The term is automatically extended by a further year if the contract is not terminated 6 months before expiry. Interest is floating at 3 months EURIBOR plus 1% margin.

The loans from related parties are provided by key management personnel and SCHMID Grundstücke GmbH & Co. KG, which is an entity controlled by a related party. For further details please refer to note 37. Related Party Disclosures. €3 million are due on June 30, 2026. €11 million are due end of 2026. The term is automatically extended by a further year if the contract is not terminated 6 months before expiry. Interest is floating at 3 months EURIBOR plus 1% margin.

Debt extinguishment 2023

During the year ended December 31, 2023, SCHMID signed agreements with lender debt funds to repay the loans during 2023. The parties have agreed to modify certain terms of the loan, including amount and nature of repayments and interest rates resulting in loan extinguishment gains of €15,852 thousand. The extinguishment gains have been recorded in finance income. In addition, SCHMID and one of debt funds have agreed upon an additional payment of € 2,800 thousand to be paid by the Company, which resulted in finance expense at the same amount. One of the two loans was repaid in cash in June 2023. The second loan was repaid in September 2023 by transferring G14 shares amounting to €17,664 thousand to the debt fund by SCHMID. In addition, Schmid Verwaltungs GmbH transferred G14 shares to the debt fund to settle the complete loan liability of SCHMID. Schmid Verwaltungs GmbH (related party to SCHMID), by transferring G14 shares, repaid a loan receivable from SCHMID towards Schmid Verwaltungs GmbH.

Warrants

Upon the Business Combination, public warrants ("Public Warrants") and warrants that were issued in a private placement transaction ("Private Warrants") were assigned as former Pegasus warrants to SCHMID warrants. The terms of the Public Warrants and Private Warrants remain unchanged following the assignment. As of December 31, 2024, all warrants were outstanding.

The Public Warrants and the Private Warrants give the holder the right, but not the obligation, to subscribe to SCHMID's shares at a fixed or determinable price for a specified period of time subject to the provision of the Warrant Agreement. The Warrants became exercisable 30 days after the consummation of the Business Combination. The Warrants will expire five years after the completion of the Business Combination or earlier upon redemption, liquidation or expiration in accordance with their terms.

Current financial liabilities

At the end of 2016, Annette and Christian SCHMID waived part of their claims (€5 million). As the waivers are with debtor warrants, the claims will revive once a certain equity ratio is reached. As of December 31, 2024, SCHMID did not reach the equity ratio.

In 2024, a new loan was agreed with an asset management company and paid out in June 2024 for a nominal amount of $2,350 thousand with a term of one year and an effective interest rate of 6.8482%.

Current financial liabilities also include short-term loans with the SCHMID shareholders (€12.1 million). These loans bear interest at the 3-month Euribor rate plus 1 percentage point.

€23,539 thousand relate to liabilities to XJ resulting from the share buyback (refer to Note 28. Non-controlling Interest for further consideration).

30. OTHER PROVISIONS

Movement in provisions during the year is as follows:

In € thousand	12/31/2023	Additions	Utilization	Reversal of unused amounts	12/31/2024
Warranty provision	238	—	(27)	—	211
Jubilee provision	(2)	169	(34)	—	134
Total non-current provisions	**237**	**169**	**(61)**	**—**	**345**
Warranty provision	225	250	(374)	(62)	39
Provision for legal claims	53	—	(40)	(4)	9
Other provisions	695	170	(700)	(28)	136
Total current provisions	**973**	**420**	**(1,115)**	**(94)**	**184**

In € thousand	12/31/2022	Additions	Utilization	Reversal of unused amounts	12/31/2023
Warranty provision	211	211	(184)	—	238
Jubilee provision	119	482	(603)	—	(2)
Total non-current provisions	**330**	693	**(787)**	—	**237**
Warranty provision	139	152	(66)	—	225
Provision for legal claims	67	44	—	(58)	53
Other provisions	153	2,308	(1,454)	(312)	695
Total current provisions	**360**	**2,504**	**(1,520)**	**(370)**	**973**

31. POST-EMPLOYMENT BENEFITS

Defined contribution plans

SCHMID's expenses for defined contribution plans were €1,752 thousand for the year ended 2024 (2023: €1,677 thousand, 2022: €1,552 thousand). No assets or liabilities are recognized in SCHMID's balance sheet in respect of such plans, apart from regular prepayments and accruals of the contributions withheld from employees' wages and salaries and of SCHMID's contributions.

Defined benefit plan

Corporate post-retirement benefits are provided by SCHMID in Germany through a defined benefit plan with one beneficiary who is also a related party (please see note 37. Related Party Disclosures). The beneficiary was granted a fixed pension commitment in 2012 as part of a deferred compensation agreement in form of a lump-sum payment in the event of invalidity or reaching the age of 67. The Company has no plan assets in connection with the pension obligation.

The present value of the defined benefit obligation at the end of the fiscal year 2024 amounted to €978 thousand (December 31, 2023: €894 thousand, December 31, 2022: €887 thousand).

Reconciliation of the net defined benefit liability:

In € thousand	2024	2023	2022
Net defined liability at January 1	**894**	**887**	**1,173**
Defined benefit income recognized in consolidated statement of profit or loss	36	33	14
Defined benefit cost recognized in other comprehensive income	44	(25)	(300)
Reclassification of other liabilities	4	—	—
Net defined liability at December 31	**978**	**894**	**887**

Reconciliation of the amount recognized in the consolidated statement of financial position:

In € thousand	2024	2023	2022
Employee benefit obligations recognized as of January 1	894	887	1,173
Actuarial adjustments	44	(26)	(300)
thereof: experience adjustments	(2)	(2)	2
thereof: adjustments for financial assumptions	46	(24)	(302)
Interest expense	36	33	14
Reclassification of other liabilities	4	—	—
Employee benefit obligations recognized as of December 31	978	894	887

The expense recognized in the consolidated statements of profit or loss and other comprehensive income is as follows

In € thousand	2024	2023	2022
Actuarial gains (-) / losses (+) deriving from changes in financial assumptions	46	(24)	(302)
Actuarial gains (-) / losses (+) deriving from experience adjustments	(2)	(2)	2
Included in other comprehensive income	44	(26)	(300)
Interest income	36	33	14
Included in the consolidated statements of profit or loss	36	33	14
Total included in the consolidated statements of profit or loss and other comprehensive income (loss)	80	7	(286)

The interest cost relating to the obligation is a component of the result from financing activities.

The following were the principal actuarial assumptions as of:

	12/31/2024	12/31/2023
Discount rate	3.5 %	4.0 %

Sensitivity Analysis

The main actuarial assumption that is used to calculate the provisions for post-employment benefits is the discount rate. A reasonably possible increase, or respectively decrease, in the significant actuarial assumptions would have had the following impact on the present value of the post-employment benefit obligation as of the respective reporting dates:

	12/31/2024	12/31/2023
Discount rate (+0.25%)	3.8 %	4.3 %
Present value of the post-employment benefit obligations (in € thousand)	951	872
Discount rate (-0.25%)	3.3 %	3.8 %
Present value of the post-employment benefit obligations (in € thousand)	998	918

Duration

The duration of the obligation is 11 years as of December 31, 2024 (December 31, 2023: 12 years).

32. TRADE AND OTHER PAYABLES

in € thousand	12/31/2024	12/31/2023
Trade payables	15,528	13,946
Liabilities to affiliated companies	12,294	11,896
Liabilities to associated companies	357	56
Total trade and other payables	**28,179**	**25,899**

33. OTHER CURRENT LIABILITIES

Other non-financial liabilities are as follows:

in € thousand	12/31/2024	12/31/2023
Personnel related accruals	2,579	3,175
Tax related accruals	432	1,348
Audit related accruals	2,400	1,297
Liabilities due to reorganization	2,809	—
Legal and consulting fees	3,140	2,707
Miscellaneous other current liabilities	6,153	4,587
Total other current liabilities	**17,513**	**13,113**

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Carrying Amounts and Fair Values

The following tables disclose the carrying amounts of each class of financial instruments together with its corresponding fair value and the aggregated carrying amount per category.

Financial instruments, analyzed by classes and categories in € thousand	Category	Carrying amount	Fair value	12/31/2024 Fair value hierarchy
Non-current assets				
Financial assets				
Other loans and other investments	AC	66	66	n/a
Other non-current financial assets	AC	69	n/a	n/a
Current assets				
Trade receivables and other receivables				
Trade receivables	AC	23,609	n/a	n/a
Receivables from equity investees	AC	4,599	n/a	n/a
Other receivables				
Exit bonus	AC	—	—	n/a
Receivables from shareholder	AC	4,711	n/a	n/a
Other current assets				
Restricted cash	AC	59	n/a	n/a
Other	AC	5,243	n/a	n/a
Cash and cash equivalents	AC	3,791	n/a	n/a
Non-current liabilities		42,147		
Non-current borrowings				
Loans from other third parties	FLAC	2,000	2,130	Level 3
Loans from shareholders	FLAC	21,000	22,365	Level 3
Loans - host contract	FLAC	—	22,365	Level 3
Loans from other related parties	FLAC	14,000	15	Level 3
Other non-current financial liabilities	FVTPL	5,053	5,053	Level 1
Warrants	FVTPL	5,053	5,053	Level 1
Current liabilities		42,053		
Current borrowings				
Loans from banks	FLAC	2,219	n/a	n/a
Loans from debt funds		—	—	n/a
Loans - host contract	FLAC	—	n/a	n/a
Loans - embedded derivatives	FVTPL	—	—	n/a
Loans from other third parties	FLAC	1,502	n/a	n/a
Loans from shareholders	FLAC	8,694	n/a	n/a
Loans from other related parties		28,018	—	—
Loans - host contract	FLAC	28,018	n/a	n/a
Loans - embedded derivatives	FVTPL	—	—	n/a
Share option	FVTPL	—	—	Level 3
Trade payables and other liabilities	FLAC	28,179	n/a	n/a

Thereof aggregated by categories	Category	Carrying amount
Financial assets measured at amortized cost	AC	42,147
Financial liabilities measured at fair value	FVTPL	5,053
Financial liabilities measured at amortized cost	FLAC	105,612

Financial instruments, analyzed by classes and categories in € thousand	Category	Carrying amount	Fair value	12/31/2023 Fair value hierarchy
Non-current assets				
Financial assets				
Other loans and other investments	AC	28	28	n/a
Other non-current financial assets	AC	112	n/a	n/a
Current assets				
Trade receivables and other receivables				
Trade receivables	AC	40,673	n/a	n/a
Receivables from equity investees	AC	1,599	n/a	n/a
Other receivables				
Exit bonus	AC	4,700	4,700	n/a
Receivables from shareholder	AC	107	n/a	n/a
Other current assets				
Restricted cash	AC	89	n/a	n/a
Other	AC	1,317	n/a	n/a
Cash and cash equivalents	AC	5,710	n/a	n/a
Non-current liabilities				
Non-current borrowings				
Loans from other third parties	FLAC	2,336	2,063	Level 3
Loans from shareholders	FLAC	19,854	17,630	Level 3
Current liabilities				
Current borrowings				
Loans from banks	FLAC	1,225	n/a	Level 3
Loans from shareholders	FLAC	8,102	n/a	n/a
Loans from other related parties	FLAC	16,726	n/a	Level 3
Trade payables and other liabilities	FLAC	25,899	n/a	n/a

The carrying amounts of cash and cash equivalents, trade and other receivables, loans from banks and trade payables, are considered reasonable estimates of their fair values because of the short maturities of these items.

The fair value of the loan granted to a shareholder was calculated by discounting future cash flows with a risk-adjusted interest rate curve. As the credit risk of the shareholder is unobservable and assumed to be equivalent to the Standard & Poor's rating class of CCC, the credit risk is considered to have a material impact on the fair value. Therefore, the fair values of the shareholder loan are categorized in level 3 of the fair value hierarchy.

Items of income, expenses, gains or losses resulting from financial instruments

The net gains or losses for each of the financial instrument measurement categories differentiated by the respective sources were as follows:

2024 in € thousand	Subsequent measurement Interest	Fair value	Total
Financial assets - AC	860	n/a	860
Financial liabilities - FLAC	(4,863)	n/a	(4,863)
Financial assets and liabilities - FVTPL	—	1,028	1,028
Total	**(4,003)**	**1,028**	**(2,975)**

2023	Subsequent measurement		
in € thousand	Interest	Fair value	Total
Financial assets - AC	9,499	n/a	9,499
Financial liabilities - FLAC	(9,988)	n/a	(9,988)
Financial assets and liabilities - FVTPL	n/a	—	—
Total	**(489)**	**—**	**(489)**

The total interest income for financial assets that are not measured at FVTPL is €860 thousand as of the year ended December 31, 2024 (2023: €9,499 thousand). The total interest expense for financial liabilities that are not measured at FVTPL is €-4,863 thousand as of the year ended December 31, 2024 (2023: €9,988 thousand).

Financial Instrument Risk Management Objectives and Policies

Due to its international operational businesses, SCHMID is exposed to market risk (especially foreign currency risk) and credit risk. In the area of financing, liquidity risks and interest rate risks play a major role. SCHMID's senior management oversees the management of these risks. In prior years no formalized risk management system existed, but financial risks as far as identified were handled case-by-case. Equity price risk is considered insignificant for SCHMID.

Credit Risk

Credit risk is the risk that SCHMID might incur a financial loss as a consequence of the non-payment or partial payment of outstanding receivables by counterparties and from replacement risks for open transactions. SCHMID is exposed to credit risks associated with its operating activities, the loan granted to one of its shareholders, trade receivables as well as cash and cash equivalents.

SCHMID applies appropriate measures to manage credit risks inherent to its trade receivables. SCHMID requests customer ratings from well-known rating agencies and responds to higher probabilities of default with modified payment terms. Loss rates are based on actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and SCHMID's view of economic conditions over the expected lives of the receivables. Until January 1, 2023, to limit the credit risk resulting from its trade receivables, SCHMID has entered into a credit risk insurance that covered all trade receivables besides a small deductible. For the resulting credit risk of the insurance company SCHMID applied the credit default swap spread to the insured trade receivables amount. For the remaining credit risk of the uninsured part of the trade receivables a probability of default for the industry is applied to the exposure and multiplied with the loss given default.

The allowances for ECL determined for the different classes of financial assets developed as follows:

in € thousand	Trade receivables - not credit impaired	Trade receivables - credit impaired	Shareholder and other loans - credit impaired
Closing Balance 31/12/2022	**(19)**	**(652)**	**(1,445)**
Additions	(118)	(198)	—
Utilization	—	(11,425)	—
Reversal	—	11,706	1,445
Closing Balance 31/12/2023	**(137)**	**(569)**	**—**
Additions	—	—	—
Utilization	14	193	—
Reversal	—	—	—
Closing Balance 31/12/2024	**(123)**	**(376)**	**—**

With regards to cash and cash equivalents SCHMID allocates the credit risk by using several banks. Furthermore, it is SCHMID policy to hold cash and cash equivalents only with financial institutions that have at least an investment grade rating. SCHMID regularly monitors its cash and cash equivalents and takes corrective actions should it identify any possible changes in creditworthiness of these financial institutions. Therefore and due to its short-term character, no significant credit risk arises from cash and cash equivalents, and no ECL allowance has been recorded for 2024 and 2023 respectively.

The following tables provide information about the gross carrying amounts by credit-risk rating classes for the several types of financial assets that are not measured at FVTPL and therefore generally subject to the impairment regulations of IFRS 9.

Gross Carrying Amounts by Rating Class in € thousand	Stage 1	Stage 2	12/31/2024 Stage 3
General approach			
Cash and cash equivalents			
AAA to BBB (Investment grade)	3,791	—	—
Receivables from shareholders			
BBB- to CCC (Below investment grade)	—	4,711	—
Simplified approach			
Trade receivables and other receivables			
Current (not past due)	—	9,829	—
1-30 days past due	—	919	—
31-60 days past due	—	294	—
61-90 days past due	—	60	—
More than 90 days past due	—	2,822	—
credit-impaired	—	—	5,473
Total	**3,791**	**18,635**	**5,473**

Gross Carrying Amounts by Rating Class in € thousand	Stage 1	Stage 2	12/31/2023 Stage 3
General approach			
Cash and cash equivalents			
AAA to BBB (Investment grade)	5,710	—	—
Receivables from shareholders			
BBB- to CCC (Below investment grade)	—	4,807	—
Simplified approach			
Trade receivables and other receivables			
Current (not past due)	—	27,148	(69)
1-30 days past due	—	1,423	(11)
31-60 days past due	—	597	(6)
61-90 days past due	—	651	(7)
More than 90 days past due	—	3,039	(45)
Total	**5,710**	**37,665**	**(138)**

Liquidity Risk

Liquidity risk is the risk that a company will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. SCHMID is constantly working to ensure that the supply of liquidity is mainly sufficient to settle financial liabilities that are due for payment. Liquidity is evaluated and maintained using forecasts based on fixed planning horizons covering several months and through the cash and cash equivalent balances that are available.

During 2023, the majority of financial liabilities has been repaid. For more detail on the financial situation, please refer to the explanation on Going Concern (see note 2. Basis of Presentation).

The following table provides details of the (undiscounted) cash outflows of financial liabilities (including interest payments).

in € thousand	Cash outflows within ≤ 1 year	> 1 ≤ 2 years	> 2 ≤ 5 years	> 5 years	12/31/2024 Total cash flows
Lease liabilities	**2,108**	**1,928**	**4,081**	**6,014**	**14,131**
Borrowings (including embedded derivatives)	—	—	—	—	—
Loans from banks	—	—	—	—	—
Loans from other third parties	727	2,063	—	—	2,790
Loans from shareholders	9,216	21,661	—	—	30,877
Loans from other related parties	24,971	14,394	—	—	39,365
Trade payables and other liabilities	**28,179**	—	—	—	**28,179**

in € thousand	Cash outflows within ≤ 1 year	> 1 ≤ 2 years	> 2 ≤ 5 years	> 5 years	12/31/2023 Total cash flows
Lease liabilities	**2,073**	**1,822**	**3,372**	**3,758**	**11,025**
Borrowings (including embedded derivatives)	**26,053**	**26,781**	—	—	**52,835**
Loans from banks	1,225	—	—	—	1,225
Loans from other third parties	—	2,778	—	—	2,778
Loans from shareholders	8,102	24,004	—	—	32,106
Loans from other related parties	16,726	—	—	—	16,726
Trade payables and other liabilities	**25,899**	—	—	—	**25,899**

Foreign Currency Risk

SCHMID operates globally and is exposed to foreign exchange risk arising from exposure to various currencies in the ordinary course of business. SCHMID's exposures primarily consist of the Euro ("EUR"), US Dollar ("USD"), Chinese Yen ("CNY"), Hong Kong Dollar ("HKD"), Korean Won ("KRW") and Canadian Dollar ("CAD"). Foreign exchange risk mainly arises from commercial transactions that resulted in recognized financial assets and liabilities denominated in a currency other than the local functional currency.

The following table demonstrates the material net exposures SCHMID entities have due to trade receivables and payables, cash and cash equivalents as well as other financial assets in a currency different their local functional currency. Due to consolidation these exposures would also have an impact to SCHMID's profit or loss.

functional currency entity	12/31/2024 EUR	CNY	USD	HKD	12/31/2023 EUR	CNY	USD	HKD
EUR	—	27,201	2,685	(55)		5,010	3,597	—
CNY	13,120	—	(1,262)	(2,071)	27,217		(1,077)	(424)
USD	(876)	(969)	—	—	17	—		—
TWD	1,262	(28)	61	269	1,481	(238)	—	—
HKD	(6,887)	(17,794)	(585)	—	2,026	(2,209)	—	
KRW	(2,658)	1,009	(154)	—	(4,276)	—	—	—
MYR	(378)	—	—	—				
Total	**3,584**	**9,419**	**744**	**(1,857)**	**26,464**	**2,563**	**2,520**	**(424)**

The following table demonstrates the impact that a reasonably possible change in each material currency pair would have on SCHMID's profit or loss before tax. Therefore for each currency exchange rate the foreign currency is shifted against the respective local entity's functional currency. The resulting impact in local currency is then translated into EUR.

in € thousand	12/31/2024		12/31/2023	
	+10%	-10%	+10%	-10%
CNY/EUR	867	(1,059)	2,019	(2,467)
USD/EUR	(315)	384	(325)	398
TWD/EUR	115	(140)	135	(165)
HKD/EUR	(626)	765	184	(225)
KRW/EUR	(242)	295	(389)	475
MYR/EUR	(34)	42	—	—
CNY/TWD	—	—	22	(26)
CNY/HKD	188	(235)	158	(203)
USD/CNY	110	(135)	98	(120)
HKD/USD	(56)	56	—	—

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risks from financial instruments can in general arise in connection with financial liabilities including borrowings under SCHMID existing working capital and equipment financing facilities. Profit or loss is sensitive to higher/ lower interest income/ expense from loans granted and borrowed as a result of changes in interest rates. Considering existing thresholds, a hypothetical reasonable increase or decrease of 100 basis points in interest rates would have the following effect shown in the table on SCHMID financial statements.

in € thousand	Impact to P/L (income (+)/ expense (-))
12/31/2024	
Change in interest rate +1%	(378)
Change in interest rate -1%	378
12/31/2023	
Change in interest rate +1%	(296)
Change in interest rate -1%	296

Capital Management

For the purpose of SCHMID's capital management, capital includes all share capital and other equity reserves attributable to the equity holders. The primary objectives of capital management are to support operating activities and maximize the shareholder value through investment in the development activities of SCHMID.

SCHMID's finance department reviews the total amount of cash of SCHMID on a monthly basis. As part of this review, management considers the total cash and cash equivalents, the cash outflow, currency translation differences and funding activities.

The Company is not anymore subject to externally imposed capital requirements as all relevant loans have been repaid during 2023, see note 29. Financial Liabilities and Warrants for further details. No changes were made in the objectives, policies or processes for managing cash during the years ended December 31, 2024 and 2023.

Reconciliation of changes in liabilities arising from financing activities

In € thousand	Loans	Lease liabilities	Total
Balance at January 1, 2024	**48,244**	**10,886**	**59,130**
Cash flow from financing activities (excluding changes from restricted cash)	**6,173**	**(2,184)**	**3,989**
Proceeds from loans	3,145	—	3,145
Proceeds from Reorganization	14,443	—	14,443
Repayments of loans	(264)	—	(264)
Principal elements of lease payment	—	(1,543)	(1,543)
Interest paid	(212)	(641)	(853)
Transaction with (minority) shareholder	(10,939)		(10,939)
Changes in the cash flow from financing activities	**23,016**	**993**	**24,009**
Foreign currency effects	—	32	32
New leases	—	306	306
Accrued interest	21,988	655	22,644
Fair value measurement	1,028	—	1,028
Balance at December 31, 2024	**77,433**	**9,694**	**87,127**

In € thousand	Loans	Lease liabilities	Total
Balance at January 1, 2023	**167,111**	**1,333**	**168,444**
Cash flow from financing activities (excluding changes from restricted cash)	**(83,812)**	**(819)**	**(84,631)**
Proceeds from loans	—	—	—
Repayments of loans	(81,871)	—	(81,871)
Principal elements of lease payment	—	(715)	(715)
Interest paid	(1,941)	(103)	(2,044)
Changes in the cash flow from financing activities	**(35,055)**	**10,372**	**(24,683)**
Foreign currency effects	—	(77)	(77)
New leases	—	10,347	10,347
Accrued interest	(35,024)	102	(34,922)
Fair value measurement	(32)	—	(32)
Balance at December 31, 2023	**48,244**	**10,886**	**59,130**

35. EQUITY METHOD INVESTMENTS

SCHMID owns non-controlling interests in the following entities as of December 31, 2024 and 2023. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Country of incorporation	% of ownership interest 12/31/2024	% of ownership interest 12/31/2023
SCHMID AVACO Korea Co. Ltd. (SAK)	South Korea	50 %	50 %
Advanced Energy Storage Systems Investment Company (AES)	Kingdom of Saudi Arabia	— %	51 %
SCHMID Energy Systems GmbH (SES)	Germany	49 %	— %

A description of each entity is provided below.

SCHMID AVACO Korea Co. Ltd. (SAK), South Korea is a company that specializes in the sales and marketing of PVE and PVD equipment. SCHMID developed many innovative PVE and PVD processes and has access to the major manufacturing player for PCB, Substrates and Panel Level Packing. Avaco produces a wide range of equipment, which serves various industries including chip industry, automotive, electronics and telecommunications technology.

Advanced Energy Storage Systems Investment Company (AES), Saudi Arabia was a cooperation of Nusaned Investment (an investment company owned by Saudi Basic Industries Corporation ("SABIC")) and SCHMID. AES was established to manufacture and focuses on technology development in the field of vanadium redox flow batteries (VRFB). In October 2023, Nusaned Investment and SCHMID, mutually agreed to terminate the cooperation via a share exchange. On January 1, 2024, SCHMID transferred its shares in AES to SABIC and in exchange AES transferred its shares in SES to SCHMID. Following this exchange, SCHMID had a 100% ownership interest in SES.

During 2024, SCHMID and the Pekintas Group based in Istanbul, Turkey, reached an agreement to partner in the design, manufacture and sale of VRFB's at commercial scale. OC Teknoloji Yatirimlari A.S. ("OC Technlogy Investments" or "OCT") was established by the Pekintas Group to act as the operating company for the venture. On December 17, 2024, SES, SCHMID GmbH, and OCT executed a Share Purchase Agreement (the "SPA") whereby SCHMID would transfer a 51% ownership interest in SES to OCT in exchange for a payment of €1 million and a 19.9 % ownership interest in OCT. The SES share transfer and payment of €1 million occurred in December 2024. The fair value of the 49% ownership in SES amounts to €1,200 thousand. The shares in OCT have not been transferred as of year end, but the Company has recorded a receivable amounting to the fair value of the shares (€248 thousand). SCHMID recognized a gain of €3,703 thousand on the sale to OCT of the 51% interest in SES, which is presented in Other Income.

36. COMMITMENTS AND CONTINGENCIES

As of December 31, 2024, the Company has no commitments (December 31, 2023: €62 thousand) to acquire items of property, plant & equipment.

37. RELATED PARTY DISCLOSURES

SCHMID is a listed company with Christian Schmid and Anette Schmid as majority shareholders. Christian Schmid is also the CEO of the Company.

Transactions with Key Management

Key management personnel are defined as those persons who are responsible for SCHMID´s worldwide operating business, based on their function within SCHMID or the interests of SCHMID. The following individuals belong or belonged to SCHMID's key management:

Name	Company	Function & Member of key management since/until
Christian Schmid	SCHMID Group N. V. Gebr. SCHMID GmbH	Executive Director of SCHMID Group N. V., CEO
Anette Schmid	SCHMID Group N. V.	Non-executive Director
Prof. Dr. Dr. h.c. Sir Ralf Speth	SCHMID Group N. V.	Non-executive Director, Chairman of the Board
Dr. Stefan Berger	SCHMID Group N. V.	Non-executive Director
Boo-Keun Yoon	SCHMID Group N. V.	Non-executive Director
Dr. Annedore Streyl	SCHMID Group N. V.	Non-executive Director since 27.12.2024
Christian Brodersen	SCHMID Group N. V.	Non-executive Director until 23.12.2024
Julia Natterer	SCHMID Group N. V. Gebr. SCHMID GmbH	CFO
Laurent Nicolet	Gebr. SCHMID GmbH	Executive Asia Region
Helmut Rauch	Gebr. SCHMID GmbH	COO

The annual remuneration and related compensation costs recognized as expense during the reporting period only includes short-term employee benefits and amounts to €1,428 thousand in 2024 (2023: €1,562 thousand, 2022: €1,262 thousand). Short-term benefits include salaries, bonus, and other benefits such as medical, death and disability coverage, Company car and other usual facilities as applicable. The outstanding balances also include the liability in connection with the defined benefit obligation.

Transactions with related parties

In addition to the entities included in the consolidated financial statements (see note 2. Basis of Presentation), SCHMID maintains relationships with other related parties. Related parties comprise the following entities (not individuals):

Company	Relationship
Schmid Grundstücke GmbH & Co. KG	Jointly controlled by Christian and Anette Schmid
Schmid Verwaltungs GmbH, Freudenstadt	Controlled by Christian Schmid
Schmid Silicon Technology Holding GmbH, Freudenstadt	Controlled by Christian Schmid (until June 2023)
Schmid Silicon Technology GmbH, Freudenstadt	Controlled by Christian Schmid (until June 2023)
SILIQN GmbH, Freudenstadt	Controlled by Christian Schmid (until March 2023)
Schmid Polysilicon Production GmbH, Spreetal	Controlled by Christian Schmid (until March 2023)

The following transactions are proceeded with related parties.

in € thousand	2024	2023	2022
Interest income on loans granted to			
Shareholder	4	1,077	526
Interest expense on loans received from			
Key management personnel	3	12	88
Other related parties	510	558	409
Shareholder	916	737	165
Purchases of goods or services			
Joint ventures	—	3	2,511
Other related parties	1,663	236	663
Sale of goods or services			
Joint ventures	—	427	505
Other related parties	31	11,801	592
Salary and Bonus			
Shareholder	1,055	1,149	988
Key management personnel	1,428	1,562	1,262

in € thousand	12/31/2024	12/31/2023
Outstanding balances - Liabilities		
Shareholder	29,486	29,102
Key management personnel	—	280
Joint ventures	358	358
Other related parties	16,973	25,359

in € thousand	12/31/2024	12/31/2023
Outstanding balances - Receivables		
Shareholder	—	107
Joint ventures	4,068	2,655
Other related parties	1,286	221

The significant increase in Sale of goods or services as well as in Outstanding balances - Liabilities in 2023 are mainly due to the sale and leaseback transaction (for further information please see note 20. Leases).

38. EVENTS AFTER THE REPORTING PERIOD

Shareholder debt waiver

In September 2025, Anette Schmid and Christian Schmid agreed to waive €5 million in financial liabilities which were owed to them by SCHMID. These €5 million financial liabilities dated back to 2016 and were waived for no consideration or compensation.

Subscription Agreement with XJ Harbour HK Limited; Set-Off Agreement

On November 12, 2025, the Company entered into a subscription agreement and a set-off agreement with XJ Harbour, pursuant to which the Company agreed to issue and sell shares to XJ in a private placement. The Company agreed to issue ordinary shares to XJ at $2.15 per share to set off $26,962,158.90 of liabilities (including accrued interest) owed to XJ by the Company.

Secured Two-Tranche Term Loan Facility

The Company signed a secured two-tranche term loan facility with a total commitment value of up to €10 million with the lender Black Forest Special Situations I, a Cayman Islands incorporated vehicle on December 16, 2025. The lender is backed by a consortium that includes the Company's chairman of the Board, Sir Ralf Speth, members of the Board of directors of the Company, its CFO Arthur Schuetz, and third-party investment and advisory professionals. The first tranche consisted of €2.5 million, which were paid out on December 18, 2025.

The second tranche of up to €7.5 million was set to be drawn down early in 2026. The lender has a conversion right under the term loan facility, which is exercisable at a share price of US$2.15 into shares of the Company between six months after the draw down of the first tranche and the date of the term loan facility's maturity, which is 15 months after the first tranche draw down. The first and second tranches may be converted independently of one another. The term loan facility has a 15% p.a. interest rate with interest payable at maturity, unless the conversion right is exercised and interest is also converted into shares of the Company.

Related Party Loan

At the same time, the Company received a cash injection of €0.2 million from a related party of the Schmid family on December 15, 2025. The agreed interest rate is market standard and the loan has a maturity of 15 months.

$30 Million 7.00% Senior Convertible Note due 2028

On January 18, 2026 SCHMID entered into an investment agreement with an institutional investor, Linden Advisors LP, to sell, and on January 21, 2026 sold senior convertible notes in an aggregate principal amount of $30.0 million convertible into ordinary shares of the Company together with the issuance of warrants to purchase ordinary shares of the Company in a private placement to the Investor. The notes were issued at 98% of principal amount pursuant an indenture and are to be funded in two tranches: (i) $15.0 million were funded on January 21, 2026 and (ii) $15.0 million will be funded following the effectiveness of a registration statement covering the resale of the underlying shares in relation to the notes. The notes bear interest at a rate of 7% per annum, compounded quarterly and payable in kind, subject to the Company's right to elect cash payment upon prior notice. They have a two-year maturity, i.e. they will mature on January 21, 2028, unless previously converted into shares of the Company.

Exhibit 4.19

FIRST AMENDMENT

to the

INVESTMENT AGREEMENT DATED AS OF JANUARY 18, 2026

among

SCHMID GROUP, N.V,

GEBR. SCHMID GMBH, AS GUARANTOR

and

THE PARTIES LISTED HEREIN

Dated as of January 20, 2026

FIRST AMENDMENT TO THE INVESTMENT AGREEMENT

This FIRST AMENDMENT TO THE INVESTMENT AGREEMENT (this "**Amendment**"), dated as of January 20, 2026 by and among SCHMID Group, N.V., a Dutch limited liability company (together with any successor or assign pursuant to Section 5.09 of the Investment Agreement (as defined below), the "**Company**"), Gebr. Schmid GmbH, a German limited liability company ("**Guarantor**"), and the Purchasers. Capitalized terms not otherwise defined where used shall have the meanings ascribed thereto in the Investment Agreement (as defined below).

WHEREAS, the Parties hereto previously entered into an investment agreement dated as of January 18, 2026 (the "**Investment Agreement**").

WHEREAS, the Parties desire to amend certain provisions in the Investment Agreement, on the terms and subject to the conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained and intending to be legally bound hereby, the parties hereby agree, severally and not jointly, as follows:

1. Amendments to the Investment Agreement. Effective as of the date of this Amendment:

(a) Section 2.02 (d) of the Investment Agreement is hereby amended to include as an additional condition of the obligations of each Purchaser to consummate the applicable Closing the following:

> "*(x) Anette Schmid, Christian Schmid and certain companies controlled by Anette Schmid and/or Christian Schmid shall have executed a subordination agreement in relation to the shareholder loans and property loans made to the Guarantor and that are identified on Schedule 2.02(d) attached hereto, such subordination agreement to be in form and substance approved by each of the Parties in its respective discretion*."

2. Miscellaneous.

(a) The terms, conditions and provisions of the Investment Agreement, as amended by this Amendment, remain in full force and effect. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Party under the Investment Agreement, nor constitute a waiver or amendment of any provision of the Investment Agreement.

(b) Any provision of this Amendment may be amended or modified in whole or in part at any time by an agreement in writing executed by each of the parties hereto. No failure on the part of any party to exercise, and no delay in exercising, any right shall operate as a waiver thereof nor shall any single or partial exercise by any party of any right preclude any other or future exercise thereof or the exercise of any other right.

(c) This Amendment may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same document. Signatures to this Amendment transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing the original signature. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment or any document to be signed in connection with this Amendment shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

(d) This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this

Amendment and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Amendment and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, may be brought and determined in the United States District Court for the Southern District of New York or any New York State court sitting in New York City and hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Amendment, (i) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this section, (ii) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) to the fullest extent permitted by the applicable law, any claim that (A) the suit, action or proceeding in such court is brought in an inconvenient forum, (B) the venue of such suit, action or proceeding is improper or (C) this Amendment, or the subject matter hereof, may not be enforced in or by such courts. Each of the parties hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 5.02 shall be effective service of process for any suit or proceeding in connection with this Amendment or the transactions contemplated hereby.

(e) EACH OF THE PARTIES TO THIS AMENDMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS AMENDMENT.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

SCHMID GROUP, N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

GEBR. SCHMID GMBH, AS GUARANTOR

By: /s/ Christian Schmid
Name: Christian Schmid
Title: Chief Executive Officer

[*Signature Page to First Amendment to the Investment Agreement*]

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

LINDEN ADVISORS LP, on
behalf of certain advised or
managed funds and accounts

By: /s/ Saul Ahn
Name: Saul Ahn
Title: General Counsel / Authorized Signatory

Notice Information:

Address:

590 Madison Avenue, 15th Floor
New York, NY 10022

Email: amcgrath@lindenlp.com;
rlennon@lindenlp.com

[*Signature Page to the First Amendment to the Investment Agreement*]

SCHEDULE 2.02(d)

Affiliate Obligations Subject to Subordination Agreement

Contract/Date	**Subordinated Creditor**	**Nominal amount in EUR outstanding on 20 January 2026**
Property loan dated December 31, 2024	Schmid Grundstücke GmbH & Co. KG	11,000,000
Property loan dated July 3, 2025	Schmid Grundstücke GmbH & Co. KG	65,434
Property loan dated July 9, 2025	Schmid Verwaltungs GmbH	2,025,875
Current account property loan dated December 31, 2024	Schmid Grundstücke GmbH & Co. KG	1,924,728
Loan agreement dated January 15, 2021	Christian Schmid	2,816,417
Current account loan agreement dated December 31, 2024	Christian Schmid	513,551
Current account loan agreement dated December 31, 2024	Anette Schmid	1,297,724
Current account agreement (*Kontokorrentvertrag*) dated 13 October 2011, amended 16 January 2012	Christian Schmid	8,000,000
Current account agreement (*Kontokorrentvertrag*) dated 13 October 2011, amended 16 January 2012	Anette Schmid	13,000,000

Exhibit 4.20

EXECUTION VERSION

SCHMID GROUP N.V.,

THE GUARANTORS PARTY HERETO FROM TIME TO TIME,

AND

WILMINGTON SAVINGS FUND SOCIETY, FSB,

as Trustee

INDENTURE

Dated as of January 21, 2026

7.0% Convertible Senior PIK Toggle Notes due 2028

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INDENTURE dated as of January 21, 2026 between SCHMID Group N.V., a Dutch public limited liability company, as issuer (the "**Company**," as more fully set forth in Section 1.01), the Guarantors party hereto from time to time and Wilmington Savings Fund Society, FSB, as trustee (the "**Trustee**," as more fully set forth in Section 1.01).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issuance of its 7.0% Convertible Senior PIK Toggle Notes due 2028 (the "**Notes**"), and in order to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture;

WHEREAS, the Form of Note, the certificate of authentication to be borne by each Note, the Form of Notice of Conversion, the Form of Fundamental Change Repurchase Notice and the Form of Assignment and Transfer to be borne by the Notes are to be substantially in the forms hereinafter provided;

WHEREAS, the Notes will be guaranteed on a senior basis by the Initial Guarantor initially and any of the Company's existing and future Subsidiaries to the extent required to become a Guarantor in the future, and each of the Guarantors party hereto has duly authorized the execution and delivery of this Indenture and the issuance of its Note Guarantee; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as provided in this Indenture, the valid, binding and legal obligations of the Company and the Guarantors, and this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issuance hereunder of the Notes and the Note Guarantees have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the Holders thereof, the Company and the Guarantors party hereto covenant and agree with the Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. The words "herein," "hereof," "hereunder" and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular unless the context requires otherwise.

"**Additional Step-Up Interest**" shall have the meaning specified in Section 2.03(e)(ii).

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding anything to the contrary herein, the determination of whether one Person is an "**Affiliate**" of another Person for purposes of this Indenture shall be made based on the facts at the time such determination is made or required to be made, as the case may be, hereunder.

"**Agreed Guarantee Principles**" shall have the meaning specified in Section 13.04.

"**Applicable Call Price**" shall have the meaning specified in the definition of Redemption Price in this Section 1.01.

"**Applicable Conversion Price**" means, with respect to any Notice of Conversion, the lowest of the prices determined pursuant to clauses (i) through (iv) of Section 14.01(c).

"**Average VWAP Conversion Price**" means 95% of the arithmetic average of the Daily VWAPs for the ten (10) Trading Days immediately preceding the Conversion Notice Date.

"**Authorized Agent**" shall have the meaning specified in Section 17.04.

"**Board of Directors**" means the board of directors (or the functional equivalent thereof) of the Company or any duly authorized committee of such board.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors (or duly authorized committee thereof), and to be in full force and effect on the date of such certification.

"**Business Combination Event**" shall have the meaning specified in Section 11.01.

"**Business Day**" means, with respect to any Note, any day other than (i) a Saturday or a Sunday, (ii) or a day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed, or (iii) a day which is a public holiday in Stuttgart, Germany.

"**Capital Stock**" means, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity, but shall not include any debt securities convertible into or exchangeable for any securities otherwise constituting Capital Stock pursuant to this definition.

"**Capitalization Amount**" means, for any Interest PIK Date, an amount per Note equal to the interest accrued on the principal amount of such Note as of the immediately preceding

Interest Payment Date (or, if there is no immediately preceding Interest Payment Date, the interest accrued on the Initial Principal Amount) and not paid in cash, calculated at the PIK Interest Rate on the principal amount of such Note for which interest is not paid in cash for the period from, and including, such immediately preceding Interest Payment Date (or, if there is no immediately preceding Interest Payment Date, from, and including, the issue date of such Notes or such other date from which such Note bears interest as stated on such Note) to, but excluding, such Interest PIK Date.

"**Capitalization Method**" shall have the meaning specified in Section 2.03(d)(i).

"**Capitalized Principal Amount**" means, for any date, the principal amount per Note equal to the Initial Principal Amount of such Note, as increased on each Interest PIK Date occurring on or prior to such date by the Capitalization Amount for such Interest PIK Date, if any. When the term "principal amount" of any Note is used herein, such references shall be deemed to be references to the Capitalized Principal Amount of such Note, unless the context otherwise requires.

"**Cash Interest Rate**" means 7.0% per annum.

"**Cash Method**" shall have the meaning specified in Section 2.03(d)(i).

"**Clause A Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause B Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause C Distribution**" shall have the meaning specified in Section 14.04(c).

"**close of business**" means 5:00 p.m. (New York City time).

"**Code**" shall have the meaning specified in Section 17.17.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Equity**" of any Person means Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"**Common Stock**" means the ordinary shares of the Company, nominal value €0.01 per share, at the date of this Indenture, subject to Section 14.07.

"**Company**" shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article 11, shall include its successors and assigns.

"**Company Order**" means a written order of the Company signed by any of its Officers and delivered to the Trustee.

"**Conversion Agent**" shall have the meaning specified in Section 4.02.

"**Conversion Consideration**" shall have the meaning specified in Section 14.12(a).

"**Conversion Date**" shall have the meaning specified in Section 14.02(c).

"**Conversion Obligation**" shall have the meaning specified in Section 14.01(a).

"**Conversion Price**" shall have meaning as determined in accordance with Section 14.01(c).

