Status of Investcorp Europe Acquisition Corp I as a Passive Foreign Investment

Background

This statement is provided for shareholders of Investcorp Europe Acquisition Corp I (the "Company"), who are United States persons ("U.S. Holders"), to assist them in understanding the U.S. tax considerations associated with being a shareholder in a passive foreign investment company ("PFIC") and the preparation of Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund).

Generally, a foreign corporation is a PFIC if 75% or more of its gross income in a taxable year is passive income, or the average passive income producing assets held by the foreign corporation at the end of each quarter during the taxable year represents 50% or more of its total assets. Passive income generally includes items such as interest, dividends, royalties, annuities, rents, net foreign currency gains, and any gain generated from the sale of passive income producing assets. Income earned in connection with the performance of services or sales in the ordinary course of business generally does not constitute passive income. The determination of whether a foreign corporation is or will be a PFIC must be made annually as of the close of each taxable year. A special start-up exception may apply in which case a corporation will not be a PFIC for the first taxable year the corporation has gross income (the "start-up year"), if (1) the corporation establishes to the satisfaction of the Internal Revenue Service that it will not be a PFIC for either of the following two taxable years, and (2) the corporation is not in fact a PFIC for either of those years (the "Start-up Exception").

Investcorp Europe Acquisition Corp I was incorporated on March 22, 2021 in the Cayman Islands. As of December 31, 2021 and December 31, 2022, the Company had neither engaged in any operations nor generated any operating revenue, and it had nominal assets consisting almost entirely of cash, which produced interest income. Because the Company was not able to complete a business combination by December 31, 2022 and as a result was not able to avail of the Start-up Exception, the Company expects it was a PFIC for its initial taxable year ending December 31, 2021 as well as the tax year ending December 31, 2022 (based on the income, assets, and activities). The Company's ongoing status as a PFIC will depend on the nature and composition of its income and the nature, composition and value of its assets from time to time, and no assurances can be provided regarding the Company's PFIC status for future taxable years.

PFIC Consequences – Default Shareholder Treatment

For a U.S. Holder that holds ordinary shares at any point while the Company is a PFIC, these investors may suffer adverse tax consequences under the default "excess distribution" rules, including:

1) Distributions - An "excess distribution" is generally the portion of the distribution received from a PFIC in the current tax year that is greater than 125% of the average distributions received in respect of such stock by the shareholder during the three preceding tax years or the shareholder's holding period before the taxable year, whichever is shorter. The excess distribution amount would be allocated ratably over the U.S. Holder's holding period for the ordinary shares. The amounts allocated to the current taxable year or to any prior non-PFIC years are included as ordinary income in a U.S. Holder's gross income for that year. The amount allocated to prior taxable years when the Company was a PFIC is taxed as ordinary income at the highest tax rate in

effect for the U.S. Holder in that prior year, and the tax attributable to each year is subject to an interest charge generally applicable to underpayments.

2) Dispositions - Gain recognized by a U.S. Holder upon the sale (or other taxable disposition) of the Company's ordinary shares will be treated as an excess distribution made in the year of sale (or other taxable disposition) and subject to the same tax treatment as excess distributions, as described above.

These consequences may apply even if the Company is not a PFIC in the year of the distribution or disposition.

PFIC Consequences – Certain Available Elections

The PFIC regime provides certain elections that may provide relief from the default "excess distribution" rules described above, including: (i) qualified electing fund ("QEF") election, (ii) mark-to-market ("MTM") election, and (iii) "purging" election.

