

# Report of the supervisory board

Dear Shareholders,

The pace of growth in the global economy, which slowed significantly in the 2022 financial year as a result of the Russian-Ukrainian war, has resulted in a significant dampening of economic prospects. Meanwhile, the lingering effects of the COVID-19 pandemic are also still being felt, particularly when it comes to procurement and global supply chains. In addition to supply shortages, the global economy in the 2022 financial year was affected by significant price increases, increased inflation rates and major uncertainties in the capital markets. In addition, the war in Ukraine in particular has led to a significant increase in energy prices, and this is having an impact on the supply of goods, which was already under great strain, and therefore on the economy as a whole. Despite major challenges, especially in the supply chain, the PIERER Mobility Group can reflect on another record year in 2022 financial year during which it increased its revenue by more than 19 % to a new record level of € 2,437.2 million, with an increase in operating EBIT of more than 21 % to € 235.3 million. Around 95 % of revenues were generated outside of Austria.

Driven by the continuing high global demand for powered two-wheelers, the motorcycle segment increased its sales by around 13 % with 375,492 motorcycles sold (KTM, Husqvarna, GASGAS). Almost two-thirds of the motorcycles were sold in markets outside Europe, and in particular in North America. In addition, the Bicycle Division achieved sales growth of more than 15 %, selling 118,465 e-bicycles and bicycles (Husqvarna, R Raymon, GASGAS and FELT). In the bicycle segment, the DACH region still represents the largest sales market at around 67 %. Nevertheless, it has been possible to increase the percentage of sales in North America from about 1 % to around 11 %. In the past 2022 financial year, the PIERER Mobility Group was able to continue to maintain global motorcycle registrations at a high level, although there were slight declines in both the European motorcycle market (-3 %) and the North American motorcycle market (-5.7 %). The market share of all three brands (KTM, GASGAS and Husqvarna Motorcycles) is therefore around 10 % in Europe and 12 % in North America. The Australian motorcycle market (including New Zealand) also declined slightly. Nevertheless, the three brands as a whole managed to increase their share of this market to around 21 %. By contrast, the relevant Indian motorcycle market is seeing a significant upswing (+23 %). Our partner Bajaj sold around 50,000 KTM and Husqvarna motorcycles in India, resulting in a market share of 5 %. In India, a significant milestone was also reached with KTM as the leading premium motorcycle brand. The one millionth motorcycle – a KTM Adventure 390 – rolled off the production line at Bajaj's Chakan manufacturing plant in Pune. This Bajaj Auto Limited plant has been jointly developing and producing motorcycles for global distribution since 2011.

An important milestone for the company was the conclusion of a strategic cooperation agreement with the Italian premium motorcycle



producer MV Agusta. As part of this strategic partnership between the two European motorcycle manufacturers, KTM will support MV Agusta SpA in the supply chain and take over purchasing. In addition, as part of this cooperation, MV Agusta SpA will distribute some of its range of products through PIERER Mobility's global distribution network. The increase in the level of cooperation with CFMOTO has also been driven by the KTM Group's newly founded subsidiary CFMOTO Motorcycles Distribution GmbH, Munderfing, Austria. The company is taking over the distribution of CFMOTO motorcycles in Europe, in particular in Germany, Austria, Switzerland, Spain and the UK. The major successes achieved in motorcycle racing also deserve special mention. Under the three KTM, Husqvarna, and GASGAS brands, 17 world championship titles were won in both road and off-road racing. In January 2023, Kevin Benavides won the illustrious Dakar Rally riding a KTM motorcycle. Toby Price (KTM) and Skyler Howes (Husqvarna) completed the podium in second and third places, making it a perfect start to the 2023 motorsport season.

