PIERER Mobility AG

REPORT OF THE EXECUTIVE BOARD

on item 11 in conjunction with item 12 of the agenda of the 26th Annual General Meeting

pursuant to §§ 174 para. 4 in conjunction with 153 para 4 AktG on the authorization of the Executive Board to exclude shareholders' subscription rights when issuing financial instruments within the meaning of § 174 AktG

I. Authorization

The Executive Board and the Supervisory Board of PIERER Mobility AG (the "**Company**") intend to propose the following resolution on agenda item 11 at the 26th Annual General Meeting of the Company:

a) Authorization of the Executive Board, with the consent of the Supervisory Board, until 21 April 2028 to issue financial instruments within the meaning of § 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, participating bonds and profit participation rights, with a total nominal amount of up to EUR 350,000,000.00, which may also grant subscription and/or conversion rights for the acquisition of a total of up to 4,375,000 shares in the Company and/or are structured in such a way that they can be reported as equity capital, also in several tranches and in different combinations, also indirectly by way of a guarantee for the issue of financial instruments by an affiliated company of the Company with conversion and/or subscription rights to shares on the Company.
b) For satisfying conversion and/or subscription rights, the Executive Board may use the conditional capital and/or treasury shares or a combination of conditional capital and treasury shares.
c) The issue price and the issue conditions of the financial instruments shall be determined by the Executive Board with the consent of the Supervisory Board, whereby the issue price shall be determined in accordance with recognized financial-mathematical methods as well as the price of the Company's shares in a recognized pricing procedure.
d) The Executive Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights to the financial instruments within the meaning of § 174 AktG.

Correspondingly, the Executive Board and the Supervisory Board of the Company intend to propose the following resolution on agenda item 12:

a) The Conditional Capital pursuant to § 159 para. 2 no. 1 of the Austrian Stock Corporation Act (AktG) as resolved by the Annual General Meeting on 27 April 2017 shall be cancelled.

b) Conditional increase of the share capital of the Company pursuant to § 159 para 2 no. 1 of the Austrian Stock Corporation Act by up to EUR 4,375,000.00 by issuing up to 4,375,000 no-par value bearer shares (ordinary shares) for issue to creditors of financial instruments in accordance with § 174 of the Austrian Stock Corporation Act (AktG), which are issued using the authorization granted in this Annual General Meeting by the Company, to the extent that the creditors of the financial instruments carry out their conversion and/or subscription rights on company shares. The issue price and the conversion ratio shall be determined according to a recognized pricing procedure, following accepted financial mathematical methods and based on the company's share price. The newly issued shares out of the conditional capital increase have the same dividend entitlement as the pre-existing shares of the Company. The Executive Board, subject to the approval of the Supervisory Board, is authorized to determine the further details of the execution of the conditional capital increase. The Supervisory Board is authorized to pass amendments to the articles of association that may arise due to the issue of shares from the conditional capital.

c) The corresponding amendment of the articles of association in "§ 5a Contingent Capital" so that this provision henceforth reads as follows:

"The company share capital shall be increased in accordance with Section 159 (2) no. 1 of the Austrian Stock Corporation Act by up to EUR 4,375,000.00 by issuing up to 4,375,000 no-par value bearer shares (ordinary shares) for issue to creditors of financial instruments in accordance with Section 174 of the Austrian Stock Corporation Act within the meaning of the resolution of the Annual General Meeting of April 21, 2023, which are issued using the authorization granted in this Annual General Meeting by the company. The capital increase may only be carried out to the extent that the creditors of the financial instruments make use of their options of conversion and/or pre-emption rights on company shares. The issue price and the conversion ratio shall be determined according to a recognized pricing procedure, following accepted financial mathematical methods and based on the company's share price. The newly issued shares out of the conditional capital increase have the same dividend entitlement as the pre-existing shares of the company. The Executive Board, subject to the approval of the Supervisory Board, is authorized to determine the further details of the execution of the conditional capital increase. The Supervisory Board is authorized to pass amendments to the articles of association that may arise due to the issue of shares from the conditional capital."

