

REPORT OF THE SUPERVISORY BOARD



Dear Shareholders,

The past year has been challenging, yet PIERER Mobility AG can reflect on another successful financial year. KTM increased sales and revenue and outperformed the overall market, which grew by only 5.5 percent over the same period, in the key motorcycle markets (> 120cc) with an increase in registrations of +21.6 percent. The company was able to further expand its market presence in the important sales markets (Europe, North America and Australia) and recorded a market share of 12.7 percent in 2020. With the complete takeover of KTM Australia Holding and the marketing drive, it was even possible to outperform the strongly growing Australian market in terms of new registrations and to record a market share of more than 20 percent for the first time. Furthermore, with the complete takeover of the shares of GASGAS Motorcycles GmbH, GASGAS was positioned as the third Group brand in the offroad segment and as the world market leader in the trial segment. India, the most important future market for KTM, was hit hard by the COVID crisis. Nevertheless, Bajaj managed to sell over 60,000 motorcycles of the KTM and Husqvarna Motorcycles brands and outperform the Indian premium motorcycle market. The e-bike division delivered extraordinary sales growth of more than 33 percent by selling e-bikes of the HUSQVARNA and R RAYMON brands. With three victories and a further five podium finishes in MotoGP, KTM achieved an extraordinary result in what was only their fourth racing season. These successes in the premier class of motorcycle sport are a milestone in the history of KTM and have led to a further increase in awareness of the brand worldwide.

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 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 2020 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.

Additional information was supplied with regard to extraordinary developments. The Executive Board provided the Supervisory Board with all necessary information and documents required for decision-making. There were no grounds for special audit measures.

In the 2020 financial year, besides the challenges posed by COVID-19, the focus was also on the further development of the joint electric platform with the Indian partner Bajaj as well as the e-mobility competence center in Anif near Salzburg, the complete takeover of the Spanish motorcycle brand GASGAS, the intensification of the joint venture with CFMOTO and the associated strengthening of the presence in China as well as the expansion of market shares. Following the shutdown in the spring of 2020 and after the end of short-time working, the company was able to hire more than 200 employees in the 2020 financial year due to the global demand for motorcycles and e-bikes. It took on 45 apprentices in their first year of training. Between Supervisory Board meetings, the Chairman of the Supervisory Board was in constant contact with the Executive Board and was kept informed on an ongoing basis about current business developments, the status of projects and other important events and decisions - also in personal discussions.

The PIERER Mobility AG share has also been listed in the General Standard of the Frankfurt Stock Exchange since March 2020. The aim of this measure was to increase the trading liquidity of the shares in the euro zone. On January 20, 2021, the share buyback program of PIERER Mobility AG, which was launched in October 2019, was ended early. On January 21, 2021, the company decided to offer treasury shares for sale to selected institutional investors and/or strategic business partners as of February 8, 2021.

FOCUS OF THE SUPERVISORY BOARD MEETINGS

The Supervisory Board held six meetings in the year under review. In addition, there were further coordination discussions by telephone and resolutions passed by electronic, telephone, or written means.

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. A further focus of the Supervisory Board's activities was the discussion of new legislation.

In its first meeting on **January 30, 2020**, the Supervisory Board approved the budget for the 2020 financial year, which had to be revised due to the early complete takeover of the e-bike segment in December 2019. The new medium-term planning was also presented to the Supervisory Board.

In the (telephone) meeting on **March 20, 2020**, the Supervisory Board dealt primarily with the discussion and resolution on the audit and adoption of the 2019 annual financial statements, the management report 2019, and the 2019 consolidated financial statements, the consolidated management report 2019, the corporate governance report and the sustainability report (non-financial report pursuant to Section 267a of the Austrian Commercial Code (UGB)). Due to the COVID-19 situation and the fact that measures in relation to events were still unclear, it was not possible to pass any resolutions regarding the Annual General Meeting at the meeting on March 20, 2020. A further (telephone) meeting was therefore scheduled for **March 26, 2020** at which the Supervisory Board considered the agenda and proposed resolutions, as well as the COVID measures for the Annual General Meeting. The two March meetings were dominated by coronavirus. The Supervisory Board was in ongoing consultation with the Executive Board by telephone since the situation and measures were changing regularly and therefore presented a constant need for a readjustment of response. Due to the situation, no face-to-face meetings were held and resolutions were mainly discussed by telephone and passed by circular. There was also close coordination regarding the Annual General Meeting in May 2020. The Supervisory Board therefore refrained from holding another Supervisory Board meeting in the second quarter.

