

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The prospects for the global economy remain gloomy. The impact of the Russian-Ukrainian war, which has been ongoing since 2022, as well as significantly higher rates of inflation caused by this war have led, among other factors, to a significant slowdown in the global economy. Although the forecasts improved substantially over the course of the 2023 financial year, they are still restrained as a result. There is evidence of a largely positive normalization of business and consumer sentiment, raw material prices are dropping and the disruption to the supply chain seen in the last financial year appears to have been largely overcome as logistics costs and delivery times for the resources the company needs are generally returning to the level they were at before the COVID pandemic. However, significant financial and macroeconomic risks exist, on the one hand as a result of the simmering real estate crisis in China, and on the other from the continued development in rates of inflation. While both overall inflation and core inflation, which excludes volatile energy and food components, are declining, both are expected to remain high at least in the short and medium term. Looking at the overall picture, economic risks are generally more balanced than they were in the last financial year, but there is still a risk of a downward trend. Despite major economic challenges and upheaval in the bicycle industry, the PIERER Mobility Group can reflect on another record-breaking year for revenue. In the 2023 financial year, it increased its revenue by more than 9.2 % to a new record level of € 2,661.2 million. Earnings before interest and taxes (EBIT) fell by around 32 % to € 160.0 million (previous year: € 235.3 million), which equates to an EBIT margin of 6.0 %. In particular, the restructuring of the bicycle sector that was initiated had a significant impact on the result in 2023. Approximately 97 % of revenues were earned outside of Austria.

With 381,555 motorcycles sold (KTM, Husqvarna, GASGAS) in the 2023 financial year, the Motorcycle Division increased its sales by around 2 %. Almost two-thirds of the motorcycles were sold in markets outside Europe, and in particular in North America. Surplus stocks in the bicycle sector globally meant that the PIERER Mobility Group also faced a sharp drop in market prices. The growth in sales in the Bicycle Division of more than 30 % was driven by inventory adjustments and the sale of the R Raymon brand. In the 2023 financial year, 157,358 bicycles were sold (previous year: 118,465), of which 100,640 were e-bicycles. In the bicycle segment, the DACH region still represents the largest sales market at around 60 %. In the Bicycle Division, the share of sales in North America in 2023 was around 10 %.

Despite the difficult global economic conditions, demand in the core markets of Europe rose very strongly at a rate of +11 % (~ 820,000 newly registered motorcycles) and also displayed a significantly positive trend in North America (USA & Canada) at +4 % (485,000 motorcycles). In 2023, the market share of all three brands (KTM, Husqvarna, GASGAS) was therefore around 10.6 % in Europe and



12.6% in North America. The Australian motorcycle market (including New Zealand) declined slightly, with a 3 % drop to 67,000 newly registered motorcycles. Nevertheless, the three brands as a whole managed to increase their share of this market to 21 %. By contrast, as in the previous year, the relevant Indian motorcycle market is seeing a significant upswing (+22 %). Bajaj sold around 66,000 KTM and Husqvarna motorcycles in India, resulting in a market share of 5.3 %. Bajaj Auto Limited's Chakan production plant in Pune has been jointly developing and producing motorcycles for global distribution since 2011.

In the 2023 financial year, the company stepped up and expanded its cooperation with CFMOTO. On the one hand, February 2023 saw the start of activities in the subsidiary CFMOTO Motorcycles Distribution GmbH, Munderfing, which was established in the 2022 financial year, and with it the distribution of CFMOTO motorcycles in Europe, in particular in Germany, Austria, Switzerland, Spain and the United Kingdom. On the other, the long-standing cooperation in relation to industrialization projects in the established joint venture Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd., Zhejiang, China was stepped up even more and the series production of mid-range KTM models was expanded further. The stepping up of the joint venture and the cooperation in the areas of product strategy, product development, industrialization and sales is a further step toward being able to meet the increasing market demand in China and the Asian region, as well as worldwide. In addition, production capacity will be increased from 50,000 to 100,000 vehicles.

