REPORT
of the Management Board of
PIERER Mobility AG, FN 78112 x

pursuant to Section 153 (4) AktG
on the issue of shares against contributions in kind from the ordinary increase in share capital with the exclusion of subscription rights

1. Preliminary remark

1.1 By convening the Extraordinary General Meeting of PIERER Mobility AG ("**Company"**) on 4 April 2025, the Executive Board and the Supervisory Board also published the joint resolution proposals on 4 April 2025.

1.2 In preparation for the resolution at the General Meeting on 25 April 2025, the Executive Board must submit a written report on agenda item 3 on the exclusion of shareholders' subscription rights in accordance with Section 153 (4) AktG and explain in detail the reasons why the exclusion of subscription rights is objectively justified.

2. Proposed resolutions of the Executive Board and the Supervisory Board

2.1 The Executive Board and the Supervisory Board of the Company have proposed the following resolution on agenda item 3 of the Extraordinary General Meeting on 25 April 2025:

Agenda Item 3:

Resolution on the ordinary increase in the Company's share capital against the contribution of receivables from loans/credits granted by shareholders to the Company (contribution in kind), excluding the statutory subscription rights of the other shareholders in accordance with Section 153 (3) AktG and corresponding amendment to the Articles of Association in Section 4.

The Executive Board and the Supervisory Board propose that the General Meeting, subject to the condition precedent of the termination of the insolvency proceedings opened over the assets of KTM AG pursuant to § 152b para 2 IO, resolves the following:

a) The Company's share capital will be increased by up to a further EUR 26,666,666.00 by issuing up to 26,666,666 new no-par value bearer shares in return for the contribution of receivables from loans granted to the Company by the shareholder Pierer Bajaj AG (contribution in kind) in accordance with Section 150 (1) AktG.

b) The new shares will be issued at an issue price of EUR 7.50 per share.
c) The new shares will carry the same dividend rights as the existing shares.
d) The new shares will be issued excluding the subscription rights of the remaining shareholders in accordance with Section 153 (3) AktG.
e) Pierer Bajaj AG, FN 532159 m, is authorised to subscribe to the shares against contribution of its loan/credit claims against the Company in the total amount of up to EUR 200,000,000.00.
f) The Executive Board is authorised to determine the specific amount of the increase and the issue conditions in accordance with the report of the auditor of the contribution in kind as well as the further details of the implementation of the capital increase.
g) All duties, fees and costs of the capital increase shall be borne by the Company.
h) The Supervisory Board is authorised to amend the Articles of Association in Section 4 in accordance with the scope of the implementation of the ordinary capital increase against contributions in kind in accordance with this agenda item, to adjust the share capital figure and the number of no-par value shares accordingly and to add the legally required information on contributions in kind to the Articles of Association.

3. Report of the Executive Board

3.1 <u>Current siutation</u>

3.1.1 KTM AG, FN 107673 v, ("**KTM**") is the most important subsidiary of PIERER Mobility AG. Insolvency proceedings with self-administration were opened over the assets of KTM by order of the Ried im Innkreis Regional Court from 29 November 2024. At the restructuring plan meeting on 25 February 2025, the creditors' meeting accepted a restructuring plan that provides for the payment of a cash quota of 30% of the registered creditor claims by 23 May 2025. In order to fulfil this quota, KTM must deposit an amount of EUR 548 million with the restructuring administrator by 23 May 2025 at the latest. In addition, considerable financial resources are required for the resumption of production at KTM.

3.1.2 As already published, the Company has received loans totalling EUR 150 million from its main shareholder Pierer Bajaj AG ("**PBAG**"). PBAG intends to grant a further loan of EUR 50 million by 15 April 2025. These loans in the total nominal amount of EUR 200 million (the "**PBAG Loans**") have been and will be used line with the instructions of the lender for the financing of the resumption of production (ramp-up) of KTM and to finance the sales subsidiaries.

3.1.3 PBAG in turn received the financial resources for the PBAG Loans from its minority shareholder, Bajaj Auto International Holdings B.V. ("**Bajaj**"), as debt capital and with the instruction to forward it exclusively to KTM in the manner described above.

