

PIERER Mobility AG

Resolutions proposed by the Executive Board for the Extraordinary General Meeting on February 26, 2021

1st agenda item:

Resolution on the amendment of the Articles of Association in § 8

The Executive Board proposes to amend the Articles of Association in § 8 para. 8 as follows:

„(8) Resolutions of the Supervisory Board or of a committee formed from among its members shall in each case be adopted by a simple majority of the votes cast. Abstentions do not count as votes cast. In the event of a tie - also in the case of elections - the Chairman shall have the casting vote in each case (right of dirimation). A deputy of the chairman of the supervisory board or a deputy of the chairman of a committee formed from among its members shall not have the right of dirimation. “

The other provisions in § 8 shall remain unchanged.

2nd agenda item:

Resolution on the amendment of the Articles of Association by adding a new § 17 regarding an opting out clause according to Swiss takeover law.

The Executive Board proposes to include a so-called opting out clause according to Swiss takeover law in the Articles of Association. Accordingly, the Executive Board proposes that the general meeting resolve to amend § 17 of the Articles of Association with the title "Opting Out in accordance with Swiss takeover law" with the following wording:

"The obligation to make an offer pursuant to Art. 135 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives

Trading of 19 June 2015 (FinMIA) is fully excluded. “

Positive conflict of jurisdiction regarding applicable takeover laws

The background to the requested amendment to the Articles of Association is the fact that the shares of the Company are listed both on the SIX Swiss Exchange (*International Reporting Standard*) (**SIX**) and on the regulated market of the Frankfurt Stock Exchange (*General Standard*). This so-called *dual listing* currently leads to a parallel applicability of Swiss and Austrian or German takeover law.

The applicability of Swiss takeover law results from the (main) listing of the Company on the SIX. Due to the company's registered office in Austria and its listing on the Frankfurt Stock Exchange, Austrian takeover law is applicable with regard to the existence of a change of control event relevant under takeover law and German takeover law is applicable, inter alia, with regard to takeover procedure law. Likewise, two or even three authorities are competent under takeover law, namely the Swiss Takeover Commission, the Austrian Takeover Commission and the German Federal Financial Supervisory Authority.

These *positive conflicts of competence* can lead to problems of responsibility, duplication, inefficiencies, additional costs and potentially even contradictions. It is therefore in the interest of the Executive Board to defuse the conflict as far as legally possible and permissible.

Compared to Swiss law, Austrian and German takeover law do not contain any conflict-of-law rules by which the aforementioned positive conflicts of jurisdiction vis-à-vis Swiss law can be resolved. Swiss takeover law, on the other hand, provides that the application of the provisions of Swiss law may be waived in connection with a public takeover offer if Swiss and foreign law are applicable at the same time, provided that certain other requirements are met (Art. 125 para. 2 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 (**FinMIA**)). However, according to the Swiss Takeover Board, this provision can only be invoked in connection with a *specific* public tender offer, but not in general (i.e. without the existence of an intended or actual public tender offer). A general waiver of Swiss takeover law is therefore not possible as long as the company's shares are listed on the SIX.

After all, Swiss takeover law provides that a listed company may include a provision in its articles of association according to which *no mandatory offer* is required in *the event of a change of control* (so-called *opting out*). A corresponding opting out clause can be inserted into the articles of association before or after the listing of the shares (Art. 125 para. 3 and 4 FinMIA).