An important milestone for the company was the conclusion of a strategic cooperation with the Italian premium motorcycle manufacturer MV Agusta S.p.A., based in Varese, in which KTM AG acquired a 25.1 % stake back in November. Since the 2023 financial year, the KTM Group has been responsible for purchasing and sales in the key European countries, and for marketing and customer support for MV Agusta motorcycles. Furthermore, the Executive

Board has made the strategic decision to exercise the call option granted under the cooperation agreement to acquire a further 25.0 % stake in MV Agusta S.p.A. in spring 2026.

SUPERVISORY AND ADVISORY ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board of PIERER Mobility AG performed the duties incumbent upon it under Austrian law, the Articles of Association and the Rules of Procedure, it was involved in fundamental decisions made by the Executive Board at an early stage and advised the Executive Board. Within the context of its regular reporting to the Chairman of the Supervisory Board, and on the basis of comprehensive reports submitted in all meetings, the Executive Board of PIERER Mobility AG regularly informed the Supervisory Board of the present business and financial situation, the course of business and the position of the company including its Group companies during the 2023 financial year. Individual areas were dealt with in greater depth in the committees set up by the Supervisory Board, which in turn reported on their activities to the full Supervisory Board.

Furthermore, after careful review and consultation, the Supervisory Board approved many of the business transactions that were subject to its approval. In addition to financial and investment planning as well as financing arrangements, these included cooperation projects and the conclusion of contracts of particular importance to the company. There was no change in the company's share capital in the 2023 financial year. Likewise, no treasury shares were acquired or sold, which is why the company did not hold any treasury shares as of the reporting date of December 31, 2023. This meant that the involvement of the Supervisory Board with the company's share capital or treasury shares during the 2023 financial year was not required.

The Executive Board informed the Supervisory Board of a large number of measures and business events and discussed these with the Supervisory Board intensely and in detail. These included the high rates of inflation and the impact of the war in Ukraine, which led in particular to a significant increase in energy prices. The PIERER Mobility Group's assessments of the impact of the war that is happening in Ukraine remain unchanged compared to the previous year. The PIERER Mobility Group has not identified any significant reason to materially change its estimates and expectations as of December 31, 2023, on the basis of the war that is happening in Ukraine. The group does not have any investments, other assets or other material business relationships in Ukraine, Russia or Belarus, nor does the Group have any material business relationships with suppliers or dealers in these countries. With this in mind, the group does not expect any material impact on the expected future cash flows. Equally, the group has not suffered, and does not expect to suffer, any loss of control, joint control or the ability to exercise

significant influence over any entity as a result of the war or the sanctions that have been imposed.

The 2023 financial year was very much defined by a major model rollout with a total of 72 new and revised models from the three core brands KTM, Husqvarna and GASGAS, in both the off-road and street segments. The wide range of street models extends from naked bikes, supersport and touring models in the entry-level segment to a broad mid-range segment with single-cylinder and straight twin models right through to premium motorcycles with efficient and powerful two-cylinder engines.

The KTM Enduro range for the 2024 model year bears testament to many years at the pinnacle of Enduro motorsport and is a dynamic blend of racing performance, ergonomics and the leading technology in the industry. In the second half of the year, the products unveiled included a new, Euro5+-compliant generation of the KTM DUKE model series featuring new 125, 250, 390, 990 and 1390 models. In March 2023, Husqvarna Motorcycles presented the Norden 901 Expedition, a powerful touring motorcycle equipped with an array of convenient functions, designed for use both on the road and off-road. In the Enduro model range for the 2024 model year, Husqvarna Motorcycles presented nine completely redesigned machines featuring the latest technology and advanced electronics. The aim is to continue setting new standards in the offroad segment. In the last quarter of 2023, the Skutta, an electric scooter for urban conurbations, was also presented and this is just the first step in a major rollout of Husqvarna models for the street segment in 2024. GASGAS also presented a new generation of its Motocross, Enduro and Cross Country model range for 2024 with 16 dirt bikes based on the current off-road platform and supplemented this with innovative, battery-powered products. These electric balance bikes, designed specifically for children from the age of three, enable children to learn how to ride two-wheeled vehicles safely while having fun, and they are equipped with a quick-swap battery system.