#### **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, was involved in fundamental decisions of 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 2022 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, these included cooperation projects and the conclusion of contracts of particular importance to the company. The capital increase in return for a contribution in kind from the authorized capital which was carried out in the 2021 financial year led to the issue of 11,257,861 new shares to result in 33,796,535 no-par-value bearer shares. There was no change in the company's share capital in the 2022 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, 2022. All the shares of PIERER Mobility AG have been listed on the SIX Swiss Exchange (SIX) in the International Reporting Standard since November 14, 2016 (ISIN AT0000KTM102). In addition, the shares of PIERER Mobility AG were listed on the Regulated Market (General Standard) of the Frankfurt Stock

Exchange from March 3, 2020 to October 18, 2022. Since March 1, 2022, the shares of PIERER Mobility AG have also been listed on the Vienna Stock Exchange (Official Market). Furthermore, the group also achieved inclusion in the sustainability index SPI ESG / SPI ESG Weighted of the SIX Swiss Exchange. On the stock market, the 2022 financial year was also dominated by the war in Ukraine, which caused great uncertainty on the capital markets and led to a high level of volatility on the stock markets. The risk of a recession as a result of the significant action on interest rates and a possible halt to the supply of Russian gas also worried investors. Despite the positive forecast for the 2022 financial year which PIERER Mobility AG published in January 2022 and which was raised further in August 2022, the PIERER Mobility share lost around 42 % of its value in the first quarters of 2022 (price on December 30, 2021: CHF 94.0).

The Executive Board informed the Supervisory Board of a large number of measures and business events and discussed these with the Supervisory Board intensively and in detail. These included the impact of the war in Ukraine – which led in particular to a significant increase in energy prices, and the lingering effects of the COVID-19 pandemic on the company, particularly in terms of procurement and global supply chains, and the countermeasures that have been taken. The combination of these two situations in particular over the last financial year illustrates the many ways in which supply chains can become unstable, resulting in supply shortages and significant price increases not just for the global economy, but also for ordinary people around the world. The rates of inflation, which seem to be settling at a high level in the short and medium term, are another consequence of this multi-layered crisis. High commodity prices increase inflationary pressures and affect real incomes and spending. There was no cause for additional audit measures by the Supervisory Board.

In the 2022 financial year, a large number of new or revised models from the KTM, Husqvarna Motorcycles and GASGAS brands, both offroad and street, were again launched to cater for the ever-growing customer base. 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. With regard to the transfer to series production, research in 2022 was particularly focused on the mid-range platforms. The first half of 2022 also saw the market launch of the updated versions of the two Electric-Balance Bikes (known as E-Balance Bikes for short), 12eDrive and 16eDrive from STACYC™, which are available as models for all three of the group's KTM, Husqvarna Motorcycles and GASGAS brands. These bikes are electrically powered vehicles whose multiple uses and great versatility make them the perfect entry-level platform for the very youngest riders, while also opening up a new market segment. In the Bicycle Division, activities in 2022 focused on further establishing the three Husqvarna E-Bicycles, R Raymon and GASGAS brands, as well

as on further technical development and enhancing the quality of the product range. The launch of the new 2022 model year and the presentation of the whole collection of New Mobility products for all brands took place primarily during the Media Summit on April 26, 2022. Husqvarna E-Bicycles is focused on innovation in the field of electric mobility. The GASGAS brand followed a new approach in 2022, launching a variety of new electrified New Mobility products ranging from a lightweight all-mountain bike to a high-performance enduro bike. As the newest brand in the PIERER New Mobility portfolio, FELT is focused on speed and competition and also launched two new platforms in the 2022 financial year. 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.

In November 2022, KTM AG acquired a 25.1 % stake in MV Agusta Motor S.p.A., based in Varese (Italy). As part of this strategic partnership between the two European motorcycle manufacturers, KTM AG, a subsidiary of PIERER Mobility AG, will support MV Agusta in the supply chain, take over purchasing, and MV Agusta will distribute some of its range of products through PIERER Mobility's global distribution network.

## WORKING CULTURE AND FOCUS OF THE SUPERVISORY BOARD MEETINGS

The Supervisory Board held four 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 2022 financial year, the Code of Conduct of the PIERER Mobility Group was revised again and the new version was published on October 24, 2022. 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 20, 2022**, the Supervisory Board dealt primarily with the discussion and resolution on the audit and adoption of the 2021 annual financial statements, the 2021 management report, and the audit of the 2021 consolidated financial statements, the 2021 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, as well as the COVID measures for the Annual General Meeting. For almost 30 years, the Swiss Annual Report Rating has been evaluating annual reports of those companies that are represented in the Swiss Performance Index SPI on the SIX Swiss Exchange, as well as the fifty Swiss companies that generate the highest revenue.