In preparation for this resolution, a written report on the reasons for the authorization to exclude shareholders' subscription rights when issuing financial instruments shall be submitted to the

Annual General Meeting by the Executive Board pursuant to §§ 174 para. 4 in conjunction with 153 para. 4 AktG.

II. Exclusion of the subscription right and justification

It shall be possible to exclude shareholders' subscription rights to financial instruments within the meaning of § 174 AktG issued under this authorization, in particular convertible bonds, participating bonds and profit participation rights, with the consent of the Supervisory Board. In the opinion of the Executive Board, the exclusion of subscription rights in conjunction with this authorizing resolution for the issuance of financial instruments within the meaning of § 174 AktG is in the prevailing interest of the Company, but also, at least indirectly, in the interest of the existing shareholders of the Company. In accordance with the applicable legal provisions, the Executive Board submits the following report with respect to the legal and commercial reasons and justification for the exclusion of subscription rights:

The exclusion of subscription rights in the case of financial instruments within the meaning of § 174 AktG should be considered under the following four essential aspects: Comparatively low and thus attractive financing costs for the company, the optimization of a high conversion price, the development of new investor groups as well as the development of hybrid capital.

For these reasons, it may be necessary to exclude the shareholders' subscription rights to the financing instruments to be issued within the meaning of section 174 AktG by the Company.

1. More favorable financing conditions

A. CONVERTIBLE BONDS

Investors receive interest from convertible bonds with a comparably low risk with regard to the redemption of the invested capital. At the same time, they are granted the right to acquire shares in the company in the future at an already fixed price or a fixed price formula, which was determined with the issuance of the convertible bonds ("conversion price"), whereby the creditors – after conversion – are able to gain access to the substance and profitability of the Company.

Convertible bonds constitute a reasonable method for the Company to keep its capital costs as low as possible. As a result of the factors referred to, namely the high level of security for bondholders and the possibility of participating in price increases through the right to convert into shares, the Company obtains flexible and quick access to attractive financing conditions, which are generally below the level of (pure) debt instruments.

Due to the usual conditions of convertible bonds on the capital market, the issue price of the shares to be issued will be higher than the share price at the time of the issuance issue of the convertible bonds ("conversion premium"), so that the Company can achieve a higher issue price compared to an immediate capital increase and thus - in other words – the Company can be provided with additional capital.

The value of convertible bonds is made up of two components: the bond component and the component of an option that entitles the holder to convert the bonds into shares. Due to the option component associated with convertible bonds, the value of which is based on the share price performance, investors generally accept a lower interest rate compared to traditional corporate bonds. The conversion premium also includes the value of the option component, the price of which is influenced by the term and interest rate level, but also strongly by the share price trend and volatility, whereby high volatility (with corresponding share price opportunities) has the effect technically of increasing the value of the option component within the calculation methods normally used in the market and is ultimately reflected in a comparatively lower interest rates on the convertible bonds. Thus, convertible bonds also offer, in particular an opportunity to utilize price volatilities - as they also occur with the PIERER Mobility AG share - in favor of the Company and thus to reduce the capital costs of the Company.

Practice has shown that the issuance of convertible bonds that excludes subscription rights usually achieves better terms as it allows an immediate placing which avoids risks from changes in the market situation that might affect the price to the detriment of the Company. This is due to the structure of rights issues, for which, under statutory provisions, a subscription period of at least two weeks must be observed. Therefore, with an exclusion of the subscription rights, it is possible, upon a correct assessment of the market conditions, to generate comparatively more financial resources for the Company with a lower number of shares to be issued upon use of the conversion right. For this reason, the exclusion of subscription right is now also common practice when issuing convertible bonds on the capital market.