The first half of 2023 also saw the release of a series of redesigned products and a number of technical innovations in the bicycle division. Husqvarna E-Bicycles focuses on innovative electric mobility solutions to tap into promising new markets worldwide. GASGAS E-Bicycles is building on the success of the GASGAS brand in the motorcycle segment. With its powerful E-MTBs for off-road routes, the brand was also able to expand its reach worldwide in the first quarter of 2023, following a successful financial year in 2022. The experience gained from off-road motorsport along with the knowledge of technologies and materials will play an even greater role in the development of new electrified New Mobility products. Although the e-mobility market holds great growth potential, it can be expected that high-quality products will emerge to meet the level of demand, which according to the latest scientific findings is also very much dependent on a changing demographic structure with people



being more conscious of the environment. However, at the same time it should be noted that current macroeconomic uncertainties as well as impacts on consumer prices, not least due to high rates of inflation, may produce unpredictable effects on the level of demand.

The difficult situation in the global economy means that the 2024 financial year will be a year of consolidation for the PIERER Mobility Group that it will use to strengthen its core business.

WORKING CULTURE AND FOCUS OF THE SUPERVISORY BOARD MEETINGS

The Supervisory Board held five meetings in the year under review. In addition, there were further coordination discussions by telephone and resolutions passed by electronic, telephone, or written means. The Supervisory Board's work was characterized by an open and intensive exchange of views. At the meetings of the Supervisory Board, its members discussed the measures and transactions to be decided upon in detail with the Executive Board. The members of the Supervisory Board regularly prepared for upcoming resolutions on the basis of documents provided by the Executive Board.

In its meetings, the Supervisory Board regularly monitored the work of the Executive Board, was informed by the Executive Board about projects and the course of business and business planning – including non-financial performance indicators, and also advised the Executive Board on key strategic decisions. The Supervisory

Board also dealt with the corporate governance of the company and compliance management. In the 2023 financial year, the Code of Conduct of the PIERER Mobility Group was revised again and the new version was published on September 29, 2023. Other focal points of the Supervisory Board's activities included dealing with new legislation, the legal framework and new, pioneering technologies. Outside of the regular meetings, the Supervisory Board was notified about special events. In addition, the members of the Supervisory Board and the Executive Board held bilateral meetings to exchange views. The Executive Board also informed the Supervisory Board about the most important indicators of business development and existing risks by providing verbal reports.

In its first meeting on **March 21, 2023**, the Supervisory Board dealt primarily with the discussion and resolution on the audit and adoption of the 2022 annual financial statements, the 2022 management report, and the audit of the 2022 consolidated financial statements, the 2022 consolidated management report, the corporate governance report and the sustainability report (non-financial report pursuant to Section 267a of the Austrian Commercial Code (UGB)). Furthermore, the Supervisory Board dealt with the agenda and the proposed resolutions for the Annual General Meeting. The company's excellent work in preparing the 2022 annual financial statements was praised once again: Out of a total of 236 reports (online and print version) examined in the Swiss Annual Report Rating 2023, PIERER Mobility AG was among the top 20 best-rated companies and came seventh in the "Value Reporting" category.

A resolution to increase the maximum number of members of the Executive Board in accordance with the Articles of Association in order to strengthen the company's growth course was presented and approved at the 26th Annual General Meeting on **April 21, 2023**. Following the adoption of this amendment to the Articles of Association by the Annual General Meeting, on May 6, 2023 the Supervisory Board appointed Alex Pierer, Florian Kecht, Florian Burguet and Rudolf Wiesbeck as new members of the Executive Board of PIERER Mobility AG. In line with the company's long-term strategic focus, the Supervisory Board extended the Executive Board mandate of CEO Stefan Pierer, which was set to end on December 31, 2023, prematurely until the end of 2025, and the Executive Board mandates of Viktor Sigl and Hubert Trunkenpolz prematurely until the end of 2027. Furthermore, at the Annual General Meeting on April 21, 2023, Friedrich Roithner was appointed as another member of the Supervisory Board. The appointed member of the Supervisory Board accepted his appointment. Klaus Rinnerberger resigned his position as a member of the Supervisory Board with effect from the end of the Annual General Meeting on April 21, 2023.