"**Conversion Rate**" shall have the meaning specified in Section 14.01(a).

"**Conversion Notice Date**" means the Trading Day on which a Holder delivers a Notice of Conversion in accordance with Section 14.02(b).

"**Corporate Trust Office**" means the designated office of the Trustee (or the Note Registrar or Paying Agent, as the case may be) at which at any time this Indenture shall be administered, which office at the date hereof is located at Wilmington Savings Fund Society, FSB, 500 Delaware Avenue, 11th Floor, Wilmington, DE 19801, or such other address as the Trustee (or the Note Registrar or Paying Agent, as the case may be) may designate from time to time by notice to the Holders and the Company, or the designated corporate trust office of any successor trustee (or successor Note Registrar or Paying Agent, as the case may be) (or such other address as such successor may designate from time to time by notice to the Holders and the Company and, in the case of a successor Note Registrar or Paying Agent, to the Trustee).

"**Current Majority Shareholders**" means Anette Schmid, Christian Schmid and the Community of Heirs of Dieter C. Schmid and/or any entity 100% beneficially owned by Anette Schmid, Christian Schmid and/or the Community of Heirs of Dieter C. Schmid to which they transfer parts or all of their Common Stock in the Company.

"**Custodian**" means the custodian for The Depository Trust Company or other Depositary, with respect to the Global Notes, or any successor entity thereto.

"**Daily VWAP**" means the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "SHMD <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of the Common Stock on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The "Daily VWAP" shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

"**Default**" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"**Defaulted Amounts**" means any amounts on any Note (including, without limitation, the Redemption Price, the Fundamental Change Repurchase Price, principal and interest) that are payable but are not paid when due or duly provided for.

"**Default Interest**" shall have the meaning specified in Section 2.03(c).

"**Depositary**" means, with respect to each Global Note, the Person specified in Section 2.05(c) as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "**Depositary**" shall mean or include such successor.

"**Designated Financial Institution**" shall have the meaning specified in Section 14.12(a).

"**Distributed Property**" shall have the meaning specified in Section 14.04(c).

"**EDGAR**" shall having the meaning specified in Section 4.06(b).

"**Effective Date**" shall mean the first date on which shares of the Common Stock trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable. For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of shares of the Common Stock under a separate ticker symbol or CUSIP number will not be considered "regular way" for this purpose.

"**Effectiveness Target Date**" shall have the meaning specified in Section 2.03(e)(ii).

"**Event of Default**" shall have the meaning specified in Section 6.01.

"**Ex-Dividend Date**" means, with respect to an issuance, dividend or distribution on the Common Stock, the first date on which shares of the Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Company or, if applicable, from the seller of Common Stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market. For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of shares of the Common Stock under a separate ticker symbol or CUSIP number will not be considered "regular way" for this purpose.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exchange Election**" shall have the meaning specified in Section 14.12(a).

"**FATCA**" shall have the meaning specified in Section 17.17.

"**Fixed Premium Conversion Price**" means 125% of the closing price of the Common Stock on the Registration Statement Effective Date, subject to a floor of $6.00 per share, as adjusted pursuant to Article 14.

"**Form of Assignment and Transfer**" means the "Form of Assignment and Transfer" attached as Attachment 3 to the Form of Note attached hereto as Exhibit A.

"**Form of Fundamental Change Repurchase Notice**" means the "Form of Fundamental Change Repurchase Notice" attached as Attachment 2 to the Form of Note attached hereto as Exhibit A.

"**Form of Note**" means the "Form of Note" attached hereto as Exhibit A.

"**Form of Notice of Conversion**" means the "Form of Notice of Conversion" attached as Attachment 1 to the Form of Note attached hereto as Exhibit A.

"**Freely Tradable**" means, with respect to any Note, that such Note would be eligible to be offered, sold or otherwise transferred pursuant to Rule 144 or otherwise if held by a Person that is not an Affiliate of the Company, and that has not been an Affiliate of the Company during the immediately preceding three (3) months, without any requirements as to volume, manner of sale, availability of current public information or notice under the Securities Act (except that, during the six (6) month period beginning on, and including, the date that is six (6) months after the Last Original Issue Date of such Note, any such requirement as to the availability of current public information will be disregarded if the same is satisfied at that time); *provided*, *however*, that from and after the date that is one year after the last original issue date of such Note, such Note will not be "Freely Tradable" unless such Note (x) is identified by an "unrestricted" CUSIP or ISIN number; and (y) is not represented by any certificate that bears the Restricted Note Legend. For the avoidance of doubt, whether a Note is deemed to be identified by a "restricted" CUSIP or ISIN number or to bear the Restricted Note Legend is subject to Section 2.05(c).

"**Foreign Entities**" shall have the meaning specified in Section 17.04.

"**Fundamental Change**" shall be deemed to have occurred at the time after the Notes are originally issued if any of the following occurs:

(a) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Company, its Subsidiaries, any employee benefit plans of the Company and its Subsidiaries, or the Current Majority Shareholders, has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of Common Stock representing more than 50% of the voting power of the Common Stock;

(b) the consummation of (A) any recapitalization, reclassification or change of the Common Stock (other than changes resulting from a subdivision or combination or a change solely in nominal value) as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Company pursuant to which the Common Stock will be converted into cash, securities or other property or assets; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person; *provided, however*, that a transaction described in clause (A) or clause (B) in which the holders of all classes of the Company's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions (relative to each other)

as such ownership immediately prior to such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or

(d) the Common Stock (or other common stock underlying the Notes) ceases to be listed or quoted on any of The New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors);

provided, *however*, that a transaction or transactions described in clause (b) above shall not constitute a Fundamental Change, if at least 90% of the consideration received or to be received by the common stockholders of the Company, excluding cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights, in connection with such transaction or transactions consists of shares of common stock that are listed or quoted on any of The New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions the Notes become convertible into such consideration, excluding cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights (subject to the provisions of Section 14.02(a)).

For purposes of this definition of "Fundamental Change," any transaction or series of related transactions that constitute a Fundamental Change pursuant to both clause (a) and clause (b) of this definition (determined without regard to the proviso in clause (b) of this definition) shall be deemed a Fundamental Change solely under clause (b) of this definition (subject to such proviso).

"**Fundamental Change Company Notice**" shall have the meaning specified in Section 15.02(b).

"**Fundamental Change Repurchase Date**" shall have the meaning specified in Section 15.02(a).

"**Fundamental Change Repurchase Notice**" shall have the meaning specified in Section 15.02(b)(i).

"**Fundamental Change Repurchase Price**" shall have the meaning specified in Section 15.02(a).

"**Global Note**" shall have the meaning specified in Section 2.05(b).

"Guarantors" means each of (i) the Initial Guarantor and (ii) any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of this Indenture, and its successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

"**Holder**," as applied to any Note, or other similar terms (but excluding the term "beneficial holder"), means any Person in whose name at the time a particular Note is registered on the Note Register.

"**Indebtedness**" means, with respect to any Person, without duplication: (1) all indebtedness of such Person for borrowed money; (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments; (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services which are recorded as liabilities under GAAP or IFRS, as applicable; (5) all obligations of such Person as lessee under any capital lease or finance lease; (6) all Guarantees by such Person of Indebtedness of another Person; (7) all indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; and (8) all obligations of such Person under hedging or derivative arrangements, to the extent such obligations would be required to be recorded as liabilities on a balance sheet prepared in accordance with GAAP or IFRS, as applicable. The amount of indebtedness of any Person will be deemed to be: (A) with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; (B) with respect to any hedging arrangement, the net amount payable if such hedging arrangement terminated at that time due to default by such Person; or (C) otherwise, the outstanding principal amount thereof.

"**Indenture**" means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

"**Initial Fixed Premium Conversion Price**" means $9.65.

"**Initial Guarantor**" means Gebr. Schmid GmbH, a Subsidiary of the Company.

"**Initial Step-Up Interest**" shall have the meaning specified in Section 2.03(e)(i).

"**Interest Payment Date**" means each March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2026 (or, if such date is not a Business Day, the next succeeding Business Day).

"**Interest PIK Date**" means each Interest Payment Date with respect to which the Company elects (or is deemed to have elected) to pay interest accrued on the Notes to, but excluding, such Interest Payment Date by the Capitalization Method pursuant to Section 2.03(d) hereof.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**Last Reported Sale Price**" of the Common Stock (or any other security for which a closing sale price must be determined) on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the Common Stock (or such other security) is traded. If the Common Stock (or such other security) is not listed for trading on a U.S. national or regional securities exchange on the

relevant date, the "**Last Reported Sale Price**" shall be the last quoted bid price for the Common Stock (or such other security) in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the Common Stock (or such other security) is not so quoted, the "**Last Reported Sale Price**" shall be the average of the mid-point of the last bid and ask prices for the Common Stock (or such other security) on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose. The "**Last Reported Sale Price**" shall be determined without regard to after-hours trading or any other trading outside of regular trading session hours.

"**Lien**" means any mortgage, security interest, pledge, lien, charge or other similar encumbrance of any kind whatsoever.

"**Limitation**" shall have the meaning specified in Section 14.02(k).

"**Lowest Absolute Conversion Price**" means $1.93.

"**Lowest VWAP Conversion Price**" means 95% of the lowest Daily VWAP on any of the five (5) Trading Days immediately preceding the Conversion Notice Date.

"**Mandatory Redemption Amount**" means, with respect to a Mandatory Redemption Event, an amount payable in cash representing an aggregate principal amount of Notes equal to $2,000,000, in accordance with Section 4.17.

"**Mandatory Redemption Event**" means the occurrence of any of the following events: (a) the Registration Statement has not been declared effective by the Commission on or prior to June 30, 2026, (b) after the Registration Statement has been declared effective, a Registration Default occurs and continues for ten (10) consecutive Trading Days, or (c) prior to the time that Shareholder Approval is obtained, the Daily VWAP is less than the Minimum Conversion Price for five (5) Trading Days during any period of seven (7) consecutive Trading Days, or (d) if the Daily VWAP is less than the Lowest Absolute Conversion Price for five (5) Trading Days during any period of seven (7) consecutive Trading Days.

"**Mandatory Redemption Record Date**" shall have the meaning specified in Section 4.17(c).

"**Market Disruption Event**" means, for the purposes of determining amounts due upon conversion (a) a failure by the primary U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m., New York City time, on any Scheduled Trading Day for the Common Stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in the Common Stock or in any options contracts or futures contracts relating to the Common Stock.

"**Maturity Date**" means January 21, 2028.

"**Merger Event**" shall have the meaning specified in Section 14.07(a).

"**Minimum Conversion Price**" means the quotient obtained by dividing: (i) the then-current outstanding Capitalized Principal Amount of the Notes, by (ii) 19.99% of the total number of shares of Common Stock outstanding on the Pricing Date.

"**Note**" or "**Notes**" shall have the meaning specified in the first paragraph of the recitals of this Indenture.

"**Notes Fungibility Date"** means the date, if any, following the Resale Restriction Termination Date on which all of the Rule 144A Notes and all of the Regulation S Notes are no longer Restricted Securities, do not bear the restrictive legend required by Section 2.05(c), are fungible for U.S. securities law purposes and are assigned an identical, unrestricted CUSIP number.

"**Note Guarantee**" means the guarantee, as set out in this Indenture, by any Guarantor of the Company's Obligations under this Indenture and the Notes.

"**Note Register**" shall have the meaning specified in Section 2.05(a).

"**Note Registrar**" shall have the meaning specified in Section 2.05(a).

"**Notice of Conversion**" shall have the meaning specified in Section 14.02(b).

"**Notice of Redemption**" shall have the meaning specified in Section 16.02(a).

"**Obligations**" shall have the meaning specified in Section 13.01.

"**Officer**" means, with respect to the Company, the Chairman of the Board of Directors, a Chief Executive Officer, a President, a Chief Financial Officer, a Chief Operating Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or any Assistant Treasurer, the Controller or any Assistant Controller or the Secretary or any Assistant Secretary.

"**Officer's Certificate**," when used with respect to the Company, means a certificate that is delivered to the Trustee and that is signed by any Officer of the Company. Each such certificate shall include the statements provided for in Section 17.05 if and to the extent required by the provisions of such Section. The Officer giving an Officer's Certificate pursuant to Section 4.09 shall be the principal executive, financial or accounting officer of the Company.

"**open of business**" means 9:00 a.m. (New York City time).

"**Opinion of Counsel**" means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or other counsel who is reasonably acceptable to the Trustee, that is delivered to the Trustee. Each such opinion shall include the statements provided for in Section 17.05 if and to the extent required by the provisions of such Section 17.05.

"**Optional Redemption**" shall have the meaning specified in Section 16.01.

"**outstanding**," when used with reference to Notes, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except:

(a) Notes theretofore canceled by the Trustee or accepted by the Trustee for cancellation;

(b) Notes, or portions thereof, that have become due and payable and in respect of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent);

(c) Notes that have been paid pursuant to Section 2.06 or Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.06 unless proof satisfactory to the Trustee is presented that any such Notes are held by protected purchasers in due course;

(d) Notes converted pursuant to Article 14 and required to be cancelled pursuant to Section 2.08;

(e) Notes repurchased by the Company and surrendered to the Trustee for cancellation pursuant to the last sentence of Section 2.10; and

(f) Notes disregarded pursuant to Section 8.04.

"**Partial Redemption Limitation**" shall have the meaning specified in Section 16.02(d).

"**Paying Agent**" shall have the meaning specified in Section 4.02.

"Permitted Lien" means:

(1) Liens existing or outstanding as of the date of this Indenture in relation to all Group 14 Technologies Inc. shares held by the Company and any Liens existing, outstanding or contractually agreed as of the date of this Indenture in the instruments set out in Exhibit C.

(2) Liens imposed by law, such as materialmen's, workmen's or repairmen's, carriers', warehousemen's and mechanic's Liens or other similar Liens, in each case for sums not yet overdue by more than 30 calendar days or being contested in good faith by appropriate proceedings;

(3) Liens for taxes, assessments or other governmental charges not yet due or payable or subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;

(4) pledges or deposits under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts or leases, or to secure public or statutory obligations, surety bonds, customs duties and the like, or for the payment of rent, in each case incurred in the ordinary course of business and not securing debt;

(5) Liens consisting of easements, rights-of-way, zoning restrictions, restrictions on the use of real property, and defects and irregularities in the title thereto, landlords' Liens and other similar Liens none of which interfere materially with the use of the property covered thereby in the ordinary course of business and which do not, in the Company's opinion, materially detract from the value of such properties;

(6) Liens securing reimbursement obligations with respect to letters of credit (including with respect to any *Avalkredite* (i.e. German law letter of credits or bank guarantee letter of credits) that encumber documents and other property relating to such letters of credit and the proceeds thereof;

(7) judgment liens incurred as a result of a judgment by a court of competent jurisdiction, so long as no Event of Default (as defined in the Indenture) then exists as a result thereof;

(8) Liens on property (including Capital Stock (as defined in the Indenture)) of a Person existing at the time such Person becomes a Subsidiary or is merged with or into or consolidated with the Company or any Subsidiary; provided that such Liens were in existence prior to the contemplation of such Person becoming a Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Subsidiary or is merged with or into or consolidated with the Company or any Subsidiary;

(9) Liens in the ordinary course of business on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(10) Liens on cash (or the accounts in which such cash is held) or other property arising in connection with the defeasance, discharge or redemption of debt;

(11) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(12) leases, licenses, subleases and sublicenses of assets in the ordinary course of business and Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(13) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Subsidiary has easement rights or on any real property leased by the Company or any Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(14) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities; and

(15) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of business or operations as Liens only for debt to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists.

"**Person**" means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

"**Physical Notes**" means permanent certificated Notes in registered form issued in denominations of $1.00 principal amount and integral multiples thereof.

"**Physical Settlement**" shall have the meaning specified in Section 14.02(a).

"**PIK Interest**" means any interest paid pursuant to Section 2.03(d) by the Capitalization Method.

"**PIK Interest Rate**" means 7.0% per annum.

"**PIK Notes**" shall have the meaning specified in Section 2.03(d)(ii).

"**PIK Payment**" means the payment of any PIK Interest on the Notes.

"**Predecessor Note**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.06 in lieu of or in exchange for a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note that it replaces.

"**Pricing Date**" means the issue date of the original issuance of Notes under this Indenture.

"**Record Date**" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Stock (or such other security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock (or such other security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors, by statute, contract or otherwise).

"**Redemption Date**" shall have the meaning specified in Section 16.02(a).

"**Redemption Notice Date**" shall have the meaning specified in Section 16.02(a).

"**Redemption Price**" means, for any Notes to be redeemed pursuant to Section 16.01, 100% of the Capitalized Principal Amount of such Notes, plus any accrued interest that has not been paid or capitalized, if any, to, but excluding, the Redemption Date (unless the Redemption Date falls after a Regular Record Date but on or prior to the immediately succeeding Interest

Payment Date, in which case interest accrued to the Interest Payment Date will be paid in cash at the Cash Interest Rate to Holders of record of such Notes as of the close of business on such Regular Record Date (notwithstanding any prior election (or deemed election) by the Company to pay such interest pursuant to the Capitalization Method), and the Redemption Price will be equal to (i) 108% of the Capitalized Principal Amount of such Notes, if the Redemption Date is prior to but excluding January 22, 2027 and (ii) 105% of the Capitalized Principal Amount of such Notes, if the Redemption Date is from and including January 22, 2027 and thereafter (the "**Applicable Call Price**").

"**Reference Property**" shall have the meaning specified in Section 14.07(a).

"**Registration Default**" shall mean any failure by the Company to comply with its obligations with respect to the Registration Statement, including, without limitation, (a) if the Registration Statement, after having been declared effective by the Commission, ceases to be effective or is not usable for resale of the shares of Common Stock issuable upon conversion of the Notes for any reason or (b) the Company fails to maintain the effectiveness of the Registration Statement or otherwise fails to satisfy the conditions necessary to permit the resale of such shares of Common Stock pursuant to the Registration Statement, and, in each case, such failure continues for the applicable grace period (if any) provided herein.

"**Registration Statement**" shall have the meaning specified in Section 2.03(e)(i).

"**Registration Statement Effective Date**" shall mean the first date on which the Registration Statement has been declared effective by the Commission and is available for the resale of all shares of Common Stock issuable upon conversion of the Notes.

"**Regular Record Date**," with respect to any Interest Payment Date, means the March 1, June 1, September 1 and December 1 (whether or not such day is a Business Day) immediately preceding the applicable March 15, June 15, September 15 and December 15 Interest Payment Date, respectively.

"**Regulation S**" means Regulation S under the Securities Act or any successor to such regulation.

"**Regulation S Notes**" means the Notes initially offered and sold outside the United States pursuant to Regulation S.

"**Resale Restriction Termination Date**" shall have the meaning specified in Section 2.05(c).

"**Responsible Officer**" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"**Restricted Securities**" shall have the meaning specified in Section 2.05(c).

"**Restrictive Notes Legend**" shall have the meaning specified in Section 2.05(c).

"**Rule 144**" means Rule 144 as promulgated under the Securities Act.

"**Rule 144A**" means Rule 144A as promulgated under the Securities Act.

"**Rule 144A Notes**" means the Notes initially offered and sold pursuant to Rule 144A.

"**Scheduled Trading Day**" means a day that is scheduled to be a Trading Day on the principal U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading. If the Common Stock is not so listed or admitted for trading, "**Scheduled Trading Day**" means a Business Day.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Settlement Amount**" has the meaning specified in Section 14.02(a).

"**Settlement Method**" means, with respect to any conversion of Notes, Physical Settlement.

"**Shareholder Approval**" means any required approval by the Company's shareholders in accordance with applicable law and the rules of The Nasdaq Stock Market (or, if the Common Stock is not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed) of the issuance of maximum number of shares of Common Stock upon conversion of the Notes and the exercise of the Warrants if the existing approval by the Company's shareholders in relation to the number of authorized additional shares to be issued to investors in the shareholders' meeting on December 23, 2025 is at any time not sufficient for the issuance of such maximum number of shares.

"**Significant Subsidiary**" means a Subsidiary of the Company that meets the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act.

"**Spin-Off**" shall have the meaning specified in Section 14.04(c).

"**Step-Up Interest**" shall mean, collectively, Initial Step-Up Interest and Additional Step-Up Interest, in each case payable pursuant to Section 2.03(e).

"**Subordination Agreement**" means the subordination agreement dated January 21, 2026 among Anette Schmid, Christian Schmid, Schmid Grundstücke GmbH & Co. KG, Schmid Verwaltungs GmbH, the Initial Guarantor, the Trustee and the initial beneficial holders of the Notes.

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the

occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

"**Successor Company**" shall have the meaning specified in Section 11.01(a).

"**Trading Day**" means, except for determining amounts due upon conversion as set forth below, a day on which (i) trading in the Common Stock (or other security for which a closing sale price must be determined) generally occurs on The Nasdaq Stock Market or, if the Common Stock (or such other security) is not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Common Stock (or such other security) is then listed or, if the Common Stock (or such other security) is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock (or such other security) is then traded and (ii) a Last Reported Sale Price for the Common Stock (or closing sale price for such other security) is available on such securities exchange or market; *provided* that if the Common Stock (or such other security) is not so listed or traded, "**Trading Day**" means a Business Day; and *provided*, *further*, that for purposes of determining amounts due upon conversion only, "**Trading Day**" means a day on which (x) there is no Market Disruption Event and (y) trading in the Common Stock generally occurs on The Nasdaq Stock Market or, if the Common Stock is not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then listed or admitted for trading, except that if the Common Stock is not so listed or admitted for trading, "**Trading Day**" means a Business Day.

"**Transaction Documents**" shall include the Notes, this Indenture, the Note Guarantee, the Warrant Agreement, the Investment Agreement, dated as of January 18, 2026, between the Company, the Guarantor and the Holders, and the Registration Rights Agreement, dated as of January 21, 2026, between the Company and the Holders.

"**transfer**" shall have the meaning specified in Section 2.05(c).

"**Trigger Event**" shall have the meaning specified in Section 14.04(c).

"**Trust Indenture Act**" means the Trust Indenture Act of 1939, as amended, as it was in force at the date of execution of this Indenture; *provided*, *however*, that in the event the Trust Indenture Act of 1939 is amended after the date hereof, the term "Trust Indenture Act" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939, as so amended.

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean or include each Person who is then a Trustee hereunder.

"**unit of Reference Property**" shall have the meaning specified in Section 14.07(a).

"**U.S. Person"** shall have the meaning as such term is defined under Regulation S.

"**Valuation Period**" shall have the meaning specified in Section 14.04(c).

"**Wholly Owned Subsidiary**" means, with respect to any Person, any Subsidiary of such Person, except that, solely for purposes of this definition, the reference to "more than 50%" in the definition of "Subsidiary" shall be deemed replaced by a reference to "100%," the calculation of which shall exclude nominal amounts of the voting power of shares of Capital Stock or other interests in the relevant Subsidiary not held by such person to the extent required to satisfy local minority interest requirements outside of the United States.

"**Warrants**" means the warrants to purchase shares of Common Stock of the Company issued to any Holder in connection with the offering of the Notes, whether issued on the Pricing Date or issued on any future date, pursuant to the Warrant Agreement, in each case as amended, restated, supplemented or otherwise modified from time to time.

"**Warrant Agreement**" means the Warrant Agreement dated January 21, 2026 setting out the terms of the Warrants.

Section 1.02 References to Interest. Unless the context otherwise requires, any reference to interest on, or in respect of, any Note in this Indenture shall be deemed to include Step-Up Interest and Default Interest if, in such context, Step-Up Interest or Default Interest is, was or would be payable pursuant to any of Section 2.03(c), Section 4.04(c) and Article 6. Unless the context otherwise requires, any express mention of Step-Up Interest, Default Interest or interest in any provision hereof shall not be construed as excluding Step-Up Interest, Default Interest or interest in those provisions hereof where such express mention is not made. Unless the context otherwise requires, any reference to accrued interest on, or in respect of, any Note that has not been paid or capitalized in this Indenture shall be deemed to refer to the amount of such interest that would have accrued as of the relevant time at the applicable Cash Interest Rate as if the Company had elected the Cash Method in respect of all of the relevant interest (whether or not the Company actually elected the Cash Method and notwithstanding any prior election (or deemed election) by the Company to pay such interest pursuant to the Capitalization Method).

ARTICLE 2
ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.01 Designation and Amount. The Notes shall be designated as the "7.0% Convertible Senior PIK Toggle Notes due 2028." The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is initially limited to $30,000,000, subject to Section 2.10 and except as a result of an increase in the principal amount of the outstanding Global Notes as a result of a PIK Payment, for Notes authenticated and delivered upon the issuance of PIK Notes or for registration or transfer of, or in exchange for, or in lieu of other Notes to the extent permitted hereunder. One tranche of Notes in an initial aggregate principal amount of $15,000,000 shall be issued on or about the second Business Day following execution and delivery of this Indenture and the other Transaction Documents and a second tranche of Notes in an initial aggregate principal amount of $15,000,000 shall be issued on or

about the second Business Day following the Registration Statement Effective Date, in each case, subject to the terms and provisions of this Indenture. The Notes shall be issued at an issue price equal to 98% of their principal amount, *provided that*, for the second tranche of Notes, the issue price shall be 98% of the second tranche of Notes principal amount, plus accrued but unpaid interest on such principal amount, from and including January 21, 2026 (or, in case the second tranche of Notes is not issued prior to the first Interest Payment Date, from and including the most recent date to which interest has been paid) to, but excluding, the issue date of the second tranche of Notes.

Section 2.02 Form of Notes. The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the respective forms set forth in Exhibit A, the terms and provisions of which shall constitute, and are hereby expressly incorporated in and made a part of this Indenture. To the extent applicable, the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. In the case of any conflict between this Indenture and a Note, the provisions of this Indenture shall control and govern to the extent of such conflict.

Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Custodian or the Depositary, or as may be required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or designated for issuance or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the Officer executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage or to indicate any special limitations or restrictions to which any particular Notes are subject.

Each Global Note shall represent such principal amount of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect PIK Interest, redemptions, repurchases, cancellations, conversions, transfers or exchanges permitted hereby. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in such manner and upon instructions given by the Holder of such Notes in accordance with this Indenture. Payment of principal (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, a Global Note shall be made to the Holder of such Note on the date of payment, unless a record date or other means of determining Holders eligible to receive payment is provided for herein.

Section 2.03 Date and Denomination of Notes; Payments of Interest and Defaulted Amounts. (a) The Notes shall be issuable in registered form without coupons in minimum denominations of $1.00 principal amount and integral multiples thereof. PIK Interest on the Notes shall be paid in minimum denominations of $1.00 and integral multiples thereof, rounded up to the nearest $1.00. Each Note shall be dated the date of its authentication and shall bear interest from the date specified on the face of such Note. Accrued interest on the Notes shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed in a 30-day month.

(b) The Person in whose name any Note (or its Predecessor Note) is registered on the Note Register at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date. The Capitalized Principal Amount of any Note (x) in the case of any Physical Note, shall be payable at the office or agency of the Company designated by the Company for such purposes in the contiguous United States, which shall initially be the Corporate Trust Office and (y) in the case of any Global Note, shall be payable by wire transfer of immediately available funds to the account of the Depositary or its nominee. The Company shall pay or cause the Paying Agent to pay interest (i) on any Physical Notes (A) to Holders holding Physical Notes having an aggregate principal amount of $5,000,000 or less, by check mailed to the Holders of these Notes at their address as it appears in the Note Register and (B) to Holders holding Physical Notes having an aggregate principal amount of more than $5,000,000, either by check mailed to each such Holder or, upon written application by such a Holder to the Note Registrar not later than the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States if such Holder has provided the Company, the Trustee or the Paying Agent (if other than the Trustee) with the requisite information necessary to make such wire transfer, which application shall remain in effect until the Holder notifies, in writing, the Note Registrar to the contrary or (ii) on any Global Note by wire transfer of immediately available funds to the account of the Depositary or its nominee.

(c) Any Defaulted Amounts shall forthwith cease to be payable to the Holder on the relevant payment date but shall accrue interest at the rate equal to 2.0% per annum ("**Default Interest**") (which shall be in addition to, not in lieu of, the interest payable pursuant to this Indenture and the Notes), subject to the enforceability thereof under applicable law, from, and including, such relevant payment date, and such Defaulted Amounts together with such Default Interest thereon shall be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Amounts and Default Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a special record date for the payment of such Defaulted Amounts and Default Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of the Defaulted Amounts and Default Interest proposed to be paid on each Note and the date of the proposed payment (which shall be not less than 25 days after the receipt by the Trustee of such notice, unless the Trustee shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Amounts and Default Interest or shall

make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Amounts and Default Interest as in this clause provided. Thereupon the Company shall fix a special record date for the payment of such Defaulted Amounts and Default Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment, and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment (unless the Trustee shall consent to an earlier date). The Company shall promptly notify the Trustee in writing of such special record date and the Trustee, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Amounts and Default Interest and the special record date therefor to be delivered to each Holder not less than 10 days prior to such special record date; provided that the Trustee has received such notice at least two Business Days prior to the date such notice is to be sent (or such shorter period as shall be acceptable to the Trustee). Notice of the proposed payment of such Defaulted Amounts and Default Interest and the special record date therefor having been so delivered, such Defaulted Amounts and Default Interest shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (ii) of this Section 2.03(c). The Trustee shall have no responsibility whatsoever for the calculation of the Defaulted Amounts and Default Interest.

(ii) The Company may make payment of any Defaulted Amounts and Default Interest in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(d)

(i) The Company may, at its option, elect to pay interest on the Notes on any Interest Payment Date (a) by paying an amount in cash on such Interest Payment Date equal to all or a portion of interest accrued from, and including, the immediately preceding Interest Payment Date (or if there is no immediately preceding Interest Payment Date, from, and including, the issue date of such Notes or such other date from which such Note bears interest as stated on such Note) on the principal amount as of the immediately preceding Interest Payment Date (or if there is no immediately preceding Interest Payment Date, on the Initial Principal Amount), calculated at the Cash Interest Rate (the "**Cash Method**") and (b) to the extent not paid by the Cash Method, by payment-in-kind, in the case of Global Notes, by increasing the principal amount of such Global Notes by the Capitalization Amount for such Interest Payment Date or, in the case of Physical Notes, by issuing PIK Notes in the form of Physical Notes (the "**Capitalization Method**"); provided that on any Interest Payment Date on which the Company pays interest using the Capitalization Method, the aggregate Capitalization Amount shall be rounded up to the nearest $1.00; and provided further that for any Notes

(1) surrendered for conversion after a Regular Record Date and on or prior to the corresponding Interest Payment Date; (2) redeemed in connection with a Redemption Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date; or (3) repurchased on a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date, any Capitalization Amount that would have been paid as PIK Interest for such Notes on such corresponding Interest Payment Date shall instead be paid in cash at the Cash Interest Rate to the relevant Holder(s) of such Notes as of such Regular Record Date, and no such PIK Payment shall be made on account of such Notes (notwithstanding any prior election (or deemed election) by the Company to pay such interest pursuant to the Capitalization Method for such Notes). The Company shall elect the method of paying interest on an Interest Payment Date by delivering a notice to the Trustee and Holders on or prior to ten (10) Business Days immediately preceding the relevant Interest Payment Date identifying the method selected and (a) the amount of cash interest to be paid and/or (b) the amount of PIK Interest to be paid, as applicable. In the absence of such an election with respect to an Interest Payment Date, the Company shall be deemed to have elected the Capitalization Method for all of the interest due on such Interest Payment Date. All interest payable in respect of the Interest Payment Date scheduled to occur on the Maturity Date shall be paid entirely by the Cash Method.

(ii) The Company shall make payments of interest by the Cash Method in accordance with Section 4.01 (and Section 2.03(c), in the case of Defaulted Amounts). The Company shall make payments of interest by the Capitalization Method, (x) if the Notes are represented by one or more Physical Notes, by issuing additional Physical Notes to the relevant record Holder on the relevant Interest Payment Date (the "**PIK Notes**") in an aggregate principal amount equal to the relevant Capitalization Amount (rounded up to the nearest $1.00) and the Trustee will, upon receipt of a Company Order, authenticate and deliver such PIK Notes in the form of Physical Notes for original issuance to the Holders on the relevant Regular Record Date, as shown in the Note Register, and (y) if the Notes are represented by one or more Global Notes registered in the name of, or held by, the Depositary or its nominee on the relevant Regular Record Date, by increasing the principal amount of the outstanding Global Note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest $1.00), and the Trustee, upon receipt of a Company Order, will increase the principal amount of the outstanding Global Note by such amount. The issuance of any PIK Notes or the increase in the principal amount of the Global Note shall be computed on the basis of the aggregate principal amount of the Notes held by a Holder. Following an increase in the principal amount of the outstanding Global Notes as a result of a PIK Payment, the Global Notes shall bear interest on such increased principal amount from and after the date of such PIK Payment. Any PIK Notes issued as Physical Notes shall be dated as of the applicable Interest Payment Date and shall bear interest from and after such date. All PIK Notes issued pursuant to a PIK Payment shall be governed by, and subject to the terms, provisions and conditions of, this Indenture and shall have the same rights and benefits as the Notes issued on the initial issue date of such Notes. Any PIK Notes shall be issued with the description PIK on the face of such Note, and references to the "principal amount" of the Notes shall include any increase in the principal amount of the outstanding Notes as a result of any PIK Payment. The Notes issued on the initial

issue date and any PIK Notes shall be treated as a single class for all purposes under this Indenture.

(e)

(i) If the registration statement (the "**Registration Statement**") covering the resale of the shares of Common Stock issuable upon conversion of the Notes and exercise of the Warrants (and covering the maximum number of additional shares of Common Stock that may be issuable pursuant to conversions of the PIK Notes) has not been filed by the Company or has not been declared effective by the Commission or is otherwise not usable for such resale on or prior to the March 31, 2026 (the "**Effectiveness Target Date**"), then, beginning on the day immediately following the Effectiveness Target Date, the interest rate applicable to the Notes (in relation to the principal amount then outstanding) shall automatically increase by 1.0% per annum (the "**Initial Step-Up Interest**").

(ii) If the Registration Statement has not been filed by the Company or has not been declared effective by the Commission by the date that is one month after the Effectiveness Target Date, then, beginning on such date, and on each monthly anniversary thereof for so long as the Registration Statement has not been filed and declared effective by the Commission, the interest rate applicable to the Notes (in relation to the principal amount then outstanding) shall automatically further increase by an additional 0.50% per annum for each full month period or fraction thereof during which there is no effective Registration Statement on file with the Commission (each, an "**Additional Step-Up Interest**").

(iii) Step-Up Interest shall continue to accrue until the date on which the Registration Statement is declared effective by the Commission, at which time the interest rate applicable to the Notes shall automatically decrease by the aggregate amount of Step-Up Interest then in effect and revert to the otherwise applicable rate under this Indenture as if no Step-Up Interest had accrued.

(iv) All Step-Up Interest shall accrue on the outstanding principal amount of the Notes and shall be payable in the same manner, at the same times and subject to the same terms (including the Company's election of the Cash Method or the Capitalization Method) as interest otherwise payable on the Notes pursuant to Section 2.03.

(v) Step-Up Interest is separate from, and in addition to, any Default Interest that may accrue pursuant to Section 2.03(c) or Article 6. The accrual or payment of Step-Up Interest shall not, by itself, constitute or give rise to a Default or an Event of Default. For the avoidance of doubt, Step-Up Interest shall accrue in addition to all other interest payable pursuant to this Indenture and the Notes, subject to the enforceability thereof under applicable law.

(vi) The increase and decrease of the interest rate pursuant to this Section 2.03(e) shall occur automatically and without the need for any notice, demand or other action by the Company, the Trustee or any Holder.

(vii) The Company shall promptly notify the Trustee and the Holders in writing regarding the day on which any Step-Up Interest first becomes effective, specifying the applicable increase in the interest rate and the date on which such Step-Up Interest commenced. The Company shall also notify the Trustee and the Holders promptly regarding the day on which Step-Up Interest ceases to apply or reverts, of the cessation of such Step-Up Interest and the interest rate applicable to the Notes thereafter. The Trustee shall be entitled to rely conclusively on such notice and shall have no duty to monitor, determine or independently verify the commencement, accrual, calculation or cessation of any Step-Up Interest. "Promptly" in relation to this subsection means not more than two (2) Business Days following the date that the relevant Step-Up Interest becomes effective.

Section 2.04 Execution, Authentication and Delivery of Notes. The Notes shall be signed in the name and on behalf of the Company by the manual, facsimile or other electronic signature of one of the Officers of the Company.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order (such Company Order to include the terms of the Notes) for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes, without any further action by the Company hereunder; provided that, subject to Section 17.05, the Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel of the Company with respect to the issuance, authentication and delivery of such Notes.

Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the Form of Note attached as Exhibit A hereto, executed manually or electronically by an authorized signatory of the Trustee (or an authenticating agent appointed by the Trustee as provided by Section 17.10), shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

In case any Officer of the Company who shall have signed any of the Notes shall cease to be such Officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed such Notes had not ceased to be such Officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the Officers of the Company, although at the date of the execution of this Indenture any such person was not such an Officer.

Section 2.05 Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary. (a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office or in any other office or agency of the Company designated pursuant to Section 4.02, the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of

Notes. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. The entity acting as Trustee is hereby initially appointed the "**Note Registrar**" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-Note Registrars in accordance with Section 4.02.

Prior to the Notes Fungibility Date, upon surrender for registration of transfer of any Rule 144A Note or Regulation S Note, as the case may be, to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and upon receipt of a Company Order the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Rule 144A Notes or Regulation S Notes, as the case may be, of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture. Following the Notes Fungibility Date, upon surrender for registration of transfer of any Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount not bearing the restrictive legend required by Section 2.05(c).

Prior to the Notes Fungibility Date, Rule 144A Notes and Regulation S Notes, as the case may be, may be exchanged for other Rule 144A Notes or Regulation S Notes, as the case may be, of any authorized denominations and of a like aggregate principal amount, upon surrender of the Rule 144A Notes or Regulation S Notes, as the case may be, to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Rule 144A Notes or Regulation S Notes, as the case may be, are so surrendered for exchange, the Company shall execute, and upon receipt of a Company Order, the Trustee shall authenticate and deliver, the Rule 144A Notes or Regulation S Notes, as the case may be, that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding. Following the Notes Fungibility Date, Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount but not bearing the applicable restrictive legend required by this Indenture, upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or for exchange, redemption, repurchase or conversion shall (if so required by the Company, the Trustee, the Note Registrar or any co-Note Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and duly executed, by the Holder thereof or its attorney-in-fact duly authorized in writing.

No service charge shall be imposed by the Company, the Trustee, the Note Registrar, any co-Note Registrar or the Paying Agent for any exchange or registration of transfer of Notes, but the Company and Trustee may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of

the name of the Holder of new Notes issued upon such exchange or registration of transfer being different from the name of the Holder of the old Notes surrendered for exchange or registration of transfer.

None of the Company, the Trustee, the Note Registrar or any co-Note Registrar shall be required to exchange for other Notes or register a transfer of (i) any Notes surrendered for conversion or, if a portion of any Note is surrendered for conversion, such portion thereof surrendered for conversion, (ii) any Notes, or a portion of any Note, surrendered for repurchase (and not withdrawn) in accordance with Article 15 or (iii) any Notes selected for redemption in accordance with Article 16, except the unredeemed portion of any Note being redeemed in part.

All Notes issued upon any registration of transfer or exchange of Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, unless otherwise required by law, subject to the fourth paragraph from the end of Section 2.05(c) all Notes shall be represented by one or more Notes in global form (each, a "**Global Note**") registered in the name of the Depositary or the nominee of the Depositary. Each Global Note shall bear the legend required on a Global Note set forth in Exhibit A hereto. The transfer and exchange of beneficial interests in a Global Note that does not involve the issuance of a Physical Note shall be effected through the Depositary (but not the Trustee or the Custodian) in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depositary therefor. Prior to the Notes Fungibility Date, the Rule 144A Notes shall be represented by one or more Global Notes and the Regulation S Notes shall be represented by one or more separate Global Notes. Following the Notes Fungibility Date, the Rule 144A Notes and the Regulation S Notes may be represented by one or more of the same Global Notes.

(c) Every Note that bears or is required under this Section 2.05(c) to bear the Restrictive Notes Legend (together with any Common Stock issued upon conversion of the Notes that is required to bear the legend set forth in Section 2.05(d), collectively, the "**Restricted Securities**") shall be subject to the restrictions on transfer set forth in this Section 2.05(c) (including the Restrictive Notes Legend set forth below), unless such restrictions on transfer shall be eliminated or otherwise waived by written consent of the Company, and the Holder of each such Restricted Security, by such Holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.05(c) and Section 2.05(d), the term "**transfer**" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until the date (the "**Resale Restriction Termination Date**") that is the later of (1) the date that is one year after the last date of original issuance of the Notes, or such shorter period of time as permitted by Rule 144 or any successor provision thereto, and (2) such later date, if any, as may be required by applicable law, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than Common Stock, if any, issued upon conversion thereof, which shall bear the legend set forth in Section 2.05(d), if applicable)

shall bear a legend in substantially the following form (the "**Restrictive Notes Legend**") (unless such Notes have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company in writing, with notice thereof to the Trustee):

THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF SCHMID GROUP N.V. (THE "**COMPANY**") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY, OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) TO A NON-U.S. PERSON LOCATED OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(E) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

No transfer of any Note prior to the Resale Restriction Termination Date will be registered by the Note Registrar unless the applicable box on the Form of Assignment and Transfer has been checked.

Any Note (or security issued in exchange or substitution therefor) (i) as to which such restrictions on transfer shall have expired in accordance with their terms, (ii) that has been transferred pursuant to a registration statement that has become effective or been declared effective under the Securities Act and that continues to be effective at the time of such transfer or (iii) that has been sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, may, upon surrender of such Note for exchange to the Note Registrar in accordance with the provisions of this Section 2.05, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the Restrictive Notes Legend required by this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall be entitled to instruct the Custodian in writing to so surrender any Global Note as to which any of the conditions set forth in clause (i) through (iii) of the immediately preceding sentence have been satisfied, and, upon such instruction, the Custodian shall so surrender such Global Note for exchange; and any new Global Note so exchanged therefor shall not bear the Restrictive Notes Legend specified in this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall promptly notify the Trustee (i) upon the occurrence of the Resale Restriction Termination Date and (ii) after a registration statement, if any, with respect to the Notes or any Common Stock issued upon conversion of the Notes has been declared effective under the Securities Act. Upon notice of the Resale Restriction Termination Date in accordance with the immediately preceding sentence, the legend set forth above shall be deemed removed from the Note, with no further action required by the Company, the Trustee, or, if applicable, the Depositary; at such time, such Note will be deemed to be identified by the "unrestricted" CUSIP and ISIN numbers provided in the certificate representing such Note; *provided*, *however*, that if such Note is a Global Note and the Depositary requires a mandatory exchange or other procedure to cause such Global Note to be identified by "unrestricted" CUSIP and ISIN numbers in the facilities of such Depositary, then (x) the Company will effect such exchange or procedure as soon as reasonably practicable; and (y) for purposes of Section 4.06 and the definition of Freely Tradable, such Global Note will not be deemed to be identified by "unrestricted" CUSIP and ISIN numbers until such time as such exchange or procedure is effected.