The meeting on **July 28, 2020** focused on the course of business in the first half of 2020 and the outlook for the full year of the PIERER Mobility Group, the reports of the Group companies, capital market issues and the financial status. Furthermore, a capital contribution and the capital increase of the acquired 35 percent equity holding in DealerCenter Digital GmbH were decided upon. At the Supervisory Board meeting on **November 11, 2020**, the business development (Q1-Q3/2020) and the outlook for the full year of the PIERER Mobility Group were reported on. In addition, the Group companies and their financial status were reported on. The last meeting of the 2020 year under review took place on **December 18, 2020** and dealt with the course of business after 11 months and the outlook for the 2020 financial year as a whole. The Group companies and the financial status were also reported on at this meeting. In addition, the Supervisory Board discussed the inclusion of an opting-out clause in accordance with Swiss takeover law in the Articles of Association of PIERER Mobility AG. The 2021 budget was also presented and discussed. The final budget was approved in a Supervisory Board meeting in February 2021.

Every member of the Supervisory Board attended at least half the meetings in the 2020 financial year.

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 2020 financial year. The Chairman of

the Committee is the Member of the Supervisory Board Klaus Rinnerberger (financial expert). In addition, in the 2020 year under review the Audit Committee included the Chairman of the Supervisory Board Josef Blazicek and the Deputy Chairman of the Supervisory Board Ernst Chalupsky. The Audit Committee held two 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 Executive Board was regularly asked for additional information on their reports and recommendations were given. The meeting in **March 2020** focused on the in-depth discussion of all topics in connection with the 2019 annual financial statements and consolidated financial statements. In addition, the appointment of the auditor for the 2020 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 May 15, 2020 as a proposal to be voted on. At the meeting in **December 2020**, the auditor provided an overview of the planned process and the focal points of the audit for the 2020 financial year. Furthermore, the approval of the non-audit services of the auditor and its network in the 2021 financial year up to an amount limit was approved in accordance with the Audit Law Amendment Act 2016 and Regulation EU/537/2014.

Since the Supervisory Board consists of no more than six members, the tasks of the Remuneration and Nomination Committee are fulfilled by the entire Supervisory Board.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, ("KPMG") was appointed by the Annual General Meeting of PIERER Mobility AG on May 15, 2020 as auditor of the financial statements and consolidated financial statements for the 2020 financial year. The Chairman of the Supervisory Board commissioned KPMG to conduct the audit. The annual financial statements and the management report for the 2020 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 2020 financial year. The audit did not give rise to any objections and the annual and consolidated financial statements for the 2020 financial year were granted an unqualified audit opinion.

The auditor confirmed that the company's annual financial statements as at December 31, 2020 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, 2020, 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, 2020, 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, 2020") were discussed in detail with the auditors in the **Audit Committee** in the meeting held on **March 23, 2021** 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 for the first time in the past 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 2020 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.

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 2020 financial year, also gives no reason for any objections. Having been accepted by the Supervisory Board, the annual financial statements for the 2020 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 2020 financial year. In the 2020 financial year, the Executive Board and Supervisory Board again



paid attention to the further development of corporate governance at PIERER Mobility AG. 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 2020 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 2020 financial year.

Moreover, at the recommendation of the Audit Committee, a proposal for the election of the auditor for the 2021 financial year was prepared for the 24th Annual General Meeting. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, has been proposed as auditor for the financial year commencing on January 1, 2021 and ending on December 31, 2021.

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 2021

Chairman of the Supervisory Board
Josef Blazicek