The company's excellent work in preparing the 2021 annual financial statements was also praised. Out of a total of 236 reports (online and print version) examined in the Swiss Annual Report Rating 2022, PIERER Mobility AG was among the top 20 best-rated companies and came thirteenth in the "Value Reporting" category.

At the Annual General Meeting held on **April 29, 2022**, Rajiv Bajaj, Srinivasan Ravikumar, Dr. Iris Filzwieser and Michaela Friepeß were appointed as additional members of the Supervisory Board. The appointed Supervisory Board members have each accepted their appointment. Dr. Ernst Chalupsky and Alfred Hörtenhuber each resigned from their positions as members of the Supervisory Board with effect from the end of the Annual General Meeting of 29 April 2022.

The meeting on **June 22, 2022** focused on the course of business over the first five months of 2022, the reports of the group companies, and the financial status. Furthermore, reports were given on reorganization measures within the operational side of KTM AG as well as the further expansion of the joint venture with MAXCOM. Due to the continued positive global demand for powered two-wheelers (motorcycles and e-bicycles), the Executive Board announced on August 29, 2022 that it would be raising the revenue forecast for the 2022 financial year which was published in the first quarter of 2022. Despite the significantly slower pace of growth in the global economy as a result of the Russian-Ukrainian war, the group's revenue forecast for the 2022 financial year was raised to a growth level of 10 to 15

percent compared to the previous year (previously forecast revenue growth for the 2022 financial year: 6 to 10 percent). The Supervisory Board meeting on **September 20, 2022** focused on business performance in the first eight months of 2022, the status report on the joint venture with MAXCOM, and the establishment of the company in North America. The last meeting of the 2022 year under review took place on December 20, 2022 and dealt with the course of business after 11 months and the outlook for the 2022 financial year as a whole. The Group companies and the financial status were also reported on at this meeting. Furthermore, the budget for 2023 was presented, discussed and approved. On **December 27, 2022**, the Executive Board announced that it would again increase the revenue forecast for the 2022 financial year which was published in August 2022. The revenue forecast for the 2022 financial year was raised to a growth level of 15 to 20 percent compared to the previous year (previously forecast revenue growth for the 2022 financial year: 10 to 15 percent). Furthermore, in coordination with the main shareholder Pierer Bajaj AG, the Executive Board will propose to the Supervisory Board and the Annual General Meeting a dividend of at least EUR 2.00 for each share with dividend rights on the basis of the expected record result for the 2022 financial year, which is at least double the previous year's dividend. The preliminary key figures in relation to the 2022 financial year for the PIERER Mobility AG Group were published on January 31, 2023.

With regard to the attendance of the Supervisory Board members at the meetings, it is noted that one Supervisory Board member was excused from just two Supervisory Board meetings; all members of the Supervisory Board were present at the rest of the Supervisory Board meetings.

#### INDEPENDENCE AND EFFICIENCY

An important part of good corporate governance is the independence of the members of the Supervisory Board and their freedom from conflicts of interest. In assessing the independence of its members, the Supervisory Board applies the recommendations of the Austrian Code of Corporate Governance. The criteria for assessing independence are presented in Rule 53 of the ÖCGK. According to the assessment of the Supervisory Board, with the exception of Rajiv Bajaj, all members of the Supervisory Board are to be classified as independent on the basis of these criteria at the end of the year 2022. Rajiv Bajaj, as Managing Director, CEO and shareholder of Bajaj Auto Ltd, which is a major cooperation partner of KTM AG, does not fulfil the second independence criterion. Insofar as other members of the Supervisory Board hold executive positions 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 annually in the form of a self-evaluation within the meaning of C Rule 36 ÖCGK.