A QEF election is effective for the taxable year for which the election is made and all subsequent taxable years. If a U.S. Holder makes a timely QEF election with respect to its interest in a PFIC, the U.S. Holder will be required to include in income each year its pro rata share of the ordinary earnings and net capital gains of the PFIC as QEF income inclusions, even if such amount is not distributed to the U.S. holder. A U.S. holder's tax basis in the ordinary shares will be increased to reflect QEF income inclusions and will be decreased to reflect distributions of amounts previously included in income as QEF income inclusions. In order for the QEF election to be timely filed, such QEF election should be made with the filing of a U.S. Holder's U.S. federal income tax return for the first taxable year for which the Company was a PFIC and for which the U.S. Holder holds ordinary shares of the Company. Additionally, U.S. Holders must comply with the annual QEF tax reporting requirements.

However, if a U.S. Holder does not make a QEF election for the first year such investor held the PFIC stock, the foreign corporation will continue to be treated as a PFIC subject to the default "excess distribution" rules. This means that gains and distributions of amounts that have not been included as QEF inclusions will continue to be subject to treatment as "excess distributions" unless a "purging" election is made. A U.S. Holder can make a "purging" election in the form of a deemed sale election, and the U.S. Holder would be treated as selling the PFIC shares at their fair market value as of the first day of the PFIC's taxable year in which the election is made. Any gain recognized on such deemed sale would be treated as an "excess distribution" subject to the ordinary tax rate and interest charge. As a result of the purging election, the U.S. Holder's basis in the ordinary shares would be increased by the gain recognized and a new holding period for the ordinary shares would begin for purposes of the PFIC rules. If the deemed sale would instead result in a loss, such loss would not be recognized, and there would be no reduction in the U.S. Holder's basis in the ordinary shares. As the U.S. Holder's holding period resets for PFIC purposes as a result of the deemed sale election, the U.S. Holder may timely make a QEF election with respect the ordinary shares to the extent the Company is determined to still qualify as a PFIC and avoid the adverse tax consequences noted above. The deemed sale election should be made with the filing of a U.S. Holder's U.S. federal income tax return for the taxable year of the U.S. Holder that includes the deemed sale date.

Alternatively, as the Company is publicly traded, U.S. Holders may make a MTM election with respect to the Company's ordinary stock in lieu of a QEF election to avoid the default "excess distribution" regime. Pursuant to such an election, U.S. Holders would include in each year as ordinary income the excess, if any, of the fair market value of the Company's ordinary stock owned by the U.S. Holder over its adjusted basis at the end of the taxable year. Losses may be

recognized to the extent that the adjusted basis of the stock exceeds the fair market value of the stock as of the close of the taxable year (but only to the extent of previously included gains). In addition, a PFIC shareholder's stock basis is adjusted to reflect recognized gain or loss with respect to MTM stock. No purging election is required in order to make a late MTM election. Instead, if the MTM election is made after the first year in the shareholder's holding period in which the foreign corporation qualified as a PFIC, then any gain recognized on first year MTM will be taxed as an "excess distribution."

For completeness, in some cases a retroactive QEF election may be made; however, such retroactive election generally requires approval from the IRS or U.S. investor representations and is not expected to be available here.

PFIC Consequences – Required Tax Filing

A U.S. Holder of PFIC stock generally is required to annually file a Form 8621 with the U.S. Holder's federal income tax return, and the failure to file such report could result in the imposition of penalties on such U.S. person and in the extension of the statute of limitations with respect to federal income tax returns filed. **As the rules regarding PFIC are complex, each U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules, including advice regarding the elections discussed above and filing requirements.**

****

In order to assist U.S. Holders, the Company provides the following information relevant for the annual reporting and making the deemed sale election for the Company's taxable year beginning January 1, 2022 to the extent the U.S. Holder wishes to make such an election.

- **Stock Price Per Share as of January 1, 2022:**

  $10.09

- **Name of PFIC:**

  Investcorp Europe Acquisition Corp I

- **Address:**

  Century Yard, Cricket Square
  Elgin Avenue
  P.O. Box 1111, George Town,
  Grand Cayman, Cayman Islands
  KY1-1102

- **Employer Identification Number:**

  N/A

- **Country of Incorporation:**

  Cayman Islands

- **Year of Incorporation:**

  2021