



Report of the Supervisory Board

Dear Shareholders,

2024 was an eventful and turbulent year for all of us, characterized by the need for far-reaching restructuring measures from the fourth quarter of 2024. Against the backdrop of persistently high inflation rates and wage and salary trends, the Executive Board initiated extensive cost-cutting measures and strategic adjustments in the core business at the start of the 2024 financial year. The structural changes were accompanied by a significant reduction in production volumes at the Austrian sites, the partial relocation of production to our strategic partners Bajaj and CFMOTO, a reduction in the number of employees and the realignment of the business divisions, including the consolidation of all R&D activities for the Group brands. At the same time, a significant redimensioning of the Bicycle segment was initiated in the second quarter of 2024. The above measures should contribute in particular to stabilizing working capital (primarily by reducing inventories).

Market developments in the second half of the year fell well short of expectations and the negative macroeconomic conditions persisted for longer than expected. The European economy stagnated, and the German market in particular, which is important to us, was in recession. In the USA, consumer purchasing power fell short of expectations due to the persistently high cost of living and the long period of expensive consumer credit. As a rule, the second half of the year is characterized by a high-margin product mix for our Group, especially in the offroad segment. Nevertheless, there were signs of a decline in registrations of over 6% in the US market as a whole in the third quarter. In October, the guidance for 2024 was canceled and the Executive Board was reduced to a dual leadership team.

In the course of liquidity planning for the 2025 financial year, an additional liquidity requirement was identified at the level of KTM AG and a more far-reaching operational restructuring was decided. Bridging financing was sought with the core shareholder Pierer Bajaj AG and existing financial creditors, but this could not be arranged in time. For this reason, the Executive Board of KTM AG and the managing directors of two subsidiaries applied for the opening of restructuring proceedings with self-administration at the end of November 2024 and these were subsequently opened by the courts with the aim of putting the companies back on a stable financial footing and ensuring their competitiveness and profitability in the long term.

The creditors accepted the restructuring plans of the three companies on February 25, 2025. A cash quota of 30% was agreed with the creditors of KTM AG, which was to be deposited with the restructuring administrator by May 23, 2025. On May 23, 2025, the court confirmed the restructuring plans. The restructuring plans are expected to become legally binding in June 2025. The restructuring proceedings of KTM AG and the two subsidiaries will be terminated once they become legally binding.

The PIERER Mobility Group generated consolidated sales of around € 1.9 billion in 2024 (previous year: around € 2.7 billion). This corresponds to a decline of around 29% compared to the 2023 financial year.

EBITDA (result from operating activities before depreciation and amortization) amounted to around € -484 million and EBIT (result from operating activities after depreciation and amortization) to around € -1,188 million. A significant reduction in operating performance and one-off restructuring expenses led to this clearly negative operating result (EBIT, EBITDA) for the 2024 financial year.

In the 2024 financial year, the Group sold 292,497 motorcycles (including around 60,000 units via its Indian partner Bajaj Auto), around 21% fewer than in the previous year (372,511 motorcycles). By deliberately reducing the production volume to around 230,000 motorcycles (-26% compared to 2023), global inventories were already reduced by around 40,000 units (-18%) in the 2024 financial year. This targeted reduction in inventories, which is a fundamental pillar of the restructuring plan, continued in the first months of the 2025 financial year.

MONITORING AND ADVISORY ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board of PIERER Mobility AG performed the duties incumbent upon it in accordance with the law, the Articles of Association and the rules of procedure and was involved in the fundamental decisions of the Executive Board at an early stage. In the 2024 financial year, the Executive Board of PIERER Mobility AG regularly reported to the Supervisory Board on the development of the business and financial situation and on the current position of the company, including its Group companies, as part of its regular reporting to the Chairman of the Supervisory Board and at all meetings on the basis of detailed reports.

The Chairman and members of the Supervisory Board and the Management Board were also in regular contact outside of Supervisory Board meetings. The Chairman of the Supervisory Board was always informed promptly and comprehensively about current developments and significant individual matters. The Supervisory Board was directly involved in decisions of major importance at an early stage. Where the approval of the Supervisory Board was required by law or the Articles of Association for individual measures taken by the Management Board, the Supervisory Board - in some cases prepared by its committees - approved these after intensive examination and discussion. Resolutions were generally passed at Supervisory Board meetings and, if necessary, by written circulation procedure.

As part of the reorganization process of KTM AG, the Supervisory Board intensified its measures to monitor the management. The Supervisory Board regularly informed the Executive Board about the progress of the restructuring process in order to ensure that the management was taking all necessary measures to restore the company's financial stability. This included regularly reviewing the progress made in implementing the restructuring plan and assessing the effectiveness of the measures taken. The Supervisory Board also ensured that the Management Board reported transparently on the company's financial situation and provided all relevant information. The Supervisory Board also monitored compliance with legal and regulatory requirements and ensured that the Management Board consulted external advisors where necessary to ensure an objective assessment of the situation. By actively and critically monitoring the restructuring process, the Supervisory Board has helped to strengthen stakeholder confidence and secure the long-term future of the company.