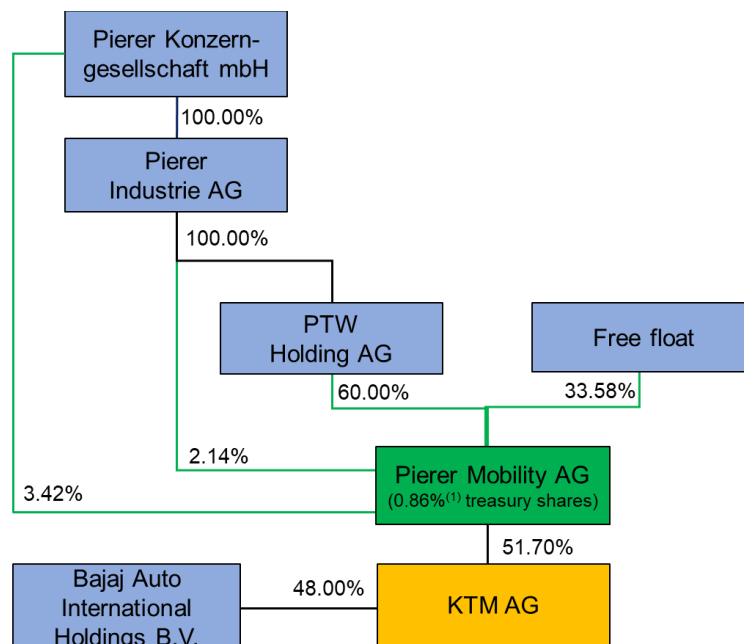
Against this background, the Executive Board proposes to include a (Swiss) opting out clause in § 17 of the Articles of Association. This opting out clause is requested in connection with the transaction described below. However, as can be seen from the requested wording, it is intended to apply *generally*, and shall also apply to future transactions.

Possible indirect involvement of Bajaj

From the perspective of Swiss takeover law, it is crucial that the shareholders of the Company are informed transparently about the background of the requested opting out clause in order to be able to express their will undistortedly. In this context, it should be noted that PIERER Industrie, as the (indirect) majority shareholder of PIERER Mobility, is currently in discussions with Bajaj Auto International Holdings BV, with its registered office in the Netherlands (**Bajaj**), and the Company regarding a possible (indirect) participation of Bajaj in PIERER Mobility. Bajaj is a shareholder of KTM AG. While the Company holds 51.7 percent of the shares in KTM AG (**KTM shares**), Bajaj holds approximately 48.0 percent of the KTM Shares. Bajaj, in turn, is controlled by India-based Bajaj Auto Ltd, the holding company of a listed Indian automotive group. Around 0.3 percent of KTM shares are held by third parties.

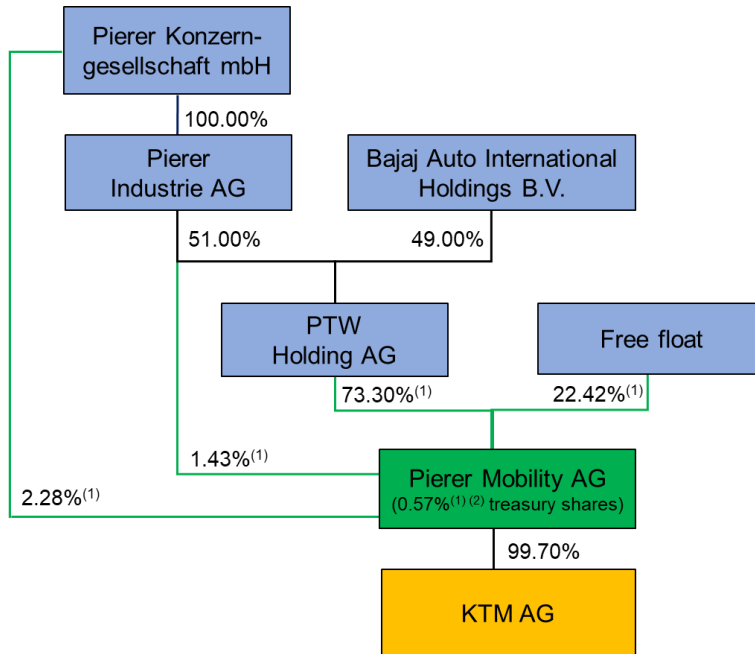
In the event of an implementation of the transaction under discussion, Bajaj would (indirectly) contribute its KTM shares to the Company in exchange for a minority interest in PTW Holding, whereby the relationship between Bajaj and PIERER Industrie, the current sole shareholder of PTW Holding, would be governed by a *shareholders' agreement*. This transaction would result in the Company holding approximately 99.7 per cent. of the KTM shares in the future. See below a graphical representation of the shareholder structure of PIERER Mobility before and after the implementation of the currently discussed transaction:

Before the transaction:



(1) On 20 January 2021, PIERER Mobility AG passed a resolution to sell its own treasury shares in the period from February 8, 2021 to 30 April 2021 in order to increase the *free float*. In the event of a sale of treasury shares, the *free float* will thus be increased accordingly.