The meeting on **June 22, 2023**, focused on the course of business over the first five months of 2023, the reports of the group companies, and the financial status. Despite the challenges that are still having an impact, in the bicycle market in particular, on August 29, 2023, the Executive Board announced that it would be confirming the revenue forecast for the 2023 financial year that was published in the first quarter of 2023. In the 2023 financial year, the PIERER Mobility Group continued to focus on growth in all its core areas, for both motorcycles and (e-)bicycles, of between six and ten percent. The agenda at the extraordinary Supervisory Board meeting held on **September 1, 2023**, included the course of business in the first seven months of 2023, the reports from the Group companies, model updates and the Group's financial status. The focus of the Supervisory Board meeting held on **September 26, 2023**, was on the course of business for the first eight months of 2023, the taking up of a promissory note loan by KTM AG, and the acquisition of a 74 % stake in LX Media GmbH. The revenue forecast for the 2023 financial year was adjusted in December to growth of 7 % to 9 % compared to the previous year with an EBIT margin of between 5% and 7% (previously forecast growth in revenue for the 2023 financial year: 6 to 10 percent, previously forecast EBIT margin for the 2023 financial year: 8 to 10 percent). The last meeting of the 2023 year under review took place on **December 15, 2023**, and dealt with the course of business after 11 months and the outlook for the 2023 financial year as a whole. The Group companies and the financial status were also reported on at this meeting. Furthermore, the budget for 2024 was presented, discussed and approved.

With regard to the attendance of the Supervisory Board members

at the meetings, it is noted that in each case one Supervisory Board member was excused from four Supervisory Board meetings; all members of the Supervisory Board were present at one Supervisory Board meeting.

INDEPENDENCE AND EFFICIENCY

An important element of good corporate governance is for the members of the Supervisory Board to be independent and not subject to any conflicts of interest. In assessing the independence of its members, the Supervisory Board bases its assessment on the recommendations of the Austrian Corporate Governance Code (ACGC). The criteria for assessing independence are set out in Rule 53 of the ACGC. In the opinion of the Supervisory Board, with the exception of Rajiv Bajaj and Friedrich Roithner, all Supervisory Board members can be classified as independent as at the end of 2023 on the basis of these criteria. Rajiv Bajaj, as Managing Director, CEO and shareholder of Bajaj Auto Ltd, which is an essential cooperation partner of KTM AG, does not meet the second independence criterion. Friedrich Roithner was a member of the company's Executive Board until his appointment as a Supervisory Board member and therefore does not meet the first independence criterion. It should be noted, however, that Friedrich Roithner was elected as a member of the Supervisory Board on the basis of a proposal by the main shareholder Pierer Bajaj AG in accordance with Section 86 (4) (2) of the Austrian Stock Corporation Act and thus in accordance with the cooling-off stipulations of Austrian stock corporation law. If other members of the Supervisory Board hold executive roles in companies that have business relationships with the PIERER Mobility Group, we do not see any impairment of their independence.

The Supervisory Board reviews the efficiency of its activities each year by conducting a self-evaluation within the meaning of C-Rule 36 of the Austrian Code of Corporate Governance (ÖCGK). To do this, the Chairman of the Supervisory Board conducted a survey of all Supervisory Board members on the full range of relevant Supervisory Board topics and discussed them in detail at a meeting of the Supervisory Board. Particular topics included preparing for and running the Supervisory Board meetings, the content and topics of the meetings, cooperation within the Supervisory Board, and engagement with the Executive Board and the auditor. Overall, the members of the Supervisory Board considered its activities to be as efficient as ever.