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.05(c)), a Global Note may not be transferred as a whole or in part except (i) by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a

successor Depositary or a nominee of such successor Depositary and (ii) for exchange of a Global Note or a portion thereof for one or more Physical Notes in accordance with the second immediately succeeding paragraph.

The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints The Depository Trust Company to act as Depositary with respect to each Global Note. Initially, each Global Note shall be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the entity acting as Custodian.

If (i) the Depositary notifies the Company at any time that the Depositary is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days, (ii) the Depositary ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days or (iii) an Event of Default with respect to the Notes has occurred and is continuing and, subject to the Depositary's applicable procedures, a beneficial owner of any Note requests that its beneficial interest therein be issued as a Physical Note, the Company shall execute, and the Trustee, upon receipt of an Officer's Certificate and a Company Order for the authentication and delivery of Notes, shall authenticate and deliver (x) in the case of clause (iii), a Physical Note to such beneficial owner in a principal amount equal to the principal amount of such Note corresponding to such beneficial owner's beneficial interest and (y) in the case of clause (i) or (ii), Physical Notes to each beneficial owner of the related Global Notes (or a portion thereof) in an aggregate principal amount equal to the aggregate principal amount of such Global Notes in exchange for such Global Notes, and upon delivery of the Global Notes to the Trustee such Global Notes shall be canceled.

Physical Notes issued in exchange for all or a part of the Global Note pursuant to this Section 2.05(c) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, or, in the case of clause (iii) of the immediately preceding paragraph, the relevant beneficial owner, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Physical Notes to the Persons in whose names such Physical Notes are so registered.

At such time as all interests in a Global Note have been converted, canceled, repurchased upon a Fundamental Change, redeemed or transferred, such Global Note shall be, upon receipt thereof, canceled by the Trustee in accordance with standing procedures and existing instructions between the Depositary and the Custodian. At any time prior to such cancellation, if any interest in a Global Note is exchanged for Physical Notes, converted, canceled, repurchased upon a Fundamental Change, redeemed or transferred to a transferee who receives Physical Notes therefor or any Physical Note is exchanged or transferred for part of such Global Note, the principal amount of such Global Note shall, in accordance with the standing procedures and instructions existing between the Depositary and the Custodian, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Global Note, by the Trustee or the Custodian, at the direction of the Trustee, to reflect such reduction or increase.

None of the Company, the Guarantors, the Trustee or any agent of the Company, the Guarantors or the Trustee shall have any responsibility or liability for any act or omission of the

Depositary or for the payment of amounts to owners of beneficial interest in a Global Note, for any aspect of the records relating to or payments made on account of those interests by the Depositary, or for maintaining, supervising or reviewing any records of the Depositary relating to those interests.

(d) Until the Resale Restriction Termination Date, any stock certificate representing Common Stock issued upon conversion of a Note shall bear a legend in substantially the following form (unless such Common Stock has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or such Common Stock has been issued upon conversion of a Note that has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company with written notice thereof to the Trustee and any transfer agent for the Common Stock):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF SCHMID GROUP N.V. (THE "**COMPANY**") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE OF THE SERIES OF NOTES UPON THE CONVERSION OF WHICH THIS SECURITY WAS ISSUED OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) TO A NON-U.S. PERSON LOCATED OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(E) ABOVE, THE COMPANY AND THE TRANSFER AGENT FOR THE COMPANY'S COMMON STOCK RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Any such Common Stock (i) as to which such restrictions on transfer shall have expired in accordance with their terms, (ii) that has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer or (iii) that has been sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like aggregate number of shares of Common Stock, which shall not bear the restrictive legend required by this Section 2.05(d).

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(e) Any Note or Common Stock issued upon the conversion or exchange of a Note that is repurchased or owned by the Company or any Affiliate of the Company (or any Person who was an Affiliate of the Company at any time during the three months immediately preceding) may not be resold by the Company or such Affiliate (or such Person, as the case may be) unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction that results in such Note or

Common Stock, as the case may be, no longer being a "restricted security" (as defined under Rule 144).

Section 2.06 Mutilated, Destroyed, Lost or Stolen Notes. In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon receipt of a Company Order the Trustee or an authenticating agent appointed by the Trustee shall authenticate and deliver, a new Note, bearing a registration number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless from any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, to the Trustee and, if applicable, to such authenticating agent evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee or such authenticating agent may authenticate any such substituted Note and deliver the same upon the receipt of such security or indemnity as the Trustee, the Company and, if applicable, such authenticating agent may require. No service charge shall be imposed by the Company, the Trustee, the Note Registrar, any co-Note Registrar or the Paying Agent upon the issuance of any substitute Note, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of the new substitute Note being different from the name of the Holder of the old Note that became mutilated or was destroyed, lost or stolen. In case any Note that has matured or is about to mature or has been surrendered for required repurchase or is about to be converted in accordance with Article 14 shall become mutilated or be destroyed, lost or stolen, the Company may, in its sole discretion, instead of issuing a substitute Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, evidence satisfactory to the Company, the Trustee and, if applicable, any Paying Agent or Conversion Agent evidence of their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement, payment, redemption, conversion or repurchase of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement, payment, redemption, conversion or repurchase of negotiable instruments or other securities without their surrender.

Section 2.07 Temporary Notes. Pending the preparation of Physical Notes, the Company may execute and the Trustee or an authenticating agent appointed by the Trustee shall, upon receipt of a Company Order, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Physical Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the Physical Notes. Without unreasonable delay, the Company shall execute and deliver to the Trustee or such authenticating agent Physical Notes (other than any Global Note) and thereupon any or all temporary Notes (other than any Global Note) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 4.02 and the Trustee or such authenticating agent shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Physical Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Physical Notes authenticated and delivered hereunder.

Section 2.08 Cancellation of Notes Paid, Converted, Etc. The Company shall cause all Notes surrendered for the purpose of payment at maturity, redemption, registration of transfer or exchange or conversion (other than any Notes exchanged pursuant to Section 14.12), if surrendered to any Person that the Company controls, to be delivered to the Trustee for cancellation. All Notes delivered to the Trustee shall be canceled promptly by it. No Notes shall be authenticated in exchange for any Notes surrendered to the Trustee for cancellation. The Trustee shall dispose of canceled Notes in accordance with its customary procedures and, after such disposition, shall deliver a certificate of such disposition to the Company, at the Company's written request in a Company Order.

Section 2.09 CUSIP Numbers. The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in all notices issued to Holders as a convenience to such Holders; *provided* that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Note, notice or elsewhere, and, *provided, further,* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or on such notice and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.10 Additional Notes; Repurchases. The Company may, without the consent of, or notice to, the Holders and notwithstanding Section 2.01, reopen this Indenture and issue additional Notes hereunder (in addition to any PIK Notes) with the same terms as the Notes initially issued hereunder (other than differences in the issue date, the issue price, interest accrued prior to the issue date of such additional Notes and, if applicable, restrictions on transfer in respect of such additional Notes) in an unlimited aggregate principal amount; *provided* that if any such additional Notes are not fungible with the Notes initially issued hereunder for U.S. federal income tax or securities law purposes, such additional Notes shall have one or more separate CUSIP numbers. Prior to the issuance of any such additional Notes, the Company shall

deliver to the Trustee a Company Order, an Officer's Certificate and an Opinion of Counsel, such Officer's Certificate and Opinion of Counsel to cover such matters, in addition to those required by Section 17.05, as the Trustee shall reasonably request. In addition, subject to applicable law, the Company or its Subsidiaries may directly or indirectly repurchase Notes in the open market or otherwise, whether through private or public tender or exchange offers, cash-settled swaps or other cash-settled derivatives. The Company may, at its option and to the extent permitted by applicable law, reissue, resell or surrender to the Trustee for cancellation any Notes that the Company may repurchase, in the case of a reissuance or resale, so long as such Notes do not constitute Restricted Securities upon such reissuance or resale. Any Notes that the Company or its Subsidiaries may repurchase will be considered outstanding for all purposes herein (other than, at any time when such Notes are held by the Company, any of its Subsidiaries or Affiliates or any subsidiary of any of the Company's Affiliates, for the purpose of determining whether Holders of the requisite aggregate principal amount of the Notes have concurred in any direction, consent, waiver or other action under this Indenture) unless and until such time the Company surrenders the Notes to the Trustee for cancellation and, upon receipt of a Company Order, the Trustee will cancel all the Notes so surrendered.

ARTICLE 3
SATISFACTION AND DISCHARGE

Section 3.01 Satisfaction and Discharge. (a) This Indenture and the Notes shall cease to be of further effect when (i) all Notes theretofore authenticated and delivered (other than (x) Notes which have been destroyed, lost or stolen and which have been replaced, paid or converted as provided in Section 2.06 and (y) Notes for whose payment money has heretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 4.04(d)) have been delivered to the Trustee for cancellation; or (ii) the Company or any Guarantor has deposited with the Trustee or delivered to Holders, as applicable, after the Notes have become due and payable, whether on the Maturity Date, any Redemption Date, any Fundamental Change Repurchase Date, upon conversion or otherwise, cash, shares of Common Stock or a combination thereof, as applicable, solely to satisfy the Company's Conversion Obligation, sufficient to pay all of the outstanding Notes and all other sums due and payable under this Indenture or the Notes by the Company and the Guarantors; and (b) the Trustee upon request of the Company contained in an Officer's Certificate and at the expense of the Company, shall execute such instruments reasonably requested by the Company acknowledging satisfaction and discharge of this Indenture and the Notes, when the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture and the Notes have been complied with. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company and the Guarantors to the Trustee under Section 7.06 shall survive.

ARTICLE 4
PARTICULAR COVENANTS OF THE COMPANY

Section 4.01 Payment of Principal and Interest. The Company covenants and agrees that it will cause to be paid the principal (including the Redemption Price and the Fundamental

Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes.

Section 4.02 Maintenance of Office or Agency. The Company will maintain in the contiguous United States, an office or agency where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase ("**Paying Agent**") or for conversion ("**Conversion Agent**") and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office or the office or agency of the Trustee in the contiguous United States.

The Company may also from time to time designate as co-Note Registrars one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the contiguous United States, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The terms "**Paying Agent**" and "**Conversion Agent**" include any such additional or other offices or agencies, as applicable.

The Company hereby initially designates the entity acting as Trustee as the Paying Agent, Note Registrar and Conversion Agent and the Corporate Trust Office as the office or agency in the contiguous United States, where Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase or for conversion and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served; provided that the Corporate Trust Office shall not be a place for service of legal process for the Company.

Section 4.03 Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.09, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 4.04 Provisions as to Paying Agent. (a) If the Company shall appoint a Paying Agent other than the entity acting as Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal (including funds for payment of the Redemption Price, the Fundamental Change Repurchase Price, and the Mandatory Redemption Amount, if applicable) of, and accrued and unpaid interest on, the Notes in trust for the benefit of the Holders of the Notes;

(ii) that it will give the Trustee prompt notice of any failure by the Company to make any payment of the principal (including payment of the Redemption Price, the

Fundamental Change Repurchase Price, and the Mandatory Redemption Amount) of, and accrued and unpaid interest on, the Notes when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes, deposit with the Paying Agent a sum sufficient to pay such principal (including the Redemption Price, the Fundamental Change Repurchase Price, and the Mandatory Redemption Amount) or accrued and unpaid interest, and (unless such Paying Agent is the entity acting as Trustee) the Company will promptly notify the Trustee in writing of any failure to take such action; *provided* that if such deposit is made on the due date, such deposit must be received by the Paying Agent by 10:00 a.m., New York City time, on such date.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal (including the Redemption Price, the Fundamental Change Repurchase Price and the Mandatory Redemption Amount, if applicable) of, and accrued and unpaid interest on, the Notes, set aside, segregate and hold in trust for the benefit of the Holders of the Notes a sum sufficient to pay such principal (including the Redemption Price, the Fundamental Change Repurchase Price, and the Mandatory Redemption Amount) and accrued and unpaid interest so becoming due and will promptly notify the Trustee in writing of any failure to take such action and of any failure by the Company to make any payment of the principal (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay, cause to be paid or deliver to the Trustee all sums or amounts held in trust by the Company or any Paying Agent hereunder as required by this Section 4.04, such sums or amounts to be held by the Trustee upon the trusts herein contained and upon such payment or delivery by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability but only with respect to such sums or amounts. Upon the occurrence of any event specified in Section 6.01(k) or Section 6.01(l), the Trustee shall automatically become the Paying Agent.

(d) Subject to applicable escheatment laws, any money and shares of Common Stock deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable) of, accrued and unpaid interest on and the consideration due upon conversion of any Note and remaining unclaimed for two years after such principal (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable), interest or consideration due upon conversion has become due and payable shall be paid to the Company on request of the Company contained in an Officer's Certificate, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company and the Guarantors for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money and

shares of Common Stock, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 4.05 Existence. Subject to Article 11, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 4.06 Rule 144A Information Requirement and Annual Reports; Financial Statements. (a) At any time the Company is not subject to Section 13 or 15(d) of the Exchange Act, the Company shall, so long as any of the Notes or any shares of Common Stock issuable upon conversion thereof shall, at such time, constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, promptly provide to the Trustee and, upon written request, any Holder, beneficial owner or prospective purchaser of such Notes or any shares of Common Stock issuable upon conversion of such Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to facilitate the resale of such Notes or shares of Common Stock pursuant to Rule 144A.

(b) The Company shall file with the Trustee, within 15 days after the same are required to be filed with the Commission, copies of any annual reports or reports of foreign private issuer (on Form 20-F or Form 6-K or any respective successor form) that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act (excluding any such information, documents or reports, or portions thereof, subject to confidential treatment and any correspondence with the Commission, and giving effect to any grace period provided by Rule 12b-25 under the Exchange Act (or any successor thereto)). Any such document or report that the Company files with the Commission via the Commission's Electronic Data Gathering, Analysis, and Retrieval ("**EDGAR**") system (or any successor system) shall be deemed to be filed with the Trustee for purposes of this Section 4.06(b) at the time such documents are filed via the EDGAR system (or such successor), it being understood that the Trustee shall have no responsibility to determine if any documents have been filed. Delivery of the reports, information and documents described in this subsection (b) to the Trustee is for informational purposes only, and the information and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's and the Guarantors' compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate). The Trustee shall have no liability or responsibility for the filing, timeliness, or content of such reports. The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's compliance with the covenants or with respect to any reports or other documents filed with the Commission or posted to any website or participate in any conference calls.

(c) The Company shall deliver to the Trustee: (i) within one hundred twenty (120) days after the end of each fiscal year, audited consolidated financial statements of the Company, prepared in accordance with GAAP or IFRS, together with an unqualified audit opinion of an independent registered public accounting firm without any going concern qualification, explanatory paragraph or exception and (ii) within one hundred eighty (180) days after the end of the second fiscal quarter of each fiscal year, unaudited consolidated interim financial statements of the Company, prepared in accordance with GAAP or IFRS.

The "grace periods" referred to in the preceding paragraph with respect to any report will include the maximum period afforded by Rule 12b-25 (or any successor rule thereto) under the Exchange Act regardless of whether the Company files, or indicates in the related Form 12b-25 (or any successor form thereto) that the Company expects to or will file, such report before the expiration of such maximum period.

Section 4.07 Investment Company Act. The Company covenants that for the period of time during which Notes are outstanding, the Company shall not violate, whether or not the Company is subject to, Section 18(a)(1)(A) as modified by Section 61(a), each of the Investment Company Act or any successor provisions thereto of the Investment Company Act, as such obligation may be amended or superseded but giving effect to any exemptive or no-action relief that may be granted to the Company by the Commission.

Section 4.08 Stay, Extension and Usury Laws. Each of the Company and each Guarantor covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.09 Compliance Certificate; Statements as to Defaults. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2026) an Officer's Certificate stating whether the signers thereof have knowledge of any Event of Default or Default that occurred during the previous year and, if so, specifying each such Event of Default or Default and the nature thereof.

In addition, the Company shall deliver to the Trustee, within 30 days after the Company obtains knowledge of the occurrence of any Event of Default or Default, an Officer's Certificate setting forth the details of such Event of Default or Default, its status and the action that the Company is taking or proposing to take in respect thereof; *provided* that the Company is not required to deliver such Officer's Certificate if the event that would constitute a Default or Event of Default has been cured or waived before the date the Company is required to deliver such Officer's Certificate. Each such Officer's Certificate shall also state whether any Mandatory Redemption Event has occurred or is continuing during the applicable period.

Section 4.10 Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.11 Books and Records; Inspection. The Company shall keep proper books and records of account in accordance with GAAP or IFRS. Upon reasonable prior notice and

during normal business hours, the Company shall permit the Trustee (or its representatives) to inspect such books and records and discuss the Company's affairs, finances and accounts with senior management.

Section 4.12 Payment of Taxes. The Company shall pay and discharge all taxes, assessments and governmental charges imposed upon it or its properties, except to the extent the same are being contested in good faith by appropriate proceedings and adequate reserves have been established in accordance with GAAP or IFRS.

Section 4.13 Conduct of Business; Permits and Licenses. The Company shall conduct their businesses in the ordinary course in a manner consistent with past practice, except as otherwise permitted under the Transaction Documents. The Company shall also maintain all material permits, licenses, approvals and authorizations necessary for the conduct of their respective businesses.

Section 4.14 Compliance with Laws and Material Agreements. The Company shall comply in all material respects with all applicable laws, rules and regulations and perform its obligations under all material agreements, except for the ongoing dispute between the Company and Validus Broker Dealer Investment Mgmt. Co. LLC (or Validus/StratCap LLC) in relation to the promissory note issued to Validus Broker Dealer Investment Mgmt. Co. LLC.

Section 4.15 Use of Proceeds. The Company shall use the net proceeds from the issuance of the Notes solely for the purposes described in the Transaction Documents and not for any other purpose prohibited by any Transaction Document.

Section 4.16 Limitation on Indebtedness and Liens; Restricted Transactions. So long as the outstanding Capitalized Principal Amount of the Notes, together with any accrued but unpaid interest thereon, exceeds $5,000,000, each of the Company covenants, and the Guarantor covenants with respect to itself, that:

(a) neither the Company nor any Guarantor shall incur, create, assume or otherwise become liable with respect to any additional Indebtedness that ranks senior to or pari passu with the Notes, if the aggregate principal amount of such Indebtedness (excluding the Notes) would exceed $200,000 at any time outstanding.

(b) the Company shall not permit any Significant Subsidiary of the Company (other than the Guarantor) to incur, create, assume or otherwise become liable with respect to any additional Indebtedness if the aggregate principal amount of such Indebtedness would exceed $200,000 at any time outstanding.

(c) neither the Company nor any Guarantor shall create, incur, assume or permit to exist any Lien on any of its properties or assets, whether now owned or hereafter acquired, other than Permitted Liens.

(d) the Company shall not declare or make, directly or indirectly, any dividend or other distribution, whether in cash, securities or other property, on account of, or any payment to purchase, redeem, retire or otherwise acquire, any equity interests, including any Capital Stock,

membership interests, partnership interests or other ownership interests, of the Company or any of its Subsidiaries.

(e) neither the Company nor any Guarantor shall consolidate or merge with or into, or transfer, lease or otherwise dispose of all or substantially all of its assets to, any other Person, except (i) any merger or consolidation the result of which the Company or the Guarantor, as applicable, is the surviving entity and (ii) transfers, leases or other dispositions of assets in the ordinary course of business that do not constitute a transfer of all or substantially all of the assets of the Company or the Guarantor, as applicable.

Section 4.17 Mandatory Redemption.

(a) Upon the occurrence of a Mandatory Redemption Event, the Company shall be required to make the payments described in this Section 4.17.

(b) Within fifteen (15) Business Days following the occurrence of a Mandatory Redemption Event, the Company shall pay to the Holders, in cash, the Mandatory Redemption Amount. Each Mandatory Redemption Amount shall be applied as a reduction of the outstanding principal of the Notes and (ii) deemed a mandatory redemption of such Notes at Applicable Call Price at the time such Mandatory Redemption Amount is due and payable.

(c) The Company shall fix a record date for each Mandatory Redemption Amount, which shall be five (5) Business Days prior to the date such Mandatory Redemption Amount is to be paid (the "**Mandatory Redemption Record Date**"), and the Mandatory Redemption Amount shall be payable only to Holders of record as of the close of business on such Mandatory Redemption Record Date.

(d) If a Mandatory Redemption Event is continuing, the Company shall continue to pay the Mandatory Redemption Amount on a monthly basis, with each such payment due within fifteen (15) Business Days after the end of each successive monthly period, until such Mandatory Redemption Event has been cured or waived in accordance with this Indenture.

(e) Mandatory Redemption payments shall be made solely in cash, and once payment is made, no Holder shall have any right to convert, exchange or otherwise receive shares of Common Stock in respect of any Mandatory Redemption Amount.

(f) Failure by the Company to pay any Mandatory Redemption Amount when due under this Section 4.17 shall constitute a Default and, if continuing for the applicable grace period under Section 6.01(i), an Event of Default (for the avoidance of doubt, the occurrence of a Mandatory Redemption Event shall not, by itself, constitute an Event of Default).

(g) Any Mandatory Redemption Amount paid pursuant to this Section 4.17 shall reduce, dollar-for-dollar, the outstanding Capitalized Principal Amount of the Notes for all purposes of this Indenture, including conversion, redemption and repayment at maturity. Any payment made pursuant to this Section 4.17 shall be treated as a payment of principal for all purposes of this Indenture.

(h) The Company shall promptly notify the Trustee and the Holders in writing of the occurrence of each payment of a Mandatory Redemption Amount at least five (5) Business Days prior to the required payment. Each such notice shall also include the Mandatory Redemption Record Date. The Trustee shall be entitled to rely conclusively on such notice and shall have no duty to monitor, determine or independently verify the commencement or cessation of any Mandatory Redemption Event.

ARTICLE 5
LISTS OF HOLDERS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01 Lists of Holders. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semi-annually, not more than 15 days after each June 1 and December 1 in each year beginning with June 1, 2026, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the Holders as of a date not more than 15 days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the entity acting as Trustee is acting as Note Registrar.

Section 5.02 Preservation and Disclosure of Lists. The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to it as provided in Section 5.01 or maintained by the entity acting as Trustee in its capacity as Note Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 Events of Default. Each of the following events shall be an "**Event of Default**" with respect to the Notes:

(a) default in any payment of interest on any Note when due and payable, and the default continues for a period of 30 days;

(b) default in the payment of principal of any Note when due and payable on the Maturity Date, upon Optional Redemption, upon any required repurchase, upon declaration of acceleration or otherwise;

(c) failure by the Company to comply with its obligation to convert the Notes in accordance with this Indenture upon exercise of a Holder's conversion right (following such Holder providing all required technical documentation for the issuance of shares of the Company to the Holder as a result of the exercise of such Holder's conversion right as set out in Section 14.02(b)) and such failure continues for five (5) Business Days;

(d) failure by the Company to issue a Fundamental Change Company Notice in accordance with Section 15.02(b), or notice of a specified corporate transaction in accordance

with Section 14.01(b)(ii) or 14.01(b)(iii), in each case when due and, except with respect to any notice of a specified corporate transaction in accordance with Section 14.01(b)(ii), such failure continues for three (3) Business Days;

(e) failure by the Company to comply with the obligation set forth under Section 4.06, and such failure continues for a period of 60 days;

(f) failure by the Company to comply with its obligations under Section 4.07;

(g) failure by the Company or any Guarantor to comply with its obligations under Article 11;

(h) failure by the Company or any Guarantor for 30 days after written notice from the Trustee or the Holders of at least 25% in principal amount of the Notes then outstanding has been received by the Company to comply with any of the terms, obligations, or conditions set forth in any Transaction Document;

(i) failure by the Company to pay any Mandatory Redemption Amount when due pursuant to Section 4.17, and such failure continues for two (2) Business Days after such payment is due;

(j) default by the Company, any Guarantor or any Significant Subsidiary of the Company with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of $3,000,000 (or its foreign currency equivalent) in the aggregate of the Company, the Guarantor and/or any such Significant Subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity date or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable (after the expiration of all applicable grace periods) at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, *provided that* any default in relation to the promissory note issued to Validus Broker Dealer Investment Mgmt. Co. LLC shall not be considered an Event of Default;

(k) a final judgment for the payment of $3,000,000 (or its foreign currency equivalent) or more (excluding any amounts covered by insurance) rendered against the Company or any Significant Subsidiary of the Company, which judgment is not discharged or stayed within 30 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished, *provided that* any judgment in relation to the ongoing dispute between the Company and Validus Broker Dealer Investment Mgmt. Co. LLC (or Validus/StratCap LLC) in relation to the promissory note issued to Validus Broker Dealer Investment Mgmt. Co. LLC shall not be considered an Event of Default;

(l) (i) the Company, any Guarantor or any Significant Subsidiary (A) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company, any Guarantor or any such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company,

any Guarantor or any such Significant Subsidiary or any substantial part of its property; (B) shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it; (C) shall make a general assignment for the benefit of creditors; or (D) shall fail generally to pay its debts as they become due; or (ii) the Company's annual report (on Form 20-F or any respective successor form) that is most recently filed by the Company with the Commission states that substantial doubt exists about the Company's ability to continue as a going concern, which statement is in relation to the ability of the Company's cash and cash equivalents to support the Company's operations for more than one year following the date of such report;

(m) an involuntary case or other proceeding shall be commenced against the Company, any Guarantor or any Significant Subsidiary seeking liquidation, reorganization or other relief with respect to the Company, any Guarantor or such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company, any Guarantor or such Significant Subsidiary or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 consecutive days;

(n) except as permitted by this Indenture, the Note Guarantee of any Guarantor ceases to be in full force and effect, or such Guarantor denies or disaffirms in writing its obligations under this Indenture or its Note Guarantee;

(o) failure by the Company to remove or cause to be removed any restricted securities legend from any shares of Common Stock issued upon conversion of the Notes when and as required pursuant to this Indenture;

(p) if any representation or warranty made by the Company or any Guarantor in any Transaction Document shall have been false or misleading in any material respect when made (or deemed made), and such breach is not cured within thirty (30) days;

(q) if the Company or any Guarantor asserts in writing, or commences any action or proceeding asserting, that any material provision of any Transaction Document is invalid, illegal or unenforceable;

(r) if the Note Guarantee of any Guarantor ceases to be in full force and effect or is declared invalid or unenforceable by a court of competent jurisdiction; or

(s) a material breach of the Subordination Agreement by the Company or any subordinated creditors party thereto (including, without limitation, any violation of the payment provisions thereof or obligations described therein), and such breach is not cured within thirty (30) days.

Section 6.02 Acceleration; Rescission and Annulment. If one or more Events of Default shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), then, and in each and every such case (other than an Event of Default

specified in Section 6.01(k) or Section 6.01(l) with respect to the Company), unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04, by notice in writing to the Company (and to the Trustee if given by Holders), may declare 100% of the principal of, and accrued and unpaid interest (including Default Interest and Step-Up Interest) on, all outstanding Notes to be due and payable immediately, and upon any such declaration the same shall become and shall automatically be immediately due and payable, anything contained in this Indenture or in the Notes to the contrary notwithstanding. For the avoidance of doubt, if such Event of Default is not continuing at the time such notice is provided (that is, such Event of Default has been cured or waived as of such time), then such notice will not be effective to cause such amounts to become due and payable immediately. If an Event of Default specified in Section 6.01(k) or Section 6.01(l) with respect to the Company occurs and is continuing, 100% of the principal of, and accrued and unpaid interest (including Default Interest and Step-Up Interest), if any, on, all Notes shall become and shall automatically be immediately due and payable. Any Mandatory Redemption Amount due and unpaid at the time of acceleration shall be immediately due and payable and no Mandatory Redemption Event or Mandatory Redemption Amount shall be deemed satisfied or extinguished except by payment in full.

The immediately preceding paragraph, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all existing Events of Default (including, for the avoidance of doubt, the failure to pay interest (including Default Interest and Step-Up Interest), if any, due and payable on any Defaulted Amounts) under this Indenture, other than the nonpayment of the principal of and accrued and unpaid interest (including Default Interest and Step-Up Interest), if any, on Notes that shall have become due solely by such acceleration, shall have been cured or waived pursuant to Section 6.09, then and in every such case the Holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all Defaults or Events of Default with respect to the Notes and rescind and annul such declaration and its consequences and such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent Default or Event of Default, or shall impair any right consequent thereon.

Section 6.03 [Reserved.].

Section 6.04 Payments of Notes on Default; Suit Therefor. If an Event of Default described in clause (a) or (b) of Section 6.01 shall have occurred and be continuing, the Company shall, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest (including Default Interest and Step-Up Interest), if any, with interest (including Default Interest and Step-Up Interest) on any overdue principal and interest (including Default Interest and Step-Up Interest), if any, at the rate borne by the Notes at such time and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 7.06. If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its

own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

In the event there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the event of any other judicial proceedings relative to the Company or such other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.04, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and accrued and unpaid interest (including Default Interest and Step-Up Interest), if any, in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents and to take such other actions as it may deem necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Holders to make such payments to the Trustee, as administrative expenses, and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for reasonable compensation, expenses, advances and disbursements, including agents and counsel fees, and including indemnity obligations and any other amounts due to the Trustee under Section 7.06, incurred by it or owed to it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property that the Holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting such Holder or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the

production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any indemnity amounts and other amounts owed to it under Section 7.06 be for the ratable benefit of the Holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Holders of the Notes parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver pursuant to Section 6.09 or any rescission and annulment pursuant to Section 6.02 or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Guarantors, the Holders and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Guarantors, the Holders and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.05 Application of Monies or Property Collected by Trustee. Any monies or property collected by the Trustee pursuant to this Article 6 with respect to the Notes shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies or property, and, in the case of clause Second, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First, to the payment of all amounts due the Trustee (including the entity acting as Trustee acting in any other capacity hereunder) hereunder, including its agent and counsel under Section 7.06;

Second, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest (including Default Interest and Step-Up Interest) on, and any cash due upon conversion of, the Notes in default in the order of the date due of the payments of such interest (including Default Interest and Step-Up Interest) and cash due upon conversion, as the case may be, with interest (including Default Interest and Step-Up Interest) (to the extent that such interest has been collected by the Trustee) upon such overdue payments at the rate borne by the Notes at such time, such payments to be made ratably to the Persons entitled thereto;

Third, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid to the payment of the whole amount (including, if applicable, the payment of the Redemption Price and the Fundamental Change Repurchase Price and any cash due upon conversion) then owing and unpaid upon the Notes for principal and interest (including Default Interest and Step-Up Interest), if any, with interest (including Default Interest and Step-Up Interest) on the overdue principal and, to the extent that such interest (including Default Interest and Step-Up Interest) has been collected by the Trustee, upon overdue

installments of interest (including Default Interest and Step-Up Interest) at the rate borne by the Notes at such time, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal (including, if applicable, the Redemption Price and the Fundamental Change Repurchase Price and any cash due upon conversion) and interest (including Default Interest and Step-Up Interest) without preference or priority of principal over interest (including Default Interest and Step-Up Interest), or of interest (including Default Interest and Step-Up Interest) over principal or of any installment of interest (including Default Interest and Step-Up Interest) over any other installment of interest (including Default Interest and Step-Up Interest), or of any Note over any other Note, ratably to the aggregate of such principal (including, if applicable, the Redemption Price and the Fundamental Change Repurchase Price and any cash due upon conversion) and accrued and unpaid interest (including Default Interest and Step-Up Interest);

Fourth, in case of any unpaid Mandatory Redemption Amounts due under Section 4.17, payment of all such outstanding amounts due to the Holders; and

Fifth, to the payment of the remainder, if any, to the Company.

Section 6.06 Proceedings by Holders. Except to enforce the right to receive payment of principal (including, if applicable, the Redemption Price and the Fundamental Change Repurchase Price) or interest (including Default Interest and Step-Up Interest) when due, or the right to receive payment or delivery of the consideration due upon conversion, no Holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture or the Notes to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless:

(a) such Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as herein provided;

(b) Holders of at least 25% in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder;

(c) such Holder shall have offered to the Trustee such security or indemnity satisfactory to it against any loss, liability or expense to be incurred therein or thereby;

(d) the Trustee for 30 days after its receipt of such notice, request and offer of such security or indemnity, shall have neglected or refused to institute any such action, suit or proceeding (unless the Trustee has confirmed to such Holder that the Trustee will not institute such action, suit or proceeding prior to the expiration of such 30-day period); and

(e) no direction that, in the opinion of the Trustee, is inconsistent with such written request shall have been given to the Trustee by the Holders of a majority of the aggregate principal amount of the Notes then outstanding within such 30-day period pursuant to Section 6.09,

it being understood and intended, and being expressly covenanted by the taker and Holder of every Note with every other taker and Holder and the Trustee that no one or more Holders shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain priority over or preference to any other such Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to any other Holder), or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders (except as otherwise provided herein). For the protection and enforcement of this Section 6.06, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, each Holder shall have the right to receive payment or delivery, as the case may be, of (x) the principal (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest (including Default Interest and Step-Up Interest), if any, on, and (z) the consideration due upon conversion of, such Note, on or after the respective due dates expressed or provided for in such Note or in this Indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be.

Section 6.07 Proceedings by Trustee. In case of an Event of Default, the Trustee may in its discretion (subject to the provisions of this Indenture) proceed to protect and enforce the rights vested in it by this Indenture by judicial proceedings to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.08 Remedies Cumulative and Continuing. Except as provided in the last paragraph of Section 2.06, all powers and remedies given by this Article 6 to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of any of the Notes to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provisions of Section 6.06, every power and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 6.09 Direction of Proceedings and Waiver of Defaults by Majority of Holders. Subject to the Trustee's right to receive security or indemnity from the relevant Holders as described herein, the Holders of a majority of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes or the Note

Guarantees; *provided*, *however*, that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action that is not inconsistent with such direction. The Trustee may refuse to follow any direction that it determines is in conflict with any rule of law or with this Indenture or is unduly prejudicial to the rights of any other Holder or that may involve the Trustee in personal liability. The Holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 may on behalf of the Holders of all of the Notes waive any past Default or Event of Default hereunder and its consequences except any continuing defaults relating to (i) a default in the payment of accrued and unpaid interest (including Default Interest and Step-Up Interest), if any, on, or the principal (including any Redemption Price and any Fundamental Change Repurchase Price) of, the Notes when due that has not been cured pursuant to the provisions of Section 6.01, (ii) a failure by the Company or any Guarantor to pay or deliver, as the case may be, the consideration due upon conversion of the Notes or (iii) a default in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of each Holder of an outstanding Note affected. Upon any such waiver the Company, the Guarantors, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 6.09, said Default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.10 Notice of Defaults. The Trustee shall, within 90 days after the occurrence and continuance of a Default of which a Responsible Officer has received written notice, deliver to all Holders notice of all Defaults known to a Responsible Officer, unless such Defaults shall have been cured or waived before the giving of such notice; *provided* that, except in the case of a Default in the payment of the principal of (including the Redemption Price and the Fundamental Change Repurchase Price, if applicable), or accrued and unpaid interest (including Default Interest and Step-Up Interest) on, any of the Notes or a Default in the payment or delivery of the consideration due upon conversion, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the Holders. For the avoidance of doubt, the Trustee will not be required to deliver such notice if such Default or Event of Default is cured or waived.

Section 6.11 Undertaking to Pay Costs. All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 6.11 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Notes at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Holder for the enforcement of the payment of the

principal of or accrued and unpaid interest (including Default Interest and Step-Up Interest), if any, on any Note (including, but not limited to, the Redemption Price and the Fundamental Change Repurchase Price, if applicable) on or after the due date expressed or provided for in such Note or to any suit for the enforcement of the right to convert any Note, or receive the consideration due upon conversion, in accordance with the provisions of Article 14.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01 Duties and Responsibilities of Trustee. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default that may have occurred for which a Responsible Officer has written notice, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the event an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided* that if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered, and, if requested, provided to the Trustee indemnity or security satisfactory to it against any loss, liability or expense that might be incurred by it in compliance with such request or direction.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of gross negligence or willful misconduct on the part of the Trustee, the Trustee may, as to the truth of the statements and the correctness of the opinions expressed therein, conclusively rely upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority of the aggregate principal amount of the Notes at the time outstanding determined as provided in Section 8.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section;

(e) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, entitlement to receive or any other matters relating to payment) or notice effected by the Company or any Paying Agent or any records maintained by any co-Note Registrar with respect to the Notes;

(f) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively rely on its failure to receive such notice as reason to act as if no such event occurred;

(g) in the absence of written investment direction from the Company and agreement thereto by the Trustee, all cash received by the Trustee shall be placed in a non-interest bearing trust account, and in no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon or for losses incurred as a result of the liquidation of any such investment prior to its maturity date or the failure of the party directing such investments prior to its maturity date or the failure of the party directing such investment to provide timely written investment direction, and the Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction from the Company and agreement thereto by the Trustee; and

(h) in the event that the Trustee is also acting in any other capacity under this Indenture, including, without limitation, as Custodian, Note Registrar, Paying Agent, Conversion Agent, or transfer agent, the rights and protections afforded to the Trustee pursuant to this Indenture, including, without limitation, the indemnities provided in Section 7.06 hereof, shall also be afforded to the Trustee in such other capacity, *mutatis mutandis*.

None of the provisions contained in this Indenture or the Notes shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 7.02 Rights of the Trustee. Except as otherwise provided in Section 7.01:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report,

notice, request, consent, order, bond, note, coupon or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) whenever in the administration of this Indenture, the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on its part, conclusively rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel of its selection, and require an Opinion of Counsel and any advice of such counsel or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in reliance on such advice or Opinion of Counsel;

(e) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the expense of the Company and shall incur no liability of any kind by reason of such inquiry or investigation;

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, custodians, nominees or attorneys and the Trustee shall not be responsible for any action, inaction, misconduct or negligence on the part of any agent, custodian, nominee or attorney appointed by it with due care hereunder;

(g) the permissive rights of the Trustee enumerated herein shall not be construed as duties;

(h) the Trustee may request that the Company deliver an Officer's Certificate setting forth the names of the individuals and/or titles of officers authorized at such times to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any Person authorized to sign an Officer's Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded;

(i) neither the Trustee nor any of its directors, officers, employees, agents, or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Company, or any of their respective directors, members, officers, agents, affiliates, or employees, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee shall not be responsible for any inaccuracy in the information obtained from the Company or for any inaccuracy or omission in the records which may result from such

information or any failure by the Trustee to perform its duties or set forth herein as a result of any inaccuracy or incompleteness;

(j) the Trustee shall have no obligation to pursue any action that is not in accordance with applicable law;

(k) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered (and if requested, provided) to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(l) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; and

(m) the Trustee shall not be obligated to take possession of any Common Stock, whether upon conversion or in connection with any discharge of this Indenture pursuant to Article 3 hereof, but shall satisfy its obligation as Conversion Agent by working through the stock transfer agent of the Company from time to time as directed by the Company.

In no event shall the Trustee be liable for any special, indirect, punitive, or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to the Notes, unless either (1) a Responsible Officer shall have actual knowledge of such Default or Event of Default or (2) written notice of such Default or Event of Default shall have been given to a Responsible Officer of the Trustee.

Section 7.03 No Responsibility for Recitals, Etc. The recitals contained herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 7.04 Trustee, Paying Agents, Conversion Agents or Note Registrar May Own Notes. The Trustee, any Paying Agent, any Conversion Agent, or Note Registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not the Trustee, Paying Agent, Conversion Agent or Note Registrar.

Section 7.05 Monies and Shares of Common Stock to Be Held in Trust. All monies and shares of Common Stock received by the Trustee shall, until used or applied as herein provided, be held for the purposes for which they were received. Money and shares of Common Stock held by the Trustee hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money or shares of

Common Stock received by it hereunder except as may be agreed from time to time by the Company and the Trustee.

Section 7.06 Compensation and Expenses of Trustee. The Company and the Guarantors, jointly and severally, covenant and agree, to pay to the Trustee, in each capacity under this Indenture, from time to time and the Trustee shall receive such compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to in writing between the Trustee and the Company, and the Company and the Guarantors, jointly and severally, will pay or reimburse the Trustee upon request of the Company for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture in any capacity thereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as shall have been caused by its gross negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction. The Company and the Guarantors, jointly and severally, also covenant to indemnify the Trustee or any predecessor Trustee in any capacity under this Indenture and any other document or transaction entered into in connection herewith, including, for the avoidance of doubt, the Subordination Agreement, and its agents and any authenticating agent for, and to hold them harmless against, any loss, claim, damage, liability or expense incurred without gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction on the part of the Trustee and arising out of or in connection with the acceptance or administration of this Indenture or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim of liability in the premises and enforcement of this Section 7.06. The obligations of the Company and the Guarantors under this Section 7.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a senior lien to which the Notes are hereby made subordinate on all money or property held or collected by the Trustee, except, subject to the effect of Section 6.05, funds held in trust herewith for the benefit of the Holders of particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.06 shall not be subordinate to any other liability or indebtedness of the Company or any Guarantor. The obligation of the Company and the Guarantors under this Section 7.06 shall survive the satisfaction and discharge of this Indenture and the earlier resignation or removal of the Trustee. Neither the Company nor any Guarantor need pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The indemnification provided in this Section 7.06 shall extend to the officers, directors, agents and employees of the Trustee.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee and its agents and any authenticating agent incur expenses or render services after an Event of Default specified in Section 6.01(k) or Section 6.01(l) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws.

Section 7.07 Officer's Certificate as Evidence. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically

prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee, and such Officer's Certificate, in the absence of gross negligence or willful misconduct on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 7.08 Eligibility of Trustee. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act (as if the Trust Indenture Act were applicable hereto) to act as such and has a combined capital and surplus of at least $50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article 7.