WORKING CULTURE AND FOCUS OF THE SUPERVISORY BOARD MEETINGS

The Supervisory Board held four meetings in the 2024 reporting year. In addition, there were further coordination meetings by telephone and resolutions were passed electronically, by telephone or in writing. In the last quarter of 2024, there were also numerous informal votes and meetings of the

Supervisory Board or members of the Supervisory Board, including with the participation of the Executive Board, due to the economic situation of KTM AG.

At its meetings, the Supervisory Board was regularly informed by the Management Board about the measures to be decided on, the course of business and expected developments, and also advised the Management Board on key strategic decisions. The Supervisory Board also dealt with the company's corporate governance and compliance management. In the 2024 financial year, the PIERER Mobility Group's Code of Conduct was also revised and published in the new version dated September 30, 2024. Awareness of and commitment to the principles set out in the Code of Conduct and the compliance guidelines were continuously promoted and expanded over the course of the 2024 financial year. The Supervisory Board's activities also focused on dealing with legal changes, particularly with regard to the requirements for sustainability reporting in accordance with ESRS (European Sustainability Reporting Standards), the legal framework and strategic decisions. Outside of the regular meetings, the Supervisory Board was informed about special events. In addition, the members of the Supervisory Board and the Management Board held bilateral meetings to exchange views. The Management Board also informed the Supervisory Board about the most important indicators of business development and existing risks by means of verbal reports.

At its first meeting on **March 20, 2024**, the Supervisory Board primarily discussed and passed resolutions on the audit and approval of the 2023 annual financial statements, the 2023 management report, the audit of the 2023 consolidated financial statements, the 2023 Group management report, the corporate governance report, the remuneration report and the non-financial statement (in accordance with Section 267a UGB). The members of the Supervisory Board also received an overview of legal compliance and risk management activities and discussed the development of the individual business divisions in depth. The Supervisory Board also dealt with the agenda and the proposed resolutions for the Annual General Meeting. The company's outstanding work in preparing the annual financial statements was once again recognized: out of a total of 235 reports examined (online and print version) in the Swiss Annual Report Rating 2024, PIERER Mobility AG was among the top 30 best-rated companies and achieved 29th place in the "Value Reporting" category (26th place in the overall ranking).

The meeting on **June 27, 2024** focused on the course of business in the first five months of 2024, the reports of the Group companies, as well as the financial status and current developments of the Group's investments (including in the bike segment) and ongoing projects. Due to the tougher global conditions, which also impacted PIERER Mobility AG's core motorcycle markets, the Executive Board announced on June 14, 2024 that it was adjusting its revenue forecast for the 2024 financial year - expected revenue decline of 10% to 15% (previously forecast revenue growth for 2024: five to seven percent).

At the Supervisory Board meeting on **August 23, 2024**, the focus was on business performance in the first eight months of 2024, i.e. the upcoming publication of the H1 results as well as the 2024 forecast and the first medium-term planning for 2025. Market development in the second half of the year fell short of expectations, which led to the withdrawal of the revenue forecast for the 2024 financial year on October 21, 2024.

The fourth and final meeting of the 2024 reporting year took place on **December 5, 2024** and primarily dealt with the ongoing restructuring proceedings of KTM AG, i.e. the status quo and its further course. By resolution dated December 23, 2024, the Supervisory Board agreed to mandate Citigroup Global Markets Europe AG to carry out a transparent and structured refinancing process for the PIERER Mobility Group and its subsidiaries.

As published by PIERER Mobility AG in an ad hoc announcement on April 4, 2025, the company's auditor, Deloitte Audit Wirtschaftsprüfungs GmbH, has exercised its duty to report. Accordingly, in the

course of preparing the consolidated financial statements for the 2024 financial year, it was determined that the company's equity had fallen below half of the share capital. In accordance with Section 83 AktG, the Management Board therefore convened an Annual General Meeting and announced that a loss of half the share capital was to be assumed when preparing the annual financial statements.

On April 22, 2025, PIERER Mobility AG announced that it would postpone the publication of the annual financial report for the 2024 financial year scheduled for the end of April 2025. In a letter dated April 25, 2025, SIX Exchange Regulation AG granted a temporary exemption from the obligation to publish and submit the 2024 Annual Report. The Vienna Stock Exchange has also granted PIERER Mobility a corresponding extension of the deadline for the publication of the 2024 annual financial report.

CHANGES IN THE MANAGEMENT BOARD

In July, the Supervisory Board terminated Viktor Sigl's contract prematurely by mutual agreement and appointed Gottfried Neumeister as a new member of the Executive Board in the role of Co-CEO from September 1, 2024. As part of the reorganization of PIERER Mobility AG, the Executive Board members Florian Kecht, Alex Pierer, Hubert Trunkenpolz and Rudolf Wiesbeck resigned as per October 31, 2024 and the Executive Board was reduced to two members: Stefan Pierer (CEO) and Gottfried Neumeister (Co-CEO).