After the transaction:



- (1) This calculation is based on the assumption that a capital increase of 49.78 percent of the share capital of PIERER Mobility will take place. The amount of the capital increase depends on the valuation on the valuation date. A capital increase in the amount of 39.55 percent of the share capital of PIERER Mobility results in the following shareholdings in PIERER Mobility AG:

PTW Holding AG	71.34 percent
Pierer Group Company Ltd.	2.43 percent
Pierer Industrie AG	1.54 percent
Free float	24.08 percent
Own shares	0.61 percent

- (2) On 20 January 2021, PIERER Mobility AG passed a resolution to sell its own treasury shares in the period from February 8, 2021 to 30 April 2021 in order to increase the *free float*. In the event of a sale of treasury shares, the *free float* will thus be increased accordingly.

The above-mentioned *shareholders' agreement* between Bajaj and PIERER Industrie shall, inter alia, also include provisions on corporate governance at PTW Holding and PIERER Mobility, whereby the control (relevant under takeover law) over PTW Holding and PIERER Mobility shall remain with PIERER Industrie. For example, with regard to the representation on the supervisory boards of PTW Holding and PIERER Mobility, it is envisaged that a majority of the supervisory board members will be nominated by PIERER Industrie and the remaining supervisory board members by Bajaj. Furthermore, the chairmen of the supervisory boards of PTW Holding and PIERER Mobility are to be elected from among the supervisory board

members nominated by PIERER Industrie and the deputies of the chairmen are to be elected from among the supervisory board members nominated by Bajaj. In addition, it is envisaged to define certain resolution items that require the consent of the Bajaj-nominated Supervisory Board members. These unanimity requirements are to apply in particular to decisions on amendments to the articles of association, changes in capital as well as transfers of certain shareholdings and primarily serve to prevent dilution of Bajaj's shareholding and avoid circumvention of the shareholders' agreement.

The implementation of the Transaction is in any case subject to the proviso that the contemplated cooperation between Bajaj and PIERER Industrie under the above-mentioned shareholders' agreement does not trigger a mandatory offer under the rules of the applicable takeover law in Austria or Germany, respectively, or in Switzerland. In this context, the Company has submitted a request to the Austrian Takeover Commission for negative confirmation that the transaction described will not lead to a change of control relevant under Austrian law. The Austrian Takeover Commission has confirmed that it will issue a corresponding confirmation in writing before the general meeting.

The decision on the commencement of contract negotiations for the concrete implementation of the transaction shall be taken at the earliest as of 17 March 2021.

The introduction of the opting out clause is intended to prevent, among other things, that in the case of the transaction under discussion (as well as, if applicable, future transactions) a parallel application must also be submitted to the Swiss Takeover Board in order to have the question of a change of control also examined under Swiss takeover law.

From the Executive Board's point of view, the company's interest in the requested opting out clause lies in the fact that duplication, inefficiencies and additional costs can be avoided. The Executive Board is also of the opinion that the transaction with Bajaj is in the interest of the Company in that, after the transaction, the Company will have the usual group structure in which the holding company holds 100 percent of the material operating subsidiaries.

Consequences of the opting out clause

If the general meeting validly resolves the proposed amendment to the Articles of Association (see below for the conditions), this would mean that in the event of a change of control, no mandatory offer would be required under Swiss takeover law and the shareholders would waive the corresponding exit right under Swiss law in the event of a change of control. Likewise, Swiss takeover law would no longer determine whether a change of control exists at all. Both - the facts of the change of control and its legal consequence (mandatory offer) - would be determined exclusively according to Austrian and German takeover law, which would remain fully applicable.