3.1.4 The Company also holds 100% of the shares in Pierer New Mobility GmbH ("**PNM**"). KTM has prior to the opening of the insolvency proceedings granted PNM a loan of around EUR 372 million ("**PNM Loan**"). To secure the PNM Loan, the

Company issued a guarantee in favour of KTM (the "**KTM Guarantee**") as part of the acquisition of all shares in PNM.

3.1.5 To date, the Company has transferred funds totalling EUR 150 million from the PBAG Loans to its wholly owned subsidiary KTM. These payments to KTM were made by redeeming parts of the PNM Loans and in fulfilling the KTM Guarantee. As a result, the KTM Guarantee was reduced by EUR 150 million and the Company simultaneously took over the PNM loan in the amount of EUR 150 million.

3.1.6 The funds from the PBAG Loans were therefore all used to finance KTM and at the same time reduced the Company's potential liability under the KTM guarantee.

3.2 <u>Conditions of PBAG Loans</u>

3.2.1 The PBAG Loans were and are issued in tranches of EUR 50,000,000 each with a term of 3 years. The interest rate was set at 12M EURIBOR plus 8%, i.e. around 10%. A special (and short-term) reason for termination is provided for the event that the PBAG Loans cannot be contributed to the Company by way of a non-cash capital increase at an issue price of EUR 7.50. The PBAG Loans may also be terminated at short notice if the resolution of the General Meeting on a non-cash capital increase with an issue price of EUR 7.50 is challenged in court. To summarise, the contribution in kind of the PBAG Loans as well as the continued existence of these loans as a consequence of the uncontested resolution on agenda item 3 is required for the PBAG Loans not to be called in early.

3.3 <u>Necessity of the loan granted by PBAG and the contribution in kind</u>

3.3.1 The PBAG Loans qualify as debt financing with an applicable interest rate of 12M-EURIBOR plus 8%. It is assumed that the PBAG loans currently have to be qualified as equity within the meaning of section 1 of the Austrian Equity Substituting Capital Act (EKEG). The additional funds from the PBAG loan were or are necessary to ensure the resumption of production (ramp-up) of KTM and are therefore an indispensable prerequisite for KTM to continue as a going concern.

3.3.2 Until the PBAG Loans were granted, no liquidity was generated to cover the going concern costs due to the interruption of KTM's production. If the funds from the PBAG Loans had not been granted in the amount of EUR 150 million and subsequently made available to KTM, this would inevitably have resulted in the closure of KTM’s business and the initiation of bankruptcy proceedings. This in turn would have meant that the investment in KTM would be worthless, the Company would be heavily indebted and would have to file for insolvency. This in turn would have resulted in the shares of the Company being completely devalued. Such a scenario could only be averted by granting the PBAG Loans.

3.3.3 As explained above, PBAG has an extraordinary right of termination with regard to the PBAG Loans in the event that the PBAG cannot be converted into equity. PBAG has thus de facto made the resolution of the general meeting on the proposed terms a condition for granting the PBAG Loans. The termination will have significant negative effects on the Company at the latest when the PBAG loans are no longer to be classified as equity-substitution as a result of the legally binding confirmation of the KTM restructuring plan and therefore have to be repaid. In order to prevent this, the Executive Board believes that the proposed capital increase in kind is necessary.

3.3.4 The conclusion of the PBAG Loans was unavoidable. The Executive Board had to take this measure to secure the Company's existence, as none of the other potential investors in the Citigroup process were able to provide a sufficiently binding or even economically better financing commitment.

3.3.5 Even if PBAG does not exercise its right of termination, there is no guarantee that the Company will be able to service the interest rate of around 10% over the term of three years and thus around EUR 20 million per year for the total nominal amount of EUR 200 million. In any case, the PBAG Loans will severely restrict the financial capacity of the Company and the Group as a whole.

3.3.6 In the present situation, no other investor has been or will be considered, as it has not yet been possible to finalize the financing measures required for the overall financing (presumably debt capital). Without such an overall package, safeguarding the existence of the Company however, no third party investor was or is prepared to provide the Company with money - either as equity or debt capital.