Section 7.09 Resignation or Removal of Trustee. (a) The Trustee may at any time resign by giving written notice of such resignation to the Company and by delivering notice thereof to the Holders. Upon receiving such notice of resignation, the Holders of a majority of the aggregate principal amount of the Notes then outstanding shall promptly, but in no more than 30 days after receiving such notice, appoint a successor trustee by written instrument, in triplicate, one copy of which instrument shall be delivered to the resigning Trustee, one copy to the successor trustee and one copy to the Company. If the Holders of a majority of the aggregate principal amount of the Notes then outstanding do not appoint a successor trustee pursuant to the immediately preceding sentence within 30 days after receiving the notice of resignation by the Trustee, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation to the Holders, the resigning Trustee may petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor trustee, or any Holder who has been a bona fide holder of a Note or Notes for at least six months (or since the date of this Indenture) may, subject to the provisions of Section 6.11, on behalf of itself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in either case, the

Company may by a Board Resolution remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed, upon five Business Days' advance written notice, and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any Holder who has been a bona fide holder of a Note or Notes for at least six months (or since the date of this Indenture) may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Notes at the time outstanding, as determined in accordance with Section 8.04, may at any time remove the Trustee upon 30 days' advance written notice and nominate a successor trustee that shall be deemed appointed as successor trustee unless within ten days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed or any Holder, upon the terms and conditions and otherwise as in Section 7.09(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.09 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.10.

Section 7.10 Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a senior lien to which the Notes are hereby made subordinate on all money or property held or collected by such trustee as such, except for funds held in trust for the benefit of Holders of particular Notes, to secure any amounts then due it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.10, each of the Company and the successor trustee, at the written direction and at the expense of the Company shall deliver or cause to be delivered notice of the succession of such trustee hereunder

to the Holders. If the Company fails to deliver such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be delivered at the expense of the Company.

Section 7.11 Succession by Merger, Etc. Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including the administration of this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee or authenticating agent appointed by such predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee or an authenticating agent appointed by such successor trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; *provided*, *however*, that the right to adopt the certificate of authentication of any predecessor trustee or to authenticate Notes in the name of any predecessor trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.12 Trustee's Application for Instructions from the Company. Any application by the Trustee for written instructions from the Company (other than with regard to any action proposed to be taken or omitted to be taken by the Trustee that affects the rights of the Holders of the Notes under this Indenture) may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable to the Company for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date notice to the Company is deemed to be received pursuant to Section 17.03, unless any Officer shall have consented in writing to any earlier date), unless, prior to taking any such action (or the effective date in the case of any omission), the Trustee shall have received written instructions in accordance with this Indenture in response to such application specifying the action to be taken or omitted.

Section 7.13 Subordination Agreement. Each Holder, by its holding of a Note, is deemed to have directed the Trustee to enter into and perform the Subordination Agreement.

ARTICLE 8
CONCERNING THE HOLDERS

Section 8.01 Action by Holders. Whenever in this Indenture it is provided that the Holders of a specified percentage of the aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 9, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicits the taking of any action by the Holders of the Notes, the Company or the Trustee may, but shall not be required to, fix in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date if one is selected shall be not more than fifteen days prior to the date of commencement of solicitation of such action.

Section 8.02 Proof of Execution by Holders. Subject to the provisions of Section 7.01, Section 7.02 and Section 9.05, proof of the execution of any instrument or writing by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the Note Register or by a certificate of the Note Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

Section 8.03 Who Are Deemed Absolute Owners. The Company, the Trustee, any authenticating agent, any Paying Agent, any Conversion Agent and any Note Registrar may deem the Person in whose name a Note shall be registered upon the Note Register to be, and may treat it as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Note Registrar) for the purpose of receiving payment of or on account of the principal (including any Redemption Price and any Fundamental Change Repurchase Price) of and (subject to Section 2.03) accrued and unpaid interest on such Note, for conversion of such Note and for all other purposes under this Indenture; and neither the Company nor the Trustee nor any Paying Agent nor any Conversion Agent nor any Note Registrar shall be affected by any notice to the contrary. The sole registered holder of a Global Note shall be the Depositary or its nominee. All such payments or deliveries so made to any Holder for the time being, or upon its order, shall be valid, and, to the extent of the sums or shares of Common Stock so paid or delivered, effectual to satisfy and discharge the liability for monies payable or shares deliverable upon any such Note. Notwithstanding anything to the contrary in this Indenture or the Notes following an Event of Default, any holder of a beneficial interest in a Global Note may directly enforce against the Company, without the consent, solicitation, proxy, authorization or any other action of the Depositary or any other Person, such holder's right to exchange such beneficial interest for a Note in certificated form in accordance with the provisions of this Indenture.

Section 8.04 Company-Owned Notes Disregarded. In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes that are owned by the Company, by any Subsidiary thereof or by any Affiliate of the Company or any Subsidiary thereof shall be disregarded and deemed not to be outstanding for the purpose of any such determination; *provided* that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes that a Responsible Officer knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 8.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to so act with respect to such Notes and that the pledgee is not the Company, a Subsidiary thereof or an Affiliate of the Company or a Subsidiary thereof. In the case of a dispute as to such right, any decision or indecision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officer's Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to Section 7.01, the Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 8.05 Revocation of Consents; Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage of the aggregate principal amount of the Notes specified in this Indenture in connection with such action, any Holder of a Note that is shown by the evidence to be included in the Notes the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note and of any Notes issued in exchange or substitution therefor or upon registration of transfer thereof, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor or upon registration of transfer thereof.

ARTICLE 9
HOLDERS' MEETINGS

Section 9.01 Purpose of Meetings. A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 9 for any of the following purposes:

(a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder (in each case, as permitted under this Indenture) and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

Section 9.02 Call of Meetings by Trustee. The Trustee may at any time call a meeting of Holders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 8.01, shall be delivered to Holders of such Notes. Such notice shall also be delivered to the Company. Such notices shall be delivered not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Notes then outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 9.03 Call of Meetings by Company or Holders. In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% of the aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have delivered the notice of such meeting within 20 days after receipt of such request, then the Company or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by delivering notice thereof as provided in Section 9.02.

Section 9.04 Qualifications for Voting. To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Notes on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Notes on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05 Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be,

shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in aggregate principal amount of the outstanding Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each $1,000 principal amount of Notes held or represented by him or her; *provided*, *however*, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 9.02 or Section 9.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 9.06 Voting. The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding aggregate principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was delivered as provided in Section 9.02. The record shall show the aggregate principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07 No Delay of Rights by Meeting. Nothing contained in this Article 9 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Notes.

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.01 Supplemental Indentures Without Consent of Holders. The Company, the Guarantors and the Trustee, at the Company's expense, may from time to time and at any time

enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to provide for the assumption by a Successor Company of the obligations of the Company or a Guarantor under this Indenture pursuant to Article 11;

(c) to add guarantees with respect to the Notes;

(d) to secure the Notes or the Note Guarantees;

(e) to add to the covenants or Events of Default of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company or the Guarantors;

(f) to make any change that does not adversely affect the rights of any Holder in any material respect;

(g) in connection with any Merger Event, to provide that the notes are convertible into Reference Property, subject to the provisions of Section 14.02, and make such related changes to the terms of the Notes to the extent expressly required by Section 14.07;

(h) to make PIK Payments (including to issue PIK Notes) or facilitate the same;

(i) to comply with the rules of any applicable Depositary, including The Depository Trust Company, so long as such amendment does not adversely affect the rights of any Holder;

(j) to appoint a successor trustee with respect to the Notes;

(k) to increase the Conversion Rate as provided in this Indenture; or

(l) to provide for the acceptance of appointment by a successor Trustee, Note Registrar, Paying Agent or Conversion Agent to facilitate the administration of the trusts under this Indenture by more than one trustee.

Upon the written request of the Company, the Trustee is hereby authorized to join with the Company and the Guarantors in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company, the Guarantors and the Trustee without the consent of the Holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02 Supplemental Indentures with Consent of Holders. With the consent (evidenced as provided in Article 8) of the Holders of at least a majority of the aggregate principal amount of the Notes then outstanding (determined in accordance with Article 8 and

including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, Notes), the Company, the Guarantors and the Trustee, at the Company's expense, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, the Notes, the Note Guarantees or any supplemental indenture or of modifying in any manner the rights of the Holders; *provided*, *however*, that, without the consent of each Holder of an outstanding Note affected, no such supplemental indenture shall:

(a) reduce the principal amount of Notes whose Holders must consent to an amendment;

(b) reduce the rate of or extend the stated time for payment of interest (including Default Interest and Step-Up Interest) on any Note;

(c) reduce the principal of or extend the Maturity Date of any Note;

(d) except as required by this Indenture, make any change that adversely affects the conversion rights of any Notes;

(e) reduce the Fundamental Change Repurchase Price of any Note or amend or modify in any manner adverse to the Holders the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(f) make any Note payable in a currency, or at a place of payment, other than that stated in the Note;

(g) change the ranking of the Notes;

(h) impair the right of any Holder to receive payment of principal of an interest (including Default Interest and Step-Up Interest) on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment with respect to such Holders Note;

(i) make any change in this Article 10 that requires each Holder's consent or in the waiver provisions in Section 6.02 or Section 6.09;

(j) modify or waive any Mandatory Redemption Event or Mandatory Redemption Amount, or extend the time for payment thereof, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise; or

(k) release the Note Guarantee of any Guarantor except as provided in this Indenture, or make any changes to such Note Guarantee in a manner materially adverse to the Holders.

Additionally, the Trustee shall not enter into any amendment to the Subordination Agreement without the consent of each Holder of an outstanding Note.

Upon the written request of the Company, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid and subject to Section 10.05, the Trustee shall join with the Company in the execution of such supplemental indenture or amendment to the Subordination Agreement unless such document affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Holders do not need under this Section 10.02 to approve the particular form of any proposed supplemental indenture. It shall be sufficient if such Holders approve the substance thereof. After any such supplemental indenture becomes effective, the Company shall deliver to the Holders (with a copy to the Trustee) a notice briefly describing such supplemental indenture. However, the failure to give such notice to all the Holders (with a copy to the Trustee), or any defect in the notice, will not impair or affect the validity of the supplemental indenture.

Section 10.03 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions of this Article 10, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company, the Guarantors and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04 Notation on Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article 10 may, at the Company's expense, bear a notation as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Company, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated, upon receipt of a Company Order, by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 17.10) and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 10.05 Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee. In addition to the documents required by Section 17.05, the Trustee shall receive an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture or amendment to the Subordination Agreement executed pursuant hereto complies with the requirements of this Article 10 and is permitted or authorized by this Indenture; such Opinion of Counsel in relation to a supplemental indenture or amendment to the Subordination Agreement to include a customary legal opinion stating that such supplemental indenture or amendment to the Subordination Agreement, as applicable, is the valid and binding obligation of the Company (or, in the case of the Subordination Agreement, the Initial Guarantor), enforceable against the Company (or the Initial Guarantor, as the case may be) in accordance with its terms, subject to customary exceptions and qualifications. The Trustee shall have no responsibility for determining whether any amendment or supplemental indenture will or may have an adverse effect on any Holder.

ARTICLE 11
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01 Company May Consolidate, Etc. on Certain Terms. Subject to the provisions of Section 11.02, the Company shall not consolidate with, merge with or into, or sell, convey, transfer or lease all or substantially all of the properties and assets of the Company to another Person (a "**Business Combination Event**") (other than any such sale, conveyance, transfer or lease to one or more of the Company's Wholly Owned Subsidiaries but, for the avoidance of doubt, in the case of any such sale, conveyance, transfer or lease, the transferee will not succeed to the transferor, and the transferor will not be discharged from its obligations, under this Indenture and the Notes) unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**"), if not the Company, shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture, all of the obligations of the Company under the Notes and this Indenture;

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing under this Indenture; and

(c) if the Successor Company is the Wholly Owned Subsidiary of a counterparty to the Business Combination Event, such counterparty to the Business Combination Event shall expressly assume, by supplemental indenture, all of the obligations of the Company under the Notes and this Indenture, or otherwise guarantee the obligations of the Company under the Notes and this Indenture.

For purposes of this Section 11.01, the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of one or more Subsidiaries of the Company to another Person, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company to another Person.

Section 11.02 Successor Corporation to Be Substituted. In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and accrued and unpaid interest on all of the Notes, the due and punctual delivery or payment, as the case may be, of any consideration due upon conversion of the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company or the Guarantor, such Successor Company (if not the Company or Guarantor) shall succeed to and, except in the case of a lease of all or substantially all of the Company's or the Guarantor's properties and assets, shall be substituted for the Company or the Guarantor, as the case may be, with the same effect as if it had been named herein as the party of the first part, and may thereafter exercise every right and power of the Company or the Guarantor, as the case may be, under this Indenture. Such Successor Company thereupon may cause to be signed, and may

issue either in its own name or in the name of the Company any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Notes that such Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or transfer (but not in the case of a lease), upon compliance with this Article 11 the Person named as the "Company" in the first paragraph of this Indenture (or any successor that shall thereafter have become such in the manner prescribed in this Article 11) or the applicable Guarantor (or any successor that shall thereafter have become such in the manner prescribed in this Article 11) may be dissolved, wound up and liquidated at any time thereafter and, except in the case of a lease, such Person shall be released from its liabilities as obligor and maker of the Notes and from its obligations under this Indenture and the Notes (and, in the case of a Guarantor, the applicable Note Guarantee).

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

ARTICLE 12
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 12.01 Indenture, Notes and Note Guarantees Solely Corporate Obligations. No recourse for the payment of the principal of or accrued and unpaid interest on any Note or any Note Guarantee, nor for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any Guarantor in this Indenture or in any supplemental indenture or in any Note or any Note Guarantee, nor because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, Officer or director or Subsidiary, as such, past, present or future, of the Company or ant Guarantor or of any successor corporation, either directly or through the Company or any Guarantor or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes and the Note Guarantees.

ARTICLE 13
GUARANTEES

Section 13.01 Guarantees.

(a) Subject to this Article 13, each of the Guarantors hereby fully unconditionally and irrevocably guarantees, jointly and severally, as primary obligor and not merely as surety, to each Holder of the Notes and to the Trustee the full and punctual payment or delivery when due, whether at maturity, upon conversion, upon Fundamental Change repurchase, upon a Mandatory Redemption Event, by acceleration, by redemption or otherwise, of the principal amount of the Notes, any amounts due upon conversion, and all other obligations of the Company under this Indenture and the Notes (the "**Obligations**") to the Trustee and to the Holders. Each of the Guarantors further agrees (to the extent permitted by law) that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it shall remain bound under this Article 13 notwithstanding any extension or renewal of any Obligation.

(b) Each of the Guarantors waives presentation to, demand of payment from and protest to the Company of any of the Obligations and also waives notice of protest for nonpayment. Each of the Guarantors waives notice of any default under the Notes or the Obligations. The obligations of each of the Guarantors hereunder shall not be affected by (i) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Company or any other person under this Indenture, the Notes or any other agreement or otherwise, (ii) any extension or renewal of any thereof, (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement, (iv) the release of any security held by any Holder or the Trustee for the Obligations or any of them or (v) any change in the ownership of the Company.

(c) Each of the Guarantors further agrees that its Note Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Obligations.

(d) The obligations of each of the Guarantors hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each of the Guarantors herein shall not be discharged or impaired or otherwise affected by the failure of any Holder to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of each of the Guarantors or would otherwise operate as a discharge of the Guarantors as a matter of law or equity.

(e) Each of the Guarantors further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment or delivery, or any part thereof, of amounts due upon conversion or principal of or Additional Interest, if any, on any of the Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Company or otherwise.

(f) In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against any of the Guarantors by virtue hereof, upon the failure of the Company to pay or delivery any of the Obligations when and as the same shall become due, whether at maturity, upon conversion, upon redemption, upon Fundamental Change repurchase, upon a Mandatory Redemption Event, by acceleration or otherwise, each of the Guarantors hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay or delivery, or cause to be paid or delivered, as the case may be (i) in cash, to the Holders an amount equal to the unpaid amount of such Obligations then due and owing and/or (ii) any shares of Common Stock then due and owing.

(g) Each of the Guarantors further agrees that, as between itself, on the one hand, and the Holders, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of its Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Obligations, such Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of its Note Guarantee.

Section 13.02 No Subrogation. Notwithstanding any payment or payments made by any Guarantor hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Company or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Obligations. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Trustee and the Holders under the Note Guarantee. If any amount shall be paid to any of the Guarantors on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly endorsed by such Guarantor to the Trustee, if required), to be applied against the Obligations.

Section 13.03 Consideration. Each of the Guarantors has received, or shall receive, direct or indirect benefits from the making of its Note Guarantee.

Section 13.04 Limitation on Guarantor Liability. Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 13, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance or a voidable preference, financial assistance or improper corporate benefit, or violating the corporate

purpose of the relevant Guarantor or any applicable capital maintenance or similar laws or regulations affecting the rights of creditors generally under any applicable law or regulation. Each Guarantor that makes a payment under its Note Guarantee shall be entitled upon payment in full of all guaranteed obligations under this Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP or IFRS, as applicable. Notwithstanding the foregoing, any Guarantee of any Guarantor organized outside the United States of America may be limited as necessary to (1) comply with applicable law, (2) avoid any general legal limitations such as general statutory limitations, financial assistance, maintenance of share capital, corporate benefit, "thin capitalization" rules, retention of title claims or similar matters or (3) avoid a conflict with the fiduciary duties of such company's directors, contravention of any legal prohibition or regulatory condition, or the material risk of personal or criminal liability for any officers or directors (collectively referred to as "**Agreed Guarantee Principles**," in each case as reasonably determined by the Company). Notwithstanding anything to the contrary contained in this Section 13.04 (including the preceding sentence), the foregoing limitations described in this Section 13.04 shall not apply to the Initial Guarantor, whose obligations under the Note Guarantee shall be subject solely to the limitations set forth in Exhibit B.

Section 13.05 Execution and Delivery.

(a) To evidence its Note Guarantee set forth in Section 13.01 hereof, each Guarantor hereby agrees that either (i) this Indenture (or a supplemental indenture, as the case may be) or (ii) a notation of such Note Guarantee that includes in each case such modifications and limitations as the Company reasonably determines are appropriate to comply with the Agreed Guarantee Principles, shall be executed on behalf of such Guarantor by one of its Officers, managers, its trustee, its managing member or its general partner, as the case may be.

(b) Each Guarantor hereby agrees that its Note Guarantee set forth in Section 13.01 shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Note Guarantee on the Notes.

(c) If an Officer, manager, trustee, managing member or general partner of a Guarantor whose signature is on this Indenture (or a supplemental indenture, as the case may be) no longer holds that office at the time the Trustee authenticates the Notes, the Note Guarantee shall be valid nevertheless.

(d) The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 13.06 Release of Guarantors. A Guarantor will be automatically released from all of its obligations under the Notes, this Indenture and its Note Guarantee, and its Note Guarantee will automatically terminate:

(a) upon satisfaction and discharge of this Indenture pursuant to Section 3.01;

(b) upon the consummation of any sale or other disposition of any portion or all of the Capital Stock of such Guarantor (including by way of merger or consolidation) or other transaction such that after giving effect to such sale, disposition or other transaction such Guarantor is no longer a Subsidiary of the Company; or

(c) entry into a supplemental indenture to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee with respect to the Notes when such release, termination, discharge or re-taking is provided for under the Indenture.

Section 13.07 Future Guarantors. Within 60 days of any Subsidiary becoming required to be a Guarantor (noting that as of the date of this Indenture, only the Initial Guarantor is required to be a Guarantor), such Guarantor shall comply with the requirements to execute and deliver a Note Guarantee to the Trustee under Section 13.05 hereto.

ARTICLE 14
CONVERSION OF NOTES

Section 14.01 Conversion Privilege and Price.

(a) Subject to and upon compliance with the provisions of this Article 14, each Holder of a Note shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) of such Note at any time on or after the date of this Indenture and prior to the close of business on the second Scheduled Trading Day immediately preceding the Maturity Date. Each conversion shall be effected at a conversion rate determined with respect to the applicable Notice of Conversion, equal to the quotient obtained by dividing $1,000 by the Applicable Conversion Price, subject to adjustment as provided in this Article 14, (the "**Conversion Rate**") (subject to, and in accordance with, the settlement provisions of Section 14.02, the "**Conversion Obligation**").

(b) (i) If the Company elects to:

(A) distribute to all or substantially all holders of the Common Stock any rights, options or warrants (other than in connection with a stockholder rights plan prior to the separation of such rights from the Common Stock) entitling them, for a period of not more than 60 calendar days after the announcement date of such distribution, to subscribe for or purchase shares of the Common Stock at a price per share that is less than the average of the Last Reported Sale Prices of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution; or

(B) distribute to all or substantially all holders of the Common Stock the Company's assets, securities or rights to purchase securities of the Company (other than in connection with a stockholder rights plan prior to separation of such rights from the Common Stock), which distribution has a per share value, as reasonably determined by the Company in good faith and in commercially reasonable manner, exceeding 10% of the Last Reported Sale Price of the

Common Stock on the Trading Day preceding the date of announcement for such distribution,

then, in either case, the Company shall notify all Holders of the Notes, the Trustee and the Conversion Agent (if other than the Trustee) at least 45 Scheduled Trading Days prior to the Ex-Dividend Date for such distribution (or, if later in the case of any such separation of rights issued pursuant to a stockholder rights plan, as soon as reasonably practicable after the Company becomes aware that such separation or triggering event has occurred or will occur); *provided*, *however*, that if the Company is then otherwise permitted to settle conversions of Notes by Physical Settlement, then the Company may instead elect to provide such notice at least ten Scheduled Trading Days prior to such Ex-Dividend Date, in which case the Company shall be required to settle all conversions of Notes with a Conversion Date occurring during the period on or after the date the Company provides such notice and before such Ex-Dividend Date (or, if earlier, the date the Company announces that such issuance or distribution will not take place) by Physical Settlement, and the Company shall describe the same in such notice. Once the Company has given such notice, a Holder may surrender all or any portion of its Notes for conversion at any time until the earlier of (1) the close of business on the Business Day immediately preceding the Ex-Dividend Date for such distribution and (2) the Company's announcement that such distribution will not take place; *provided* that Holders may not convert their Notes pursuant to this subsection (b)(i) if they participate, at the same time and upon the same terms as holders of the Common Stock and solely as a result of holding the Notes, in any of the transactions described in clause (A) or (B) of this subsection (b)(i) without having to convert their Notes as if they held a number of shares of Common Stock equal to the applicable Conversion Rate as of the record date for such issuance or distribution, *multiplied by* the principal amount (expressed in thousands) of Notes held by such Holder.

(ii) If a transaction or event that constitutes a Fundamental Change occurs, regardless of whether a Holder has the right to require the Company to repurchase the Notes pursuant to Section 15.02, or if the Company is a party to a consolidation, merger, binding share exchange, or transfer or lease of all or substantially all of its assets that occurs, in each case, pursuant to which the Common Stock would be converted into cash, securities or other assets (other than a merger effected solely to change the Company's jurisdiction of incorporation solely within the United States that (x) does not otherwise constitute a Fundamental Change and (y) results in a reclassification, conversion, or exchange of outstanding shares of the Common Stock solely into shares of common stock of the surviving entity and such common stock becomes the sole Reference Property for the Notes), all or any portion of a Holder's Notes may be surrendered for conversion at any time from or after the effective date of such transaction until the earlier of (x) 35 Scheduled Trading Days after the effective date of such transaction (or, if the Company gives notice after the effective date of such transaction, until 35 Trading Days after the date the Company gives notice) or, if such transaction also constitutes a Fundamental Change, until close of business on the Business Day immediately preceding the related Fundamental Change Repurchase Date and (y) the second Scheduled Trading Day immediately preceding the Maturity Date. The Company shall notify Holders, the Trustee and the Conversion Agent (if other than the entity acting as Trustee) as promptly as practicable following the effective date of such transaction, but in no event later than five Business Days after the effective date of such transaction.

(iii) If the Company calls any Note for redemption pursuant to Article 16, then a Holder of the Note called for redemption may surrender such Note (or a portion thereof) called for redemption for conversion at any time prior to the close of business on the second Business Day prior to the applicable Redemption Date. After that time, the right to convert such Note called for redemption pursuant to this subsection (b)(iii) shall expire, unless the Company defaults in the payment of the Redemption Price, in which case a Holder of such Note called for redemption may convert such Note (or a portion thereof) called for redemption until the Redemption Price has been paid or duly provided for. If the Company elects to redeem less than all of the outstanding Notes pursuant to Article 16, and the Holder of any Note (or any owner of a beneficial interest in any Global Note) is reasonably not able to determine, before the close of business on the 22nd Scheduled Trading Day immediately before the relevant Redemption Date, whether such Note or beneficial interest, as applicable, is to be redeemed pursuant to such redemption (and, as a result thereof, convertible in accordance with the provisions of this Indenture), then such Holder or owner, as applicable, shall be entitled to convert such Note or beneficial interest, as applicable, at any time before the close of business on the Business Day prior to such Redemption Date, unless the Company defaults in the payment of the Redemption Price, in which case such Holder or owner, as applicable, shall be entitled to convert all or any portion of such Note (or any such beneficial interest in any Global Note), as applicable, until the Redemption Price has been paid or duly provided for, and each such conversion shall be deemed to be of a Note called for redemption for the purposes of this subsection (b)(iii) and Article 16.

(c) The Conversion Price applicable to each Notice of Conversion shall be the applicable lowest of the prices determined pursuant to the following clauses (i) through (iv), *provided that*, in no event shall the Conversion Price be lower than the Lowest Absolute Conversion Price:

(i) prior to the Registration Statement Effective Date, the Initial Fixed Premium Conversion Price;

(ii) following the Registration Statement Effective Date: (A) prior to the time that the Company obtains Shareholder Approval, the greater of: (x) the Fixed Premium Conversion Price, and (y) the Minimum Conversion Price; and (B) on and after the time that the Company obtains Shareholder Approval, the Fixed Premium Conversion Price;

(iii) the greater of: (x) the Lowest VWAP Conversion Price, and (y) prior to the time that the Company obtains Shareholder Approval, the Minimum Conversion Price; and

(iv) the greater of: (x) the Average VWAP Conversion Price, and (y) prior to the time that the Company obtains Shareholder Approval, the Minimum Conversion Price.

(d) A Holder may deliver no more than one (1) Notice of Conversion per Trading Day. If the Applicable Conversion Price for a Notice of Conversion is determined pursuant to clause (iii) or (iv) of Section 14.01(c), the aggregate Capitalized Principal Amount of Notes that

may be converted pursuant to such Notice of Conversion shall not exceed $2,000,000, plus accrued and unpaid interest thereon, if any.

(e) The aggregate purchase price payable for the shares of Common Stock issuable upon any conversion pursuant to this Section 14.01 shall be offset against the outstanding Capitalized Principal Amount of the Notes, first against any accrued but unpaid interest (including Step-Up Interest and Default Interest, if any), and thereafter against principal, in each case in accordance with Section 14.02.

Section 14.02 Conversion Procedure; Physical Settlement Upon Conversion.

(a) Subject to this Section 14.02 and Section 14.07(a), upon conversion of any Note, the Company shall satisfy its Conversion Obligation by delivering to the converting Holder, in respect of each $1,000 Capitalized Principal Amount of Notes being converted, shares of Common Stock (with any fractional shares of Common Stock left over in accordance with subsection (j) of this Section 14.02 rounded up to the nearest whole share of Common Stock) ("**Physical Settlement**"), as set forth in this Section 14.02. The shares of Common Stock in respect of any conversion of Notes (the "**Settlement Amount**") shall be computed as follows (for the avoidance of doubt, with pro-ration for any portion of the Capitalized Principal Amount subject to conversion that is not an integral multiple of $1,000): the Company shall deliver to the converting Holder in respect of each $1,000 Capitalized Principal Amount of Notes being converted a number of shares of Common Stock equal to the Conversion Rate in effect on the Conversion Date;

(b) Subject to Section 14.02(e), before any Holder of a Note shall be entitled to convert a Note as set forth above, such Holder shall (i) in the case of a Global Note, comply with the applicable procedures of the Depositary in effect at that time and, if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h) and (ii) in the case of a Physical Note (1) complete, manually sign and deliver an irrevocable notice to the Conversion Agent as set forth in the Form of Notice of Conversion (or a facsimile, PDF or other electronic transmission thereof) (a notice pursuant to the applicable procedure of the Depositary or a notice as set forth in the Form of Notice of Conversion, a "**Notice of Conversion**" which notice shall be irrevocable, in either case) at the office of the Conversion Agent and state in writing therein the principal amount of Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any shares of Common Stock to be delivered upon settlement of the Conversion Obligation to be registered, (2) surrender such Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Conversion Agent, (3) if required, furnish appropriate endorsements and transfer documents, (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h), and (5) provide all required technical documentation to the Company for the creation of any shares of Common Stock of the Company required under Dutch law or for the entry into the Company's share register at the Company's share registration and transfer agent. The Trustee (and if different, the Conversion Agent) shall notify the Company of any conversion pursuant to this Article 14 on the Conversion Date for such conversion. No Notes may be surrendered for conversion by a Holder thereof if such Holder has also delivered a Fundamental Change Repurchase Notice to the Company in respect

of such Notes and has not validly withdrawn such Fundamental Change Repurchase Notice in accordance with Section 15.03.

If more than one Note shall be surrendered for conversion at one time by the same Holder, the Conversion Obligation with respect to such Notes shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered.

(c) A Note shall be deemed to have been converted immediately prior to the close of business on the date (the "**Conversion Date**") that the Holder has complied with the requirements set forth in subsection (b) above. Except as set forth in Section 14.07(a), the Company shall deliver the consideration due in respect of the Conversion Obligation on the third Business Day immediately following the relevant Conversion Date with respect to the Physical Settlement. If any shares of Common Stock are due to a converting Holder, the Company shall issue or cause to be issued, and deliver (if applicable) to the Conversion Agent or to such Holder, or such Holder's nominee or nominees, the full number of shares of Common Stock to which such Holder shall be entitled to an account of the Company's share register and transfer agent Continental Stock Transfer & Trust Company (or any successor share register and transfer agent of the Company) in satisfaction of the Company's Conversion Obligation.

(d) In case any Note shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to or upon the written order of the Holder of the Note so surrendered a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Note, without payment of any service charge by the converting Holder but, if required by the Company or Trustee, with payment of a sum sufficient to cover any documentary, stamp or similar issue or transfer tax or similar governmental charge required by law or that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such conversion being different from the name of the Holder of the old Notes surrendered for such conversion.

(e) If a Holder submits a Note for conversion, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue or delivery of any shares of Common Stock upon conversion, unless the tax is due because the Holder requests such shares to be issued in a name other than the Holder's name, in which case the Holder shall pay that tax. The Conversion Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Trustee receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence.

(f) Except as provided in Section 14.04, no adjustment shall be made for dividends on any shares of Common Stock issued upon the conversion of any Note as provided in this Article 14.

(g) Upon the conversion of an interest in a Global Note, the Trustee, or the Custodian at the direction of the Trustee, shall make a notation on such Global Note as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of

any conversion of Notes effected through any Conversion Agent other than the entity acting as Trustee.

(h) Upon conversion, a Holder shall not receive any separate cash payment for accrued and unpaid interest, if any, except as set forth below. The Company's settlement of the full Conversion Obligation shall be deemed to satisfy in full its obligation to pay the Capitalized Principal Amount of the Note and accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date. As a result, accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. Notwithstanding the foregoing, if Notes are converted after the close of business on a Regular Record Date, Holders of such Notes as of the close of business on such Regular Record Date will receive the full amount of interest payable on such Notes on the corresponding Interest Payment Date notwithstanding the conversion. Notes surrendered for conversion during the period from the close of business on any Regular Record Date to the open of business on the immediately following Interest Payment Date must be accompanied by funds equal to the amount of interest payable on the Notes so converted; *provided* that no such payment shall be required (1) for conversions following the close of business on the Regular Record Date immediately preceding the Maturity Date; (2) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the second Business Day immediately following the corresponding Interest Payment Date; (3) if the Company has specified a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the Business Day immediately following the corresponding Interest Payment Date; or (4) to the extent of any Defaulted Amounts, if any Defaulted Amounts or Default Interest exist at the time of conversion with respect to such Note. Therefore, for the avoidance of doubt, all Holders of record at the close of business on the Regular Record Date immediately preceding the Maturity Date, or a Fundamental Change Repurchase Date or Redemption Date referred to the proviso above shall receive the full interest payment due on the Maturity Date in cash regardless of whether their Notes have been converted following such Regular Record Date.

(i) The Person in whose name the shares of Common Stock shall be issuable upon conversion shall become the stockholder of record as of the close of business on the relevant Conversion Date. Upon a conversion of Notes, such Person shall no longer be a Holder of such Notes surrendered for conversion.

(j) The Company shall not issue any fractional share of Common Stock upon conversion of the Notes and shall instead deliver one (1) whole share of Common Stock with respect to such fractional share.

(k) Notwithstanding anything to the contrary herein, no Holder shall be entitled to receive shares of Common Stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting Holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 4.99% of the shares of Common Stock outstanding at such time (the "**Limitation**"). Any purported delivery of shares of Common Stock upon conversion of Notes shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting Holder becoming the beneficial owner of more than the Limitation. If any delivery of shares of Common Stock owed to a Holder upon conversion of

Notes is not made, in whole or in part, as a result of the Limitation, the Company's obligation to make such delivery shall not be extinguished and the Company shall deliver such shares as promptly as practicable after any such converting Holder gives notice to the Company that such delivery would not result in it being the beneficial owner of more than 4.99% of the shares of Common Stock outstanding at such time. The Limitation shall no longer apply following the effective date of any Fundamental Change. Any Holder, upon notice to the Company, may increase or decrease the Limitation with at least 61 days' notice, but in no event shall the Limitation exceed 19.99% of the shares of Common Stock outstanding at such time.

Section 14.03 [Reserved].

Section 14.04 Adjustment of Conversion Rate. The Conversion Rate shall be adjusted from time to time by the Company if any of the following events occurs, except that the Company shall not make any adjustments to the Conversion Rate if Holders of the Notes participate (other than in the case of (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of the Common Stock and solely as a result of holding the Notes, in any of the transactions described in this Section 14.04, without having to convert their Notes, as if they held a number of shares of Common Stock equal to the Conversion Rate, *multiplied by* the Capitalized Principal Amount (expressed in thousands) of Notes held by such Holder. In addition, no adjustments to the Conversion Rate shall be made in accordance with this Section 14.04 if the Conversion Price applicable to a relevant Notice of Conversion in accordance with Section 14.01(c) is calculated to be either the Lowest VWAP Conversion Price or the Average VWAP Conversion Price.

(a) If the Company exclusively issues shares of Common Stock as a dividend or distribution on shares of the Common Stock, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date of such dividend or distribution, or immediately prior to the open of business on the Effective Date of such share split or share combination, as applicable;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date or Effective Date, as applicable;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date, as applicable (before giving effect to any such dividend, distribution, split or combination); and

OS_1 = the number of shares of Common Stock outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 14.04(a) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution, or

immediately after the open of business on the Effective Date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this Section 14.04(a) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) If the Company distributes to all or substantially all holders of the Common Stock any rights, options or warrants (other than pursuant to a stockholder rights plan) entitling them, for a period of not more than 60 calendar days after the announcement date of such distribution, to subscribe for or purchase shares of the Common Stock at a price per share that is less than the average of the Last Reported Sale Prices of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such Ex-Dividend Date;

X = the total number of shares of Common Stock distributable pursuant to such rights, options or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of the distribution of such rights, options or warrants.

Any increase made under this Section 14.04(b) shall be made successively whenever any such rights, options or warrants are distributed and shall become effective immediately after the open of business on the Ex-Dividend Date for such distribution. To the extent that shares of the Common Stock are not delivered after the expiration of such rights, options or warrants, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights, options or warrants are not so distributed, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect if such Ex-Dividend Date for such distribution had not occurred.

For purposes of this Section 14.04(b) and for the purpose of Section 14.01(b)(i)(A), in determining whether any rights, options or warrants entitle the holders of Common Stock to subscribe for or purchase shares of the Common Stock at less than such average of the Last Reported Sale Prices of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Company in good faith and in a commercially reasonable manner.

(c) If the Company distributes shares of its Capital Stock, evidences of its indebtedness, other assets or property of the Company or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of the Common Stock, excluding (i) dividends, distributions or issuances (including share splits) as to which an adjustment was effected pursuant to Section 14.04(a) or Section 14.04(b), (ii) except as otherwise provided in Section 14.11, rights issued pursuant to any stockholder rights plan of the Company then in effect, (iii) distributions of Reference Property in exchange for, or upon conversion of, Common Stock in a Merger Event, (iv) dividends or distributions paid exclusively in cash as to which the provisions set forth in Section 14.04(d) shall apply, and (v) Spin-Offs as to which the provisions set forth below in this Section 14.04(c) shall apply (any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights, options or warrants to acquire Capital Stock or other securities, the "**Distributed Property**"), then the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

SP_0 = the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined by the Company in good faith and in a commercially reasonable manner) of the Distributed Property with respect to each outstanding share of the Common Stock on the Ex-Dividend Date for such distribution.

Any increase made under the portion of this Section 14.04(c) above shall become effective immediately after the open of business on the Ex-Dividend Date for such distribution. If such distribution is not so paid or made, the Conversion Rate shall be decreased to the

Conversion Rate that would then be in effect if such distribution had not been declared. Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, in respect of each $1,000 Capitalized Principal Amount thereof, at the same time and upon the same terms as holders of the Common Stock receive the Distributed Property, the amount and kind of Distributed Property such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Conversion Rate in effect on the Ex-Dividend Date for the distribution.

With respect to an adjustment pursuant to this Section 14.04(c) where there has been a payment of a dividend or other distribution on the Common Stock of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Company, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange (a "**Spin-Off**"), the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the end of the Valuation Period;

CR_1 = the Conversion Rate in effect immediately after the end of the Valuation Period;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Common Stock applicable to one share of the Common Stock (determined by reference to the definition of Last Reported Sale Price as set forth in Section 1.01 as if references therein to Common Stock were to such Capital Stock or similar equity interest) over the first 10 consecutive Trading Day period after, and including, the Ex-Dividend Date of the Spin-Off (the "**Valuation Period**"); and

MP_0 = the average of the Last Reported Sale Prices of the Common Stock over the Valuation Period.

The increase to the Conversion Rate under the preceding paragraph shall occur at the close of business on the last Trading Day of the Valuation Period; *provided* that in respect of any conversion of Notes for which Physical Settlement is applicable, if the relevant Conversion Date occurs during the Valuation Period, the reference to "10" in the preceding paragraph shall be deemed to be replaced with such lesser number of Trading Days as have elapsed from, and including, the Ex-Dividend Date of such Spin-Off to, and including, the Conversion Date in determining the Conversion Rate. If any dividend or distribution that constitutes a Spin-Off is declared but not so paid or made, the Conversion Rate shall be immediately decreased, effective as of the date the Board of Directors determines not to pay or make such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared or announced.

For purposes of this Section 14.04(c) and (subject in all respect to Section 14.11), rights, options or warrants distributed by the Company to all holders of the Common Stock entitling them to subscribe for or purchase shares of the Company's Capital Stock, including Common Stock (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of the Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Common Stock, shall be deemed not to have been distributed for purposes of this Section 14.04(c) (and no adjustment to the Conversion Rate under this Section 14.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 14.04(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 14.04(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued and (y) the Conversion Rate shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or purchase price received by a holder or holders of Common Stock with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Stock as of the date of such redemption or purchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section 14.04(a), Section 14.04(b) and this Section 14.04(c), if any dividend or distribution to which this Section 14.04(c) is applicable also includes one or both of:

(A) a dividend or distribution of shares of Common Stock to which Section 14.04(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights, options or warrants to which Section 14.04(b) is applicable (the "**Clause B Distribution**"), then, in either case, (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 14.04(c) is applicable (the "**Clause C Distribution**") and any Conversion Rate adjustment required by this Section 14.04(c) with respect to such Clause C Distribution shall then be made, and (2) the Clause A Distribution and

Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 14.04(a) and Section 14.04(b) with respect thereto shall then be made, except that, if determined by the Company (I) the "Ex-Dividend Date" of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex-Dividend Date of the Clause C Distribution and (II) any shares of Common Stock included in the Clause A Distribution or Clause B Distribution shall be deemed not to be "outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date" within the meaning of Section 14.04(a) or "outstanding immediately prior to the open of business on such Ex-Dividend Date" within the meaning of Section 14.04(b).

(d) If the Company makes any cash dividend or distribution to all or substantially all holders of the Common Stock, the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

SP_0 = the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in cash per share the Company distributes to all or substantially all holders of the Common Stock.

Any increase pursuant to this Section 14.04(d) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each $1,000 Capitalized Principal Amount of Notes it holds, at the same time and upon the same terms as holders of shares of the Common Stock, the amount of cash that such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Conversion Rate on the Ex-Dividend Date for such cash dividend or distribution.

(e) If the Company or any of its Subsidiaries make a payment in respect of a tender or exchange offer for the Common Stock that is subject to the then-applicable tender offer rules under the Exchange Act (other than any odd-lot tender offer), to the extent that the cash and value of any other consideration included in the payment per share of the Common Stock

exceeds the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

CR_1 = the Conversion Rate in effect immediately after the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Company in good faith and in a commercially reasonable manner) paid or payable for shares of Common Stock purchased in such tender or exchange offer;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange in such tender or exchange offer);

OS_1 = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange in such tender or exchange offer); and

SP_1 = the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The increase to the Conversion Rate under this Section 14.04(e) shall occur at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that in respect of any conversion of Notes for which Physical Settlement is applicable, if the relevant Conversion Date occurs during the 10 Trading Days immediately following, and including, the Trading Day next succeeding the expiration date of any tender or exchange offer, references to "10" or "10th" in the preceding paragraph shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the Trading Day next succeeding the date that such tender or exchange offer expires to, and including, the Conversion Date in determining the Conversion Rate.

If the Company or one of its Subsidiaries is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer described in this Section 14.04(e) but the Company or such Subsidiary is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Rate shall be readjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made or had been made only in respect of the purchases that have been made.