For this purpose, the Chairman of the Supervisory Board conducted a written survey of all Supervisory Board members on the entire range of relevant Supervisory Board topics on the basis of a detailed questionnaire and discussed these in detail in a meeting of the Supervisory Board. Topics included in particular the preparation and conduct of the Supervisory Board meetings, the content and topics of the meetings, the cooperation within the Supervisory Board and the interaction with the Executive Board and the auditor. Overall, the activities of the Supervisory Board were assessed by its members as unchanged and efficient.

#### 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 2022 financial year. Until the end of the Annual General Meeting on 29 April 2022, the Audit Committee was composed as follows: Klaus Rinnerberger (financial expert and committee chairman), Josef Blazicek (as chairman of the supervisory board) and Ernst Chalupsky (deputy chairman of the supervisory board). At the end of the Annual General Meeting on April 29, 2022, Supervisory Board member Srinivasan Ravikumar replaced Klaus Rinnerberger as Chairman of the Committee; Klaus Rinnerberger was appointed as Deputy Chairman. After Dr. Ernst Chalupsky resigned from the Supervisory Board with effect from the end of the Annual General Meeting on 29 April 2022, Michaela Friepeß was elected as a new member of the Audit Committee, so that the Audit Committee continues to consist of three members. Klaus Rinnerberger continues to serve as the financial expert. 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 2022** focused on the in-depth discussion of all topics in connection with the 2021 annual financial statements and consolidated financial statements. In addition, the appointment of the auditor for the 2022 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 29, 2022 as a proposal to be voted on. At the meeting in August 2022, the group's half-year financial statements for 2022 were discussed in detail in the presence of the auditor. At the meeting in **December 2022**, the auditor provided an overview of the planned process and the main

areas of focus of the audit for the 2022 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 2023 financial year up to an amount limit was approved.

Furthermore, the Chairman of the Supervisory Board as well as the Chairman of the Audit Committee participated in the final meeting to discuss the audit of the annual and consolidated financial statements as of December 31, 2022 with the auditor.

A **Remuneration Committee** of PIERER Mobility AG was established at the meeting of the Supervisory Board of PIERER Mobility AG on December 20, 2021, and therefore held its inaugural meeting in the 2021 financial year. As the Supervisory Board consists of no more than six members, the tasks of the Nomination Committee are performed by the entire Supervisory Board. The members of the Remuneration Committee, which was established on December 20, 2021, were newly appointed in the 2022 financial year. Josef Blazicek (as chair) and Michaela Friepeß (as deputy) were elected as members of the Remuneration Committee. Furthermore, a new **Committee for Compliance, Investor Relations (IR) and Sustainability (ESG)** was created, and the members are Michaela Friepeß (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 2022 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 29, 2022 as auditor of the financial statements and consolidated financial statements for the 2022 financial year. The Chairman of the Supervisory Board commissioned KPMG to conduct the audit. The annual financial statements and the management report for the 2022 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, together with the consolidated financial statements and the consolidated management report for the 2022 financial year. The audit did not give rise to any objections and the annual and consolidated financial statements for the 2022 financial year were granted an unqualified audit opinion.

The auditor confirmed that the company's annual financial statements as at December 31, 2022 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, 2022, 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, 2022, 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<sup>st</sup> 2022") were discussed in detail with the auditors in the **Audit Committee** in the meeting held on **March 20, 2022** 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 2022 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 2023 financial year, risk reporting and reporting on CSR & sustainability will be further expanded in the Audit Committee.

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 2022 financial year, also gives no reason for any objections. Having been accepted by the Supervisory Board, the annual financial statements for the 2022 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 2022 financial year. In the 2022 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 2022 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 2022 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 2022 financial year.

Moreover, at the recommendation of the Audit Committee, a proposal for the appointment of the auditor for the 2023 financial year was prepared for the 26th Annual General Meeting. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, is proposed as auditor for the financial year commencing on January 1, 2023 and ending on December 31, 2023.

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 pleasing 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 2023

A handwritten signature in black ink, appearing to read 'Josef Blazicek', with a long horizontal stroke extending to the right.

Chairman of the Supervisory Board  
Josef Blazicek