B. PARTICIPATING BONDS

In addition to a certain monetary claim, these bonds securitise further benefits, the calculation of which is linked to profit shares of shareholders in such a way that, in addition to or instead of a fixed interest payment, an interest payment dependent on the company result is made. In such a case, the additional interest or the entire interest claim lapses if no result is achieved or if the sufficient remuneration would cause or increase a balance sheet loss. A catch-up right from future results can also be agreed.

The Company is free to determine the terms of redemption and the term, up to and including the structuring as a "perpetual bond". There is also nothing to prevent a mixture of types of participating bonds and convertible bonds or warrant bonds.

Accordingly, participating bonds also offer - depending on their structure - favorable financing alternatives for the Company and, in particular, avoid the risk of satisfying in the event of insufficient earnings, which benefits the Company and thus the shareholders.

C. PROFIT PARTICIPATION RIGHTS

The special advantage of profit participation rights, which serve to raise capital, is that they can be structured flexibly and elements of equity and debt capital can be combined. On the one hand, they do not grant membership rights; on the other hand, the profit participation capital can be structured in such a way that it can be attributed to equity.

Profit participation certificates for raising capital are typically issued in bearer form and a specific nominal amount. They are issued in return for a cash contribution and grant an annual distribution, the amount of which is usually dependent on the distributed dividend. A fixed interest rate, a preferential right to profits as with preference shares, a participation in the liquidation proceeds or a loss participation can be agreed.

With the profit participation right, a conversion right into shares can be securitized in the same way as an option right for subscription of shares in the Company ("conversion" or "option profit participation rights"). The terms of redemption and term can be freely structured. If structured accordingly, the company receives "share-equivalent" capital, which does not impair the shareholders' rights of control and, in the case of profit-oriented upwardly limited satisfying, also does not represent an intervention in the shareholders' property rights. Even in the case of profit-dependent interest or subordinate participation in liquidation proceeds, the realization that profit participation rights do not compete with shareholders' property rights, but only with the asset risks of the shareholders, justifies an exclusion of the subscription right.

2. Issue Price and conversion price

The issue price of the shares to be issued upon exercise of the conversion and/or subscription rights to the convertible bond creditors or to the subscribers of participating bonds or profit participation rights with conversion or subscription rights (conversion or subscription price) shall be calculated in accordance with international capital market practices on the basis of the Company’s share price at the time of allocation to which a surcharge is added that reflects an assessment of how the Company’s share price will develop in conjunction with surcharges for comparable transactions in the relevant capital market.

Since the share price at the time of the issuance is an important date for determining the terms and conditions of the convertible bond, it is in the interest of the Company to have the greatest possible "control" over the reference price of the Company's share at the time of the allotment, which is decisive for determining the terms and conditions.

Especially when taking into account possible price fluctuations, it becomes clear that both the price trend and the market assessment can be subject to very significant changes within a two-week subscription period - which would have to be observed without the exclusion of subscription rights. In the case of an issuance with exclusion of subscription rights, on the other hand, the Company can comparatively quickly and flexibly select an allocation date that it considers to be favorable.

In this way, the Company is enabled to flexibly define attractive terms of issue within the authorization period for an, in its view, optimal date and thus optimize its conversion and financing conditions in the interest of all shareholders. At the same time, the expected assessment of the development of the share price can be considered and the usual conditions and practices of the international financial markets prevailing at the time of issue can be addressed.

The issue amount of the other financial instruments within the meaning of § 174 AktG, such as profit participation bonds and profit participation rights that do not carry a conversion right to shares, is determined in accordance with recognised financial mathematical methods in a recognised pricing procedure.

3. Possible institutional investors

Financial instruments within the meaning of § 174 AktG are regularly subscribed by institutional investors. Thus, by issuing such financial instruments the Company is enabled to gain access to a new investor base. By dispensing with the time-consuming and therefore costly processing of subscription rights, the Company's capital requirements can be quickly covered from market opportunities that arise at short notice, and additional new investors can be obtained from Austria and abroad.