(f) Notwithstanding this Section 14.04 or any other provision of this Indenture or the Notes, if a Conversion Rate adjustment becomes effective on any Ex-Dividend Date, and a Holder that has converted its Notes on or after such Ex-Dividend Date and on or prior to the related Record Date would be treated as the record holder of the shares of Common Stock as of the related Conversion Date as described under Section 14.02(i) based on an adjusted Conversion Rate for such Ex-Dividend Date, then, notwithstanding the Conversion Rate adjustment provisions in this Section 14.04, the Conversion Rate adjustment relating to such Ex-Dividend Date shall not be made for such converting Holder. Instead, such Holder shall be treated as if such Holder were the record owner of the shares of Common Stock on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

(g) Except as stated herein, the Company shall not adjust the Conversion Rate for the issuance of shares of the Common Stock or any securities convertible into or exchangeable for shares of the Common Stock or the right to purchase shares of the Common Stock or such convertible or exchangeable securities.

(h) In addition to those adjustments required by clauses (a), (b), (c), (d) and (e) of this Section 14.04, and subject to applicable exchange listing rules, the Company from time to time may increase the Conversion Rate by any amount for a period of at least 20 Business Days if the Company determines that such increase would be in the Company's best interest. In addition, subject to applicable exchange listing rules, the Company may (but is not required to) increase the Conversion Rate to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock in connection with a dividend or distribution of shares of Common Stock (or rights to acquire shares of Common Stock) or similar event.

(i) Notwithstanding anything to the contrary in this Article 14, the Conversion Rate shall not be adjusted:

(i) upon the issuance of any shares of Common Stock at a price below the Conversion Price or otherwise, other than any such issuance described in clause (a), (b) or (c) of this Section 14.04;

(ii) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(iii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant

benefit or incentive plan or program (including pursuant to any evergreen plan) of or assumed by the Company or any of the Company's Subsidiaries;

(iv) upon the issuance of any shares of the Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (iii) of this subsection and outstanding as of the date the Notes were first issued;

(v) for a third-party tender offer by any party other than a tender offer by one or more of the Company's Subsidiaries as described in clause (e) of this Section 14.04;

(vi) upon the repurchase of any shares of Common Stock pursuant to an open market share purchase program or other buy-back transaction, including structured or derivative transactions such as accelerated share repurchase transactions or similar forward derivatives, or other buy-back transaction, that is not a tender offer or exchange offer of the kind described under clause (e) of this Section 14.04;

(vii) solely for a change in the nominal value (or lack of nominal value) of the Common Stock; or

(viii) for accrued and unpaid interest, if any.

(j) All calculations and other determinations under this Article 14 shall be made by the Company and shall be made to the nearest one-ten thousandth (1/10,000th) of a share.

(k) If an adjustment to the Conversion Rate otherwise required by this Section 14.04 would result in a change of less than 1% to the Conversion Rate, then, notwithstanding the foregoing, the Company may, at its election, defer and carry forward such adjustment, except that all such deferred adjustments must be given effect immediately upon the earliest to occur of the following: (i) when all such deferred adjustments would result in an aggregate change of at least 1% to the Conversion Rate, (ii) on the Conversion Date for any Notes (in the case of Physical Settlement) and (iii) on the effective date of any Fundamental Change unless the adjustment has already been made.

(l) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee (and the Conversion Agent if not the entity acting as Trustee) an Officer's Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee and the Conversion Agent shall have received such Officer's Certificate, the Trustee and the Conversion Agent shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume without inquiry that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall deliver such notice of such adjustment of the Conversion Rate to each Holder. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(m) For purposes of this Section 14.04, the number of shares of Common Stock at any time outstanding shall not include shares of Common Stock held in the treasury of the Company

so long as the Company does not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company, but shall include shares of Common Stock issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 14.05 Adjustments of Prices. Whenever any provision of this Indenture requires the Company to calculate the Last Reported Sale Prices, the Daily VWAPs, the Daily Conversion Values or the Daily Settlement Amounts over a span of multiple days (including, without limitation, a Notice of Redemption), the Company shall make appropriate adjustments in good faith and in a commercially reasonable manner to each to account for any adjustment to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the Ex-Dividend Date, Effective Date or expiration date, as the case may be, of the event occurs at any time during the period when the Last Reported Sale Prices, the Daily VWAPs, the Daily Conversion Values or the Daily Settlement Amounts are to be calculated.

For the avoidance of doubt, the adjustments made pursuant to the foregoing paragraph shall be made, solely to the extent the Company determines in good faith and in a commercially reasonable manner that any such adjustment is appropriate, without duplication of any adjustment made pursuant to Section 14.04.

Section 14.06 Shares to Be Fully Paid. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for conversion of the Notes from time to time as such Notes are presented for conversion (assuming at the time of computation of such number of shares, all such Notes would be converted by a single Holder and that Physical Settlement were applicable).

Section 14.07 Effect of Recapitalizations, Reclassifications and Changes of the Common Stock.

(a) In the case of:

(i) any recapitalization, reclassification or change of the Common Stock (other than a change to nominal value, or from nominal value to no nominal value, or changes resulting from a subdivision or combination),

(ii) any consolidation, merger, combination or similar transaction involving the Company,

(iii) any sale, lease or other transfer to a third party of the consolidated assets of the Company and the Company's Subsidiaries substantially as an entirety or

(iv) any statutory share exchange,

in each case, as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event, a "**Merger Event**"), then, at and after the effective time of such Merger Event, the right to convert each $1,000 Capitalized Principal Amount of Notes shall be changed into a right to convert such Capitalized Principal Amount of Notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that

a holder of a number of shares of Common Stock equal to the Conversion Rate immediately prior to such Merger Event would have owned or been entitled to receive (the "**Reference Property**," with each "**unit of Reference Property**" meaning the kind and amount of Reference Property that a holder of one share of Common Stock is entitled to receive on account of such Merger Event (without giving effect to any arrangement not to issue or deliver a fractional portion of any security or other property)) upon such Merger Event and, prior to or at the effective time of such Merger Event, the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture permitted under Section 10.01(g) providing for such change in the right to convert each $1,000 Capitalized Principal Amount of Notes; *provided*, *however*, that at and after the effective time of the Merger Event (A) the Company or the successor or acquiring company, as the case may be, shall continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of Notes in accordance with Section 14.02 and (B) (I) any amount payable in cash upon conversion of the Notes in accordance with Section 14.02 shall continue to be payable in cash, (II) any shares of Common Stock that the Company would have been required to deliver upon conversion of the Notes in accordance with Section 14.02 shall instead be deliverable in the amount and type of Reference Property that a holder of that number of shares of Common Stock would have received in such Merger Event, and (III) the Daily VWAP shall be calculated based on the value of a unit of Reference Property.

If the Merger Event causes the Common Stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), then the Reference Property into which the Notes will be convertible will be deemed to be (i) the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election or (ii) if no holders of Common Stock make such an election, the weighted average of the types and amounts of consideration actually received by the holders of Common Stock. The Company shall notify Holders, the Trustee and the Conversion Agent (if other than the entity acting as Trustee) of such weighted average as soon as practicable after such determination is made. If the holders of the Common Stock receive only cash in such Merger Event, then for all conversions for which the relevant Conversion Date occurs after the effective date of such Merger Event (A) the consideration due upon conversion of each $1,000 Capitalized Principal Amount of Notes shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date, *multiplied by* the price paid per share of Common Stock in such Merger Event and (B) the Company shall satisfy the Conversion Obligation by paying cash to converting Holders on the second Business Day immediately following the relevant Conversion Date.

If the Reference Property in respect of any Merger Event includes, in whole or in part, common equity, the supplemental indenture described in the second immediately preceding paragraph providing that the Notes will convertible into Reference Property (other than cash) shall also provide for anti-dilution and other adjustments that shall be as nearly equivalent as is possible to the adjustments provided for in this Article 14 with respect to the portion of Reference Property constituting such common equity. If, in the case of any Merger Event, the Reference Property includes shares of stock, securities or other property or assets (including any combination thereof), other than cash and/or cash equivalents, of a Person other than the Company or the successor or purchasing corporation, as the case may be, in such Merger Event, then such supplemental indenture shall also be executed by such other Person, if such Person is

an Affiliate of the Company or the successor or purchasing corporation, and shall contain such additional provisions to protect the interests of the Holders as the Company shall in good faith reasonably consider necessary by reason of the foregoing, including the provisions providing for the purchase rights set forth in Article 15.

(b) When the Company executes a supplemental indenture pursuant to subsection (a) of this Section 14.07, the Company shall promptly file with the Trustee an Officer's Certificate briefly stating the reasons therefor, the kind or amount of cash, securities or property or asset that will comprise a unit of Reference Property after any such Merger Event, any adjustment to be made with respect thereto and that all conditions precedent have been complied with, and shall promptly deliver or cause to be delivered notice thereof to all Holders. The Company shall cause notice of the execution of such supplemental indenture to be delivered to each Holder within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

(c) The Company shall not become a party to any Merger Event unless its terms are consistent with this Section 14.07. None of the foregoing provisions shall affect the right of a holder of Notes to convert its Notes into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable, as set forth in Section 14.01 and Section 14.02 prior to the effective date of such Merger Event.

(d) The above provisions of this Section shall similarly apply to successive Merger Events.

Section 14.08 Certain Covenants. (a) The Company covenants that all shares of Common Stock issued upon conversion of Notes will be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(b) The Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Notes hereunder require registration with or approval of any governmental authority under any federal or state law before such shares of Common Stock may be validly issued upon conversion, the Company will, to the extent then permitted by the rules and interpretations of the Commission, secure such registration or approval, as the case may be.

(c) The Company further covenants that if at any time the Common Stock shall be listed on any national securities exchange or automated quotation system the Company will list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, any Common Stock issuable upon conversion of the Notes.

Section 14.09 Responsibility of Trustee. The Trustee and any Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine the Conversion Rate (or any adjustment thereto) or whether any facts exist that may require any adjustment (including any increase) of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities, property or cash

that may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 14. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 14.07 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders upon the conversion of their Notes after any event referred to in such Section 14.07 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept (without any independent investigation) as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officer's Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto. Neither the Trustee nor the Conversion Agent shall be responsible for determining whether any event contemplated by Section 14.01(b) has occurred that makes the Notes eligible for conversion or no longer eligible therefor until the Company has delivered to the Trustee and the Conversion Agent the notices referred to in Section 14.01(b) with respect to the commencement or termination of such conversion rights, on which notices the Trustee and the Conversion Agent may conclusively rely, and the Company agrees to deliver such notices to the Trustee and the Conversion Agent immediately after the occurrence of any such event or at such other times as shall be provided for in Section 14.01(b). Neither the Trustee nor the Conversion Agent shall have any obligation to make any calculation or to determine whether the Notes may be surrendered for conversion pursuant to this Indenture, or to notify the Company or the Depositary or any of the Holders if the Notes have become convertible pursuant to the terms of this Indenture, or to otherwise independently determine or verify if any Fundamental Change, Share Exchange Event, Trigger Event, or any other event has occurred or notify the Holders of any such event. Neither the Trustee nor Conversion Agent shall have the responsibility for any act or omission of any Designated Financial Institution.

Section 14.10 Notice to Holders Prior to Certain Actions. In case of any:

(a) action by the Company or one of its Subsidiaries that would require an adjustment in the Conversion Rate pursuant to Section 14.04 or Section 14.11; or

(b) voluntary or involuntary dissolution, liquidation or winding-up of the Company; then, in each case (unless notice of such event is otherwise required pursuant to another provision of this Indenture), the Company shall cause to be filed with the Trustee and the Conversion Agent (if other than the entity acting as Trustee) and to be delivered to each Holder, as promptly as possible but in any event at least 10 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such action by the Company or, if a record is not to be taken, the date as of which the holders of Common Stock of record are to be determined for the purposes of such action by the Company, or (ii) the date on which such dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property

deliverable upon such dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such action by the Company, dissolution, liquidation or winding-up.

Section 14.11 Stockholder Rights Plans. If the Company has a stockholder rights plan in effect upon conversion of the Notes, each share of Common Stock, if any, issued upon such conversion shall be entitled to receive the appropriate number of rights, if any, and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any such stockholder rights plan, as the same may be amended from time to time. However, if, prior to any conversion of Notes, the rights have separated from the shares of Common Stock in accordance with the provisions of the applicable stockholder rights plan, the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all or substantially all holders of the Common Stock Distributed Property as provided in Section 14.04(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 14.12 Exchange in Lieu of Conversion.

(a) When a Holder surrenders its Notes for conversion, the Company may, at its election (an "**Exchange Election**"), cause the surrender, on or prior to the Trading Day immediately following the Conversion Date, of such Notes to one or more financial institutions designated by the Company (each, a "**Designated Financial Institution**") for exchange in lieu of conversion. In order to accept any Notes surrendered for conversion, the Designated Financial Institution(s) must agree to timely pay or deliver, as the case may be, in exchange for such Notes, the cash, shares of Common Stock or combination thereof that would otherwise be due upon conversion pursuant to Section 14.02 or such other amount agreed to by the Holder and the Designated Financial Institution(s) (the "**Conversion Consideration**"). If the Company makes an Exchange Election, the Company shall, by the close of business on the Trading Day following the relevant Conversion Date, notify in writing the Trustee, the Conversion Agent (if other than the Trustee) and the Holder surrendering Notes for conversion that the Company has made the Exchange Election, and the Company shall promptly notify the Designated Financial Institution(s) of the relevant deadline for delivery of the Conversion Consideration and the type of Conversion Consideration to be paid and/or delivered, as the case may be.

(b) Any Notes delivered to the Designated Financial Institution(s) shall remain outstanding, subject to the applicable procedures of the Depositary. If the Designated Financial Institution(s) agree(s) to accept any Notes for exchange but do(es) not timely pay and/or deliver, as the case may be, the related Conversion Consideration, or if such Designated Financial Institution(s) do(es) not accept the Notes for exchange, the Company shall pay and/or deliver, as the case may be, the relevant Conversion Consideration, as, and at the time, required pursuant to this Indenture as if the Company had not made the Exchange Election.

(c) The Company's designation of any Designated Financial Institution(s) to which the Notes may be submitted for exchange does not require such Designated Financial Institution(s) to accept any Notes.

ARTICLE 15
REPURCHASE OF NOTES AT OPTION OF HOLDERS

Section 15.01 [Reserved.]

Section 15.02 Repurchase at Option of Holders Upon a Fundamental Change. (a) If a Fundamental Change occurs at any time, each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes, or any portion of the principal amount thereof properly surrendered and not validly withdrawn pursuant to Section 15.03 that is equal to $1,000 or an integral multiple of $1.00, on the date (the "**Fundamental Change Repurchase Date**") specified by the Company that is not less than 20 Business Days or more than 35 Business Days following the date of the Fundamental Change Company Notice at a repurchase price equal to the Applicable Call Price of the Capitalized Principal Amount thereof, *plus* accrued and unpaid interest thereon to, but excluding, the Fundamental Change Repurchase Date (the "**Fundamental Change Repurchase Price**"), unless the Fundamental Change Repurchase Date falls after a Regular Record Date but on or prior to the Interest Payment Date to which such Regular Record Date relates, in which case the Company shall instead pay the full amount of accrued and unpaid interest to Holders of record as of such Regular Record Date, and the Fundamental Change Repurchase Price shall be equal to the Applicable Call Price of the Capitalized Principal Amount of Notes to be repurchased pursuant to this Article 15. For the avoidance of doubt, the Applicable Call Price for purposes of this Section 15.02 shall be determined as if the Company had elected to redeem the Notes pursuant to Article 16 on the Fundamental Change Repurchase Date.

(b) On or before the 20th calendar day after the occurrence of the effective date of a Fundamental Change, the Company shall provide to all Holders and the Trustee, the Conversion Agent and the Paying Agent (in the case of a Paying Agent other than the entity acting as Trustee) a notice (the "**Fundamental Change Company Notice**") of the occurrence of the effective date of the Fundamental Change and of the repurchase right at the option of the Holders arising as a result thereof. In the case of Physical Notes, such notice shall be by first class mail or, in the case of Global Notes, such notice shall be delivered in accordance with the applicable procedures of the Depositary. Each Fundamental Change Company Notice shall specify:

(i) the events causing the Fundamental Change;

(ii) the effective date of the Fundamental Change;

(iii) the last date on which a Holder may exercise the repurchase right pursuant to this Article 15;

(iv) the Fundamental Change Repurchase Price;

(v) the Fundamental Change Repurchase Date;

(vi) the name and address of the Paying Agent and the Conversion Agent, if applicable;

(vii) if applicable, the Conversion Rate and any adjustments to the Conversion Rate as a result of the Fundamental Change;

(viii) that the Notes with respect to which a Fundamental Change Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Fundamental Change Repurchase Notice in accordance with the terms of this Indenture; and

(ix) the procedures that Holders must follow to require the Company to repurchase their Notes.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.02.

At the Company's request, given at least two Business Days prior to the date the Fundamental Change Company Notice is to be sent (or such shorter period as may be agreed to by the Trustee), the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company.

(c) Repurchases of Notes under this Section 15.02 shall be made, at the option of the Holder thereof, upon:

(i) delivery to the Paying Agent by a Holder of a duly completed notice (the "**Fundamental Change Repurchase Notice**") in the form set forth in Attachment 2 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depositary's procedures for surrendering interests in Global Notes, if the Notes are Global Notes, in each case, on or before the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date; and

(ii) delivery of the Notes, if the Notes are Physical Notes, to the Paying Agent at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements for transfer) at the Corporate Trust Office of the Paying Agent, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depositary, in each case, such delivery or transfer being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

The Fundamental Change Repurchase Notice in respect of any Physical Notes to be repurchased shall state:

(iii) the certificate numbers of the Notes to be delivered for repurchase;

(iv) the portion of the principal amount of Notes to be repurchased, which must be $1,000 or an integral multiple of $1.00 in excess thereof; and

(v) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture.

If the Notes are Global Notes, to exercise the Fundamental Change repurchase right, Holders must surrender their Notes in accordance with applicable Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 15.02 shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 15.03.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

(d) Notwithstanding anything to the contrary in this Article 15, the Company shall not be required to repurchase or make an offer to repurchase, the Notes upon a Fundamental Change if a third party makes such an offer in the same manner, at the same time and otherwise in compliance with the requirements for an offer made by the Company as set forth in this Article 15 and such third party purchases all Notes properly surrendered and not validly withdrawn under its offer in the same manner, at the same time and otherwise in compliance with the requirements for an offer made by the Company as set forth above.

(e) Notwithstanding the foregoing, no Notes may be repurchased by the Company on any date at the option of the Holders upon a Fundamental Change if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a Default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes). The Paying Agent will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a Default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the applicable procedures of the Depositary shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 15.03 Withdrawal of Fundamental Change Repurchase Notice. (a) A Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) in respect of Physical Notes by means of a written notice of withdrawal delivered to the Corporate Trust Office of the Paying Agent in accordance with this Section 15.03 at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date, specifying:

(i) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, which must be $1,000 or an integral multiple of $1.00 in excess thereof,

(ii) the certificate number of the Note in respect of which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Note that remains subject to the original Fundamental Change Repurchase Notice, which portion must be in principal amounts of $1,000 or an integral multiple of $1.00 in excess thereof;

If the Notes are Global Notes, Holders may withdraw their Notes subject to repurchase at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date in accordance with applicable procedures of the Depositary.

Section 15.04 Deposit of Fundamental Change Repurchase Price. (a) The Company will deposit with the Paying Agent, or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 4.04 on or prior to 10:00 a.m., New York City time, on the Fundamental Change Repurchase Date an amount of money sufficient to repurchase all of the Notes to be repurchased at the appropriate Fundamental Change Repurchase Price. Subject to receipt of funds and/or Notes by the Paying Agent, payment for Notes surrendered for repurchase (and not validly withdrawn prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date) will be made on the later of (i) the Fundamental Change Repurchase Date (*provided* the Holder has satisfied the conditions in Section 15.02) and (ii) the time of book-entry transfer or the delivery of such Note to the Paying Agent by the Holder thereof in the manner required by Section 15.02 by mailing checks for the amount payable to the Holders of such Notes entitled thereto as they shall appear in the Note Register; *provided*, *however*, that payments to the Depositary shall be made by wire transfer of immediately available funds to the account of the Depositary or its nominee. The Paying Agent shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Fundamental Change Repurchase Price.

(b) If by 10:00 a.m. New York City time, on the Fundamental Change Repurchase Date, the Trustee (or other Paying Agent appointed by the Company) holds money sufficient to pay the Fundamental Change Repurchase Price (and, to the extent not included in the Fundamental Change Repurchase Price, accrued and unpaid interest, if applicable) of the Notes to be repurchased on such Fundamental Change Repurchase Date, then, with respect to the Notes that have been properly surrendered for repurchase and have not been validly withdrawn, (i) such Notes will cease to be outstanding, (ii) interest will cease to accrue on such Notes (whether or not book-entry transfer of the Notes has been made or whether or not the Notes have been delivered to the Paying Agent) and (iii) all other rights of the Holders of such Notes will terminate (other than the right to receive the Fundamental Change Repurchase Price and, to the extent not included in the Fundamental Change Repurchase Price, accrued and unpaid interest, if applicable).

(c) Upon surrender of a Note that is to be repurchased in part pursuant to Section 15.02, the Company shall execute and the Trustee shall authenticate and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the unrepurchased portion of the Note surrendered.

Section 15.05 Covenant to Comply with Applicable Laws Upon Repurchase of Notes. In connection with any repurchase offer upon a Fundamental Change pursuant to this Article 15, the Company will, if required:

(a) comply with the tender offer rules under the Exchange Act that may then be applicable;

(b) file a Schedule TO or any other required schedule under the Exchange Act; and

(c) otherwise comply in all material respects with all federal and state securities laws in connection with any offer by the Company to repurchase the Notes;

in each case, so as to permit the rights and obligations under this Article 15 to be exercised in the time and in the manner specified in this Article 15.

To the extent that, as a result of a change in law occurring after the first date on which the Notes are issued, the provisions of any securities laws or regulations conflict with the provisions of this Indenture relating to the Company's obligations to repurchase the Notes upon a Fundamental Change, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under such provisions of this Indenture by virtue of such conflict.

ARTICLE 16
OPTIONAL REDEMPTION

Section 16.01 Optional Redemption. No sinking fund is provided for the Notes. On or after the date of this Indenture, the Company may, at its option, redeem (an "**Optional Redemption**") for cash all or any portion of the Notes (subject to the Partial Redemption Limitation), at the Redemption Price. The Trustee shall have no liability or responsibility for determining whether the conditions to redemption have been met.

Section 16.02 Notice of Optional Redemption; Selection of Notes. (a) In case the Company exercises its Optional Redemption right to redeem all or, as the case may be, any part of the Notes pursuant to Section 16.01, it shall fix a date for redemption (each, a "**Redemption Date**") and it or, at its written request set forth in an Officers' Certificate received by the Trustee not less than five (5) days prior to the date the Redemption Notice is to be sent to Holders (or such shorter period of time as may be acceptable to the Trustee), the Trustee, in the name of and at the expense of the Company, shall deliver or cause to be delivered a notice of such Optional Redemption (a "**Notice of Redemption**") not less than 45 nor more than 65 Scheduled Trading Days prior to the Redemption Date to the Trustee, the Paying Agent (if other than the Trustee) and each Holder of Notes to be redeemed as a whole or in part (the date on which the Company provides such notice, the "**Redemption Notice Date**"); *provided*, *however*, that, if the Company shall give such notice, it shall also give written notice of the Redemption Date to the Trustee and the Paying Agent (if other than the Trustee); *provided further* that if, in accordance with the provisions described in Section 14.02(a), the Company elects to settle all conversions of Notes with a Conversion Date that occurs on or after the date the Company sends a Notice of Redemption pursuant to Section 14.01(b)(iii) and before the related Redemption Date by Physical Settlement, then the Company may instead elect to choose a Redemption Date that is a Business Day not less than 10 calendar days nor more than 65 Scheduled Trading Days after the date the Company sends such Notice of Redemption. The Redemption Date must be a Business Day and the Company may not specify a Redemption Date that falls on or after the 41st

Scheduled Trading Day immediately preceding the Maturity Date. The Trustee is permitted to accept the Company's direction regarding redemptions, notwithstanding anything to the contrary in this Indenture, and the Trustee shall have no liability for any action taken at the Company's direction.

(b) The Notice of Redemption, if delivered in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, failure to give such Notice of Redemption or any defect in the Notice of Redemption to the Holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Note.

(c) Each Notice of Redemption shall specify:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) that on the Redemption Date, the Redemption Price will become due and payable upon each Note to be redeemed, and that interest thereon, if any, shall cease to accrue on and after the Redemption Date;

(iv) the place or places where such Notes are to be surrendered for payment of the Redemption Price;

(v) that Holders may surrender their Notes for conversion at any time prior to the close of business on the second Business Day immediately preceding the Redemption Date;

(vi) the procedures a converting Holder must follow to convert its Notes and the Settlement Method, if applicable;

(vii) the Conversion Rate;

(viii) the CUSIP, ISIN or other similar numbers, if any, assigned to such Notes; and

(ix) in case any Note is to be redeemed in part only, the portion of the principal amount thereof to be redeemed and on and after the Redemption Date, upon surrender of such Note, a new Note in principal amount equal to the unredeemed portion thereof shall be issued, which principal amount must be $1,000 or an integral multiple of $1.00 in excess thereof.

A Notice of Redemption shall be irrevocable.

(d) If the Company elects to redeem fewer than all of the outstanding Notes pursuant to Section 16.01, the aggregate principal amount of Notes to be redeemed pursuant to such Optional Redemption shall be at least $5,000,000 (such requirement, the "**Partial Redemption Limitation**"). If fewer than all of the outstanding Notes are to be redeemed and the Notes to be

redeemed are Global Notes, the Notes to be redeemed shall be selected by the Depositary in accordance with the applicable procedures of the Depositary. If fewer than all of the outstanding Notes are to be redeemed and the Notes to be redeemed are not Global Notes, the Notes to be redeemed will be selected by the Trustee on a pro rata basis. If any Note selected for partial redemption is submitted for conversion in part after such selection, the portion of the Note submitted for conversion shall be deemed (so far as may be possible) to be the portion selected for redemption, subject, in the case of Notes represented by a Global Note, to the Depositary's applicable procedures.

Section 16.03 Payment of Notes Called for Redemption. (a) If any Notice of Redemption has been given in respect of the Notes in accordance with Section 16.02, the Notes shall become due and payable on the Redemption Date at the place or places stated in the Notice of Redemption and at the applicable Redemption Price. On presentation and surrender of the Notes at the place or places stated in the Notice of Redemption, the Notes shall be paid and redeemed by the Company at the applicable Redemption Price.

Prior to 10:00 a.m. New York City time on the Redemption Date, the Company shall deposit with the Paying Agent or, if the Company or a Subsidiary of the Company is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 7.05 an amount of cash (in immediately available funds if deposited on the Redemption Date), sufficient to pay the Redemption Price of all of the Notes to be redeemed on such Redemption Date. Subject to receipt of funds by the Paying Agent, payment for the Notes to be redeemed shall be made on the Redemption Date for such Notes. The Paying Agent shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Redemption Price.

Section 16.04 Restrictions on Redemption. The Company may not redeem any Notes on any date if the principal amount of the Notes has been accelerated in accordance with the terms of this Indenture, and such acceleration has not been rescinded, on or prior to the Redemption Date (except in the case of an acceleration resulting from a Default by the Company in the payment of the Redemption Price with respect to such Notes).

ARTICLE 17
MISCELLANEOUS PROVISIONS

Section 17.01 Provisions Binding on Company's and Guarantors' Successors. All the covenants, stipulations, promises and agreements of the Company and each Guarantor contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 17.02 Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or Officer of the Company or a Guarantor shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or other entity that shall at the time be the lawful sole successor of the Company or such Guarantor, as applicable.

Section 17.03 Addresses for Notices, Etc. Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders on the Company or any Guarantor shall be deemed to have been sufficiently given or made, for all purposes if given or served by overnight courier or by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company or any Guarantor with the Trustee) to SCHMID Group N.V., Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany (attention: CFO and General Counsel). Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the Corporate Trust Office or sent electronically in PDF format to an email address specified by the Trustee.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication delivered or to be delivered to a Holder of Physical Notes shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Note Register and shall be sufficiently given to it if so mailed within the time prescribed. Any notice or communication delivered or to be delivered to a Holder of Global Notes shall be delivered in accordance with the applicable procedures of the Depositary and shall be sufficiently given to it if so delivered within the time prescribed. Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any Fundamental Change Company Notice) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depositary (or its designee) pursuant to the standing instructions from the Depositary or its designee, including by electronic mail in accordance with the Depositary's applicable procedures.

Failure to mail or deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed or delivered, as the case may be, in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 17.04 Governing Law; Jurisdiction. THIS INDENTURE, THE NOTE GUARANTEES AND EACH NOTE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE AND EACH NOTE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF).

The Company and each Guarantor irrevocably consents and agrees, for the benefit of the Holders from time to time of the Notes and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection

with this Indenture, The Note Guarantees or the Notes may be brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and, until amounts due and to become due in respect of the Notes have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues.

The Company and each Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Indenture brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The Company and the Initial Guarantor incorporated, formed or otherwise organized outside of the United States (the "**Foreign Entities**") has appointed Cogency Global Inc., 122 East 42nd Street, 18th Floor, New York, NY 10168 as their authorized agent (the "**Authorized Agent**") upon whom process may be served in any such action arising out of or based on this Indenture, the Notes, the Note Guarantee or the transactions contemplated hereby or thereby that may be instituted in any federal or state court in the State of New York, expressly consents to the jurisdiction of any such court in respect of any such action, and waives any other requirements of or objections to personal jurisdiction with respect thereto. Such appointment shall be irrevocable. The Foreign Entities, each represent and warrant, that their Authorized Agent has agreed to act as such agent for service of process and agrees to take any and all action, including the filing of any and all documents and instruments, which may be necessary to continue such appointments in full force and effect as stated above. Service of process upon the Company's Authorized Agent and written notice of such service to the Company shall be deemed, in every respect, effective service of process upon the Company. Service of process upon the Initial Guarantor's Authorized Agent and written notice of such service to the Initial Guarantor shall be deemed, in every respect, effective service of process upon the Initial Guarantor.

Section 17.05 Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officer's Certificate and Opinion of Counsel stating that such action is permitted by the terms of this Indenture and that all conditions precedent to such action have been complied with.

Each Officer's Certificate and Opinion of Counsel provided for, by or on behalf of the Company in this Indenture and delivered to the Trustee with respect to compliance with this Indenture (other than the Officer's Certificates provided for in Section 4.09) shall include (a) a statement that the person signing such certificate is familiar with the requested action and this Indenture; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statement contained in such certificate is based; (c) a statement that, in the judgment of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed judgment as to whether or not such action is permitted

by this Indenture; and (d) a statement as to whether or not, in the judgment of such person, such action is permitted by this Indenture and that all conditions precedent to such action have been complied with; *provided* that no Opinion of Counsel shall be required to be delivered in connection with (1) the original issuance of Notes on the date hereof under this Indenture, (2) the mandatory exchange of the restricted CUSIP of the Restricted Securities to an unrestricted CUSIP pursuant to the applicable procedures of the Depositary upon the Notes becoming Freely Tradable, or (3) a request by the Company that the Trustee deliver a notice to Holders under the Indenture where the Trustee receives an Officer's Certificate with respect to such notice. With respect to matters of fact, an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

Notwithstanding anything to the contrary in this Section 17.05, if any provision in this Indenture specifically provides that the Trustee shall or may receive an Opinion of Counsel in connection with any action to be taken by the Trustee or the Company hereunder, the Trustee shall be entitled to such Opinion of Counsel.

Section 17.06 Legal Holidays. In any case where any Interest Payment Date, any Fundamental Change Repurchase Date, any Redemption Date or the Maturity Date is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the next succeeding Business Day with the same force and effect as if taken on such date, and no interest shall accrue in respect of the delay; *provided*, *however*, for purposes of this Section 17.06, a day on which the applicable place of payment is authorized or required by law or executive order to close or be closed will be deemed not to be a Business Day.

Section 17.07 No Security Interest Created. Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 17.08 Benefits of Indenture. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Paying Agent, any Conversion Agent, any authenticating agent, any Note Registrar and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 17.09 Table of Contents, Headings, Etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 17.10 Authenticating Agent. The Trustee may appoint an authenticating agent that shall be authorized to act on its behalf and subject to its direction in the authentication and delivery of Notes in connection with the original issuance thereof and transfers and exchanges of Notes hereunder, including under Section 2.04, Section 2.05, Section 2.06, Section 2.07, Section 10.04 and Section 15.04 as fully to all intents and purposes as though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Notes. For all purposes of this Indenture, the authentication and delivery of Notes by the authenticating agent shall be deemed to be authentication and delivery of such Notes "by the

Trustee" and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Notes for the Trustee's certificate of authentication. Such authenticating agent shall at all times be a Person eligible to serve as trustee hereunder pursuant to Section 7.08.

Any corporation or other entity into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation or other entity succeeding to all or substantially all the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation or other entity is otherwise eligible under this Section 17.10, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation or other entity.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section, the Trustee may appoint a successor authenticating agent (which may be the Trustee), shall give written notice of such appointment to the Company and shall deliver notice of such appointment to all Holders.

The Company agrees to pay to the authenticating agent from time to time reasonable compensation for its services although the Company may terminate the authenticating agent, if it determines such agent's fees to be unreasonable.

The provisions of Section 7.02, Section 7.03, Section 7.04, Section 8.03 and this Section 17.10 shall be applicable to any authenticating agent.

If an authenticating agent is appointed pursuant to this Section 17.10, the Notes may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

_____,
as Authenticating Agent, certifies that this is one of the Notes described in the within-named Indenture.

By:
Authorized Officer

Section 17.11 Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the other parties hereto shall be deemed to be their original signatures for all

purposes. All notices, approvals, consents, requests and any communications hereunder must be in writing (provided that any communication sent to the Trustee hereunder must be in the form of a document that is signed manually or by way of a digital signature provided by DocuSign (or such other digital signature provider as specified in writing to the Trustee by the authorized representative), in English. The Company agrees to assume all risks arising out of the use of using digital signatures and electronic methods to submit communications to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 17.12 Severability. In the event any provision of this Indenture or in the Notes shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 17.13 Waiver of Jury Trial. EACH OF THE COMPANY, EACH GUARANTOR AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE NOTE GUARANTEES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17.14 Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 17.15 Calculations. Except as otherwise provided herein, the Company shall be responsible for making all calculations called for under the Notes. These calculations include, but are not limited to, determinations of the Last Reported Sale Prices of the Common Stock, the Daily VWAPs, the Daily Conversion Values, the Daily Settlement Amounts, accrued interest payable on the Notes (including Default Interest and Step-Up Interest), the Redemption Price and the Conversion Rate of the Notes. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Holders of Notes. The Company shall provide a schedule of its calculations to each of the Trustee and the Conversion Agent, and each of the Trustee and Conversion Agent is entitled to rely conclusively upon the accuracy of the Company's calculations without independent verification. The Trustee will forward the Company's calculations to any Holder of Notes upon the request of that Holder at the sole cost and expense of the Company.

Section 17.16 USA PATRIOT Act. The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the USA PATRIOT Act.

Section 17.17 FATCA. In order to enable the Company and the Trustee to comply with their obligations with respect to this Indenture and the Notes under Sections 1471 through 1474 of the Internal Revenue Code, as amended (the "**Code**"), and any regulations thereunder ("**FATCA**") (inclusive of official interpretations of FATCA promulgated by competent authorities), any applicable agreement entered into pursuant to Section 1471(b) of the Code and/or any applicable intergovernmental agreement entered into in order to implement FATCA, each of the Company, the Trustee and the Paying Agent agree (i) to provide to one another such reasonable information that is within its possession and is reasonably requested by the others to assist the other in determining whether it has tax related obligations under FATCA, and (ii) that the Trustee and the Paying Agent shall be entitled to make any withholding or deduction from payments under this Indenture to the extent necessary to comply with FATCA without liability, including without liability to gross-up for such withholding or deduction.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

GEBR. SCHMID GMBH
as Initial Guarantor

By: /s/ Christian Schmid
Name: Christian Schmid
Title: Chief Executive Officer

WILMINGTON SAVINGS FUND SOCIETY, FSB
as Trustee

By: /s/ Lizbet Hinojosa
Name: Lizbet Hinojosa
Title: Vice President

EXHIBIT A

[FORM OF FACE OF NOTE]

[INCLUDE FOLLOWING LEGEND IF A GLOBAL NOTE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREUNDER IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[INCLUDE FOLLOWING LEGEND IF A RESTRICTED SECURITY]

[THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF SCHMID GROUP N.V. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY, IF ANY OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) TO A NON-U.S. PERSON LOCATED OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(E) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF SCHMID GROUP N.V. OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF SCHMID GROUP N.V. DURING THE PRECEDING THREE MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR HOLD THIS SECURITY OR A BENEFICIAL INTEREST HEREIN.]

THIS SECURITY WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. A HOLDER OF THIS NOTE MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY BY CONTACTING THE COMPANY.

[Initially][1] $[_____]

No. [__]

CUSIP No. [_____][2]

SCHMID Group N.V., a Dutch public limited liability company (the "**Company**," which term includes any successor corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [CEDE & CO.][3] [_____][4], or registered assigns, the principal sum [as set forth in the "Schedule of Exchanges of Notes" attached hereto][5] [of $[_____]][6], which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed $[_____] in aggregate at any time, in accordance with the rules and applicable procedures of the Depositary, on January 21, 2028, and interest thereon as set forth below.

This Note shall bear interest at the applicable Cash Interest Rate or PIK Interest Rate from January 21, 2026 or from the most recent date to which interest has been paid or provided for to, but excluding, the next scheduled Interest Payment Date until January 21, 2028. Accrued interest on this Note shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed in a 30-day month. Interest is payable quarterly in arrears in cash at the Cash Interest Rate or by PIK Payments at the PIK Interest Rate, pursuant to Section 2.03(d) of the Indenture, on each March 15, June 15, September 15 and December 15 commencing on June 15, 2026, to Holders of record at the close of business on the preceding March 1, June 1, September 1 and December 1 (whether or not such day is a Business Day), respectively. The Company shall make payments on the Notes in the manner set forth in the Indenture. Step-Up Interest will be payable as set forth in Section 2.03(e) of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Step-Up Interest if, in such context, Step-Up Interest is, was or would be payable pursuant to any of such Section 2.03(e), and any express

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1 Include if a global note.

2 This Note will be deemed to be identified by CUSIP No. [_____] from and after such time when (i) the Company delivers, pursuant to Section 2.05(c) of the within-mentioned Indenture, written notice to the Trustee of the occurrence of the Resale Restriction Termination Date and the removal of the restrictive legend affixed to this Note and (ii) this Note is identified by such CUSIP number in accordance with the applicable procedures of the Depositary.

3 Include if a global note.

4 Include if a physical note.

5 Include if a global note.

6 Include if a physical note.

mention of the payment of Step-Up Interest in any provision therein shall not be construed as excluding Step-Up Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate equal to 2.0% per annum ("**Default Interest**") (which shall be in addition to, not in lieu of, the interest payable pursuant to the Indenture and the Notes), subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such Defaulted Amounts and Default Interest shall have been paid by the Company, at its election, in accordance with Section 2.03(c) and Article 6 of the Indenture.

The Company shall pay or cause the Paying Agent to pay the principal of and interest on this Note, if and so long as such Note is a Global Note, in immediately available funds to the Depositary or its nominee, as the case may be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay or cause the Paying Agent to pay the principal of any Notes (other than Notes that are Global Notes) at the office or agency designated by the Company for that purpose. The Company has initially designated the entity acting as Trustee as its Paying Agent and Note Registrar in respect of the Notes and its agency in the contiguous United States, as a place where Notes may be presented for payment or for registration of transfer and exchange.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to convert this Note into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable, on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note, and any claim, controversy or dispute arising under or related to this Note, shall be construed in accordance with and governed by the laws of the State of New York (without regard to the conflict of laws provisions thereof).

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or electronically by the Trustee or a duly authorized authenticating agent under the Indenture.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Wilmington Savings Fund Society, FSB, as Trustee, certifies that this is one of the Notes described in the within-named Indenture.

By: /s/ Lizbet Hinojosa
Authorized Signatory

[FORM OF REVERSE OF NOTE]

SCHMID Group N.V.

7.0% Convertible Senior PIK Toggle Note due 2028

This Note is one of a duly authorized issue of Notes of the Company, designated as its 7.0% Convertible Senior PIK Toggle Notes due 2028 (the "**Notes**"), initially limited to the aggregate principal amount of $30,000,000 (as may be increased by any PIK Payments) all issued or to be issued under and pursuant to an Indenture dated as of January 21, 2026 (the "**Indenture**"), between the Company, the Guarantors and Wilmington Savings Fund Society, FSB (the "**Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used in this Note and not defined in this Note shall have the respective meanings set forth in the Indenture. The originally issued Notes, all PIK Notes, and any additional Notes issued as set forth in the Indenture or this Note shall constitute a single class.

In case certain Events of Default shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the Fundamental Change Repurchase Price on the Fundamental Change Repurchase Date and the Capitalized Principal Amount on the Maturity Date, as the case may be, to the Holder who surrenders a Note to a Paying Agent to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

The Indenture contains provisions permitting the Company, the Guarantors and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain other circumstances, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

The Notes are guaranteed to the extent provided in the Indenture.

Each Holder shall have the right to receive payment or delivery, as the case may be, of (x) the principal (including the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest, if any, on, and (z) the consideration due upon conversion of, this

Note at the place, at the respective times, at the rate and in the lawful money and/or shares of Common Stock, as the case may be, herein prescribed.

The Notes are issuable in registered form without coupons in denominations of $1.00 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Notes shall be redeemable at the Company's option on or after the date of the Indenture in accordance with the terms and subject to the conditions specified in the Indenture.

Upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder's option and subject to the limitations set forth in the Indenture, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of $1,000 or an integral multiple of $1.00 in excess thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, during certain periods and upon the occurrence of certain conditions specified in the Indenture, prior to the close of business on the second Scheduled Trading Day immediately preceding the Maturity Date, to convert any Notes or portion thereof that is $1,000 or an integral multiple of $1.00 in excess thereof, into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable and subject to the limitations set forth in the Indenture, in each case, at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

SCHEDULE A[7]

SCHEDULE OF EXCHANGES OF NOTES

SCHMID Group. N.V.
7.0% Convertible Senior PIK Toggle Notes due 2028

The initial principal amount of this Global Note is [_____] DOLLARS ($[_____]). The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Custodian

7 Include if a global note.

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: Wilmington Savings Fund Society, FSB
500 Delaware Avenue, 11th Floor
Wilmington, DE 19801

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Note (any fractional shares of Common Stock shall be rounded up to one (1) whole Share of Common Stock), and directs that any cash payable and any shares of Common Stock issuable and deliverable upon such conversion, together with any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any shares of Common Stock or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

Dated:

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

_____
(Name)

_____
(Street Address)

_____
(City, State and Zip Code)

Please print name and address

Principal amount to be converted (if less than all): $___,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Social Security or Other Taxpayer Identification Number

ATTACHMENT 2

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: Wilmington Savings Fund Society, FSB
500 Delaware Avenue, 11th Floor
Wilmington, DE 19801

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from SCHMID Group N.V. (the "**Company**") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest, if any, thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Dated:

Signature(s)

Social Security or Other Taxpayer Identification Number

Principal amount to be repaid (if less than all): $,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 3

[FORM OF ASSIGNMENT AND TRANSFER]

For value received hereby sell(s), assign(s) and transfer(s) unto (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

☐ To SCHMID Group N.V. or a subsidiary thereof; or

☐ Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

☐ Outside the United States in accordance with Regulation S under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended, or any other available exemption from the registration requirements of the Securities Act of 1933, as amended.

Dated: _____

_____

_____

Signature(s)

_____

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

EXHIBIT B

Limitations for the Notes Guarantee of the Initial Guarantor and any other Guarantor that is a German private limited company

"**German Guarantor**" means the Initial Guarantor or any other Guarantor in Germany as long as it is incorporated in the Federal Republic of Germany as a private limited company "*Gesellschaft mit beschränkter Haftung*";

"**Guarantee Obligations**" means the obligations of the Initial Guarantor or any other Guarantor in Germany granted or incurred under the Notes Guarantee included in the Indenture; and

"**Net Assets**" means, in relation to the German Guarantor, the amount of its assets (section 266 sub-section 2 A, B, C, D and E HGB) less (i) the aggregate of its liabilities (section 266 sub-section 3 B, C (but, for the avoidance of doubt, disregarding any Guarantee Obligations), D and E HGB), and (ii) its stated share capital "Stammkapital".

The enforcement of the Notes Guarantee shall be limited in relation to German Guarantors as follows:

(i) Holders and the Trustee (as defined in the Indenture) agree not to enforce the Notes Guarantee if and to the extent:

(A) the Notes Guarantee relate to any obligations of, or amounts owed by, an affiliate of the German Guarantor (other than the relevant German Guarantor's Subsidiaries (each an "Upstream Affiliate"); and

(B) such enforcement would cause the German Guarantor's Net Assets to be reduced below zero or further reduced if already below zero (such circumstances constituting a "Share Capital Impairment").

(ii) For the purposes of the calculation of the Net Assets, the following balance sheet items shall be adjusted as follows:

(A) the amount of any increase of the registered share capital "Stammkapital" of the German Guarantor after the date of the Indenture which is not expressly permitted under the Indenture shall be deducted from the relevant registered share capital "Stammkapital";

(B) in case the registered share capital of the relevant German Guarantor is not fully paid up "nicht voll eingezahlt", the amount which is not paid up shall be deducted from the relevant registered share capital "Stammkapital"; and

(C) loans and other liabilities which are subordinated (including, without limitation, pursuant to any subordination agreement or section 39 sub-section 1 no. 5 InsO) to any indebtedness outstanding under the Indenture (including liabilities in respect of guarantees for loans or other liabilities which is so subordinated) shall be disregarded to the extent that the

subordination has not been declared in breach with section 30 GmbHG, which for the avoidance of doubt include the following subordinated loans owed by the Initial Guarantor:

In EUR	16 January 2026
Subordinated property loans	
Loan Schmid Grundstücke GmbH und Co KG (SGK I)	3.000.000
Loan Schmid Grundstücke GmbH und Co KG (SGK II)	11.000.000
Loan U.Wein	1.623.892
Loan Schmid Grundstücke GmbH und Co KG (BTV)	65.434
Loan Schmid Verwaltungs GmbH	2.025.875
Loan Schmid Grundstücke GmbH und Co KG (current account)	1.924.728
Subordinated shareholder loans:	
Loan Christian Schmid (Marenzius)	2.816.417
Loan Christian Schmid (Current account)	513.551
Loan Anette Schmid (Current account)	1.297.724
Subordinated shareholder loans (including a qualified subordination clause in relation to section 39 InsO):	
Shareholder loan Christian Schmid	8.000.000
Shareholder loan Anette Schmid	13.000.000
Total subordinated loans	**45.267.621**

(iii) Further for the avoidance of doubt, for purposes of the calculation of Net Assets, the contribution into the capital reserves of the Initial Guarantor of shares of SCHMID Technology (Guangdong) Co., Ltd. from XJ Harbour HK Limited in an amount of USD 23,728,000 (expected to be completed in January 2026 or early February 2026) shall be taken into account to calculate Net Assets by adding the USD 23,728,000 to the assets of the Initial Guarantor already from signing of the Indenture.

EXHIBIT C

Financial Indebtedness outstanding subject to liens / contractually potential liens

Loan Bank of China (CNY 10m)	EUR 1.230.000
ABC bank loan (CNY 10m)	EUR 1.230.000

Bank Loan from Kreissparkasse	EUR 1.231.983
Black Forrest Special Situation I Financing Facility	EUR 2.500.000
Loan from EUKO Consulting GmbH	EUR 170.000

Undrawn loan facility to Chinese subsidiary	CNY 10,000,000
Letter of credit maximum facility availability for Chinese sub.	CNY 50,000,000

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

ORDINARY SHARE PURCHASE WARRANT

SCHMID GROUP N.V.

Warrant Shares: 1,490,466 Initial Exercise Date: January 21, 2026

THIS ORDINARY SHARE PURCHASE WARRANT (the "Warrant") certifies that, for value received, Linden Capital L.P. or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on December 15, 2028 (the "Termination Date") but not thereafter, to subscribe for and purchase from SCHMID Group N.V., a Dutch public limited liability company (the "Company"), up to 1,490,466 Ordinary Shares (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one Ordinary Share under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Investment Agreement (the "Purchase Agreement"), dated January 18, 2026 (as amended), among the Company, Gebr. Schmid GmbH and the purchasers signatory thereto. In addition, the foregoing definitions shall apply herein:

Section 2. "Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Following the date of the delivery of the Election Notice (as defined below) and at least one (1) Trading Day before the end of the Settlement Period (as defined in Section 2(d)(i) herein), the Holder shall deliver the aggregate Exercise Price (as defined in Section 2(b) herein)

for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise or Election Notice. In the event the applicable Notice of Exercise does not specify the cashless exercise procedure specified in Section 2(c) below, then the Company may elect to deliver a notice of cashless exercise election (an "Election Notice") not later than 11:00 a.m. (New York City time) on the first Trading Day after the delivery of the applicable Notice of Exercise (the "Election Notice Deadline"). Such Election Notice shall specify (a) whether the Company is electing to exercise its right in Section 2(c) below to require the Holder to cashless exercise the Warrant for such number of shares specified in the applicable Notice of Exercise and (b) if such right is exercised, the number of Warrant Shares to be delivered to the Holder pursuant to Section 2(c) below. If the Company does not deliver an Election Notice prior to the Election Notice Deadline, then the Company shall be deemed to have delivered an Election Notice pursuant to which the Company decided not to elect cashless exercise for the Warrant in accordance with Section 2(c). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation as soon as reasonably practicable of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise on the Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per Ordinary Share under this Warrant shall be $9.65, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If (I) at any time following the Effectiveness Date (as defined in the Registration Rights Agreement) there is no longer an effective registration statement registering, or the prospectus contained therein is no longer available for the resale of the Warrant Shares by the Holder or (II) at any time, at the election of the Company, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A)=as applicable: (i) the VWAP (as defined below) on the Trading Day immediately preceding, at the option of the Holder, the date of delivery of either (a) the applicable Notice of Exercise or (b) the Election Notice, if applicable, if such Notice of Exercise or Election Notice is (1) delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined

in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or Election Notice or (z) the Bid Price (as defined below) of the Ordinary Shares on the The Nasdaq Stock Market (or, if the Ordinary Shares are not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Ordinary Shares are then listed) (the "Trading Market") as reported by Bloomberg L.P. ("Bloomberg") as of the time of (a) the Holder's execution of the applicable Notice of Exercise or (b) the delivery of the Election Notice, if such Notice of Exercise is executed or Election Notice delivered during "regular trading hours" on a Trading Day and, in the case of a Notice of Exercise, such Notice of Exercise is delivered within two (2) hours of thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is delivered pursuant to Section 2(a) hereof after two (2) hours following the close of "regular trading hours" on such Trading Day;

B=the Exercise Price of this Warrant, as adjusted hereunder; and

X=the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Shares is then listed or quoted on a Trading Market, the bid price of the Ordinary Shares for the time in question (or the nearest preceding date) on the Trading Market on which the Ordinary Shares is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time), (b) if the OTCQB Venture Market ("OTCQB") or the OTCQX Best Market ("OTCQX") are not a Trading Market, the volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Ordinary Shares is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Ordinary Shares are then reported on The Pink Open Market ("Pink Market") operated by the OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Shares so reported, or (d) in all other cases, the fair market value of an Ordinary Share as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Shares is then listed or quoted on a Trading Market, the daily volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on the Trading Market on which the Ordinary Shares is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York

City time), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Ordinary Shares is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Ordinary Shares are then reported on the Pink Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Shares so reported, or (d) in all other cases, the fair market value of an Ordinary Share as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

d) Mechanics of Exercise.

i) Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by its share transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or, and otherwise (if there is no effective registration statement) by physical delivery of a certificate or by electronic delivery through books and records maintained by the Company's share transfer agent (with the Holder being required to provide appropriate information and documentation as reasonably requested by the Company's legal counsel, e.g. a W-8/W-9, for the creation and issuance of the shares under Dutch law to the Holder and the entry of the shares in the Company's share register by the Company's transfer agent (the "**Required Warrant Share Issuance Documentation**")), registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the number of Trading Days comprising the Settlement Period after the delivery or deemed delivery to the Holder of the Election Notice and the delivery of the Required Warrant Share Issuance Documentation (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the Settlement Period following delivery or deemed delivery of the Election Notice. If the Company fails for any reason to issue to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Ordinary Shares on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the third Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are issued or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Settlement Period" means the period of five (5) Business Days following the receipt of the Required Warrant Share Issuance Documentation requested by the Company to issue the shares under Dutch law and register them with the Company's share transfer agent.ii) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of

this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii) Rescission Rights. The Holder will have the right to rescind such exercise (a) if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, or (b) during the period between delivery of applicable Notice of Exercise and the delivery or deemed delivery of the applicable Election Notice.

iv) Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, Ordinary Shares to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the Ordinary Shares so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of Ordinary Shares that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Ordinary Shares having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of Warrants for Ordinary Shares with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver Ordinary Shares upon exercise of the Warrant as required pursuant to the terms hereof.

v) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi) Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company,

and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that, in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii) Closing of Books. The Company will not close its register of members, shareholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, any other Persons acting as a group together with the Holder or any of the Holder's Affiliates, and any other Persons whose beneficial ownership of the Ordinary Shares would or could be aggregated with the Holder's for the purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such Persons, "Attribution Parties"), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Ordinary Shares beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of Ordinary Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Ordinary Shares which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Ordinary Shares, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Ordinary ("Ordinary Shares Equivalents") subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this

Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding Ordinary Shares, a Holder may rely on the number of outstanding Ordinary Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or its transfer agent setting forth the number of Ordinary Shares outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of Ordinary Shares then outstanding. In any case, the number of outstanding Ordinary Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding Ordinary Shares was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of Ordinary Shares outstanding immediately after giving effect to the issuance of Ordinary Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of shares of the Ordinary Shares outstanding immediately after giving effect to the issuance of Ordinary Shares upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Share Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a share dividend or otherwise makes a distribution or distributions on shares of its Ordinary Shares or any other equity or equity equivalent securities payable in Ordinary Shares (which, for avoidance of doubt, shall not include any Ordinary Shares issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding Ordinary Shares into a larger number of shares, (iii) combines (including by way of reverse share split) outstanding Ordinary Shares into a smaller number of shares, or (iv) issues by reclassification of shares of the Ordinary Shares any shares of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Ordinary Shares (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of Ordinary Shares outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Ordinary Shares Equivalents or rights to purchase shares, warrants, securities or other property pro rata to the record holders of any class of Ordinary Shares (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Ordinary Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such Ordinary Shares as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Ordinary Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Ordinary Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any Ordinary Shares as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company (or any Subsidiary), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Ordinary Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of greater than 50% of the outstanding Ordinary Shares or greater than 50% of the voting power of the Ordinary Shares of the Company, (iv) the Company, directly or indirectly, in one or

more related transactions effects any reclassification, reorganization or recapitalization of the Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary Shares is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires greater than 50% of the outstanding Ordinary Shares or greater than 50% of the voting power of the common equity of the Company, in each case except for transactions in which the Current Majority Shareholders (as defined in the Purchase Agreement) hold or acquire Ordinary Shares (or the voting power of the common equity of the Company) of more than such 50% (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of Ordinary Shares of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of Ordinary Shares for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Ordinary Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Ordinary Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Ordinary Shares of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, shares or any combination thereof, or whether the holders of Ordinary Shares are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if holders of Ordinary Shares of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Ordinary Shares will be deemed to have received Ordinary Shares of the Successor Entity (which Successor Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. "Black

Scholes Value" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of (1) the 30 day volatility, (2) the 100 day volatility or (3) the 365 day volatility, each of clauses (1)-(3) as obtained from the HVT function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the public announcement of the applicable contemplated Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (ii) the highest VWAP of the Ordinary Shares during the period commencing on the Trading Day immediately preceding the public announcement of the applicable contemplated Fundamental Transaction (or the consummation of the applicable Fundamental Transaction, if earlier) through and including the date of the request of the Holder to effect a redemption of this Warrant in accordance with this Section 3(d) and (D) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five Business Days of the Holder's election and (ii) the date of consummation of the Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of share capital of such Successor Entity (or its parent entity) equivalent to the Ordinary Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of share capital (but taking into account the relative value of the Ordinary Shares pursuant to such Fundamental Transaction and the value of such shares of share capital, such number of shares of share capital and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or

Successor Entities, jointly and severally, had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(d) regardless of (i) whether the Company has sufficient authorized Ordinary Shares for the issuance of Warrant Shares and/or (ii) whether a Fundamental Transaction occurs prior to the Initial Exercise Date.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of Ordinary Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Ordinary Shares (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Ordinary Shares, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Ordinary Shares, (C) the Company shall authorize the granting to all holders of the Ordinary Shares rights or warrants to subscribe for or purchase any shares of any class or of any rights, (D) the approval of any shareholders of the Company shall be required in connection with any Fundamental Transaction, or any reclassification of the Ordinary Shares, any consolidation or merger to which the Company (or any of its Subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Ordinary Shares is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Ordinary Shares of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Ordinary Shares of record shall be entitled to exchange their shares of the Ordinary Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Report of Foreign Private Issuer on Form 6-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the

date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

g) Voluntary Adjustment By Company. Subject to the rules and regulations of the Trading Market, the Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

h) Automatic Adjustment Upon Registration Statement Effectiveness.

i) If, on the Effectiveness Date, the product of (a) the closing price of the Ordinary Shares on the Trading Market and (b) 1.25 (such product, the "Effectiveness Price") is less than the then-current Exercise Price, then the Exercise Price shall be reduced and not increased (such reduced price, the "Reduced Exercise Price") to be the greater of the following:

(x) the Effectiveness Price; and

(y) the quotient obtained by dividing the product of (I) $6.00 and (II) the then-current Exercise Price (giving effect to all adjustments to the Exercise Price pursuant to this Section 3 other than adjustments pursuant to Section 3(g) above) by the Exercise Price as of the Initial Exercise Date.

For the avoidance of doubt, in no event will the Reduced Exercise Price be greater than the Exercise Price.

ii) If, on the Effectiveness Date, the Effectiveness Price is less than the then current Exercise Price (without giving effect to any reduction in the Exercise Price pursuant to Section 3(g) above), then the Holder shall be entitled to receive an additional amount of Warrant Shares equal to the quotient obtained by dividing by [(A)(B)(1-(D/C))] by (C), where:

A=the number of Warrant Shares as of the Initial Exercise Date;

B=the Exercise Price as of the Initial Exercise Date;

C=the then-current Exercise Price (without giving effect to any reduction in the Exercise Price pursuant to Section 3(g) above or any adjustment pursuant to the Reduced Exercise Price); and

D=the greater of (a) the Effectiveness Price and (b) the quotient obtained by dividing the product of (I) $6.00 and (II) C by B.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder

or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Shareholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth

in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any share certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or share certificate, if mutilated, the Company will make and deliver a new Warrant or share certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or share certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.The Company covenants that, during the period the Warrant is outstanding, it will reserve and keep available from its authorized and unissued Ordinary Shares a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Ordinary Shares may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its memorandum and articles of association or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such

authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law; Venue. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. Notwithstanding the foregoing, nothing in this paragraph shall limit or restrict the federal district court in which a Holder may bring a claim under the federal securities laws.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Ordinary Shares or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

[*Signature Page to Warrant*]

NOTICE OF EXERCISE

TO: SCHMID Group N.V.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature: _____

Holder's Address: _____

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

ORDINARY SHARE PURCHASE WARRANT

SCHMID GROUP N.V.

Warrant Shares: 28,187 Initial Exercise Date: January 21, 2026

THIS ORDINARY SHARE PURCHASE WARRANT (the "Warrant") certifies that, for value received, Crown Managed Accounts SPC or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on December 15, 2028 (the "Termination Date") but not thereafter, to subscribe for and purchase from SCHMID Group N.V., a Dutch public limited liability company (the "Company"), up to 28,187 Ordinary Shares (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one Ordinary Share under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Investment Agreement (the "Purchase Agreement"), dated January 18, 2026 (as amended), among the Company, Gebr. Schmid GmbH and the purchasers signatory thereto. In addition, the foregoing definitions shall apply herein:

Section 2. "Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Following the date of the delivery of the Election Notice (as defined below) and at least one (1) Trading Day before the end of the Settlement Period (as defined in Section 2(d)(i) herein), the Holder shall deliver the aggregate Exercise Price (as defined in Section 2(b) herein)

for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise or Election Notice. In the event the applicable Notice of Exercise does not specify the cashless exercise procedure specified in Section 2(c) below, then the Company may elect to deliver a notice of cashless exercise election (an "Election Notice") not later than 11:00 a.m. (New York City time) on the first Trading Day after the delivery of the applicable Notice of Exercise (the "Election Notice Deadline"). Such Election Notice shall specify (a) whether the Company is electing to exercise its right in Section 2(c) below to require the Holder to cashless exercise the Warrant for such number of shares specified in the applicable Notice of Exercise and (b) if such right is exercised, the number of Warrant Shares to be delivered to the Holder pursuant to Section 2(c) below. If the Company does not deliver an Election Notice prior to the Election Notice Deadline, then the Company shall be deemed to have delivered an Election Notice pursuant to which the Company decided not to elect cashless exercise for the Warrant in accordance with Section 2(c). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation as soon as reasonably practicable of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise on the Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per Ordinary Share under this Warrant shall be $9.65, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If (I) at any time following the Effectiveness Date (as defined in the Registration Rights Agreement) there is no longer an effective registration statement registering, or the prospectus contained therein is no longer available for the resale of the Warrant Shares by the Holder or (II) at any time, at the election of the Company, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A)=as applicable: (i) the VWAP (as defined below) on the Trading Day immediately preceding, at the option of the Holder, the date of delivery of either (a) the applicable Notice of Exercise or (b) the Election Notice, if applicable, if such Notice of Exercise or Election Notice is (1) delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined

in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or Election Notice or (z) the Bid Price (as defined below) of the Ordinary Shares on the The Nasdaq Stock Market (or, if the Ordinary Shares are not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Ordinary Shares are then listed) (the "Trading Market") as reported by Bloomberg L.P. ("Bloomberg") as of the time of (a) the Holder's execution of the applicable Notice of Exercise or (b) the delivery of the Election Notice, if such Notice of Exercise is executed or Election Notice delivered during "regular trading hours" on a Trading Day and, in the case of a Notice of Exercise, such Notice of Exercise is delivered within two (2) hours of thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is delivered pursuant to Section 2(a) hereof after two (2) hours following the close of "regular trading hours" on such Trading Day;

B=the Exercise Price of this Warrant, as adjusted hereunder; and

X=the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Shares is then listed or quoted on a Trading Market, the bid price of the Ordinary Shares for the time in question (or the nearest preceding date) on the Trading Market on which the Ordinary Shares is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time), (b) if the OTCQB Venture Market ("OTCQB") or the OTCQX Best Market ("OTCQX") are not a Trading Market, the volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Ordinary Shares is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Ordinary Shares are then reported on The Pink Open Market ("Pink Market") operated by the OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Shares so reported, or (d) in all other cases, the fair market value of an Ordinary Share as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Shares is then listed or quoted on a Trading Market, the daily volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on the Trading Market on which the Ordinary Shares is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York

City time), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Ordinary Shares is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Ordinary Shares are then reported on the Pink Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Shares so reported, or (d) in all other cases, the fair market value of an Ordinary Share as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

d) Mechanics of Exercise.

i) Delivery of Warrant Shares Upon Exercise The Company shall cause the Warrant Shares purchased hereunder to be transmitted by its share transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or, and otherwise (if there is no effective registration statement) by physical delivery of a certificate or by electronic delivery through books and records maintained by the Company's share transfer agent (with the Holder being required to provide appropriate information and documentation as reasonably requested by the Company's legal counsel, e.g. a W-8/W-9, for the creation and issuance of the shares under Dutch law to the Holder and the entry of the shares in the Company's share register by the Company's transfer agent (the "**Required Warrant Share Issuance Documentation**")), registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the number of Trading Days comprising the Settlement Period after the delivery or deemed delivery to the Holder of the Election Notice and the delivery of the Required Warrant Share Issuance Documentation (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the Settlement Period following delivery or deemed delivery of the Election Notice. If the Company fails for any reason to issue to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Ordinary Shares on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the third Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are issued or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Settlement Period" means the period of five (5) Business Days following the receipt of the Required Warrant Share Issuance Documentation requested by the Company to issue the shares under Dutch law and register them with the Company's share transfer agent.ii) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of

this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii) Rescission Rights. The Holder will have the right to rescind such exercise (a) if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, or (b) during the period between delivery of applicable Notice of Exercise and the delivery or deemed delivery of the applicable Election Notice.

iv) Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, Ordinary Shares to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the Ordinary Shares so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of Ordinary Shares that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Ordinary Shares having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of Warrants for Ordinary Shares with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver Ordinary Shares upon exercise of the Warrant as required pursuant to the terms hereof.

v) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi) Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company,

and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that, in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii) Closing of Books. The Company will not close its register of members, shareholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, any other Persons acting as a group together with the Holder or any of the Holder's Affiliates, and any other Persons whose beneficial ownership of the Ordinary Shares would or could be aggregated with the Holder's for the purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such Persons, "Attribution Parties"), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Ordinary Shares beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of Ordinary Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Ordinary Shares which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Ordinary Shares, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Ordinary ("Ordinary Shares Equivalents") subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this

Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding Ordinary Shares, a Holder may rely on the number of outstanding Ordinary Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or its transfer agent setting forth the number of Ordinary Shares outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of Ordinary Shares then outstanding. In any case, the number of outstanding Ordinary Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding Ordinary Shares was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of Ordinary Shares outstanding immediately after giving effect to the issuance of Ordinary Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of shares of the Ordinary Shares outstanding immediately after giving effect to the issuance of Ordinary Shares upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Share Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a share dividend or otherwise makes a distribution or distributions on shares of its Ordinary Shares or any other equity or equity equivalent securities payable in Ordinary Shares (which, for avoidance of doubt, shall not include any Ordinary Shares issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding Ordinary Shares into a larger number of shares, (iii) combines (including by way of reverse share split) outstanding Ordinary Shares into a smaller number of shares, or (iv) issues by reclassification of shares of the Ordinary Shares any shares of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Ordinary Shares (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of Ordinary Shares outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Ordinary Shares Equivalents or rights to purchase shares, warrants, securities or other property pro rata to the record holders of any class of Ordinary Shares (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Ordinary Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such Ordinary Shares as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Ordinary Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Ordinary Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any Ordinary Shares as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company (or any Subsidiary), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Ordinary Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of greater than 50% of the outstanding Ordinary Shares or greater than 50% of the voting power of the Ordinary Shares of the Company, (iv) the Company, directly or indirectly, in one or

more related transactions effects any reclassification, reorganization or recapitalization of the Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary Shares is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires greater than 50% of the outstanding Ordinary Shares or greater than 50% of the voting power of the common equity of the Company, in each case except for transactions in which the Current Majority Shareholders (as defined in the Purchase Agreement) hold or acquire Ordinary Shares (or the voting power of the common equity of the Company) of more than such 50% (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of Ordinary Shares of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of Ordinary Shares for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Ordinary Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Ordinary Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Ordinary Shares of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, shares or any combination thereof, or whether the holders of Ordinary Shares are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if holders of Ordinary Shares of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Ordinary Shares will be deemed to have received Ordinary Shares of the Successor Entity (which Successor Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. "Black

Scholes Value" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of (1) the 30 day volatility, (2) the 100 day volatility or (3) the 365 day volatility, each of clauses (1)-(3) as obtained from the HVT function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the public announcement of the applicable contemplated Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (ii) the highest VWAP of the Ordinary Shares during the period commencing on the Trading Day immediately preceding the public announcement of the applicable contemplated Fundamental Transaction (or the consummation of the applicable Fundamental Transaction, if earlier) through and including the date of the request of the Holder to effect a redemption of this Warrant in accordance with this Section 3(d) and (D) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five Business Days of the Holder's election and (ii) the date of consummation of the Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of share capital of such Successor Entity (or its parent entity) equivalent to the Ordinary Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of share capital (but taking into account the relative value of the Ordinary Shares pursuant to such Fundamental Transaction and the value of such shares of share capital, such number of shares of share capital and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or

Successor Entities, jointly and severally, had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(d) regardless of (i) whether the Company has sufficient authorized Ordinary Shares for the issuance of Warrant Shares and/or (ii) whether a Fundamental Transaction occurs prior to the Initial Exercise Date.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of Ordinary Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Ordinary Shares (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Ordinary Shares, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Ordinary Shares, (C) the Company shall authorize the granting to all holders of the Ordinary Shares rights or warrants to subscribe for or purchase any shares of any class or of any rights, (D) the approval of any shareholders of the Company shall be required in connection with any Fundamental Transaction, or any reclassification of the Ordinary Shares, any consolidation or merger to which the Company (or any of its Subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Ordinary Shares is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Ordinary Shares of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Ordinary Shares of record shall be entitled to exchange their shares of the Ordinary Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Report of Foreign Private Issuer on Form 6-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the

date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

g) Voluntary Adjustment By Company. Subject to the rules and regulations of the Trading Market, the Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

h) Automatic Adjustment Upon Registration Statement Effectiveness.

i) If, on the Effectiveness Date, the product of (a) the closing price of the Ordinary Shares on the Trading Market and (b) 1.25 (such product, the "Effectiveness Price") is less than the then-current Exercise Price, then the Exercise Price shall be reduced and not increased (such reduced price, the "Reduced Exercise Price") to be the greater of the following:

(x) the Effectiveness Price; and

(y) the quotient obtained by dividing the product of (I) $6.00 and (II) the then-current Exercise Price (giving effect to all adjustments to the Exercise Price pursuant to this Section 3 other than adjustments pursuant to Section 3(g) above) by the Exercise Price as of the Initial Exercise Date.

For the avoidance of doubt, in no event will the Reduced Exercise Price be greater than the Exercise Price.

ii) If, on the Effectiveness Date, the Effectiveness Price is less than the then current Exercise Price (without giving effect to any reduction in the Exercise Price pursuant to Section 3(g) above), then the Holder shall be entitled to receive an additional amount of Warrant Shares equal to the quotient obtained by dividing by [(A)(B)(1-(D/C))] by (C), where:

A=the number of Warrant Shares as of the Initial Exercise Date;

B=the Exercise Price as of the Initial Exercise Date;

C=the then-current Exercise Price (without giving effect to any reduction in the Exercise Price pursuant to Section 3(g) above or any adjustment pursuant to the Reduced Exercise Price); and

D=the greater of (a) the Effectiveness Price and (b) the quotient obtained by dividing the product of (I) $6.00 and (II) C by B.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder

or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Shareholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth

in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any share certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or share certificate, if mutilated, the Company will make and deliver a new Warrant or share certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or share certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.The Company covenants that, during the period the Warrant is outstanding, it will reserve and keep available from its authorized and unissued Ordinary Shares a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Ordinary Shares may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its memorandum and articles of association or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such

authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law; Venue. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. Notwithstanding the foregoing, nothing in this paragraph shall limit or restrict the federal district court in which a Holder may bring a claim under the federal securities laws.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Ordinary Shares or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

[*Signature Page to Warrant*]

NOTICE OF EXERCISE

TO: SCHMID Group N.V.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature: _____

Holder's Address: _____

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

ORDINARY SHARE PURCHASE WARRANT

SCHMID GROUP N.V.

Warrant Shares: 35,751 Initial Exercise Date: January 21, 2026

THIS ORDINARY SHARE PURCHASE WARRANT (the "Warrant") certifies that, for value received, PCH Manager Fund, SPC or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on December 15, 2028 (the "Termination Date") but not thereafter, to subscribe for and purchase from SCHMID Group N.V., a Dutch public limited liability company (the "Company"), up to 35,751 Ordinary Shares (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one Ordinary Share under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Investment Agreement (the "Purchase Agreement"), dated January 18, 2026 (as amended), among the Company, Gebr. Schmid GmbH and the purchasers signatory thereto. In addition, the foregoing definitions shall apply herein:

Section 2. "Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Following the date of the delivery of the Election Notice (as defined below) and at least one (1) Trading Day before the end of the Settlement Period (as defined in Section 2(d)(i) herein), the Holder shall deliver the aggregate Exercise Price (as defined in Section 2(b) herein)

for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise or Election Notice. In the event the applicable Notice of Exercise does not specify the cashless exercise procedure specified in Section 2(c) below, then the Company may elect to deliver a notice of cashless exercise election (an "Election Notice") not later than 11:00 a.m. (New York City time) on the first Trading Day after the delivery of the applicable Notice of Exercise (the "Election Notice Deadline"). Such Election Notice shall specify (a) whether the Company is electing to exercise its right in Section 2(c) below to require the Holder to cashless exercise the Warrant for such number of shares specified in the applicable Notice of Exercise and (b) if such right is exercised, the number of Warrant Shares to be delivered to the Holder pursuant to Section 2(c) below. If the Company does not deliver an Election Notice prior to the Election Notice Deadline, then the Company shall be deemed to have delivered an Election Notice pursuant to which the Company decided not to elect cashless exercise for the Warrant in accordance with Section 2(c). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation as soon as reasonably practicable of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise on the Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per Ordinary Share under this Warrant shall be $9.65, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If (I) at any time following the Effectiveness Date (as defined in the Registration Rights Agreement) there is no longer an effective registration statement registering, or the prospectus contained therein is no longer available for the resale of the Warrant Shares by the Holder or (II) at any time, at the election of the Company, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A)=as applicable: (i) the VWAP (as defined below) on the Trading Day immediately preceding, at the option of the Holder, the date of delivery of either (a) the applicable Notice of Exercise or (b) the Election Notice, if applicable, if such Notice of Exercise or Election Notice is (1) delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined

in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or Election Notice or (z) the Bid Price (as defined below) of the Ordinary Shares on the The Nasdaq Stock Market (or, if the Ordinary Shares are not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Ordinary Shares are then listed) (the "Trading Market") as reported by Bloomberg L.P. ("Bloomberg") as of the time of (a) the Holder's execution of the applicable Notice of Exercise or (b) the delivery of the Election Notice, if such Notice of Exercise is executed or Election Notice delivered during "regular trading hours" on a Trading Day and, in the case of a Notice of Exercise, such Notice of Exercise is delivered within two (2) hours of thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is delivered pursuant to Section 2(a) hereof after two (2) hours following the close of "regular trading hours" on such Trading Day;

B=the Exercise Price of this Warrant, as adjusted hereunder; and

X=the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Shares is then listed or quoted on a Trading Market, the bid price of the Ordinary Shares for the time in question (or the nearest preceding date) on the Trading Market on which the Ordinary Shares is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time), (b) if the OTCQB Venture Market ("OTCQB") or the OTCQX Best Market ("OTCQX") are not a Trading Market, the volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Ordinary Shares is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Ordinary Shares are then reported on The Pink Open Market ("Pink Market") operated by the OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Shares so reported, or (d) in all other cases, the fair market value of an Ordinary Share as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Shares is then listed or quoted on a Trading Market, the daily volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on the Trading Market on which the Ordinary Shares is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York

City time), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Ordinary Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Ordinary Shares is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Ordinary Shares are then reported on the Pink Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Shares so reported, or (d) in all other cases, the fair market value of an Ordinary Share as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

d) Mechanics of Exercise.

i) Delivery of Warrant Shares Upon Exercise). The Company shall cause the Warrant Shares purchased hereunder to be transmitted by its share transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or, and otherwise (if there is no effective registration statement) by physical delivery of a certificate or by electronic delivery through books and records maintained by the Company's share transfer agent (with the Holder being required to provide appropriate information and documentation as reasonably requested by the Company's legal counsel, e.g. a W-8/W-9, for the creation and issuance of the shares under Dutch law to the Holder and the entry of the shares in the Company's share register by the Company's transfer agent (the "**Required Warrant Share Issuance Documentation**")), registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the number of Trading Days comprising the Settlement Period after the delivery or deemed delivery to the Holder of the Election Notice and the delivery of the Required Warrant Share Issuance Documentation (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the Settlement Period following delivery or deemed delivery of the Election Notice. If the Company fails for any reason to issue to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Ordinary Shares on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the third Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are issued or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Settlement Period" means the period of five (5) Business Days following the receipt of the Required Warrant Share Issuance Documentation requested by the Company to issue the shares under Dutch law and register them with the Company's share transfer agent.ii) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of

this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii) Rescission Rights. The Holder will have the right to rescind such exercise (a) if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, or (b) during the period between delivery of applicable Notice of Exercise and the delivery or deemed delivery of the applicable Election Notice.

iv) Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, Ordinary Shares to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the Ordinary Shares so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of Ordinary Shares that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Ordinary Shares having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of Warrants for Ordinary Shares with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver Ordinary Shares upon exercise of the Warrant as required pursuant to the terms hereof.

v) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi) Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company,

and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that, in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii) Closing of Books. The Company will not close its register of members, shareholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, any other Persons acting as a group together with the Holder or any of the Holder's Affiliates, and any other Persons whose beneficial ownership of the Ordinary Shares would or could be aggregated with the Holder's for the purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such Persons, "Attribution Parties"), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Ordinary Shares beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of Ordinary Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Ordinary Shares which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Ordinary Shares, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Ordinary ("Ordinary Shares Equivalents") subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this

Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding Ordinary Shares, a Holder may rely on the number of outstanding Ordinary Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or its transfer agent setting forth the number of Ordinary Shares outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of Ordinary Shares then outstanding. In any case, the number of outstanding Ordinary Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding Ordinary Shares was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of Ordinary Shares outstanding immediately after giving effect to the issuance of Ordinary Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of shares of the Ordinary Shares outstanding immediately after giving effect to the issuance of Ordinary Shares upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Share Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a share dividend or otherwise makes a distribution or distributions on shares of its Ordinary Shares or any other equity or equity equivalent securities payable in Ordinary Shares (which, for avoidance of doubt, shall not include any Ordinary Shares issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding Ordinary Shares into a larger number of shares, (iii) combines (including by way of reverse share split) outstanding Ordinary Shares into a smaller number of shares, or (iv) issues by reclassification of shares of the Ordinary Shares any shares of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Ordinary Shares (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of Ordinary Shares outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Ordinary Shares Equivalents or rights to purchase shares, warrants, securities or other property pro rata to the record holders of any class of Ordinary Shares (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Ordinary Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such Ordinary Shares as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Ordinary Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Ordinary Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any Ordinary Shares as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company (or any Subsidiary), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Ordinary Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of greater than 50% of the outstanding Ordinary Shares or greater than 50% of the voting power of the Ordinary Shares of the Company, (iv) the Company, directly or indirectly, in one or

more related transactions effects any reclassification, reorganization or recapitalization of the Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary Shares is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires greater than 50% of the outstanding Ordinary Shares or greater than 50% of the voting power of the common equity of the Company, in each case except for transactions in which the Current Majority Shareholders (as defined in the Purchase Agreement) hold or acquire Ordinary Shares (or the voting power of the common equity of the Company) of more than such 50% (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of Ordinary Shares of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of Ordinary Shares for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Ordinary Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Ordinary Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Ordinary Shares of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, shares or any combination thereof, or whether the holders of Ordinary Shares are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if holders of Ordinary Shares of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Ordinary Shares will be deemed to have received Ordinary Shares of the Successor Entity (which Successor Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. "Black

Scholes Value" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of (1) the 30 day volatility, (2) the 100 day volatility or (3) the 365 day volatility, each of clauses (1)-(3) as obtained from the HVT function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the public announcement of the applicable contemplated Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (ii) the highest VWAP of the Ordinary Shares during the period commencing on the Trading Day immediately preceding the public announcement of the applicable contemplated Fundamental Transaction (or the consummation of the applicable Fundamental Transaction, if earlier) through and including the date of the request of the Holder to effect a redemption of this Warrant in accordance with this Section 3(d) and (D) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five Business Days of the Holder's election and (ii) the date of consummation of the Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of share capital of such Successor Entity (or its parent entity) equivalent to the Ordinary Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of share capital (but taking into account the relative value of the Ordinary Shares pursuant to such Fundamental Transaction and the value of such shares of share capital, such number of shares of share capital and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or

Successor Entities, jointly and severally, had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(d) regardless of (i) whether the Company has sufficient authorized Ordinary Shares for the issuance of Warrant Shares and/or (ii) whether a Fundamental Transaction occurs prior to the Initial Exercise Date.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of Ordinary Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Ordinary Shares (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Ordinary Shares, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Ordinary Shares, (C) the Company shall authorize the granting to all holders of the Ordinary Shares rights or warrants to subscribe for or purchase any shares of any class or of any rights, (D) the approval of any shareholders of the Company shall be required in connection with any Fundamental Transaction, or any reclassification of the Ordinary Shares, any consolidation or merger to which the Company (or any of its Subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Ordinary Shares is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Ordinary Shares of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Ordinary Shares of record shall be entitled to exchange their shares of the Ordinary Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Report of Foreign Private Issuer on Form 6-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the

date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

g) Voluntary Adjustment By Company. Subject to the rules and regulations of the Trading Market, the Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

h) Automatic Adjustment Upon Registration Statement Effectiveness.

i) If, on the Effectiveness Date, the product of (a) the closing price of the Ordinary Shares on the Trading Market and (b) 1.25 (such product, the "Effectiveness Price") is less than the then-current Exercise Price, then the Exercise Price shall be reduced and not increased (such reduced price, the "Reduced Exercise Price") to be the greater of the following:

(x) the Effectiveness Price; and

(y) the quotient obtained by dividing the product of (I) $6.00 and (II) the then-current Exercise Price (giving effect to all adjustments to the Exercise Price pursuant to this Section 3 other than adjustments pursuant to Section 3(g) above) by the Exercise Price as of the Initial Exercise Date.

For the avoidance of doubt, in no event will the Reduced Exercise Price be greater than the Exercise Price.

ii) If, on the Effectiveness Date, the Effectiveness Price is less than the then current Exercise Price (without giving effect to any reduction in the Exercise Price pursuant to Section 3(g) above), then the Holder shall be entitled to receive an additional amount of Warrant Shares equal to the quotient obtained by dividing by [(A)(B)(1-(D/C))] by (C), where:

A=the number of Warrant Shares as of the Initial Exercise Date;

B=the Exercise Price as of the Initial Exercise Date;

C=the then-current Exercise Price (without giving effect to any reduction in the Exercise Price pursuant to Section 3(g) above or any adjustment pursuant to the Reduced Exercise Price); and

D=the greater of (a) the Effectiveness Price and (b) the quotient obtained by dividing the product of (I) $6.00 and (II) C by B.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder

or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Shareholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth

in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any share certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or share certificate, if mutilated, the Company will make and deliver a new Warrant or share certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or share certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.The Company covenants that, during the period the Warrant is outstanding, it will reserve and keep available from its authorized and unissued Ordinary Shares a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Ordinary Shares may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its memorandum and articles of association or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such

authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law; Venue. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. Notwithstanding the foregoing, nothing in this paragraph shall limit or restrict the federal district court in which a Holder may bring a claim under the federal securities laws.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Ordinary Shares or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz

Name: Arthur Schuetz
Title: Chief Financial Officer

[*Signature Page to Warrant*]

NOTICE OF EXERCISE

TO: SCHMID Group N.V.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of January 21, 2026, is by and among SCHMID Group N.V., a Dutch public limited liability company with offices located at Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany (the "**Company**"), and the undersigned buyers (each, a "**Buyer**," or collectively, the "**Buyers**").

RECITALS

A. In connection with the Investment Agreement by and among the parties hereto, dated as January 18, 2026 (as amended, the "**Securities Purchase Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue and sell (i) to the Buyers the Notes (as defined in the Securities Purchase Agreement) which will be convertible into ordinary shares of the Company (such shares underlying the notes, the "**Conversion Shares**" or the "**Ordinary Shares**") in accordance with the terms of the Notes and the Indenture (as defined in the Securities Purchase Agreement), (ii) and to the Buyers the Warrants (as defined in the Securities Purchase Agreement) which will be exercisable to purchase Warrant Shares (as defined in the Warrants) in accordance with the terms of the Warrants.

B. To induce the Buyers to consummate the transactions contemplated by the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "**1933 Act**"), and applicable state securities laws.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Buyers hereby agree as follows:

1. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

(b) "**Closing Date**" shall have the meaning set forth in the Securities Purchase Agreement.