3.3.7 In addition, the PBAG Loans were granted unsecured. This would also not have been possible with a third-party lender. The interest rate is also unusually low for an unsecured loan in the current situation of the PIERER Mobility Group. In return, PBAG has demanded extraordinary cancellation rights in the event that there is no capital increase in kind in relation to the PBAG Loans at the proposed issue price of EUR 7.50 per share. The company was economically forced to take out the loans on these terms, as otherwise KTM would have faced bankruptcy, which would have threatened the continued existence of the Company.

3.3.8 With the proposed measure pursuant to agenda item 3 and the corresponding capital increase through a contribution in kind, the Company intends to fulfil this demand of PBAG as lender in order to prevent the PBAG Loan from maturing in a timely manner and to avoid interest charges on the PBAG Loans. Maturity becomes particularly problematic if, as a result of the successful reorganisation of KTM, the loan is no longer subject to the scope of application of the Austrian Equity Substituting Capital Act (EKEG) and the repayment block no longer applies.

3.3.9 In addition, the Company will be able to significantly improve its balance sheet if the proposed resolutions are adopted. The capital increase against contribution in kind in the amount of up to EUR 200 million will enable the Company to convert EUR 200 million of debt capital into equity.

3.4 <u>Exclusion of subscription rights</u>

3.4.1 The basis for the exclusion of subscription rights is the proposed resolution to be adopted by the General Meeting under agenda item 3. Accordingly, the subscription rights of the remaining shareholders are to be excluded for the capital increase against contributions in kind. The Executive Board is authorized to determine the specific amount of the increase and the issue conditions in accordance with the report of the auditor of the contribution in kind as well as the further details of the implementation of the capital increase.

3.4.2 These capital measures – cash capital increase and non-cash capital increase – are necessary, among other things, to fulfil the KTM restructuring plan adopted by the creditors on 25 February 2025.

3.4.3 Due to the condition precedent, the completion of the insolvency proceedings opened over the assets of KTM pursuant to Section 152b (2) IO must also be awaited for the capital increase against contributions in kind to become effective. The contribution in kind can only be executed after the commercial situation of the Company and of KTM becomes sufficiently stable for an assessment of full value of the PBAG Loans. This may take some time, during which interest will accrue.

3.4.4 The proposed contribution in kind to the Company in return for the granting of new shares will increase the Company's share capital and thus strengthen the Company's equity. With regard to the sustainable continuation of operations and production, the Company has an interest in enabling a capital increase through a contribution in kind while excluding the subscription rights of the other shareholders and at the same time protecting the Company's liquidity.

3.4.5 The Executive Board also assumes that the cash capital increase in conjunction with the non-cash capital increase will lead to a significant strengthening of the Company's equity base and subsequently to an improvement in earnings per share due to the associated reduction in debt capital despite dilution and is therefore also in the interests of the Company's existing shareholders.

3.4.6 The claims of the contributor and the underlying granting of loans were a necessary prerequisite for the sustainable continuation of the business, in particular the resumption of production in the KTM Group. The PBAG Loans made it possible to restore and maintain the value of the 100% stake in KTM and to prevent an uncontrolled and uncontrollable bankruptcy of KTM and, consequently, significant financial difficulties for other group companies (including the Company). From this perspective alone, the exclusion of the subscription rights of the other shareholders is appropriate. It was only through this financing by a shareholder, which would not have been provided by an external third party in this form, that the basis for the continuation of the company and thus also for the completion of the restructuring plan of KTM was created. Without these capital injections, the insolvency proceedings of KTM would have been changed to bankruptcy proceedings. In the context of such bankruptcy proceedings, no full satisfaction of the insolvency claims would be expected and thus no liquidation surplus would arise that could benefit the Company. This would have also put the Company in a financially precarious position and it would have had to file for bankruptcy. Insolvency proceedings would have led to a total loss of the investments of the company's shareholders. Thus, taking out the PBAG loans, even if it put the company in a situation in which a capital increase in kind at an issue price of EUR 7.50 is necessary, was the only way to avert the Company's insolvency. It would not have been possible to conclude the PBAG Loans without the clause to carry out a capital increase against contribution in kind at an issue price of EUR 7.50. The capital increase against contribution in kind excluding the subscription rights of the other shareholders is therefore a (necessary) consequence of the required raising of the PBAG Loans and is therefore in the interest of the Company and its shareholders and objectively justified.

