

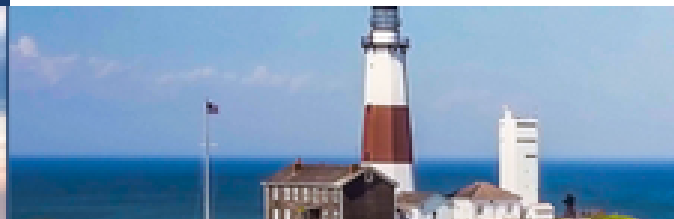
BANKRUPTCY LAW ALERT

March 27, 2025

By: Michael S. Amato, Esq.

Jacqueline A. Fink, Esq.

RMF
RUSKIN MOSCOU FALTISCHEK P.C.
Smart Counsel. Straight Talk.



UPDATE - KTM Motorcycle Company Races to Insolvency

On January 23, 2025, Ruskin Moscou Faltischek P.C. released a law alert regarding KTM's current economic challenges (click [here](#)).

Since then, it appears that KTM has bought itself more time to get back on track. On February 25, 2025, KTM's creditors approved KTM's restructuring strategies and plan in the Austrian Court. Approximately one hundred creditors and parties in interest attended the hearing, including CEO Gottfried Neumeister and co-CEO Stefan Pierer. The plan will pay creditors thirty (30%) percent of their claims in a one-time payment to be made by May 23, 2025. Approval of the creditor settlement, equaling a little over €500 million is an improbable victory for KTM, considering that over 3,800 claims, in the approximate amount of €2.25 billion, were filed in the case.

Alas, as with all insolvency compromises, there always are unhappy parties. United States investment fund Whitebox Advisors, which had bought a large portion of KTM's debt, opposed the plan, arguing for an increased payout. The creditors were able to enhance the settlement by requiring KTM to make all payments within two months of approval of the plan, rather than the two-year time period permitted by Austrian law.

The settlement was funded by an initial €50 million capital infusion by an undisclosed investor made one day prior to the hearing. In contrast with United States bankruptcy proceedings, which require transparency and full disclosure of investors and/or purchasers, Austrian self-administration permits anonymous investors without public disclosure of their identities.

An additional €50 million injection was received from "shareholders." KTM will receive €150 million to re-start production and retain 2,000 of its employees. Parent company Pierer Mobility AG stated that a total of €800 million is necessary for cash allocation and manufacturing. Citigroup Global Markets Europe AG, retained for the restructuring process, will assist to ensure the funding process is structured and transparent. KTM must ensure that the remaining €150 million needed for production and €600 million for creditor payments are deposited into the trust account prior to the May 23 deadline.

KTM's next court appearance is scheduled for early June 2025 for the court to consider confirmation of the proposed plan. KTM's future, which looked uncertain in December 2024, appears to be "back on track" according to Gottfried Neumeister, CEO of both KTM AG and parent company Pierer Mobility. Please feel free to reach out to Ruskin Moscou Faltischek, P.C., to discuss this topic further.

Michael S. Amato, Esq.
516-663-6517
mamato@rmfpc.com

Attorney Advertising