AUDIT COMMITTEE

The Audit Committee monitors in particular the accounting process, the effectiveness of the internal control system and the risk management system, as well as the final audit of the financial

statements, the independence and qualification of the auditor and their services, including the commissioning of additional non-audit services. The Audit Committee consisted of three members in the 2023 financial year. Up until the end of April 18, 2023, the Audit Committee consisted of the following members: Srinivasan Ravikumar (Chairman of the Committee), Klaus Rinnerberger (financial expert and Deputy Chairman of the Committee), and Michaela Frieppess (member). After Klaus Rinnerberger left the Supervisory Board with effect from April 18, 2023, Friedrich Roithner was elected as a new member of the Audit Committee, so that the Audit Committee still has three members. Friedrich Roithner now acts as the financial expert and Deputy Chairman of the Committee. The Audit Committee held three meetings in the year under review. The Audit Committee dealt in detail with individual specialized issues and subsequently reported its findings to the Supervisory Board. Moreover, during the year the Audit Committee was in continuous dialog with the Executive Board and the auditor with regard to the significant topics of the annual and consolidated financial statements. In particular, discussions on the status and on important issues in the final audit were held with the auditor. The meeting in **March 2023** focused on the in-depth discussion of all topics in connection with the 2022 annual financial statements and consolidated financial statements. In addition, the appointment of the auditor for the 2023 annual financial statements and consolidated financial statements was initiated and submitted by the Supervisory Board – based on the recommendation of the Audit Committee – to the Annual General Meeting on April 21, 2023 as a proposal to be voted on. At the meeting in August 2023, the group's half-year financial statements for 2023 were discussed in detail in the presence of the auditor. At the meeting in **December 2023**, the auditor provided an overview of the planned process and the main areas of focus of the audit for the 2023 financial year. Furthermore, in accordance with the Audit Law Amendment Act 2016 as well as Regulation EU/537/2014, the provision of non-audit services by the auditor and its network in the 2024 financial year up to an amount limit was approved.

Furthermore, the Chairman of the Supervisory Board as well as the Audit Committee participated in the final meeting to discuss the audit of the annual and consolidated financial statements as of December 31, 2023, with the auditor.

The **Remuneration Committee** of the Supervisory Board of PIERER Mobility AG was set up in December 2021 and currently consists of the two members Josef Blazicek (as Chairman) and Michaela Frieppess (as deputy). As the Supervisory Board consists of no more than six members, the tasks of the Nomination Committee are performed by the entire Supervisory Board. Furthermore, a new **Committee for Compliance, Investor Relations (IR) and Sustainability (ESG)** was created in the 2022 financial year, and the members

are Michaela Frieppess (as chair) and Josef Blazicek (as deputy). The Remuneration Committee and the Committee for Compliance, Investor Relations (IR) and Sustainability (ESG) each met once in the 2023 financial year.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AND CONSOLIDATED MANAGEMENT REPORT

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, ("KPMG") was appointed by the Annual General Meeting of PIERER Mobility AG on April 21, 2023 as auditor of the annual financial statements and consolidated financial statements for the 2023 financial year. The Chairman of the Supervisory Board commissioned KPMG to conduct the audit. Both the annual financial statements and the management report for the 2023 financial year as well as the consolidated financial statements and the consolidated management report for the 2023 financial year were audited by KPMG. The audit did not give rise to any objections and the annual and consolidated financial statements for the 2023 financial year were granted an unqualified audit opinion.

The auditor confirmed that the company's annual financial statements as at December 31, 2023 are consistent with applicable laws, that they give a true and fair view in all material aspects of the net asset and financial position as at December 31, 2023, that the company's earnings position for the financial year ending on this reporting date is in accordance with the regulations under Austrian company law, and that the management report is consistent with the annual financial statements.

Furthermore, the auditor also certified that the consolidated financial statements are consistent with applicable laws and give a true and fair view in all material respects of the Group's net assets and financial position as at December 31, 2023, as well as of the earnings position and cash flows for the financial year ended in accordance with the International Financial Reporting Standards (IFRS), and that the consolidated management report is consistent with the consolidated financial statements.