The option to exclude subscription rights therefore strengthens equity and reduces financing costs in the interests of the Company and all shareholders.

The issuing of financial instruments within the meaning of § 174 AktG, which are aimed exclusively at institutional investors (and for which subscription rights are therefore excluded), may be issued without a prospectus if the denomination and construction are appropriate. This would significantly reduce the issuing costs compared to an issuance that involves a prospectus.

4. Guarantee for the issuance of financial instruments by an affiliated company

The authorization requested by the Executive Board also includes the possibility of issuing financial instruments within the meaning of § 174 AktG by an affiliated company of PIERER Mobility AG, whereby the issuance would be guaranteed by the Company and the holders of the financial instruments would be granted conversion or subscription rights to ordinary shares of PIERER Mobility AG.

On the one hand, this should enable the Company to take advantage of favorable tax conditions and double taxation conditions through the choice of the issuer's location and thus to further optimize the financing conditions. First and foremost, however, it must be considered that the financing of the corporate group is to a considerable extent not raised directly by the company but by its subsidiaries in Austria and abroad or that the funds raised by the Company are passed on to these subsidiaries within the group. The construction described would enable the Company to place capital raisings of the corporate group directly where the funds made available would actually be used and/or where financing could only be raised - ultimately at the expense of the Company's and the corporate group's financing expenses - with a significantly higher interest spread. By combining the raising of capital by a subsidiary with a conversion right to shares in the Company, the Company hopes (in addition to the reasons already mentioned under item 1) to be able to address lenders and/or investor groups that could not be gained for a classic loan or corporate bond due to their risk profiles or business orientations.

5. Financial instruments with equity - status

The Executive Board is to be authorized to structure financial instruments within the meaning of § 174 AktG in particular hybrid bonds and profit participation rights, in such a way that they can be shown as equity capital in the balance sheet. According to the opinion of the Expert Committee for Corporate Law and Auditing of the Austrian Chamber of Public Accountants on the accounting of profit participation rights and hybrid capital, this is particularly the case if the capital is not provided for a limited period of time, the remuneration is performance-related, the instruments fully participate in losses and the redemption in the event of insolvency or liquidation is subordinated.

III. Summarizing consideration of interests

The proposed possibility to exclude the subscription right is objectively justified by the intended objectives, namely the optimization of the capital structure and a reduction of the financing costs, to optimization of a high conversion price, the development of new groups of investors and thus to further strengthen and improve the competitive position of the Company in the interest of the Company and the shareholders.

Furthermore, the exclusion of subscription rights is also reasonable and necessary because the expected injection of debt capital, hybrid capital or equity capital replaces more cost-intensive capital measures due to the target group-specific orientation of the financial instruments within the meaning of § 174 AktG, offers favorable financing conditions and ensures flexible long-term business planning and realization of the planned corporate goals for the benefit of the Company and, associated with this, also of all shareholders. Without the exclusion of subscription rights, it is not possible for the Company to react comparably quickly and flexibly to favorable market conditions.

The Executive Board of the Company expects that the advantage of the Company from the issuance of financial instruments within the meaning of § 174 AktG with the exclusion of subscription rights will benefit all shareholders and clearly outweigh the (potential) pro rata loss in participation of the shareholders who are excluded from the subscription right, so that overall the interest of the Company outweighs the disadvantage of the shareholders resulting from the exclusion of the subscription right. Summarizing and considering all circumstances described above, it can thus be assessed that – within the described limits – the exclusion of the subscription right is necessary, suitable, appropriate and objectively justified and required in the predominant interest of the Company.

Wels, March 2023

PIERER Mobility AG

[signed by the members of the Executive Board]

DI Stefan Pierer

Mag. Friedrich Roithner

Mag. Hubert Trunkenpolz

Mag. Viktor Sigl, MBA

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.*