



# Business Strategy

E3 Holding SE

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## Preamble

As resolved by the Executive Management on 17 June 2024 and approved by the Supervisory Board on 24. June 2024, E3 Holding SE adopted the following business strategy.

### 1. Principles

E3 Holding SE invests in unlisted small and medium-sized companies in Europe, with a focus on Austria, Germany and Switzerland. Investments in companies located in other EU countries require approval from the Investment Committee.

E3 Holding SE prefers controlling investments or non-controlling investments where it holds a blocking minority interest. When a non-controlling investment is acquired, an investment agreement granting adequate minority protection rights together with management and supervisory rights under company law should be concluded.

There is no limit to the holding period of E3's investments, and E3 does not actively pursue disposals. E3's general goal is to generate an average yield, comprising dividend yield and value creation, of 15% per annum.

### 2. Sectors

E3 Holding SE wants to build a resilient, diversified group portfolio. Its current focus lies on the following target sectors, known as "E3 verticals":

- Food
- Precision manufacturing & engineering, preferably suppliers to the pharmaceutical and biotech, food and environmental engineering industries
- Cyber security services & digital transformation

### 3. Selection criteria

E3 Holding SE applies the following criteria when selecting companies to invest in:

- Financial stability (€10 million to €100 million in annual revenues, partly recurring; at least €1 million in annual EBITDA; sustainably high free cash flow; positive net working capital)
- Preference for market leaders or "hidden champions" in a niche; clear corporate strategy

- Honest and upright management; preference for family-owned or founder-led businesses
- Potential for efficiency and value enhancement, e.g. through value-added management, digital transformation or ESG leverage

E3 Holding SE includes ESG principles in its investment analyses and decision-making processes.

Exclusion criteria can be found in the **Annex** to this business strategy.

#### **4. Equity investments**

E3 Holding SE focuses on investments requiring between €5 million and €25 million in equity each and a limited use of borrowing. For investments in companies with higher valuations, we join forces with third parties, which can include E3 Holding SE shareholders. When investing alongside third parties, it has to be guaranteed that the entrepreneurial leadership remains in the hands of E3 Holding SE.

Investments in individual portfolio companies, including their associated companies, are limited to 10% of the equity E3 Holding SE endeavours to raise. Investments exceeding this threshold require the prior approval of E3's Investment Committee and its Supervisory Board.

#### **5. Investment process**

By managing deal sourcing, due diligence checks and purchase contract negotiations themselves, E3 Holding SE ensures a structured investment process.

All investment decisions must undergo a final check by the Investment Committee, comprising four to five experts appointed by E3 Holding SE's Supervisory Board and management. If the check yields a positive result, the Investment Committee will recommend that the Supervisory Board approve the investment.

Management keeps the Investment Committee informed during the investment process, creating transparency from start to finish. It also provides the Investment Committee with documentation for its final check, including a detailed company profile and in-depth information on the risks and opportunities identified during the due diligence check.

#### **6. Dealing with deviations from this business strategy**

Deviations from this business strategy require the approval of the Investment Committee and the Supervisory Board.

This Business Strategy has been drawn up in both German and English. Only the German version is legally binding; the English translation is provided for information purposes only. In the event of any discrepancies, the German version of the Business Strategy shall prevail over the English version.



## **Annex: Exclusion criteria for E3 Holding SE investments**

- 1) E3 Holding SE will not:
  - a) invest in private equity investment funds or other pooled investment vehicles that require investors, including E3, to pay carried interest and/or a management fee to a fund manager or sponsor;
  - b) invest in listed companies whose securities are traded on a market for financial instruments, except in the case of: (i) investments that are made in pursuit of a controlling majority and of subsequently taking the company private by delisting it (public-to-private transaction); (ii) PIPE transactions; or (iii) acquisitions of listed equity or debt securities of a company associated with an existing portfolio company as a follow-on investment; however, E3 can hold securities – directly or indirectly – that were not listed at the time of their purchase but were later traded on a financial instruments market following an IPO or another listing form;
  - c) invest in derivatives unless for hedging purposes, or make short sales;
  - d) invest in companies that provide or participate in funding for the following organisations or persons at the time of E3's investment:
    - organised crime, members of criminal organisations, individuals who were members of a criminal organisation in the past five years, quasi-members of a criminal organisation, a unit associated with organised crime, extortioners, extortionate organisations, violent groups and/or
    - individuals, institutions or organisations that are or were involved in terrorism.
- 2) E3 Holding SE will further not invest in companies that
  - e) make use of forced or child labour;
  - f) obtain a share of their revenue from the production, the trade in and/or the distribution of prostitution or pornography at the time of the investment;
  - g) are directly involved in the following (as determined by credible third-party sources): human rights violations, including human rights violations in war and conflict situations, infringements of environmental protection guidelines, gross corruption;
  - h) have an unacceptable carbon footprint that cannot be reduced;

- i) obtain revenue from the production, the trade in and/or the distribution of controversial weapons at the time of the investment (e.g. anti-personnel mines, cluster bombs, nuclear weapons);
- j) obtain revenue from controversial gambling forms at the time of the investment (e.g. operating casinos or betting offices, producing equipment for their operation);
- k) obtain revenue from coal or oil sand business, operate coal power plants or produce/use fracking technologies;
- l) are involved in serious cases of corruption;
- m) have their headquarters or subsidiaries in locations that are on the EU list of non-cooperative countries and jurisdictions for tax purposes.