(c) "**Effectiveness Date**" means the date that the applicable Registration Statement has been declared effective by the SEC.

(d) "**Effectiveness Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), June 30, 2026, and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the earlier of the (A) 75th calendar day following the date on which the Company was required to file such additional Registration Statement and (B) 2nd Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review.

(e) [Intentionally Omitted].

(f) "**Investor**" means a Buyer or any transferee or assignee of any Registrable Securities, Notes or Warrants, as applicable, to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee of any Registrable Securities, Notes or Warrants, as applicable, assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

(g) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof.

(h) [Intentionally Omitted].

(i) [Intentionally Omitted].

(j) [Intentionally Omitted].

(k) "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 and the declaration of effectiveness of such Registration Statement(s) by the SEC.

(l) "**Registrable Securities**" means (i) the Conversion Shares, (ii) the Warrant Shares and (iii) any security of the Company issued or issuable with respect to the Conversion Shares, the Warrant Shares, the Notes or the Warrants, including, without limitation, (1) as a result of any share split, share dividend, recapitalization, exchange or similar event or otherwise and (2) shares of the Company into which the Ordinary Shares are converted or exchanged and shares of a Successor Entity (as defined in the Warrants) into which the Ordinary Shares are converted or exchanged, in each case, without regard to any limitations on conversion of the Notes or exercise of the Warrants.

(m) "**Registration Statement**" means a registration statement or registration statements of the Company filed under the 1933 Act covering Registrable Securities, including the amendments and supplements to such registration statement or prospectus, including post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

(n) "**Required Holders**" means, following the Initial Closing, holders of a majority of the outstanding principal amount of Notes as of such time, or if no Notes are outstanding at such time, a majority of the Underlying Securities as of such time (excluding any Underlying Securities held by the Company or any of its Subsidiaries as of such time) issued or issuable hereunder or pursuant to the Notes and the Warrants; provided, that any such majority must include Linden Advisors LP so as long as Linden Advisors LP and its affiliates continue to hold any outstanding Notes.

(o) "**Required Registration Amount**" means the sum of (i) the maximum number of Conversion Shares issuable upon conversion of the Notes (assuming for purposes hereof that (x) the Notes are convertible at the Applicable Conversion Price (as defined in the Indenture) as of the Effectiveness Date, after giving effect to any adjustments to the Applicable Conversion Price on the Effectiveness Date, (y) the Capitalized Principal Amount (as defined in the Indenture) will be the principal amount which would be outstanding as of immediately prior to the Maturity Date (as defined in the Indenture) assuming the Capitalization Method (as defined in the Indenture) is selected by the Company at every available opportunity, no Mandatory Amortization Event (as defined in the Indenture) occurs and no redemptions of the Notes occur prior to the scheduled Maturity Date and (z) any such conversion shall not take into account any limitations on the conversion of the Notes set forth in the Notes) and (ii) 200% of the maximum number of Warrant Shares issuable upon exercise of the Warrants (without taking into account any limitations on the exercise of the Warrants set forth therein), all subject to adjustment as provided in Section 2(d) and/or Section 2(f).

(p) "**Rule 144**" means Rule 144 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration.

(q) "**Rule 415**" means Rule 415 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC providing for offering securities on a continuous or delayed basis.

(r) "**SEC**" means the United States Securities and Exchange Commission or any successor thereto.

2. Registration.

(a) Mandatory Registration. The Company shall prepare and, as soon as practicable, submit to the SEC an initial Registration Statement on Form F-1 or Form S-1 covering the resale of all of the Registrable Securities, provided that such initial Registration Statement shall register for resale at least the number of Ordinary Shares equal to the Required Registration Amount as of the date such Registration Statement is initially filed with the SEC; provided further that neither Form F-1 nor Form S-1 is available for such a registration, the Company shall use such other form as is required by Section 2(c). Such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, shall contain (except if otherwise directed by the Required Holders) the "Selling shareholders" and "Plan of Distribution" sections in substantially the form attached hereto as **Exhibit B**. The Company shall use its reasonable best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, declared effective by the SEC as soon as practicable, but in no event later than the applicable Effectiveness Deadline for such Registration Statement. The Company shall not file any other registration statements on Form F-3, Form F-1, or otherwise, until the initial Registration Statement required hereunder is declared effective by the SEC, provided that this Section 2(a) shall not prohibit the Company from (i) filing amendments to registration statements already filed or (ii) provided all other terms and conditions contained herein are complied with and satisfied in all respects, including the Registrable Securities in the initial Registration Statement. Except as permitted pursuant to this agreement, the Company shall not include any other securities on a Registration Statement unless otherwise agreed by the Required Holders.

(b) Legal Counsel. Subject to Section 5 hereof, Pillsbury Winthrop Shaw Pittman LLP, counsel solely to the lead investor ("**Legal Counsel**") shall review and oversee any registration, solely on behalf of the lead investor, pursuant to this Section 2.

(c) [Intentionally Omitted]

(d) Sufficient Number of Shares Registered. In the event the number of shares available under any Registration Statement is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(h), the Company shall amend such Registration Statement (if permissible), or file with the SEC a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the Trading Day (as defined in the Indenture) immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than ten (10) days after the necessity therefor arises (but taking account of any Staff position with respect to the date on which the Staff will permit such amendment to the Registration Statement and/or such new Registration Statement (as the case may be) to be filed with the SEC). The Company shall use its best efforts to cause such amendment to such Registration Statement and/or such new Registration Statement (as the case may be) to become effective as soon as practicable following the filing thereof with the SEC, but in no event later than the applicable Effectiveness Deadline for such Registration Statement. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of Ordinary Shares available for resale under the applicable Registration Statement is less than the Required Registration Amount as of such time. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on conversion, amortization and/or redemption of the Notes or exercise of the Warrants (and such calculation shall assume (A) that the Notes are then convertible in full into Ordinary Shares at the then Applicable Conversion Price as of the Effectiveness Date (after giving effect to any adjustments to the Applicable Conversion Price on the Effectiveness Date), (B) the Capitalized Principal Amount will be the principal amount which would be outstanding as of immediately prior to the Maturity Date assuming the Capitalization Method is selected by the Company at every available opportunity, no Mandatory Amortization Event occurs and no redemptions of the Notes occur prior to the

scheduled Maturity Date and (C) the Warrants are then exercisable in full into Ordinary Shares at the then prevailing Exercise Price (as defined in the Warrants)).

(e) Effect of Failure to File and Obtain and Maintain Effectiveness of any Registration Statement. If (i) a Registration Statement covering the resale of all of the Registrable Securities required to be covered thereby (disregarding any reduction pursuant to Section 2(f)) and required to be filed by the Company pursuant to this Agreement is not declared effective by the SEC on or before the Effectiveness Deadline for such Registration Statement (an "**Effectiveness Failure**") (it being understood that if on the Business Day immediately following the Effectiveness Date for such Registration Statement the Company shall not have filed a "final" prospectus for such Registration Statement with the SEC under Rule 424(b) in accordance with Section 3(b) (whether or not such a prospectus is technically required by such rule), the Company shall be deemed to not have satisfied this clause (i)(B) and such event shall be deemed to be an Effectiveness Failure unless such final prospectus is filed on or before the Effectiveness Deadline for such Registration Statement), (ii) other than during an Allowable Grace Period (as defined below), on any day after the Effectiveness Date of a Registration Statement sales of all of the Registrable Securities required to be included on such Registration Statement (disregarding any reduction pursuant to Section 2(f)) cannot be made pursuant to such Registration Statement (including, without limitation, because of a failure to keep such Registration Statement effective, a failure to disclose such information as is necessary for sales to be made pursuant to such Registration Statement, a suspension or delisting of (or a failure to timely list) the Ordinary Shares on The Nasdaq Stock Market (or, if the Ordinary Shares are not then listed on The Nasdaq Stock Market, on the principal other U.S. national or regional securities exchange on which the Ordinary Shares are then listed) (the "**Principal Market**") or any other limitations imposed by the Principal Market, or a failure to register a sufficient number of Ordinary Shares or by reason of a stop order) or the prospectus contained therein is not available for use for any reason (a "**Maintenance Failure**"), or (iii) if a Registration Statement is not effective for any reason or the prospectus contained therein is not available for use for any reason, and either (x) the Company fails for any reason to satisfy the requirements of Rule 144(c)(1), including, without limitation, the failure to satisfy the current public information requirement under Rule 144(c) or (y) the Company has ever been an issuer described in Rule 144(i)(1)(i) or becomes such an issuer in the future, and the Company shall fail to satisfy any condition set forth in Rule 144(i)(2) (a "**Current Public Information Failure**") as a result of which any of the Investors are unable to sell Registrable Securities without restriction under Rule 144 (including, without limitation, volume restrictions), then, as partial relief for the damages to any holder by reason of any such delay in, or reduction of, its ability to sell the underlying Ordinary Shares (which remedy shall not be exclusive of any other remedies available at law or in equity, including, without limitation, specific performance), the Company shall pay to each holder of Registrable Securities relating to such Registration Statement an amount in cash equal to one percent (1%) of such Investor's Capitalized Principal Amount outstanding as of such date of determination provided in such Investor's Note (1) on the date of such Effectiveness Failure, Maintenance Failure or Current Public Information Failure, as applicable, and (2) on every thirty (30) day anniversary of (I) an Effectiveness Failure until such Effectiveness Failure is cured; (II) a Maintenance Failure until such Maintenance Failure is cured; and (III) a Current Public Information Failure until the earlier of (i) the date such Current Public Information Failure is cured and (ii) such time that such public information is no longer required pursuant to Rule 144 (in each case, pro-rated for periods totaling less than thirty (30) days). The payments to which a holder of Registrable Securities shall be entitled pursuant to this Section 2(e) are referred to herein as "**Registration Delay Payments**." Notwithstanding any other provision in this Agreement, no Effectiveness Failure, Maintenance Failure or Current Public Information Failure shall be deemed to have occurred during any period in which the interest rate applicable to the Notes reflects Step-Up Interest (as defined in the Indenture). Following the initial Registration Delay Payment for any particular event or failure (which shall be paid on the date of such event or failure, as set forth above), without limiting the foregoing, if an event or failure giving rise to the Registration Delay Payments is cured prior to any thirty (30) day anniversary of such event or failure, then such Registration Delay Payment shall be made on the third (3rd) Business Day after such cure. In the event the Company fails to make Registration Delay Payments in a timely manner in accordance with the foregoing, such Registration Delay Payments shall bear interest at the rate of one half of a percent (0.5%) per month (prorated for partial months) until paid in full. Notwithstanding the foregoing, no Registration Delay Payments shall be owed to an Investor (other than with respect to a Maintenance Failure resulting from a suspension or delisting of (or a failure to timely list) the Ordinary Shares on the Principal Market) with respect to any period during which all of such Investor's Registrable Securities may be sold by such Investor without restriction under Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable).

(f) Offering. Notwithstanding anything to the contrary contained in this Agreement, but subject to the payment of the Registration Delay Payments pursuant to Section 2(e), in the event the staff of the SEC (the "**Staff**") or the SEC seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities by, or on behalf of, the Company, or in any other manner, such that the Staff or the SEC do not permit such Registration Statement to become effective and used for resales in a manner that does not constitute such an offering and that permits the continuous resale at the market by the Investors participating therein (or as otherwise may be acceptable to each Investor) without being named therein as an "underwriter," then the Company shall reduce the number of shares to be included in such Registration Statement by all Investors until such time as the Staff and the SEC shall so permit such Registration Statement to become effective as aforesaid. In making such reduction, the Company shall reduce the number of shares to be included by all Investors on a pro rata basis (based upon the number of Registrable Securities otherwise required to be included for each Investor) unless otherwise directed by Linden Advisors LP, in which case the Company shall reduce the number of shares to be included by Investors pursuant to the instructions of Linden Advisors LP; provided that, if the inclusion of shares by a particular Investor or a particular set of Investors are resulting in the Staff or the SEC's "by or on behalf of the Company" offering position, in which event the shares held by such Investor or set of Investors shall be the only shares subject to reduction (and if by a set of Investors on a pro rata basis by such Investors or on such other basis as would result in the exclusion of the least number of shares by all such Investors); provided further, that, with respect to such pro rata portion allocated to any Investor, such Investor may elect the allocation of such pro rata portion among the Registrable Securities of such Investor. In addition, in the event that the Staff or the SEC requires any Investor seeking to sell securities under a Registration Statement filed pursuant to this Agreement to be specifically identified as an "underwriter" in order to permit such Registration Statement to become effective, and such Investor does not consent to being so named as an underwriter in such Registration Statement, then, in each such case, the Company shall reduce the total number of Registrable Securities to be registered on behalf of such Investor, until such time as the Staff or the SEC does not require such identification or until such Investor accepts such identification and the manner thereof. Any reduction pursuant to this paragraph will first reduce all Registrable Securities other than those issued pursuant to the Securities Purchase Agreement. In the event of any reduction in Registrable Securities pursuant to this paragraph, an affected Investor shall have the right to require, upon delivery of a written request to the Company signed by such Investor, the Company to file a registration statement within twenty (20) days of such request (subject to any restrictions imposed by Rule 415 or required by the Staff or the SEC) for resale by such Investor in a manner acceptable to such Investor, and the Company shall following such request cause to be and keep effective such registration statement in the same manner as otherwise contemplated in this Agreement for registration statements hereunder, in each case until such time as: (i) all Registrable Securities held by such Investor have been registered and sold pursuant to an effective Registration Statement in a manner acceptable to such Investor or (ii) all Registrable Securities may be resold by such Investor without restriction (including, without limitation, volume limitations) pursuant to Rule 144 (taking account of any Staff position with respect to "affiliate" status) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (iii) such Investor agrees to be named as an underwriter in any such Registration Statement in a manner acceptable to such Investor as to all Registrable Securities held by such Investor and that have not theretofore been included in a Registration Statement under this Agreement (it being understood that the special demand right under this sentence may be exercised by an Investor multiple times and with respect to limited amounts of Registrable Securities in order to permit the resale thereof by such Investor as contemplated above).

(g) Piggyback Registrations. Without limiting any obligation of the Company hereunder or under the Securities Purchase Agreement, if there is not an effective Registration Statement covering all of the Registrable Securities or the prospectus contained therein is not available for use and the Company shall determine to prepare and file with the SEC a registration statement or offering statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (other than on Form F-4, S-4 or Form S-8 (each as promulgated under the 1933 Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's share option or other employee benefit plans), then the Company shall deliver to each Investor a written notice of such determination and, if within ten (10) days after the date of the delivery of such notice, any such Investor shall so request in writing, the Company shall include in such registration statement or offering statement all or any part of such Registrable Securities such Investor requests to be registered; provided, however, the Company shall not be required to register any Registrable Securities pursuant to this Section 2(g) that are eligible for resale pursuant to Rule 144 without restriction (including, without limitation, volume restrictions) and without the need for current public

information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or that are the subject of a then-effective Registration Statement.

(h) Allocation of Registrable Securities. The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall be allocated pro rata among the Investors based on the number of Registrable Securities held by each Investor at the time such Registration Statement covering such initial number of Registrable Securities or increase thereof is declared effective by the SEC, unless otherwise directed by Linden Advisors LP, in which case the Company shall reduce the number of shares to be included by Investors pursuant to the instructions of Linden Advisors LP. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee or assignee (as the case may be) that becomes an Investor shall be allocated a pro rata portion of the then-remaining number of Registrable Securities included in such Registration Statement for such transferor or assignee (as the case may be). Any Ordinary Shares included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement.

(i) No Inclusion of Other Securities. Except as disclosed in Schedule 2(i), the Company shall in no event include any securities other than Registrable Securities on any Registration Statement filed in accordance herewith without the prior written consent of the Required Holders. Until the earlier of (x) the first date on which the resale by the Buyers of all the Registrable Securities required to be filed on the initial Registration Statement pursuant to this Agreement is declared effective by the SEC (and each prospectus contained therein is available for use on such date) or (y) the first date on which all of the Registrable Securities are eligible to be resold by the Buyers pursuant to Rule 144 (or, if a Current Public Information Failure has occurred and is continuing, such later date after which the Company has cured such Current Public Information Failure), the Company shall not enter into any agreement providing any registration rights to any of its security holders, except as otherwise permitted under the Securities Purchase Agreement.

3. Related Obligations.

The Company shall use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof, and, pursuant thereto, the Company shall have the following obligations:

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to all the Registrable Securities and use its best efforts to cause such Registration Statement to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). Subject to Allowable Grace Periods, the Company shall keep each Registration Statement effective (and the prospectus contained therein available for use) pursuant to Rule 415 for resales by the Investors on a delayed or continuous basis at then-prevailing market prices (and not fixed prices) at all times until the earlier of (i) the date as of which all of the Investors may sell all of the Registrable Securities required to be covered by such Registration Statement (disregarding any reduction pursuant to Section 2(f)) without restriction pursuant to Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and reasonably acceptable to the Company's transfer agent, or (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement (the "**Registration Period**"). Notwithstanding anything to the contrary contained in this Agreement, the Company shall ensure that, when filed and at all times while effective, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement (1) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading and (2) will disclose (whether directly or through incorporation by reference to other SEC filings to the extent permitted) all material information regarding the Company and its securities. The Company shall submit to the SEC, within one (1) Business Day after the later of the date that (i) the Company learns that no review of a particular Registration Statement will be made by the Staff or that the Staff has no further comments on a particular Registration Statement (as the case may be) and (ii) the consent of Legal Counsel is obtained pursuant

to Section 3(c) (which consent shall be immediately sought), a request for acceleration of effectiveness of such Registration Statement to a time and date not later than twenty-four (24) hours after the submission of such request. The Company shall respond in writing to comments made by the SEC in respect of a Registration Statement as soon as practicable, but in no event later than ten (10) days after the receipt of comments by or notice from the SEC that an amendment is required in order for a Registration Statement to be declared effective.

(b) Subject to Section 3(r) of this Agreement, the Company shall prepare and file with the SEC such amendments (including, without limitation, post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep each such Registration Statement effective at all times during the Registration Period for such Registration Statement, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company required to be covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement; provided, however, by 8:30 a.m. (New York time) on the Business Day immediately following each Effectiveness Date, the Company shall file with the SEC in accordance with Rule 424(b) under the 1933 Act the final prospectus to be used in connection with sales pursuant to the applicable Registration Statement (whether or not such a prospectus is technically required by such rule). In the case of amendments and supplements to any Registration Statement which are required to be filed pursuant to this Agreement (including, without limitation, pursuant to this Section 3(b)) by reason of the Company filing a report on Form 6-K or Form 20-F or any analogous report under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), the Company shall, if permitted under the applicable rules and regulations of the SEC, have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) The Company shall (A) permit Legal Counsel and legal counsel for each other Investor to review and comment upon (i) each Registration Statement at least five (5) Business Days prior to its filing with the SEC and (ii) all amendments and supplements to each Registration Statement (including, without limitation, the prospectus contained therein) (except for Annual Reports on Form 20-F, Reports on Form 6-K, and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any Registration Statement or amendment or supplement thereto in a form to which Legal Counsel or any legal counsel for any other Investor reasonably objects. The Company shall not submit a request for acceleration of the effectiveness of a Registration Statement or any amendment or supplement thereto or to any prospectus contained therein without the prior consent of Legal Counsel, which consent shall not be unreasonably withheld. The Company shall promptly furnish to Legal Counsel and legal counsel for each other Investor, without charge, copies of any electronic correspondence from the SEC or the Staff to the Company or its representatives relating to each Registration Statement, provided that such correspondence shall not contain any material, non-public information regarding the Company or any of its Subsidiaries (as defined in the Securities Purchase Agreement). The Company shall reasonably cooperate with Legal Counsel and legal counsel for each other Investor in performing the Company's obligations pursuant to this Section 3.

(d) [Intentionally Omitted]

(e) The Company shall use its best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by Investors of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all applicable jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including, without limitation, post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify Legal Counsel, legal counsel for each other Investor and each Investor who holds Registrable Securities of the

receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

(f) The Company shall notify Legal Counsel, legal counsel for each other Investor and each Investor in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, may include an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, non-public information regarding the Company or any of its Subsidiaries), and, subject to Section 3(r), promptly prepare a supplement or amendment to such Registration Statement and such prospectus contained therein to correct such untrue statement or omission. The Company shall also promptly notify Legal Counsel, legal counsel for each other Investor and each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel, legal counsel for each other Investor and each Investor by facsimile or e-mail on the same day of such effectiveness and by overnight mail), and when the Company receives written notice from the SEC that a Registration Statement or any post-effective amendment will be reviewed by the SEC, (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate; and (iv) of the receipt of any request by the SEC or any other federal or state governmental authority for any additional information relating to the Registration Statement or any amendment or supplement thereto or any related prospectus. The Company shall respond as promptly as practicable to any comments received from the SEC with respect to each Registration Statement or any amendment thereto (it being understood and agreed that the Company's response to any such comments shall be delivered to the SEC no later than ten (10) Business Days after the receipt thereof).

(g) The Company shall (i) use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of each Registration Statement or the use of any prospectus contained therein, or the suspension of the qualification, or the loss of an exemption from qualification, of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and (ii) notify Legal Counsel, legal counsel for each other Investor and each Investor who holds Registrable Securities of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(h) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, at the request of any Investor, the Company shall furnish to such Investor, on the date of the effectiveness of such Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Investors, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

(i) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, upon the written request of such Investor, the Company shall make available for inspection by (i) such Investor, (ii) legal counsel for such Investor and (iii) one (1) firm of accountants or other agents retained by such Investor (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, each Inspector shall agree in writing to hold in strict confidence and not to make any disclosure (except to such Investor) or use of any Record or other information which the Company's board of directors determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (1) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (2) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (3) the information in such Records has been made

generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document (as defined in the Indenture). Such Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any other confidentiality agreement between the Company and such Investor, if any) shall be deemed to limit any Investor's ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement pursuant to the 1933 Act, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at such Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(k) Without limiting any obligation of the Company under the Securities Purchase Agreement, the Company shall use its best efforts either to (i) cause all of the Registrable Securities covered by each Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, (ii) secure designation and quotation of all of the Registrable Securities covered by each Registration Statement on The New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (each, an "**Eligible Market**"), or (iii) if, despite the Company's best efforts to satisfy the preceding clauses (i) or (ii) the Company is unsuccessful in satisfying the preceding clauses (i) or (ii), without limiting the generality of the foregoing, to use its best efforts to arrange for at least two market makers to register with the Financial Industry Regulatory Authority ("**FINRA**") as such with respect to such Registrable Securities. In addition, the Company shall cooperate with each Investor and any broker or dealer through which any such Investor proposes to sell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by such Investor. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 3(k).

(l) The Company shall cooperate with the Investors who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts (as the case may be) as the Investors may reasonably request from time to time and registered in such names as the Investors may request.

(m) If requested by an Investor, the Company shall as soon as practicable after receipt of notice from such Investor and subject to Section 3(r) hereof, (i) incorporate in a prospectus supplement or post-effective amendment such information as an Investor reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement or prospectus contained therein if reasonably requested by an Investor holding any Registrable Securities.

(n) The Company shall use its best efforts to cause the Registrable Securities covered by a Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

(o) The Company shall make generally available to its security holders as soon as practical, but not later than sixty (60) days after the close of the period covered thereby, an earnings statement (in form complying with, and in

the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the applicable Effectiveness Date of each Registration Statement.

(p) The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

(q) Within three (3) Business Days after a Registration Statement which covers Registrable Securities is declared effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as **Exhibit A** (or such other form deemed acceptable by the transfer agent for the purpose of facilitating (a) the delivery of any yet to be issued Registrable Securities to the Investors without a restrictive legend and (b) the removal of any restrictive legend on the Registrable Securities).

(r) Notwithstanding anything to the contrary herein (but subject to the last sentence of this Section 3(r)), at any time after the Effectiveness Date of a particular Registration Statement, the Company may delay the disclosure of material, non-public information concerning the Company or any of its Subsidiaries pursuant to the first sentence of Section 3(f) the disclosure of which at the time is not, in the good faith opinion of the board of directors of the Company, in the best interest of the Company and, in the opinion of counsel to the Company, otherwise required (a "**Grace Period**"), provided that the Company shall promptly notify the Investors in writing of the (i) existence of material, non-public information giving rise to a Grace Period (provided that in each such notice the Company shall not disclose the content of such material, non-public information to any of the Investors) and the date on which such Grace Period will begin and (ii) date on which such Grace Period ends, provided further that (I) no Grace Period shall exceed ten (10) consecutive days and during any three hundred sixty five (365) day period all such Grace Periods shall not exceed an aggregate of thirty (30) days, (II) the first day of any Grace Period must be at least five (5) Trading Days after the last day of any prior Grace Period and (III) no Grace Period may exist during the sixty (60) Trading Day period immediately following the Effectiveness Date of such Registration Statement (provided that such sixty (60) Trading Day period shall be extended by the number of Trading Days during such period and any extension thereof contemplated by this proviso during which such Registration Statement is not effective or the prospectus contained therein is not available for use) (each, an "**Allowable Grace Period**"). For purposes of determining the length of a Grace Period above, such Grace Period shall begin on and include the date the Investors receive the notice referred to in clause (i) above and shall end on and include the later of the date the Investors receive the notice referred to in clause (ii) above and the date referred to in such notice. The provisions of Section 3(g) hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of each Grace Period, the Company shall again be bound by the first sentence of Section 3(f) with respect to the information giving rise thereto unless such material, non-public information is no longer applicable. Notwithstanding anything to the contrary contained in this Section 3(r), the Company shall cause its transfer agent to deliver unlegended Ordinary Shares to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which such Investor has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, prior to such Investor's receipt of the notice of a Grace Period and for which the Investor has not yet settled.

(s) The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by each Investors of its Registrable Securities pursuant to each Registration Statement.

(t) Neither the Company nor any Subsidiary or affiliate thereof shall identify any Investor as an underwriter in any public disclosure or filing with the SEC, the Principal Market or any Eligible Market and any Buyer being deemed an underwriter by the SEC shall not relieve the Company of any obligations it has under this Agreement or any other Transaction Document (as defined in the Indenture); provided, however, that the foregoing shall not prohibit the Company from including the disclosure found in the "Plan of Distribution" section attached hereto as Exhibit B in the Registration Statement.

(u) Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Buyers in this Agreement or otherwise conflicts with

the provisions hereof, it being understood and agreed that the following agreements that the Company has already entered into as of the date of this Agreement shall not be deemed to breach this Section 3(u): the agreements listed on Schedule 3(m) attached hereto.

4. Obligations of the Investors.

(a) At least three (3) Business Days prior to the first anticipated filing date of each Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor with respect to such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of each Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(g) or the first sentence of Section 3(f) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary in this Section 4(c), the Company shall cause its transfer agent to deliver unlegended Ordinary Shares to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which such Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of Section 3(f) and for which such Investor has not yet settled.

5. Expenses of Registration.

All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, FINRA filing fees (if any) and fees and disbursements of counsel for the Company shall be paid by the Company.

6. Indemnification.

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor and each of its directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) and each Person, if any, who controls such Investor within the meaning of the 1933 Act or the 1934 Act and each of the directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) of such controlling Persons (each, an "**Indemnified Person**"), against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an Indemnified Person is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made

in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(b) Promptly after receipt by an Indemnified Person under this Section 6 of notice of the commencement of any action or proceeding (including, without limitation, any governmental action or proceeding) involving a Claim, such Indemnified Person shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person; provided, however, an Indemnified Person shall have the right to retain its own counsel with the fees and expenses of such counsel to be paid by the indemnifying party if: (i) the indemnifying party has agreed in writing to pay such fees and expenses; (ii) the indemnifying party shall have failed promptly to assume the defense of such Claim and to employ counsel reasonably satisfactory to such Indemnified Person in any such Claim; or (iii) the named parties to any such Claim (including, without limitation, any impleaded parties) include both such Indemnified Person and the indemnifying party, and such Indemnified Person shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Person and the indemnifying party (in which case, if such Indemnified Person notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, then the indemnifying party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the indemnifying party), provided further that in the case of clause (iii) above the indemnifying party shall not be responsible for the reasonable fees and expenses of more than one (1) separate legal counsel for such Indemnified Person. The Indemnified Person (as the case may be) shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Person (as the case may be) which relates to such action or Claim. The indemnifying party shall keep the Indemnified Person (as the case may be) reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent; provided, however, the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Person of a release from all liability in respect to such Claim or litigation, and such settlement shall not include any admission as to fault on the part of the Indemnified Person. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person under this Section 6, except to the extent that the indemnifying party is materially and adversely prejudiced in its ability to defend such action.

(d) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity and contribution agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. Contribution.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however: (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6 of this Agreement, (ii) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the applicable sale of such Registrable Securities pursuant to such Registration Statement. Notwithstanding the provisions of this Section 7, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Investor from the applicable sale of the Registrable Securities subject to the Claim exceeds the amount of any damages that such Investor has otherwise been required to pay, or would otherwise be required to pay under Section 6(b), by reason of such untrue or alleged untrue statement or omission or alleged omission.

8. Reports Under the 1934 Act.

With a view to making available to the Investors the benefits of Rule 144, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood and agreed that nothing herein shall limit any obligations of the Company under the Transaction Documents) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of Registration Rights.

All or any portion of the rights under this Agreement shall be automatically assignable by each Investor to any transferee or assignee (as the case may be) of all or any portion of such Investor's Registrable Securities, Notes or Warrants if: (i) such Investor agrees in writing with such transferee or assignee (as the case may be) to assign all or any portion of such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of (a) the name and address of such transferee or assignee (as the case may be), and (b) the securities with respect to which such registration rights are being transferred or assigned (as the case may be); (iii) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the 1933 Act or applicable state securities laws if so required; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence such transferee or assignee (as the case may be) agrees in writing with the Company to be bound by all of the provisions contained herein; (v) such transfer or assignment (as the case may be) shall have been made in accordance with the applicable requirements of the Transaction Documents (as the case may be); and (vi) such transfer or assignment (as the case may be) shall have been conducted in accordance with all applicable federal and state securities laws.

10. Amendment of Registration Rights.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Holders; provided that any such amendment or waiver that complies with the foregoing, but that disproportionately, materially and adversely affects the rights and obligations of any Investor relative to the comparable rights and obligations of the other Investors shall require the prior written consent of such adversely affected Investor. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company, provided that no such amendment shall be effective to the extent that it (1) applies to less than all of the holders of Registrable Securities or (2) imposes any obligation or liability on any Investor without such Investor's prior written consent (which may be granted or withheld in such Investor's sole discretion). No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration (other than the reimbursement of legal fees) also is offered to all of the parties to this Agreement.

11. Miscellaneous.

(a) Solely for purposes of this Agreement, a Person is deemed to be a holder of Registrable Securities whenever such Person owns, or is deemed to own, of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from such record owner of such Registrable Securities.

(b) Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or electronic mail (provided that such sent email is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's email server that such e-mail could not be delivered to such recipient); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and email addresses for such communications shall be:

If to the Company:

SCHMID Group, N.V.
Robert-Bosch-Strasse 32-36
72250 Freudenstadt
Attn: Arthur Schütz; Anette Schmid; Julia Natterer
Email: schuetz.ar@schmid-group.com; schmid.an@schmid-group.com; natterer.ju@schmid-group.com

with a copy (which will not constitute actual or constructive notice) to:
Clifford Chance PmbB
Junghofstrasse 14
60325 Frankfurt am Main, Germany
Attention: Axel Wittmann; George Hacket; Carla Winslow Kruger
Email: Axel.Wittmann@cliffordchance.com; George.Hacket@cliffordchance.com; Carla.Winslow-Kruger@cliffordchance.com

If to Legal Counsel:

Pillsbury Winthrop Shaw Pittman LLP
31 West 52nd Street
New York, NY 10019
Telephone: (212) 858-1330
Attention: John F. Storz, Esq.
E-Mail: john.storz@pillsburylaw.com

If to the Buyers, to its address, facsimile number and/or email address set forth on its signature page attached to the Securities Purchase Agreement, with copies to such Buyer's representatives as set forth on its signature page, or to such other address, facsimile number, and/or email address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change, provided that Pillsbury Winthrop Shaw Pittman LLP shall only be provided notices sent to the lead investor. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine or email containing the time, date, recipient facsimile number or email address and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof. The Company and each Investor acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement by any other party hereto and to enforce specifically the terms and provisions hereof (without the necessity of showing economic loss and without any bond or other security being required), this being in addition to any other remedy to which any party may be entitled by law or equity.

(d) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(e) If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

(f) This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein constitute the entire agreement among the parties hereto and thereto solely with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto solely with respect to the subject matter hereof and thereof; provided, however, nothing contained in this Agreement or any other Transaction Document shall (or shall be deemed to) (i) have any effect on any agreements any Investor has entered into with the Company or any of its Subsidiaries prior to the date hereof with respect to any prior investment made by such Investor in the Company, (ii) waive, alter, modify or amend in any respect any obligations of the Company or any of its Subsidiaries or any rights of or benefits to any Investor or any other Person in any agreement entered into prior to the date hereof between or among the Company and/or any of its Subsidiaries and any Investor and all such agreements shall continue in full force and effect or (iii) limit any obligations of the Company under any of the other Transaction Documents.

(g) Subject to compliance with Section 9 (if applicable), this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto. This Agreement is not for the benefit of, nor may any provision hereof be enforced by, any Person, other than the parties hereto, their respective permitted successors and assigns and the Persons referred to in Sections 6 and 7 hereof.

(h) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms “including,” “includes,” “include” and words of like import shall be construed broadly as if followed by the words “without limitation.” The terms “herein,” “hereunder,” “hereof” and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(i) This Agreement may be executed in two or more identical counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an email which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(j) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party. Notwithstanding anything to the contrary set forth in Section 10, terms used in this Agreement but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by each Investor.

(l) All consents and other determinations required to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders, determined as if all of the outstanding Notes then held by the Investors have been converted for Registrable Securities without regard to any limitations on redemption, amortization and/or conversion of the Notes and the outstanding Warrants then held by Investors have been exercised for Registrable Securities without regard to any limitations on exercise of the Warrants.

(m) This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

(n) The obligations of each Investor under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the

performance of the obligations of any other Investor under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

[signature page follows]

IN WITNESS WHEREOF, each of the Buyers and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

[Signature Page to Registration Rights Agreement]

IN WITNESS WHEREOF, each of the Buyers and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYERS:

LINDEN ADVISORS LP, on behalf of certain advised or managed funds and accounts

By: /s/ Saul Ahn
Name: Saul Ahn
Title: General Counsel / Authorized Signatory

[Signature Page to Registration Rights Agreement]

Schedule of Buyers

Linden Capital L.P.

Crown Managed Accounts SPC acting for and on behalf of Crown/Linden Segregated Portfolio

PCH Manager Fund, SPC. solely on behalf of and for the account of Segregated Portfolio 214

EXHIBIT A

FORM OF NOTICE OF EFFECTIVENESS
OF REGISTRATION STATEMENT

_____

_____

_____

Attention: _____

Re: SCHMID Group N.V.

Ladies and Gentlemen:

[We are][I am] counsel to SCHMID Group N.V., a Dutch public limited liability company (the "**Company**"), and have represented the Company in connection with that certain Investment Agreement (as amended, the "**Securities Purchase Agreement**") entered into by and among the Company and the buyers named therein (the "**Holders**") pursuant to which the Company issued to the Holders convertible notes (the "**Notes**") convertible into the Company's Ordinary Shares, €0.01 par value per share (the "**Ordinary Shares**"), and warrants exercisable for Ordinary Shares (the "**Warrants**"). Pursuant to the Securities Purchase Agreement, the Company also has entered into a Registration Rights Agreement with the Holders (the "**Registration Rights Agreement**") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement), including the Ordinary Shares issuable upon conversion of the Notes and exercise of the Warrants, under the Securities Act of 1933, as amended (the "**1933 Act**"). In connection with the Company's obligations under the Registration Rights Agreement, on _____ ___, 20__, the Company filed a Registration Statement on Form F-1 (File No. 333-_____) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") relating to the Registrable Securities which names each of the Holders as a selling shareholder thereunder.

In connection with the foregoing, [we][I] advise you that [a member of the SEC's staff has advised [us][me] by telephone that [the SEC has entered an order declaring the Registration Statement effective under the 1933 Act at [ENTER TIME OF EFFECTIVENESS] on [ENTER DATE OF EFFECTIVENESS]] [an order declaring the Registration Statement effective under the 1933 Act at [ENTER TIME OF EFFECTIVENESS] on [ENTER DATE OF EFFECTIVENESS]] has been posted on the web site of the SEC at www.sec.gov] and [we][I] have no knowledge, after a review of information posted on the website of the SEC at http://www.sec.gov/litigation/stoporders.shtml, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities are available for resale under the 1933 Act pursuant to the Registration Statement.

This letter shall serve as our standing opinion to you that the Ordinary Shares, including the Ordinary Shares underlying the Notes and Warrants are freely transferable by the Holders pursuant to the Registration Statement. You need not require further letters from us to effect any future legend-free issuance or reissuance of such Ordinary Shares to the Holders as contemplated by the Company's Irrevocable Transfer Agent Instructions dated _____ __, 20__.

Very truly yours,

[ISSUER'S COUNSEL]

By: _____

CC: [INVESTOR ENTITY]

EXHIBIT B

SELLING SHAREHOLDERS[1]

The Ordinary Shares being offered by the selling shareholders are those issuable to the selling shareholders upon conversion of the notes and exercise of the warrants. For additional information regarding the issuance of the notes and the warrants, see "Private Placement of Notes and Warrants" above. We are registering the Ordinary Shares in order to permit the selling shareholders to offer the shares for resale from time to time. Except for the ownership of the notes, Ordinary Shares, and the warrants issued pursuant to the Securities Purchase Agreement, the selling shareholders have not had any material relationship with us within the past three years.

The table below lists the selling shareholders and other information regarding the beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder) of the Ordinary Shares held by each of the selling shareholders. The second column lists the number of Ordinary Shares beneficially owned by the selling shareholders, based on their respective ownership of Ordinary Shares, notes and warrants, as of _____, 202_, assuming conversion of the notes and exercise of the warrants held by each such selling shareholder on that date but taking account of any limitations on conversion and exercise set forth therein.

The third column lists the Ordinary Shares being offered by this prospectus by the selling shareholders and does not take in account any limitations on (i) conversion of the notes set forth therein or (ii) exercise of the warrants set forth therein.

In accordance with the terms of a registration rights agreement with the holders of the Ordinary Shares, notes and the warrants, this prospectus generally covers the resale of the sum of (i) the Ordinary Shares currently held by the holders, (ii) the maximum number of Ordinary Shares issued or issuable pursuant to the Notes, including payment of interest on the notes through the maturity date of the notes, and assuming such interest is paid-in-kind to the maximum extent permissible in accordance with the indenture, and (iii) the maximum number of Ordinary Shares issued or issuable upon exercise of the warrants, in each case, determined as if the outstanding notes (including interest on the notes through the maturity date of the notes) and warrants were converted or exercised (as the case may be) in full (without regard to any limitations on conversion or exercise contained therein solely for the purpose of such calculation) at a conversion price or exercise price (as the case may be) calculated as of _____, 202_. Because the conversion price of the notes, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. The fourth column assumes the sale of all of the shares offered by the selling shareholders pursuant to this prospectus.

Under the terms of the notes and the warrants, a selling shareholder may not convert the notes or exercise the warrants to the extent (but only to the extent) such selling shareholder or any of its affiliates would beneficially own a number of our Ordinary Shares which would exceed 4.99% of the outstanding shares of the Company. The number of shares in the second column reflects these limitations. The selling shareholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

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[1] [To be updated to reflect any additional selling shareholders].

Name of Selling Shareholder	Number of Ordinary Shares Owned Prior to Offering	Maximum Number of Ordinary Shares to be Sold Pursuant to this Prospectus	Number of Ordinary Shares of Owned After Offering
[INVESTOR ENTITY] (1)			

(1) [INVESTOR ENTITY], has voting and investment power over these securities. [INDIVIDUAL] is the managing member of [INVESTOR ENTITY], which is the general partner of [INVESTOR ENTITY]. Each of [INVESTOR ENTITY]. and [INDIVIDUAL] disclaims beneficial ownership over these securities. Includes [●] shares issuable upon conversion of the Convertible Note and [●] shares issuable upon exercise of the warrant.

PLAN OF DISTRIBUTION

We are registering the Ordinary Shares issuable upon conversion of the notes and exercise of the warrants to permit the resale of these Ordinary Shares by the holders of the notes and warrants from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling shareholders of the Ordinary Shares, although we will receive the exercise price of any warrants exercised by the selling shareholders or us on a non-cashless exercise basis. We will bear all fees and expenses incident to our obligation to register the Ordinary Shares.

The selling shareholders may sell all or a portion of the Ordinary Shares held by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the Ordinary Shares are sold through underwriters or broker-dealers, the selling shareholders will be responsible for underwriting discounts or commissions or agent's commissions. The Ordinary Shares may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, pursuant to one or more of the following methods:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales made after the date the Registration Statement is declared effective by the SEC;
- broker-dealers may agree with a selling security holder to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling shareholders may also sell Ordinary Shares under Rule 144 promulgated under the Securities Act of 1933, as amended, if available, rather than under this prospectus. In addition, the selling shareholders may transfer the Ordinary Shares by other means not described in this prospectus. If the selling shareholders effect such transactions by selling Ordinary Shares to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling shareholders or commissions from purchasers of the Ordinary Shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the Ordinary Shares

or otherwise, the selling shareholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Ordinary Shares in the course of hedging in positions they assume. The selling shareholders may also sell Ordinary Shares short and deliver Ordinary Shares covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling shareholders may also loan or pledge Ordinary Shares to broker-dealers that in turn may sell such shares.

The selling shareholders may pledge or grant a security interest in some or all of the notes, warrants or Ordinary Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the Ordinary Shares from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of selling shareholders to include the pledgee, transferee or other successors in interest as selling shareholders under this prospectus. The selling shareholders also may transfer and donate the Ordinary Shares in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

To the extent required by the Securities Act and the rules and regulations thereunder, the selling shareholders and any broker-dealer participating in the distribution of the Ordinary Shares may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the Ordinary Shares is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of Ordinary Shares being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling shareholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

Under the securities laws of some states, the Ordinary Shares may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the Ordinary Shares may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any selling shareholder will sell any or all of the Ordinary Shares registered pursuant to the registration statement, of which this prospectus forms a part.