3.5 Necessity of the exclusion of subscription rights

Due to last year's development of the most important subsidiary KTM, which was forced to submit a restructuring plan application to the Ried im Innkreis Regional Court on 28 November 2024, KTM is dependent on external capital inflows in order to become operationally profitable again in the future. The conversion of the claims of the shareholder Pierer Bajaj AG from the loans issued to the Company into equity of the Company is only conceivable through a contribution in kind. Other shareholders have no comparable claims, so that for this reason alone the exclusion of subscription rights is necessary. The exclusion of the subscription rights of the other existing shareholders of the Company is also necessary in order to reduce the debt ratio to a level at which the Company remains financially viable even without further debt capital.

3.6 Proportionality of the exclusion of subscription rights

3.6.1 The exclusion of the subscription right is reasonable because the company, and thus also its shareholders, have a particular interest in the sustainable continuation of operations and production at KTM for economic reasons. This applied at the time the PBAG loans were taken out and continues to apply. This was the only way to ensure the financing of KTM as the central operating subsidiary of the Company. KTM's bankruptcy would also have jeopardised the Company's continued existence, possibly leading to its own insolvency. Such an effect cannot be ruled out in the future either.

3.6.2 Proportionality is also given because the issue price of the new shares was set at EUR 7.50 per new share. The PBAG Loans mandatorily stipulate that the capital increase against contribution in kind be carried out at an issue price of EUR 7.50, otherwise the PBAG Loans may be declared due. Even though the PBAG Loans are currently subject to the provisions of the Austrian Equity Substituting Capital Increase Act (EKEG) and thus a repayment block until the legally binding termination of the KTM restructuring proceedings, the maturity date would severely restrict the financial leeway of the Company. The Executive Board and the Supervisory Board therefore have no discretion in setting the issue price.

3.6.3 As announced in the ad hoc release dated 4 April 2025, the Company lost half of its share capital as of the reporting date of 31 December 2024. Since 31 December 2024, the company has not received any significant funds that are not debt. Consequently, as of the date of this report, it is to be assumed that the equity as of 31 December 2024 will be significantly negative. In light of this and in view of the insolvency situation of KTM, the Executive Board concludes that the intrinsic value of the shares of the Company is significantly below the stock market price. This applies in particular because the funds required for the implementation of the restructuring plan of KTM have not yet been bindingly committed by the relevant capital providers. This uncertainty has a material adverse effect on the intrinsic value of the shares. In addition, KTM will probably have to raise a significant amount of (long-term) debt capital in order to successfully implement its restructuring. This will significantly reduce KTM's future earnings potential and thus also limit the ability to distribute dividends to the company. This suggests a long-term negative impact on the true value of the shares.

3.6.4 Another argument in favour of the issue price of EUR 7.50 is that the cash capital increase proposed under agenda item 2 is also to be resolved and implemented at this issue price. It is appropriate to use the same issue amount for the capital increase against contribution in kind.

3.6.5 The non-cash capital increase with exclusion of subscription rights is also the least expensive way to implement the capital measure and convert the loans into share capital. The capital increase is carried out by way of a non-cash contribution without any monetary consideration and therefore without any outflow of assets from the Company – which is not possible at present and will not be possible in the foreseeable future.

3.6.6 The protection of the interests of the Company's shareholders is ensured by the fact that the value of the receivables to be contributed by the non-cash contributor as part of the non-cash capital increase was compared with the issue amount of the new shares in the Company and the appropriateness of the value ratio must also be reviewed and confirmed by the court-appointed non-cash contribution auditor.

4. Summary

In summary, the Executive Board of the Company has come to the conclusion that, having considered all of the above circumstances, the exclusion of subscription rights for the issue of total of up to 26,666,666 new shares in the Company, which are to be granted to the non-cash contributor as part of the capital increase against non-cash contribution of the loan receivables, is necessary, suitable and appropriate to achieve the purpose, to successfully complete the restructuring proceedings of KTM Group and to secure the required financing. and is objectively justified and necessary in the interests of the Company and the shareholders.

The Executive Board

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