



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

**pursuant to section 171 (1) in conjunction with section 153 (4)  
AktG on the issue of shares against contribution in kind from the  
authorised capital with exclusion of subscription rights**

### **1. Preliminary note**

- 1.1 By resolution of the Annual General Meeting of PIERER Mobility AG ("**PMAG**") of 26 April 2018, the Management Board of PMAG was authorised pursuant to § 169 of the Austrian Stock Corporation Act (AktG), with the consent of the Supervisory Board, to increase the share capital of PMAG from EUR 22,538,674.00, in several tranches if necessary, by up to EUR 11,269,337.00 by issuing up to 11,269.337 no-par value bearer shares to up to EUR 33,808,011.00 and to determine the issue amount, the issue conditions and the further details of the implementation of the capital increase in agreement with the Supervisory Board and, if necessary, to offer the new shares to the shareholders for subscription by way of indirect subscription rights pursuant to § 153 para. 6 AktG. The Management Board was also authorised, inter alia, in the event of a capital increase against contributions in kind, to exclude shareholders' subscription rights in whole or in part.
- 1.2 The authorized capital as well as the amended wording of the articles of association in article 5 were registered in the commercial register on May 17, 2018 and are therefore effective.
- 1.3 In preparation for the resolution at the Annual General Meeting of 26 April 2018 on the authorisation to exclude shareholders' subscription rights in accordance with § 170 (2) in conjunction with § 153 (4) AktG, the Management Board submitted a written report, in which it set out in detail the reasons ("**REPORT**") why an exclusion of subscription rights is objectively justified. The REPORT was approved by the General Meeting. On this basis, the present written report of the Management Board pursuant to § 171 (1) AktG in conjunction with § 153 (4) AktG is now made, whereby additional reference is made to the REPORT (see in this regard under <https://www.pierermobility.com/investor-relations/hauptversammlung> / Annual General Meeting 2018 / Report of the Management Board on the authorization to exclude the subscription right to agenda item 11.).

### **2. Resolution of the Board of Directors**

- 2.1 The Management Board of PMAG has resolved - subject to the approval of the Supervisory Board - to increase the share capital of PMAG, currently amounting to EUR 22,538,674.00, divided into 22,538,674 no-par value bearer shares, by EUR 11,257,861.00 to EUR 33,796,535.00 by issuing 11,257,861 new shares and excluding the statutory subscription rights of the existing shareholders by means of



a capital increase against contribution in kind, making partial use of the authorised capital pursuant to article 5 of the articles of association.

- 2.2 The issue of the new shares shall take place (at least after expiry of two weeks) after publication of this report and after approval by the Supervisory Board of PMAG. The issue price of the new shares will be EUR 79.50 per new share.

### **3. Report of the Executive Board**

#### **3.1 General / Presentation of the planned transaction**

- 3.1.1 PMAG currently holds an interest of approximately 51.7% in KTM AG, FN 107673 v ("**KTM**"). KTM is the central operating subsidiary of PMAG. Another shareholder of KTM is BAJAJ Auto International Holdings BV, with its registered office in the Netherlands ("**BAJAJ**") and a shareholding in KTM of approximately 48%.

- 3.1.2 The objective is for PMAG to acquire almost all of BAJAJ's block of shares in KTM to the extent of a 46.5% stake ("**KTM SHARES**"), thereby increasing its stake in KTM to 98.20%. For this purpose, BAJAJ has, in a first step, contributed the KTM SHARES to PTW Holding AG, FN 532159 m ("**PTW**"). In a second step, PTW will now contribute the KTM SHARES to PMAG by way of a capital increase against contribution in kind to be carried out at PMAG from the authorized capital pursuant to article 5 of the Articles of Association, excluding subscription rights ("**TRANSACTION**").

- 3.1.3 In case of an execution of the TRANSACTION, BAJAJ would contribute its KTM shares (indirectly) to PMAG and receive a minority interest in PTW in return. This transaction would result in PMAG holding approximately 98.20% of the KTM SHARES in the future.

#### **3.2 Exclusion of subscription rights**

- 3.2.1 The basis for the exclusion of subscription rights is article 5 (ii) of PMAG's articles of association. Accordingly, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in whole or in part if the capital increase is made against contributions in kind. This case of exclusion of subscription rights is explicitly stated in item 4. of the REPORT.

- 3.2.2 The Management Board of PMAG discussed in the REPORT its strategy of conducting strategic transactions through the acquisition of companies, parts of companies and equity interests or other assets, depending on market conditions. As set out in the REPORT, the consideration for such an acquisition may be not only cash but also shares in the acquiring company. This may be in the interests of both PMAG as purchaser and the seller. In the case of an acquisition of a company in the form that the seller contributes the company (or the shares in the company) to PMAG as a contribution in kind in exchange for the granting of new shares, the share capital is increased and thus PMAG's equity is strengthened. With regard to the planned increase of the shareholding in KTM by PMAG, there is an interest of PMAG to enable an acquisition of the shareholding by contribution in kind under exclusion of



the subscription right and under simultaneous protection of the liquidity of the company.