INDEPENDENCE AND EFFICIENCY

The Supervisory Board of PIERER Mobility AG bases its assessment of the independence of its members on the recommendations of the Austrian Code of Corporate Governance (ÖCGK). The criteria for the assessment of independence are set out in Rule 53 of the ÖCGK. In the opinion of the Supervisory Board, with the exception of Rajiv Bajaj and Friedrich Roithner, all other Supervisory Board members are to be classified as independent on the basis of these criteria at the end of 2024.

COMMITTEES OF THE SUPERVISORY BOARD

In particular, the Audit Committee monitors the accounting process, the effectiveness of the internal control system (ICS) and the risk management system, as well as the audit of the financial statements, the independence and qualifications of the auditors and their services, including the commissioning of additional non-audit services. The Audit Committee continued to consist of three members in the 2024 financial year and met three times. In addition, the Audit Committee was in regular contact with the Executive Board and the auditor during the year on key issues relating to the annual and consolidated financial statements, in particular the status of the audit. The meeting in March 2024 focused on the in-depth discussion of all topics relating to the 2023 annual and consolidated financial statements. In addition, the appointment of the new auditor for the 2024 annual and consolidated financial statements and the auditor of the 2024 Sustainability Report was initiated, which the Supervisory Board - based on the recommendation of the Audit Committee - submitted to the Annual General Meeting on April 19, 2024 as an election proposal. At the meeting in August 2024, the Group's 2024 half-year financial statements were explained in detail in the presence of the new auditor. The provision of non-audit services by the (Group) auditor was also approved. At the meeting in December 2024, the focus was on the restructuring process of KTM AG and its schedule. In addition, the auditor provided an overview of the planned process and the focal points of the audit for the 2024 financial year.

Furthermore, the Chairman of the Supervisory Board and the Audit Committee took part in the final discussion with the auditor on the audit of the annual and consolidated financial statements as at December 31, 2024.

The Supervisory Board, which consists of only six members, also performs the tasks of the Nomination Committee for the entire Supervisory Board.

The **Remuneration Committee** and the **Committee for Compliance, Investor Relations (IR) and Sustainability (ESG)** each continue to have two members and each met once in the 2024 financial year.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2024

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna ("Deloitte") was elected as the new auditor of the annual and consolidated financial statements for the 2024 financial year by the Annual General Meeting on April 19, 2024. In addition, KMPG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz ("KPMG") was appointed as the external auditor for non-financial reporting. The annual and consolidated financial statements were audited by Deloitte as at December 31, 2024 and issued with an unqualified audit opinion. Both the management report and the Group management report are consistent with the annual and consolidated financial statements. The consolidated non-financial statement in accordance with Section 267a UGB for the 2024 financial year was included in the Group management report of the consolidated financial statements. This was subjected to an independent audit by KPMG to obtain limited assurance.

The financial statement documents and the audit reports were discussed in detail with the auditors at the Audit Committee meeting on May 26, 2025 and then presented to the Supervisory Board together with the management reports prepared by the Management Board, the corporate governance report and the non-financial statement in accordance with Section 96 (1) AktG. The auditor's comments resulting from the audit, in particular on the net assets, financial position and results of operations of the company and the Group, were discussed in detail. The Audit Committee also exchanged information on other services provided by Deloitte and KPMG outside of the audit of the financial statements.

In its report to the Supervisory Board, the Audit Committee concurred with the auditor's findings and, following its audit of the annual and consolidated financial statements, the management report and the consolidated financial statements - including the non-financial statement - and the corporate governance report for the 2024 financial year, came to the final conclusion that the audited documents are lawful and correct, that the accounting policy decisions made by the Management Board are economical and appropriate and that there are no grounds for objection.

PIERER Mobility AG has changed the (Group) auditor for the 2024 financial year (external rotation) and carried out a selection process under the direction of the Audit Committee in accordance with Art. 16 AP-VO. Based on the results of the selection process, the Audit Committee made a recommendation to the Supervisory Board. According to the Supervisory Board's election proposal, the aforementioned auditing firm was elected by a majority at the 27th Annual General Meeting on April 19, 2024.

Even after a detailed examination of the documents by the Supervisory Board in accordance with Section 96 AktG, there is no cause for objection. The Supervisory Board approved the Audit Committee's report and the auditor's findings and approved the annual financial statements for the 2024 financial year, which are thus adopted in accordance with Section 96 (4) AktG. It approved the consolidated financial statements and the Group management report for the 2024 financial year. The Supervisory

Board also prepared a remuneration report together with the Management Board in accordance with Section 78c AktG. Due to the loss in the 2024 financial year, no resolution on the appropriation of profits is to be passed.

Wels, June 2025

The Supervisory Board