The documents relating to the financial statements and the auditor's reports (including the "Supplementary Report to the Audit Committee on the audit of the annual financial statements in accordance with Art. 11 of EU Regulation No. 537/2014 as at December 31, 2023") were discussed in detail with the auditors in the **Audit Committee** in the meeting held on **March 21, 2023** and subsequently presented to the Supervisory Board pursuant to Section 96 (1) of the Austrian Stock Corporation Act (AktG) together with the management reports drawn up by the Executive Board, the corporate governance report and the sustainability report (non-financial report). The auditor

reported on the results of its audit to the Audit Committee meeting. Its explanations, in particular on the net assets, financial position and earnings position of the company and the Group, were discussed in detail. All questions from the Audit Committee were answered. In addition, the Audit Committee was able to satisfy itself that there were no circumstances of bias on the part of the auditor. The Audit Committee also exchanged information on other services provided by KPMG outside the scope of the final audit. The Audit Committee discussed and reviewed the summarized "non-financial report". All questions relating to this were answered by the Executive Board. In addition, an independent limited assurance engagement on the consolidated non-financial report pursuant to Section 267a of the Austrian Commercial Code (UGB) was performed by KPMG again in the last financial year.

The **Audit Committee** stated in its report to the Supervisory Board that it agreed with the result from the auditor, and, following its audit of the annual financial statements and management report, together with the consolidated financial statements, the consolidated management report, the corporate governance report and the sustainability report for the 2023 financial year, it concluded that the documents submitted for auditing are correct and in compliance with the law, that the Executive Board's decisions regarding accounting policy are cost-effective and appropriate, and there is no reason for any objections. In the 2024 financial year, risk reporting and reporting on CSR & sustainability will be further expanded in the Audit Committee. Following the implementation of Regulation (EU) No 537/2014 of April 16, 2014 on the specific requirements for the statutory audit of public-interest entities (Audit Regulation), statutory auditors may not be auditors of a public-interest entity for an uninterrupted period of 10 years. The auditor must then be changed (external rotation). PIERER Mobility AG will change its auditor for the 2024 financial year and, under the direction of the Audit Committee, will conduct a selection procedure in accordance with Art. 16 of the Audit Regulation. Based on the results of the selection procedure, the Audit Committee will make a recommendation to the Supervisory Board. The Supervisory Board will then submit a proposal for a vote to the Annual General Meeting.

The **Supervisory Board** agrees with the report of the Audit Committee and thereby with the result of the final audit. In its assessment of the situation of the company and the Group, the Supervisory Board concurs with the assessment expressed by the Executive Board in the consolidated management report and the management report. All questions posed by the Supervisory Board were answered by the auditor and the Executive Board. The final result of the Supervisory Board's audit of the annual financial statements and the management report, as well as the consolidated financial statements, the consolidated management report, the corporate governance report and the sustainability report for the 2023 financial year, also gives no reason for any objections. Having been accepted by the Supervisory Board, the annual financial statements for the 2023 financial year can be deemed to have been approved pursuant to Section 96 (4) of the Austrian Stock Corporation Act (AktG). The Supervisory Board acknowledged the consolidated financial statements and the consolidated management report for the 2023 financial year. In the 2023 financial year, the Executive Board and Supervisory Board again paid attention to the further development of corporate governance at PIERER Mobility AG. Awareness of, as well as a commitment to, the principles set out in the Code of Conduct and Compliance Guidelines was consistently promoted and expanded over the course of the 2023 financial year. The Supervisory Board examined and approved the corporate governance report and the sustainability report (non-financial report pursuant to Section 267a of the Austrian Commercial Code (UGB)) for the 2023 financial year. Furthermore, the Supervisory Board has prepared a remuneration report together with the Management Board pursuant to Section 78c of the Austrian Stock Corporation Act (AktG). The Supervisory Board concurs with the Executive Board with regard to the proposal concerning the distribution of the net profit achieved during the 2023 financial year.

The Supervisory Board would like to thank the Executive Board, as well as all employees and the racing team, for their dedication and contribution to the results achieved during the last financial year. We would also like to convey our thanks to the shareholders, customers and partners who placed their trust in the company and who have therefore played a fundamental role in this success.

Wels, March 2024



Chairman of the Supervisory Board
Josef Blazicek