- 3.2.3 The 51.7% shareholding in KTM held by PMAG represents PMAG's material interest. The 46.5% shareholding in KTM is currently held by PTW or was held by BAJAJ prior to the TRANSACTION. In the opinion of the Management Board of the Company, KTM has the potential to increase its profitability in the course of the increase of the shareholding by PMAG in the course of the TRANSACTION, with partial operational mergers with other companies of PMAG and the use of cost synergies. The takeover of the KTM shares is an indispensable prerequisite for the utilization of this potential. Against this background, as well as in order to streamline the group structure by eliminating (material) minority interests of third parties in consolidated group companies of PMAG, the company intends to acquire the minority interests of the contributor in kind by way of the TRANSACTION described in the preliminary remarks, which includes the capital increase in kind of PMAG. Furthermore, the Management Board of PMAG assumes that the present TRANSACTION will lead to an improvement of the earnings per share and, in this respect, it is also in the interest of the existing shareholders of PMAG.
- 3.2.4 A complete acquisition of the KTM SHARES by means of a payment in cash would - if at all - only be financeable for PMAG under a considerable strain on the liquidity situation of the company. For this reason, also, the option of implementing the capital increase through a contribution in kind was chosen in order to preserve the company's liquidity.
- 3.2.5 The KTM SHARES of the Contributor to be contributed are therefore in connection with the increase of the shareholding in KTM by PMAG. The implementation of the capital increase against contribution in kind excluding the subscription rights of existing shareholders of PMAG in order to achieve a 98.20% stake in KTM is therefore in the interest of the company and its shareholders and accordingly objectively justified.

### 3.3 Necessity of the exclusion of subscription rights

The (indirect) contribution of the KTM SHARES intended in the context of the TRANSACTION is only conceivable by way of a contribution in kind. The TRANSACTION would not be feasible if existing shareholders of PMAG had subscription rights. The exclusion of the subscription rights of existing shareholders of PMAG is therefore necessary.

### 3.4 Proportionality of the exclusion of subscription rights

- 3.4.1 The exclusion of the subscription right is also proportionate because, for strategic reasons, there is a particular interest of PMAG in the increase of the shareholding in KTM and, in particular, also in the expansion of the (indirect) shareholder structure of PMAG associated with the implementation of the TRANSACTION. PMAG is to be put in a position to make strategic decisions for KTM essentially on its own and without any necessary coordination with the (indirect) contributor in kind. The protection of the interests of the shareholders of PMAG is ensured by the TRANSACTION.



- 3.4.2 The capital increase in kind of PMAG is intended to increase the share capital of PMAG to the extent of approximately 49.95%. Based on PTW's already existing majority shareholding in PMAG, no new controlling interest in PMAG or similar will arise in the course of the TRANSACTION.
- 3.4.3 Furthermore, proportionality is given because the issue price of the new shares was set at EUR 79.50 per new share. The basis for the determination of the issue amount per new share is the current stock exchange price, the expert opinion of Deloitte Audit Wirtschaftsprüfungs GmbH dated September 28, 2021 on the enterprise value of KTM as well as the expert opinion of Deloitte Audit Wirtschaftsprüfungs GmbH dated September 28, 2021, from which it can be derived that the intrinsic value of the shares of PMAG does not exceed the issue amount.
- 3.4.4 Furthermore, a capital increase against contribution in kind with the exclusion of subscription rights is the least expensive way to carry out the TRANSACTION. The acquisition of the additional KTM SHARES is carried out by way of a contribution in kind without any consideration and thus without an outflow of assets from the company.
- 3.4.5 The protection of the interests of the shareholders of PMAG is ensured by the fact that the value of the KTM SHARES to be contributed by the contributor in kind as part of the capital increase through contributions in kind has been compared to the issue amount of the new shares of PMAG and the appropriateness of the value ratio is also to be reviewed and confirmed by the court-appointed contribution in kind auditor. Furthermore, the shareholders of PMAG will in the future participate in the result of KTM to almost the full extent and not only to approximately 51.7%. On the basis of the historical earnings contributions of KTM as well as the current planning and the synergy potentials within the group, the capital increase through contribution in kind is expected to have a positive effect on the earnings per share and is therefore in the interest of all PMAG shareholders.

#### **4. Summary**

In summary, the Management Board of PMAG comes to the conclusion that, after considering all of the above circumstances, the exclusion of subscription rights for the issue of a total of 11,257,861 new no-par value bearer voting shares of PMAG, which are to be granted to the contributor in kind in the context of the TRANSACTION against contribution in kind of the KTM Shares is necessary, suitable and appropriate within the described limits for the achievement of the purpose, namely the substantial increase of the shareholding in KTM, and is objectively justified and required in the interest of the company and the shareholders.



Pursuant to § 171 (1) AktG, this Management Board REPORT will be published on the company's website, which is registered in the commercial register, and in the Wiener Zeitung. A resolution of the Supervisory Board required for the approval of the exclusion of the subscription right will be adopted in accordance with the statutory provisions at the earliest two weeks after the publication of the report in question.

Wels, on 29.09.2021

The Board of Directors

Dipl.-Ing. Stefan Pierer

Friedrich Roithner

Hubert Trunkenpolz, M.D.

Viktor Sigl, MBA