The Austrian takeover law applicable to the obligation to make a mandatory bid provides in §§ 22 and 22a of the [Austrian] Federal Act on Takeover Bids (Takeover Act, **ÜbG**) that an offer for all equity securities of the target company must be announced by anyone who acquires a direct or indirect controlling interest in a target company or who establishes a group of jointly acting legal entities that together acquire a controlling interest. According to the applicable

Austrian takeover law, the relevant threshold is 30 percent of the voting rights attached to the shares with permanent voting rights (§ 22 para. 2 ÜbG). Accordingly, the shareholders of the company retain their "exit right" without restriction in the event of a change of control, even if they lose it under Swiss takeover law (whereby the relevant threshold under Art. 135 para. 1 FinMIA is 33 1/3 percent of the voting rights of the target company and thus higher than under Austrian law).

The Executive Board is of the opinion that the rights of the shareholders - and in particular those of the minority shareholders in the event of a change of control - are sufficiently protected by the provisions of Austrian and German takeover law. In contrast, the parallel applicability of the Swiss provisions on the mandatory offer does not, in the opinion of the Executive Board, add any value for the shareholders, but only leads to additional costs and complications. Accordingly, the Executive Board recommends that the shareholders adopt the proposed resolution.

For the sake of completeness, the Executive Board would like to point out to the shareholders that a positive resolution would only (but still) waive the provisions of Swiss takeover law on mandatory offers in the event of changes of control. This means that whenever there is no obligation to make an offer under the provisions of Austrian takeover law, there will also be no obligation to make an offer under Swiss takeover law. If, on the other hand, there is a voluntary offer or a mandatory offer under Austrian law, the provisions of Swiss takeover law must still be observed. In this case, it would have to be examined with the Swiss Takeover Board to what extent the application of the provisions of Swiss law could be waived in a specific individual case based on Art. 125 para. 2 FinMIA (see above).

Formal requirements for passing resolutions

From a formal point of view, it should be noted that, according to the practice of the Swiss Takeover Board, a corresponding resolution is only valid if (i) the shareholders are informed transparently about the introduction of the opting out and its consequences, and (ii) both the majority of the present votes and the majority of the present minority shareholders approve the opting out. Against this background, the resolution on the addition of the new § 17 to the Articles of Association will be counted once with and once without the majority shareholders of the Company, i.e. the votes of PTW Holding, PIERER Industrie and PIERER Konzerngesellschaft mbH, in order to determine the majority of the minority shareholders.

It should be noted that for the validity of the resolution under company law, the simple majority of the votes *cast is decisive in accordance with* § 13 para. 6 of the Articles of Association. In contrast, according to the practice of the Swiss Takeover Board, the majority of the *present votes is* decisive for the validity under takeover law. The shareholders are accordingly informed that an abstention has the same effect as a "no" vote with regard to the validity of the resolution under takeover law.

The Swiss Takeover Board has confirmed in its decision of February 2, 2021 that the opting out is valid under Swiss law in the event of a positive resolution of the shareholders' meeting, provided that the above-mentioned formal conditions are met. In particular, it was also confirmed in the corresponding order that the present information to the shareholders is

sufficient. Shareholders will also be informed again verbally about the opting out and its consequences at the general meeting itself, within the framework of the rules applicable under the provisions of the COVID-19 Company Law Act (COVID-19-GesG) and the COVID-19 Ordinance under Company Law (COVID-19-GesV). Questions on this may be submitted electronically until the chairman of the meeting announces the end of the general debate.

Wels, February 2021

PIERER Mobility AG

[signature of the members of the Executive Board]

Disclaimer: *This is a working translation from the German language provided for purposes of convenience only. In case of any inconsistency, the German version shall prevail.*