The selling shareholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the Ordinary Shares by the selling shareholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the Ordinary Shares to engage in market-making activities with respect to the Ordinary Shares. All of the foregoing may affect the marketability of the Ordinary Shares and the ability of any person or entity to engage in market-making activities with respect to the Ordinary Shares.

We will pay all expenses of the registration of the Ordinary Shares pursuant to the registration rights agreement, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, the selling shareholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling shareholders against liabilities, including some liabilities under the Securities Act in accordance with the registration rights agreements or the selling shareholders will be entitled to contribution. We may be indemnified by the selling shareholders against civil liabilities, including liabilities under the Securities Act that may arise from any written information furnished to us by the selling shareholder specifically for use in this prospectus, in accordance with the related registration rights agreements or we may be entitled to contribution.

Once sold under the registration statement, of which this prospectus forms a part, the Ordinary Shares will be freely tradable in the hands of persons other than our affiliates.

SCHEDULE 2(i) Additional Securities

All securities (shares and warrants of the Company) covered in the Form F-1 of the Company declared effective in September 2024 which have to be re-registered as follows:

- 35,888,325 of Ordinary Shares of the Company issued to certain selling securityholders (including 5,000,000 non-vested earnout shares) in connection with the business combination between Gebr. Schmid GmbH and Pegasus Digital Mobility Acquisition Corp. completed as of Apri 30, 2024 (the "**Business Combination**")
- 87,565 Ordinary Shares of the Company issued to a certain securityholder (Appleby) on the basis of a non-redemption and investment agreement in connection with the Business Combination
- Up to 21,000,000 Ordinary Shares of the Company to be issued upon the exercise of the outstanding warrants (11,250,000 public warrants and 9,750,000 private warrants of the Company, with such warrants assumed by the Company through a warrant transfer agreement in the connection with the Business Combination) of the Company
- 9,750,000 private warrants that, at the time of the Business Combination, have not yet been registered

The shares required to be registered in accordance with the financing facility signed on December 16, 2025 with Black Forest Special Situations I as follows:

- The underlying Ordinary Shares of the Company for EUR 2.5 million drawn under such financing facility in December 2025, in case of a conversion into Ordinary Shares of the Company, i.e. approximately 1,350,000 shares (for purposes of registration, the Company will register more shares to account for a change in the EUR-USD interest rate)
- 1,250,000 Ordinary Shares of the Company to be issued in relation to the option set out in Section 7 of the financing facility granting option rights to Black Forest Special Situations I

The shares required to be registered in accordance with the subscription agreement dated November 2025 with XJ Harbour HK Limited as follows:

- 12,540,539 Ordinary Shares of the Company issued to XJ Harbour HK Limited on January 16, 2026

The shares required to be registered (if issued) in accordance with the subscription agreement dated November 2025 with Schmid Avaco Korea

- 1,073,536 Ordinary Shares of the Company (if issued) to Schmid Avaco Korea and then contemplated to be sold to AVACO in a private placement in accordance with the subscription agreement

SCHEDULE 3(m) Registration Rights

1. Registration Rights Agreement by and among SCHMID Group N.V., Pegasus Digital Mobility Acquisition Corp., Pegasus Digital Mobility Sponsor LLC, Christian Schmid, and Anette Schmid, dated as of April 30, 2024 (incorporated by reference to Exhibit 4.5 to the Annual Report Form 20-F (File No. 001-42040), filed with the SEC on May 15, 2024)

2. Private Warrants Undertaking Agreement dated as of January 29, 2024, by and among Pegasus Digital Mobility Acquisition Corp., Pegasus Digital Mobility Sponsor LLC, Gebr. Schmid GmbH, Anette Schmid, and Christian Schmid among others (incorporated by reference to Exhibit 10.10 to the Issuer's Registration Statement on Form F-4 (Reg. No. 333-274701), filed with the SEC on March 25, 2024).

3. Subscription Agreement dated January 29, 2024, by and among SCHMID Group N.V. and XJ Harbour HK Limited providing for registration rights to XJ

4. Subscription Agreement dated November 12, 2025, by and among SCHMID Group N.V. and XJ Harbour HK Limited providing for registration rights to XJ

5. Subscription Agreement dated November 3, 2025, by and among SCHMID Group N.V. and SCHMID Avaco Korea providing for registration rights (note, shares to Avaco have not been issued yet)

6. Facility Agreement dated December 16, 2025, by and among SCHMID Group N.V. and Black Forest Special Situations I and Anette Schmid and Christian Schmid providing for registration rights to Black Forest Special Situations I for shares to be issued for convertible loan(s) and in case of the exercise of option rights

Exhibit 4.25

EXECUTION COPY

21 January 2026

SUBORDINATION AGREEMENT
(RANGRÜCKTRITTSVEREINBARUNG)

by and between

1. **Anette Schmid**, resident of Germany with business address Robert-Bosch-Str. 32-36, 72250 Freudenstadt,

Germany,

- "**Sussbordinated Creditor 1**"-

2. **Christian Schmid**, resident of Germany with business address Robert-Bosch-Str. 32-36, 72250 Freudenstadt, Germany,

- "**Subordinated Creditor 2**"-

3. **Schmid Grundstücke GmbH & Co. KG**, a limited liability partnership (*Kommanditgesellschaft*) organized under the laws of the Federal Republic of Germany with registered office at Robert-Bosch-Straße 32-36, 72250 Freudenstadt, registered in the commercial register of the local court of Stuttgart under HRA 726509,

- "**Subordinated Creditor 3**"-

4. **Schmid Verwaltungs GmbH**, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of the Federal Republic of Germany with registered office at Robert-Bosch-Straße 32-36, 72250 Freudenstadt, registered in the commercial register of the local court of Stuttgart under HRB 731113,

- "**Subordinated Creditor 4**"-

- Subordinated Creditors 1 to 4 are collectively referred to as the "Subordinated Creditors" -

5. **Gebr. Schmid GmbH**, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of the Federal Republic of Germany with registered office at Robert-Bosch-Straße 32-36, 72250 Freudenstadt, registered in the commercial register of the local court of Stuttgart under HRB 738354

- "**Company**"-

6. **Wilmington Savings Fund Society, FSB**, 500 Delaware Avenue, 11th Floor, Wilmington, DE 19801,

- "**Trustee**" -

7. **Linden Advisors LP**, 590 Madison Avenue, 32nd Floor, NY, NY 10022, on behalf of certain advised or managed funds and accounts

- "**Purchaser 1**"-

8. **Crown Managed Accounts SPC**, 590 Madison Avenue, 32nd Floor, NY, NY 10022, acting for and on behalf of Crown/Linden Segregated Portfolio

- "**Purchaser 2**"-

9. **PCH Manager Fund, SPC**, 590 Madison Avenue, 32nd Floor, NY, NY 10022, on behalf of and for the account of Segregated Portfolio 214

- "**Purchaser 3**"-

- Purchasers 1 to 3 are collectively referred to as the "**Purchasers**"-

Recitals

(A) The Company's shareholder, SCHMID GROUP N.V., a Dutch public limited liability company ("**Shareholder**"), has authorized the issuance of its 7.0% Convertible Senior PIK Toggle Notes due 2028 (the "**Notes**") in the nominal amount of up to USD 30,000,000.00.

(B) The Purchasers have agreed to purchase the Notes under that certain Investment Agreement by and among Shareholder, the Company and the Purchasers signatory thereto, dated as of 18 January 2026. The Notes will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company and the Purchasers will be the initial beneficial holders of the Notes.

(C) The Company, the Shareholder, and the Trustee signed an indenture on 21 January 2026 ("**Indenture**").

(D) Under Section 13.01 of the Indenture, the Company and other guarantors guaranteed, subject to Article 13 of the Indenture, fully unconditionally and irrevocably, jointly and severally, as primary obligor and not merely as surety, to each Holder (as such term is defined in the Indenture) of the Notes and to the Trustee the full and punctual payment or delivery of the principal amount of the Notes, any amounts due upon conversion, and all other obligations of the Shareholder under the Indenture and the Notes (the "**Obligations**") to the Trustee and to the Holders, and each guarantor further agreed (to the extent permitted by law) that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it shall remain bound under Article 13 of the Indenture notwithstanding any extension or renewal of any Obligation ("**Notes Guarantee**").

(E) Exhibit B to the Indenture contains limitations on the enforcement of the Notes Guarantee that apply to the Company and other German guarantors. Under clause (ii) (C) of the Net Assets definition in Exhibit B, the limitation's scope depends in part on the amount of subordinated loans and other liabilities. This Agreement is meant to subordinate obligations of the Company's affiliates.

Now, therefore, the Parties agree as follows:

1. Outstanding debt

1.1. The Company owes the Subordinated Creditors certain amounts under the following obligations ("**Loans**"):

Contract/Date	**Subordinated Creditor**	**Nominal amount in EUR outstanding on 20 January 2026**
Property loan dated December 31, 2024 (the "**Exempted Loan I**")	Schmid Grundstücke GmbH & Co. KG	3,000,000
Property loan dated December 31, 2024	Schmid Grundstücke GmbH & Co. KG	11,000,000

Contract/Date	Subordinated Creditor	Nominal amount in EUR outstanding on 20 January 2026
Property loan dated November 18, 2018 (the "**Exempted Loan II**" and together with Exempted Loan I, the "**Exempted Loans**")	U. Wein	1,623,892
Property loan dated July 3, 2025	Schmid Grundstücke GmbH & Co. KG	65,434
Property loan dated July 9, 2025	Schmid Verwaltungs GmbH	2,025,875
Current account property loan dated December 31, 2024	Schmid Grundstücke GmbH & Co. KG	1,924,728
Loan agreement dated January 15, 2021	Christian Schmid	2,816,417
Current account loan agreement dated December 31, 2024	Christian Schmid	513,551
Current account loan agreement dated December 31, 2024	Anette Schmid	1,297,724
Current account agreement (*Kontokorrentvertrag*) dated 13 October 2011, amended 16 January 2012	Christian Schmid	8,000,000
Current account agreement (*Kontokorrentvertrag*) dated 13 October 2011, amended 16 January 2012	Anette Schmid	13,000,000

1.2. The Subordinated Creditors confirm that no further debt is outstanding from the Company to the Subordinated Creditors.

2. Subordination

2.1. With effect from the signing of this Agreement, the Subordinated Creditors subordinate any claims (including interest and costs) they may have against the Company under or in connection with the Loans, now or in the future, conditionally or unconditionally, independent from their cause in law and the governing law of the underlying contract, except for the Exempted Loans (the "**Subordinated Claims**"), to any and all claims the Holders and the Trustee might now or in the future have against the Company under the Notes Guarantee.

2.2. Except as permitted under clause 4 of this Agreement, the Subordinated Creditors are obligated, until the final and complete satisfaction of all claims of the Holders and the Trustee against the Company under the Indenture, including the Notes Guarantee under Article 13 of the Indenture, and the Notes ("**Note Documentation**") not to collect any of their Subordinated Claims, in particular not to accept any payment with regard to the Subordinated Claims; not to exercise any right to set-off with any of the Subordinated Claims against the Company; not to dispose of the

Subordinated Claims, in particular not to terminate or waive them, not to assign or pledge them to third parties unless such third parties have acceded to this Agreement nor to bring them into circulation by virtue of bills of exchange and not to have them secured; not to subordinate the Subordinated Claims to any claims of a third party (other than the Holders and the Trustee); and not to accept any security or guarantee, or allow such security or guarantee to come into existence or subsist with respect to the Subordinated Claims.

3. Company's undertakings

Notwithstanding Clause 4 (*Permitted payments*) and except as otherwise provided by the Documentation, the Company is obligated towards the Holders and the Trustee not to make any payments on the Subordinated Claims, not to discharge any obligation arising out of the Subordinated Claims in any other way, not to allow any disposition in relation to the Subordinated Claims that would contravene any obligation of the Subordinated Creditors hereunder and not to exercise any right of set-off in relation to potential claims it might have against the Subordinated Creditors until the complete and final satisfaction of any and all claims of the Holders and the Trustee against the Company under or in connection with the Note Documentation.

4. Permitted payments

Contrary to Clause 2.2 and Clause 3 above, until an Event of Default has occurred as defined in the Indenture, the Company is entitled (i) to make payments in relation to agreed interest payable in relation to the Subordinated Claims and (ii) to repay the Loans provided that the Company has generated free cashflow generated from operations of over EUR 15 million in the twelve (12) preceding months before repayment of the Loans. The Subordinated Creditors are entitled to receive such payments.

5. Duration

This Agreement remains in full force and effect until the complete and final satisfaction of all claims of the Holders and the Trustee under and in connection with the Note Documentation.

6. Final provisions

6.1. This Agreement is governed by German law.

6.2 Amendments to this Agreement and the waiver of a right arising from this Agreement must be executed by all parties hereto to be effective and must expressly refer to this Agreement, unless a stricter form is required by law. This shall also apply to amendments to or the waiver of this written form requirement.

6.3 If any provision of this Agreement is or becomes invalid or unenforceable in whole or in part, this shall not affect the validity of the remaining provisions of this Agreement. The invalid or unenforceable provisions shall be replaced by an appropriate provision which - as far as legally possible - comes as close as possible to what the Parties intended economically or would have intended according to the purpose of the Note Documentation if they had considered the unenforceability or invalidity when concluding this Agreement. The same shall apply to the filling of any gaps in this Agreement.

SIGNATURE PAGE 1 OF 3 OF SUBORDINATION AGREEMENT

Anette Schmid

Place, date: Freudenstadt, 20.1.2026

Signature: /s/ Anette Schmid

Christian Schmid

Place, date: Freudenstadt, 20.1.2026

Signature: /s/ Christian Schmid

Schmid Grundstücke GmbH & Co. KG

Represented by: Anette Schmid

Place, date: Freudenstadt 20.1.2026

Signature: /s/ Anette Schmid

Schmid Verwaltungs GmbH

Represented by: Christian Schmid
CEO

Place, date: Freudenstadt, 20.1.2026

Signature: /s/ Christian Schmid

SIGNATURE PAGE 2 OF 3 OF SUBORDINATION AGREEMENT

Gebr. Schmid GmbH

Represented by: Christian Schmid
CEO

Place, date: Freudenstadt, 20.1.2026

Signature: /s/ Christian Schmid

Wilmington Savings Fund Society, FSB

Represented by: Lizbet Hinojosa

Place, date: Wilmington, 1.21.2026

Signature: /s/ Lizbet Hinojosa

Linden Advisors LP, on behalf of certain advised or managed funds and accounts

Represented by: Saul Ahn

Place, date: New York, NY

Signature: /s/ Saul Ahn

Linden Capital L.P.

Represented by: Saul Ahn

Place, date: New York, NY

Signature: /s/ Saul Ahn

SIGNATURE PAGE 3 OF 3 OF SUBORDINATION AGREEMENT

Crown Managed Accounts SPC, acting for and on behalf of Crown/Linden Segregated Portfolio

Represented by: Saul Ahn

Place, date: New York, NY

Signature: /s/ Saul Ahn

PCH Manager Fund, SPC, on behalf of and for the account of Segregated Portfolio 214

Represented by: Saul Ahn

Place, date: New York, NY

Signature: /s/ Saul Ahn

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREUNDER IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF SCHMID GROUP N.V. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY, IF ANY OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) TO A NON-U.S. PERSON LOCATED OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(E) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF SCHMID GROUP N.V. OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF SCHMID GROUP N.V. DURING THE PRECEDING THREE MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR HOLD THIS SECURITY OR A BENEFICIAL INTEREST HEREIN.

THIS SECURITY WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. A HOLDER OF THIS NOTE MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY BY CONTACTING THE COMPANY.

SCHMID Group N.V.

7.0% Convertible Senior PIK Toggle Note due 2028

Initially $15,000,000

No. 1

CUSIP No. 806861 AA8[1] / ISIN No. US806861AA89

SCHMID Group N.V., a Dutch public limited liability company (the "**Company**," which term includes any successor corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to CEDE & CO., or registered assigns, the principal sum as set forth in the "Schedule of Exchanges of Notes" attached hereto, which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed $30,000,000 in aggregate at any time, in accordance with the rules and applicable procedures of the Depositary, on January 21, 2028, and interest thereon as set forth below.

This Note shall bear interest at the applicable Cash Interest Rate or PIK Interest Rate from January 21, 2026 or from the most recent date to which interest has been paid or provided for to, but excluding, the next scheduled Interest Payment Date until January 21, 2028. Accrued interest on this Note shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed in a 30-day month. Interest is payable quarterly in arrears in cash at the Cash Interest Rate or by PIK Payments at the PIK Interest Rate, pursuant to Section 2.03(d) of the Indenture, on each March 15, June 15, September 15 and December 15 commencing on June 15, 2026, to Holders of record at the close of business on the preceding March 1, June 1, September 1 and December 1 (whether or not such day is a Business Day), respectively. The Company shall make payments on the Notes in the manner set forth in the Indenture. Step-Up Interest will be payable as set forth in Section 2.03(e) of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Step-Up Interest if, in such context, Step-Up Interest is, was or would be payable pursuant to any of such Section 2.03(e), and any express mention of the payment of Step-Up Interest in any provision therein shall not be construed as excluding Step-Up Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate equal to 2.0% per annum ("**Default Interest**") (which shall be in addition to, not in lieu of, the interest payable pursuant to the Indenture and the Notes), subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such

[1] This Note will be deemed to be identified by CUSIP No. 806861 AA8 from and after such time when (i) the Company delivers, pursuant to Section 2.05(c) of the within-mentioned Indenture, written notice to the Trustee of the occurrence of the Resale Restriction Termination Date and the removal of the restrictive legend affixed to this Note and (ii) this Note is identified by such CUSIP number in accordance with the applicable procedures of the Depositary.

Defaulted Amounts and Default Interest shall have been paid by the Company, at its election, in accordance with Section 2.03(c) and Article 6 of the Indenture.

The Company shall pay or cause the Paying Agent to pay the principal of and interest on this Note, if and so long as such Note is a Global Note, in immediately available funds to the Depositary or its nominee, as the case may be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay or cause the Paying Agent to pay the principal of any Notes (other than Notes that are Global Notes) at the office or agency designated by the Company for that purpose. The Company has initially designated the entity acting as Trustee as its Paying Agent and Note Registrar in respect of the Notes and its agency in the contiguous United States, as a place where Notes may be presented for payment or for registration of transfer and exchange.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to convert this Note into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable, on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note, and any claim, controversy or dispute arising under or related to this Note, shall be construed in accordance with and governed by the laws of the State of New York (without regard to the conflict of laws provisions thereof).

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or electronically by the Trustee or a duly authorized authenticating agent under the Indenture.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

SCHMID GROUP N.V.
By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Wilmington Savings Fund Society, FSB, as Trustee, certifies that this is one of the Notes described in the within-named Indenture.

By: /s/ Lizbet Hinojosa
Authorized Signatory

[REVERSE OF NOTE]

SCHMID Group N.V.

7.0% Convertible Senior PIK Toggle Note due 2028

This Note is one of a duly authorized issue of Notes of the Company, designated as its 7.0% Convertible Senior PIK Toggle Notes due 2028 (the "**Notes**"), initially limited to the aggregate principal amount of $30,000,000 (as may be increased by any PIK Payments) all issued or to be issued under and pursuant to an Indenture dated as of January 21, 2026 (the "**Indenture**"), between the Company, the Guarantors and Wilmington Savings Fund Society, FSB (the "**Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used in this Note and not defined in this Note shall have the respective meanings set forth in the Indenture. The originally issued Notes, all PIK Notes, and any additional Notes issued as set forth in the Indenture or this Note shall constitute a single class.

In case certain Events of Default shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the Fundamental Change Repurchase Price on the Fundamental Change Repurchase Date and the Capitalized Principal Amount on the Maturity Date, as the case may be, to the Holder who surrenders a Note to a Paying Agent to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

The Indenture contains provisions permitting the Company, the Guarantors and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain other circumstances, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

The Notes are guaranteed to the extent provided in the Indenture.

Each Holder shall have the right to receive payment or delivery, as the case may be, of (x) the principal (including the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest, if any, on, and (z) the consideration due upon conversion of, this

Note at the place, at the respective times, at the rate and in the lawful money and/or shares of Common Stock, as the case may be, herein prescribed.

The Notes are issuable in registered form without coupons in denominations of $1.00 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Notes shall be redeemable at the Company's option on or after the date of the Indenture in accordance with the terms and subject to the conditions specified in the Indenture.

Upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder's option and subject to the limitations set forth in the Indenture, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of $1,000 or an integral multiple of $1.00 in excess thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, during certain periods and upon the occurrence of certain conditions specified in the Indenture, prior to the close of business on the second Scheduled Trading Day immediately preceding the Maturity Date, to convert any Notes or portion thereof that is $1,000 or an integral multiple of $1.00 in excess thereof, into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable and subject to the limitations set forth in the Indenture, in each case, at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

SCHEDULE A

SCHEDULE OF EXCHANGES OF NOTES

SCHMID Group. N.V.
7.0% Convertible Senior PIK Toggle Notes due 2028

The initial principal amount of this Global Note is FIFTEEN MILLION DOLLARS ($15,000,000). The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Custodian

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: Wilmington Savings Fund Society, FSB
500 Delaware Avenue, 11th Floor
Wilmington, DE 19801

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Note (any fractional shares of Common Stock shall be rounded up to one (1) whole Share of Common Stock), and directs that any cash payable and any shares of Common Stock issuable and deliverable upon such conversion, together with any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any shares of Common Stock or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

Dated:

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

_____
(Name)

_____
(Street Address)

_____
(City, State and Zip Code)

Please print name and address

Principal amount to be converted (if less than all): $____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Social Security or Other Taxpayer Identification Number

ATTACHMENT 2

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: Wilmington Savings Fund Society, FSB
500 Delaware Avenue, 11th Floor
Wilmington, DE 19801

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from SCHMID Group N.V. (the "**Company**") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest, if any, thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Dated:

Signature(s)

Social Security or Other Taxpayer Identification Number

Principal amount to be repaid (if less than all): $,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 3

[FORM OF ASSIGNMENT AND TRANSFER]

For value received hereby sell(s), assign(s) and transfer(s) unto (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

☐ To SCHMID Group N.V. or a subsidiary thereof; or

☐ Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

☐ Outside the United States in accordance with Regulation S under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended, or any other available exemption from the registration requirements of the Securities Act of 1933, as amended.

Dated: _____

_____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREUNDER IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF SCHMID GROUP N.V. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY AND THE COMMON STOCK, IF ANY, ISSUABLE UPON CONVERSION OF THIS SECURITY, IF ANY OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) TO A NON-U.S. PERSON LOCATED OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(E) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF SCHMID GROUP N.V. OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF SCHMID GROUP N.V. DURING THE PRECEDING THREE MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR HOLD THIS SECURITY OR A BENEFICIAL INTEREST HEREIN.

THIS SECURITY WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. A HOLDER OF THIS NOTE MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY BY CONTACTING THE COMPANY.

SCHMID Group N.V.

7.0% Convertible Senior PIK Toggle Note due 2028

Initially $0

No. 2

CUSIP No. N68722 AA0[1] / ISIN No. USN68722AA00

SCHMID Group N.V., a Dutch public limited liability company (the "**Company**," which term includes any successor corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to CEDE & CO., or registered assigns, the principal sum as set forth in the "Schedule of Exchanges of Notes" attached hereto, which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed $30,000,000 in aggregate at any time, in accordance with the rules and applicable procedures of the Depositary, on January 21, 2028, and interest thereon as set forth below.

This Note shall bear interest at the applicable Cash Interest Rate or PIK Interest Rate from January 21, 2026 or from the most recent date to which interest has been paid or provided for to, but excluding, the next scheduled Interest Payment Date until January 21, 2028. Accrued interest on this Note shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed in a 30-day month. Interest is payable quarterly in arrears in cash at the Cash Interest Rate or by PIK Payments at the PIK Interest Rate, pursuant to Section 2.03(d) of the Indenture, on each March 15, June 15, September 15 and December 15 commencing on June 15, 2026, to Holders of record at the close of business on the preceding March 1, June 1, September 1 and December 1 (whether or not such day is a Business Day), respectively. The Company shall make payments on the Notes in the manner set forth in the Indenture. Step-Up Interest will be payable as set forth in Section 2.03(e) of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Step-Up Interest if, in such context, Step-Up Interest is, was or would be payable pursuant to any of such Section 2.03(e), and any express mention of the payment of Step-Up Interest in any provision therein shall not be construed as excluding Step-Up Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate equal to 2.0% per annum ("**Default Interest**") (which shall be in addition to, not in lieu of, the interest payable pursuant to the Indenture and the Notes), subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such

[1] This Note will be deemed to be identified by CUSIP No. N68722 AA0 from and after such time when (i) the Company delivers, pursuant to Section 2.05(c) of the within-mentioned Indenture, written notice to the Trustee of the occurrence of the Resale Restriction Termination Date and the removal of the restrictive legend affixed to this Note and (ii) this Note is identified by such CUSIP number in accordance with the applicable procedures of the Depositary.

Defaulted Amounts and Default Interest shall have been paid by the Company, at its election, in accordance with Section 2.03(c) and Article 6 of the Indenture.

The Company shall pay or cause the Paying Agent to pay the principal of and interest on this Note, if and so long as such Note is a Global Note, in immediately available funds to the Depositary or its nominee, as the case may be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay or cause the Paying Agent to pay the principal of any Notes (other than Notes that are Global Notes) at the office or agency designated by the Company for that purpose. The Company has initially designated the entity acting as Trustee as its Paying Agent and Note Registrar in respect of the Notes and its agency in the contiguous United States, as a place where Notes may be presented for payment or for registration of transfer and exchange.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to convert this Note into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable, on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note, and any claim, controversy or dispute arising under or related to this Note, shall be construed in accordance with and governed by the laws of the State of New York (without regard to the conflict of laws provisions thereof).

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or electronically by the Trustee or a duly authorized authenticating agent under the Indenture.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

SCHMID GROUP N.V.

By: /s/ Arthur Schuetz
Name: Arthur Schuetz
Title: Chief Financial Officer

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Wilmington Savings Fund Society, FSB, as Trustee, certifies that this is one of the Notes described in the within-named Indenture.

By: /s/ Lizbet Hinojosa
Authorized Signatory

[REVERSE OF NOTE]

SCHMID Group N.V.

7.0% Convertible Senior PIK Toggle Note due 2028

This Note is one of a duly authorized issue of Notes of the Company, designated as its 7.0% Convertible Senior PIK Toggle Notes due 2028 (the "**Notes**"), initially limited to the aggregate principal amount of $30,000,000 (as may be increased by any PIK Payments) all issued or to be issued under and pursuant to an Indenture dated as of January 21, 2026 (the "**Indenture**"), between the Company, the Guarantors and Wilmington Savings Fund Society, FSB (the "**Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used in this Note and not defined in this Note shall have the respective meanings set forth in the Indenture. The originally issued Notes, all PIK Notes, and any additional Notes issued as set forth in the Indenture or this Note shall constitute a single class.

In case certain Events of Default shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the Fundamental Change Repurchase Price on the Fundamental Change Repurchase Date and the Capitalized Principal Amount on the Maturity Date, as the case may be, to the Holder who surrenders a Note to a Paying Agent to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

The Indenture contains provisions permitting the Company, the Guarantors and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain other circumstances, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

The Notes are guaranteed to the extent provided in the Indenture.

Each Holder shall have the right to receive payment or delivery, as the case may be, of (x) the principal (including the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest, if any, on, and (z) the consideration due upon conversion of, this

Note at the place, at the respective times, at the rate and in the lawful money and/or shares of Common Stock, as the case may be, herein prescribed.

The Notes are issuable in registered form without coupons in denominations of $1.00 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Notes shall be redeemable at the Company's option on or after the date of the Indenture in accordance with the terms and subject to the conditions specified in the Indenture.

Upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder's option and subject to the limitations set forth in the Indenture, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of $1,000 or an integral multiple of $1.00 in excess thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, during certain periods and upon the occurrence of certain conditions specified in the Indenture, prior to the close of business on the second Scheduled Trading Day immediately preceding the Maturity Date, to convert any Notes or portion thereof that is $1,000 or an integral multiple of $1.00 in excess thereof, into cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable and subject to the limitations set forth in the Indenture, in each case, at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

SCHEDULE A

SCHEDULE OF EXCHANGES OF NOTES

SCHMID Group. N.V.
7.0% Convertible Senior PIK Toggle Notes due 2028

The initial principal amount of this Global Note is ZERO DOLLARS ($0). The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Custodian

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: Wilmington Savings Fund Society, FSB
500 Delaware Avenue, 11th Floor
Wilmington, DE 19801

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Note (any fractional shares of Common Stock shall be rounded up to one (1) whole Share of Common Stock), and directs that any cash payable and any shares of Common Stock issuable and deliverable upon such conversion, together with any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any shares of Common Stock or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

Dated:

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

_____
(Name)

_____
(Street Address)

_____
(City, State and Zip Code)

Please print name and address

Principal amount to be converted (if less than all): $____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Social Security or Other Taxpayer Identification Number

ATTACHMENT 2

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: Wilmington Savings Fund Society, FSB
500 Delaware Avenue, 11th Floor
Wilmington, DE 19801

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from SCHMID Group N.V. (the "**Company**") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is $1,000 Capitalized Principal Amount or an integral multiple of $1.00 in excess thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest, if any, thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Dated:

Signature(s)

Social Security or Other Taxpayer Identification Number

Principal amount to be repaid (if less than all): $,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 3

[FORM OF ASSIGNMENT AND TRANSFER]

For value received hereby sell(s), assign(s) and transfer(s) unto (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

☐ To SCHMID Group N.V. or a subsidiary thereof; or

☐ Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

☐ Outside the United States in accordance with Regulation S under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended, or any other available exemption from the registration requirements of the Securities Act of 1933, as amended.

Dated: _____

_____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Exhibit 4.28

Execution Version

SHARE OPTION AGREEMENT

THIS SHARE OPTION AGREEMENT (this "**Agreement**"), dated as of January 27, 2026, is made between SCHMID Group N.V. (the "**Company**"), and Black Forest Special Situations I (the "**Investor**"), pursuant to Section 7 of the facility agreement dated December 16, 2025 among the Company, the Investor, Christian Schmid and Anette Schmid (the "**Facility Agreement**").

RECITALS

A. The Facility Agreement provides for an aggregate loan amount of up to EUR 10,000,000 to be paid out in two tranches in December 2025 and January 2026.

B. On December 18, 2025, the first tranche of EUR 2,500,000 (the "**First Tranche**") has been paid out to the Company.

C. In January 2026, the Company and the Investor agreed that the second tranche of EUR 7,500,000 in relation to the Facility Agreement would not be drawn by the Company.

D. In accordance with the Facility Agreement, the Company has undertaken to grant to Investor options in relation to the purchase of ordinary shares of the Company (the "**Shares**") as compensation for providing the First Tranche, the terms of which were, in principle, set out in Section 7 of the Facility Agreement and are further specified in this Agreement.

NOW, THEREFORE, in consideration of the foregoing promises and other good and valuable consideration as set out in the Facility Agreement, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Options**. The Company hereby, in accordance with the obligations entered into in the Facility Agreement, grants to the Investor 1,250,000 options (the "**Options**") to purchase an aggregate of 1,250,000 Shares (i.e. one Option provides the right to purchase one Share). The Options are in all respects limited and conditioned as hereinafter provided in this Agreement.

2. **Exercise Price.** The exercise price of the Shares covered by the Options shall be $4.1956 per Share (the "**Exercise Price**") which constitute, as set out in the Facility Agreement, the trailing six month SEC 10b-18 volume weighted average price of the Shares of the Company as at December 12, 2025.

3. **Term.** The Options shall expire on December 16, 2030 (the "**Expiration Date**"). None of the Options shall be exercisable on or after the Expiration Date.

4. **Transferability of Options.** The Options are not assignable or transferable, in whole or in part, by the Investor other than (i) with the prior written consent of the Company (such consent not to be unreasonably withheld), or (ii) to one or more shareholders of the Investor (each a "**Permitted Transferee**"). The Company shall keep a register of the holders of the Options, which initially shall include that all Options are held by the Investor. Upon notice by the Investor and/or a Permitted Transferee to the Company of a transfer or assignment of Options to one or more Permitted Transferees in accordance with this Section 4, the Company shall

promptly update its register of the holders of the Options accordingly (for the avoidance of doubt, such register can be kept by the Company informally in written form, e.g. by internal notes such as Company-internal emails).

5. **Method of Exercising Options.**

a. Written Notice. Subject to the terms and conditions of this Agreement, the Options may be exercised by written notice (the "**Written Notice**") to the Company (in accordance with the notice provisions set out in the Facility Agreement, or, by e-mail to the Company's CFO). The form of such notice is attached hereto as Exhibit A and shall state the election to exercise the Options and shall be signed by the Investor or the Permitted Transferee(s) so exercising the Options.

b. Full Exercise of Options and Number of Written Notices. The Written Notice must be exercised only in relation to all Options held by the Investor or the relevant exercising Permitted Transferee(s). In order to limit expenses for the Company for multiple Written Notices and the administrative burden to the Company in relation to issuing shares, such Written Notices relating to the Options shall be limited to 6 cost free Written Notices in the aggregate. Any Permitted Transferee which submits a Written Notice after the initial 6 Written Notices, shall reimburse costs to the Company of EUR 10,000 per Written Notice for the issuance of new shares in relation to such Written Notice.

c. Issuance of Shares. Following the receipt of the Written Notice, the Company shall, within 15 Business Days from the date of the Written Notice, perform all actions (including any notarial requirements under Dutch law) to issue a number of Shares equalling the number of Options exercised by the persons exercising the Options (subject to the payment of the Exercise Price as set out below).

d. Payment of Exercise Price. The Exercise Price for the Shares shall be paid to the Company in cash to an account of the Company to be specified by the Company and shall be paid to such account prior to the issuance of the Shares (as required by Dutch law to issue the Shares). The relevant account shall be specified by the Company within five (5) Business Days of the receipt of Written Notice by the Company.

e. Entry of Shares in Share Registry. The Company shall issue the Shares and cause the Company's share transfer agent Continental Stock Transfer and Trust Company ("**Continental**") to register the Shares in the name of the exercising persons in the Company's share register at Continental. The Investor or any Permitted Transferee exercising the Options set out in the Written Notice shall provide all technical documents (e.g. a W-8/W-9) to the Company required to issue the Shares and register them with Continental.

6. **Anti-Dilution Provisions.**

a. Split-ups and Rights Offerings below Fair Market Value. If after the date of this Agreement the number of outstanding Shares of the Company is increased by a share dividend payable in Shares, or by a split-up of Shares or other similar event, then, on the effective date of such share dividend, split-up or similar event, the number of Shares

issuable on exercise of the Options shall be increased in proportion to such increase in the outstanding Shares. A rights offering to holders of the Shares entitling holders to purchase Shares at a price less than the "Fair Market Value" (as defined below) shall be deemed a share dividend of a number of Shares equal to the product of (i) the number of Shares actually sold in such rights offering multiplied by (ii) one (1) minus the quotient of (x) the price per Share paid in such rights offering divided by (y) the Fair Market Value. For purposes of this Section 6.1, (i) if the rights offering is for securities convertible into or exercisable for Shares, in determining the price payable for such Shares, there shall be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) "**Fair Market Value**" means the volume weighted average price of the Shares as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the Shares trade on Nasdaq or any other applicable exchange or in the applicable market, regular way, without the right to receive such rights.

b. Extraordinary Dividends. If the Company, at any time while the Options are outstanding and unexpired, shall pay a dividend or make a distribution in cash, securities or other assets to the holders of the Shares on account of such Shares, other than (a) as described in section 6.1 above, or (b) as an Ordinary Cash Dividends (as defined below), then the Exercise Price shall be decreased, effective immediately after the effective date of such Extraordinary Dividend, by the amount of cash and/or the fair market value (as determined by the Board of Directors of the Company, in good faith) of any securities or other assets paid on each Share in respect of such Extraordinary Dividend. For purposes of this Section 6(b), "**Ordinary Cash Dividends**" means any cash dividend or cash distribution which, when combined on a per share basis, with the per share amounts of all other cash dividends and cash distributions paid on the Shares during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events referred to in other subsections of this Section 6 and excluding cash dividends or cash distributions that resulted in an adjustment to the Exercise Price or to the number of Shares issuable on exercise of the Options) to the extent it does not exceed 5% of the Fair Market Value (as defined above) of the Company.

c. Aggregation of Shares. If after the date hereof, the number of outstanding Shares of the Company is decreased by a consolidation, combination, reverse share sub-division or reclassification of Shares or other similar event, then, on the effective date of such consolidation, combination, reverse share sub-division, reclassification or similar event, the number of Shares issuable on exercise of the Options shall be decreased in proportion to such decrease in outstanding Shares.

d. Adjustments in Exercise Price. Whenever the number of Shares purchasable upon the exercise of the Options are adjusted, as provided in any of the subsections of this Section 6, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of Shares purchasable upon the exercise of the Options immediately prior to such adjustment, and (y) the denominator of which shall be the number of Shares so purchasable immediately thereafter.

7. **Valid Issuance.** All Shares issued upon the proper exercise of the Options in conformity with this Agreement and the Company's articles of association, as amended from time to time, shall be validly issued, fully paid and non-assessable.

8. **Due Authorization.** This Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws affecting the rights of creditors generally or by the application of general equity principles.

9. **Private Placement and Share Registration**. The Investor agrees and acknowledges that, if the Options are exercised, the Shares will be issued to the Investor and/or any of the Permitted Transferees based on a private placement exemption from applicable U.S. securities laws and may not be immediately registered under the U.S. Securities Act of 1933 (unless an effective registration statement exists covering such Shares) and thus may not be available for trading on the Nasdaq or any other stock exchange at the time of the issuance of such Shares unless registered. The Company agrees and acknowledges that it will take all required actions to duly register the Shares to be issued pursuant to the Options under the U.S. Securities Act of 1933.

10. **Amendments**. The provisions of this Agreement may not be waived, altered, amended or repealed in whole or in part except by the written consent of the parties hereto.

11. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

12. **Waiver**. The failure or delay on the part of any party hereto to exercise any right, remedy, power or privilege shall not operate as a waiver thereof. Any waiver must be in writing and signed by the party making such waiver. A written waiver of any default shall not operate as a waiver of any other default or of the same type of default on a future occasion.

13. **Successors and Assigns**. This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, and permitted successors and assigns.

14. **Necessary Acts**. Each party hereto shall perform any further acts and execute and deliver any additional agreements, assignments or documents that may be reasonably necessary to carry out the provisions or to effectuate the purposes of this Agreement.

15. **Governing Law**. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of Germany.

16. **Notices**. All notices and other communications required or which may be given hereunder shall be in writing and shall be deemed effectively given or received for all purposes only (i) when presented by mail to the Company's principal offices, or (ii) on the date of transmission if sent by e-mail.

17. **Headings and Captions**. The headings and captions used herein are solely for the purpose of reference only and are not to be considered in connection with the construction or interpretation of this Agreement.

18. **Entire Agreement**. This Agreement, together with the documents referenced herein, contains all of the agreements of the parties hereto with respect to the matters contained herein and no prior or contemporaneous agreement or understanding, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Agreement.

IN WITNESS WHEREOF, the Company and the Investor have duly executed this Share Option Agreement as of the day and year first above written.

SCHMID Group N.V.

/s/ Arthur Schuetz

Black Forest Special Situations I

/s/ David Robert Bulley

David Robert Bulley

Director

EXHIBIT A

Form of Written Notice of Exercise of Options

The undersigned hereby exercise(s) the share options granted pursuant to the Share Option Agreement dated January 23, 2026 between SCHMID Group N.V. (the "**Company**") and Black Forest Special Situations I.

In accordance with the Share Option Agreement the Exercise Price per Share agreed is $ 4.1956 and the number of Options exercised with this Written Notice is _____.

Total Exercise Price for all Shares as per the Share Option: $ _____

Please have the Shares registered in the following name or names*:

Name: _____	Number of Shares: _____
Name: _____	Number of Shares: _____
Name: _____	Number of Shares: _____
Name: _____	Number of Shares: _____

DATED:

_____

[Name of Investor / Name(s) of Permitted Transferee(s)]

*The shares may be registered only in the name of Black Forest Special Situations I or any of the Permitted Transferees in accordance with the Share Option Agreement

Exhibit 8.1

List of Significant Subsidiaries of SCHMID Group N.V. as of December 31, 2024

Subsidiary Name	Jurisdiction of Incorporation
Gebr. Schmid GmbH	Germany
SCHMID Systems, Inc.	USA
SCHMID Singapore Pte. Ltd.	Singapore
SCHMID Korea Co., Ltd	South Korea
SCHMID Asia Ltd.	Hong Kong
SCHMID Technology Guangdong Co., Ltd.	China
SCHMID China Ltd.	Hong Kong
SCHMID Shenzhen Ltd.	China
SCHMID (Kunshan) Co., Ltd.	China
SCHMID Taiwan Ltd.	Taiwan
SCHMID Automation (Zhuhai) Co., Ltd.	China
SCHMID Solar (Shenzhen) Ltd.	China
SCHMID Trading (Zhongshan) Co., Ltd.	China
SCHMID Asia Pacific Sdn. Bhd.	Malaysia
SCHMID Energy Systems GmbH	Germany
Pegasus Digital Mobility Corp.	Cayman Islands
Pegasus MergerSub Corp.	Cayman Islands

Exhibit 12.1

Certification by the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christian Schmid, certify that:

1. I have reviewed this annual report on Form 20-F of SCHMID Group N.V. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 13, 2026
/s/ Christian Schmid
Christian Schmid
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 12.2

Certification by the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Arthur Schuetz, certify that:

1. I have reviewed this annual report on Form 20-F of SCHMID Group N.V. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 13, 2026
/s/ Arthur Schuetz
Arthur Schuetz
Chief Financial Officer
(*Principal Financial Officer*)

Exhibit 12.3

Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 20-F of SCHMID Group N.V. (the "Company") for the fiscal year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christian Schmid, Chief Executive Officer of the Company and Arthur Schuetz, Chief Financial Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each hereby certifies that, to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 13, 2026

/s/ Christian Schmid

Christian Schmid
Chief Executive Officer
(*Principal Executive Officer*)

/s/ Arthur Schuetz

Arthur Schuetz
Chief Financial Officer
(*Principal Financial Officer*)

This certification accompanies the Form 20-F to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 20-F), irrespective of any general incorporation language contained in such filing.